33-35 Jamestown Road, London NW1 7DB

Independent Viability Review

Prepared on behalf of the London Borough of Camden

12th December 2024

Planning Reference: 2024/4953/P

BPS Chartered Surveyors

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Contents

1.0 Introduction

1.1 BPS Chartered Surveyors have been instructed by The London Borough of Camden ('the Council') to undertake a review of a Financial Viability Assessment ('FVA') prepared by BNP Paribas Real Estate ('BNPPRE') on behalf of 4C – Jamestown Road Limited ('the Applicant') in connection with a planning application for the redevelopment of the above site.

1.2 The site currently comprises buildings ranging between 1-2 storeys plus basement. The buildings were previously used by Camden's Cleansing Services team as a mix of offices and waste depot, however all are currently vacant. Part of the site forms an outdoor car parking space, externally and within the basement, which is the only part of the site that is currently in use. The site surrounds the existing corner building on 31 Jamestown Road, which does not belong the site

1.3 The location is predominantly mixed in character. The Jamestown Rd comprises a mix of residential, office, hotel and retail accommodation. In the context, Arlington Road comprises predominantly residential units. The site is not located in a conservation area nor is it listed.

1.4 We understand from Design and Access statement that the Site benefits from draft allocation within the emerging Camden Local Plan, which envisages provision of self-contained residential units (c.66 additional homes), as well as employment uses.

1.5 The boundaries of the site are outlined in red on the plan below, reproduced from the Land Registry:

1.6 The proposals are for:

'Demolition of existing buildings and structures to facilitate redevelopment comprising a Purpose Built Student Accommodation (Sui Generis) block over the basement, ground, plus six storeys and seventh-floor plant room with flexible commercial (Class E) on the ground floor and a residential (Class C3) block over the ground plus five storeys. Each block has two private courtyards with hard and soft landscaping, cycle parking, and associated works.'

1.7 The basis of our review is Financial Viability Assessment prepared by BNPPRE, dated November 2024, which concludes that the proposed scheme, which includes 27 C3 affordable housing provision, currently shows a deficit of approximately **-£22.2m** and therefore no additional affordable housing can viably be offered.

1.8 Given the substantial level of deficit, BNPPRE have run a growth sensitivity analysis to determine the change in values and costs required to make the scheme commercially viable. They have applied annual rental growth to the student accommodation and flexible commercial space prior to practical completion at a rate of 12.75% per annum, alongside cost inflation at 2%, which would eliminate the identified deficit.

1.9 We have downloaded documents available on the Council's planning website.

1.10 We have received a live version of the Argus appraisal included in the report.

1.11 We have assessed the cost and value inputs within the financial appraisal in order to determine whether the scheme can viably make any affordable housing contributions.

1.12 We have searched the Council's planning website and have identified the following recent planning applications relating to the site:

- Application Number 2024/3371/P (Aug 2024) for *"Request for screening opinion under Regulation 6 of the Town and Country Planning Environmental Impact Assessment (EIA) Regulations 2017 for the change of use of existing development to provide up to 200 PBSA (Sui Generis), approximately 30 residential units (Use Class C3), commercial use (Use Class E), and extension of the existing basement. Development will be car-free with blue badge spaces provided on the street and will also incorporate cycle parking provision in accordance with the relevant standards. Servicing is proposed on street. Development comprises a single building with two blocks, ranging between 49.390mAOD (above ordnance datum) (ground + 5 storeys) and 56.070mAOD (ground + 6 storeys) in height. The reception area for the PBSA and flexible commercial uses (approximately 300m2 GIA) will be located at ground level, with the residential dwellings and PBSA located above."* Decision: EIA Not Required

1.13 A Land Registry search shows that the applicant currently owns the property. The site was purchased in December 2022 for £17.5m.

1.14 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS1 of the RICS Valuation – Global Standards 2022, the provisions of VPS1–5 are not of mandatory application. Accordingly, this report should not be relied upon as a Red Book Valuation. The Valuation Date for this Viability Review is the date of this report, as stated on the title page. This Viability Review has been undertaken in accordance with the Terms & Conditions provided to the Council and with any associated Letters of Engagement and should only be viewed by those parties that have been authorised to do so by the Council.

1.15 This Viability Review adheres to the RICS Professional Statement on Financial Viability in Planning (published May 2019). In accordance with this Statement, we refer you to our standard terms and conditions which incorporate details of our Quality Standards Control & Statement on Limitation of Liability/ Publication.

2.0 Summary Table

2.1 Our analysis presents the following outturn financial position for the project:

Input	BNPPRE	BPS	Comments
Income			
PBSA GDV	£63,810,533 (£341,000 per bed)	£74,183,747 (£397,000 per bed)	Disagreed
Social Rent GDV	£2,903,099 (£2,245psm/£209psf)	£3,550,000 (£2,743psm/£255psf)	Disagreed
Intermediate GDV	£3,644,215 (£4,867psm/ £452psf)	£3,644,215 (£4,867psm/£452psf)	Agreed
Commercial GDV	£2,050,874 (£7,000psm/£650psf)	£2,575,045 (£8,783psm/£816psf)	Disagreed
Expenditure			
Benchmark Land Value	£11.7m	£8.3m	Disagreed
Build Costs (inc. contingency)	£51,583,216	£41,532,287	Disagreed
Professional Fees	10%	10%	Agreed
Private Legal & Agent Fees	2%	2%	Agreed
Commercial Letting & Legal Fees	15%	15%	Agreed
CIL	£3,511,592	£3,511,592	Ambiguous - We require confirmation from the Council on this input.
S106	£734,510	£734,510	Ambiguous - We require confirmation from the Council on this input.
Finance	7%	7%	Agreed
Profit: PBSA Affordable Commercial	15% 6% 15%	12.5% 6% 15%	Disagreed
Development Timeframes			
Pre-construction Period	6-months	6-months	Agreed
Construction Period	30-months	30-months	Agreed
Sales Period	1-month	1-month	Agreed
Viability Position	-£22.2m	+£5.2m	Disagreed
Actual Profit	-£11.9m (-16.5% on GDV)	+£15.2m (18.5% on GDV)	Disagreed

3.0 FVA Checklist

3.1 On the 21st November 2024 we sent BNPPRE a request to provide the following information to assist with our review of the FVA. The table below summarises the documentation received at the date of this submission.

Existing Site	
Land ownership plan	Downloaded.
Measurements of the Existing Site / Buildings	Received.
Floor plans	Downloaded.
Detailed Description of the existing site	Downloaded- included in the D&A
A schedule of condition	Not provided.
External Photographs of the Existing Site / Buildings	Downloaded- included in D&A.
Internal Photographs of the Existing Site / Buildings	Downloaded- included in D&A
Recent transactional evidence to support their BLV assumptions	Received
Modelling used to generate values (Residential/ Commercial)	Not provided.
Proposed Development	
Application plans	Downloaded.
Accommodation schedule	Received.
Measurements for the proposed scheme (GIA/ NIA)	Total GIA (per unit GIA/ NIA
Design and Access statement	Downloaded.
Planning Statement	Downloaded.
Detailed design specification	Not provided.
Recent evidence to support their GDV assumptions	Received.
Modelling used to generate values (Affordable Housing)	Received.
Modelling used to generate values (Student/ Commercial)	Received.
Construction	
A detailed cost plan	Received.
Development programme	Received.
Appraisals	
Copy of the live Argus appraisal	Received.

4.0 Conclusions And Recommendations

4.1 We have reviewed the Financial Viability Assessment prepared by BNPPRE on behalf of the applicant which concludes that the proposed scheme generates a deficit approximately £22.2m, with their adopted benchmark land value of **£11.7m.** On this basis the scheme cannot provide any additional affordable housing contribution, beyond 27 units already offered.

4.2 We note that if the Applicant were to continue on this basis, the scheme would generate an actual loss of -16.5% on GDV (-£11.9m). We consider it illogical for the scheme to come forward on this basis.

Benchmark Land Value

4.3 BNPPRE have approached the Benchmark Land Value on an Alternative Use Value (AUV). We have reviewed their methodology and included our comments in Section 6 of this report. Overall, we do not consider the condition of the property has been adequately accounted for by BNPRRE.

4.4 Having accounted for the condition and design limitations of the existing property, we arrived at a Benchmark Land Value of £8.3m, which reflects c. £3.4m reduction on the schemes BLV.

Development Value

4.5 The scheme includes 187 student beds, 27 C3 affordable units and 3,155 sq ft (293 sqm) of the commercial space.

Student Accommodation

4.6 We have reviewed the information provided by BNPPRE in support of their Student Accommodation values and we have also undertaken our own research into recent transactions in the local area. We are of the view that the values proposed are below the current market expectations. We have suggested some changes to the values proposed by BNPPRE which are outline in Section 7 of this report. Overall, our suggested revisions result in an increase of approximately £11m on the values proposed by applicant's agent which reflects an increase of 17% in PBSA GDV.

Affordable Housing

4.7 We have reviewed the information provided by BNPRRE in support of their Affordable Values. Having used our bespoke model, we accepted the values attributed to the London Living Rent, we consider Social Rent GDV have been somewhat understated. Our suggested changes are outline in Section 7 of this report. Overall, our suggested revisions result in an increase of approximately £0.6m (21%) on the values proposed by applicant's agent.

Commercial GDV

4.8 We have reviewed the information provided by BNPRRE in support of their Commercial Values and we have also undertaken our own research into recent transactions in the local area. We are of the view that the values proposed are below the current market expectations. Although we accepted BNPRRE's assumption of the yield, we consider the proposed scheme would achieve higher rental values. Our suggested changes are outline in Section 7 of this report. Overall, our suggested revisions result in an increase of approximately £0.5m (26%) on the values proposed by applicant's agent.

Development Costs

4.9 Our Cost Consultants, Geoffrey Barnett Associates (GBA), have analysed the build cost plan for the proposed scheme prepared by Gardiner & Theobald, dated 26th September 2024, and conclude that:

"We conclude that the construction costs put forward in the viability report are £10,050,929 or 24.2% higher than our own assessment of costs with use of BCIS rates."

4.10 The reason for such a substantial difference noted by GBA is the assessment of fit-our cost. We have included GBA's figures in our appraisal. GBA's full cost report can be found at Appendix 1.

4.11 We have reviewed the other costs outlined within the FVA and consider them to be reasonable.

Recommendations

4.12 We have been provided with a live version of the Argus appraisal included in BNPRRE's report to which we have applied our amendments. These amendments are outlined in the table included at Section 2 and our revised appraisal is at Appendix 4.

4.13 After these changes we identify a surplus of **+£5.2m**. On this basis we calculate that the scheme would be able to contribute towards or provide additional affordable housing, above 33% already proposed. Our assessment result in the scheme generating a net profit of **18.2% on GDV,** which exceeds the blended target profit of 12%.

4.14 We have sensitivity tested a higher profit of 15% which shows a reduced surplus of £3.3m

4.15 We have undertaken sensitivity analysis to test the impact of changes to the construction cost and revenue on the schemes viability. We find that a 5% decrease in sales revenue and a 5% increase in build cost erodes the current surplus. We include our sensitivity analysis as follows:

	Open Market Sales				
Build Cost	-5.00%	-2.50%	0.00%	+2.50%	+5.00%
-5.00%	£4,599,856	£6,131,009	£7,662,162	£9,193,314	£10,724,467
-2.50%	£3,362,109	£4,893,261	£6,424,414	£7,955,567	£9,486,719
0.00%	£2,124,361	£3,655,514	£5,186,666	£6,717,819	£8,248,971
+2.50%	£886,614	£2,417,766	£3,948,919	£5,480,071	£7,011,224
+5.00%	-£351,134	£1,180,019	£2,711,171	£4,242,324	£5,773,476

4.16 In the absence of agreement of the viability position, should the application proceed to committee, we strongly recommend that any approval be subject to the adoption of our viability figures for review purposes.

4.17 We recommend that if a policy compliant offer is not made, the scheme should be subject to pre-implementation and late stage reviews of viability in order that the viability can be assessed over the lifetime of the development.

5.0 Principles Of Viability Assessment

5.1 Development appraisals work to derive a residual value. This approach can be represented by the formula below:

Gross Development Value – Development Costs (including Developer's Profit)
= Residual Value

5.2 The residual value is then compared to a benchmark land value. Existing Use Value (EUV) and Alternative Use Value (AUV) are standard recognised approaches for establishing a land value as they help highlight the apparent differences between the values of the site without the benefit of the consent sought.

5.3 The rationale for comparing the scheme residual value with an appropriate benchmark is to identify whether it can generate sufficient money to pay a realistic price for the land whilst providing a normal level of profit for the developer. In the event that the scheme shows a deficit when compared to the benchmark figure the scheme is said to be in deficit and as such would be unlikely to proceed.

5.4 Development appraisals can also be constructed to include a fixed land value and fixed profit targets. If an appropriate benchmark is included as a fixed land value within a development appraisal this allows for interest to be more accurately calculated on the Benchmark Land Value, rather than on the output residual value. By including fixed profit targets as a cost within the appraisal, programmed to the end of development so as not to attract interest payments, the output represents a 'super' profit. This is the profit above target levels generated by the scheme which represents the surplus available towards planning obligations.

5.5 This Viability Review report adheres to the RICS Professional Statement on Financial Viability in Planning: Conduct and Reporting (published May 2019). In accordance with this Statement, Section 8 below incorporates details of our Quality Standards Control & Statement on Limitation of Liability/ Publication. This report has been prepared according to the Professional Statement's requirement for objectivity and impartiality, without interference and with reference to all appropriate available sources of information. Where information has not been obtainable, we have stated this expressly in the body of the report.

6.0 Benchmark Land Value

Viability Benchmarking

6.1 Planning Policy Guidance, published May 2019, states:

Benchmark land value should:

- *be based on existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees and*

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. These may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

The evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

[…] Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement).

6.2 The NPPF recognises the need to provide both landowners and developers with a competitive return. In relation to landowners this is to encourage landowners to release land for development. This is set out in PPG as follows:

To define land value for any viability assessment, a benchmark land value should be established on the basis of existing use value (EUV) of the land, plus a premium for the *landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The Premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+).*

6.3 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published March 2021, supports the NPPG's definition of Benchmark Land Value.

6.4 NPPG further defines EUV as follows:

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

6.5 The Mayor of London's Affordable Housing and Viability SPG published August 2017 states a clear preference for using EUV as a basis for benchmarking development as this clearly defines the uplift in value generated by the consent sought. This is evidenced through the following extract:

The Mayor considers that the 'Existing Use Value plus' (EUV) approach is usually the most appropriate approach for planning purposes. It can be used to address the need to ensure that development is sustainable in terms of the NPPF and Development Plan requirements, and in most circumstances the Mayor will expect this approach to be used.

6.6 Guidance indicates that the sale of any premium should reflect the circumstances of the landowner. We are of the view that where sites represent an ongoing liability to a landowner and the only means of either ending this liability or maximising site value is through securing a planning consent this should be a relevant factor when considering whether a premium is applicable. This view is corroborated in the Mayor of London's Affordable Housing and Viability SPG which states:

Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a *lower premium of no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary.*

6.7 While EUV is the primary approach to defining BLV, in some circumstances an Alternative Use Value approach can be adopted. This is the value of the land for a use other than its existing use. NPPG outlines:

If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan.

[…] Plan makers can ser out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued.

6.8 The RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published March 2021, supports the definition of AUV from NPPG and reiterates that any AUV must reflect relevant policy requirements.

6.9 When adopting an AUV approach, the premium to the landowner is implicit and therefore an additional landowner premium should not be added as this would be double counting.

6.10 NPPG and RICS guidance are clear that if refurbishment or redevelopment is necessary to realise an existing use value then this falls under the AUV provision of NPPG and no landowner premium should be added.

<u>The Proposed Benchmark</u>

6.11 The benchmark proposed by BNPPRE for viability testing is based on an Alternative Use Value approach, albeit this has not been clarified in BNPRRE's report.

6.12 The site extends to 0.24 ha and comprises a total of 2,173 sqm (23,389 sq ft) GIA, which were last in use as offices and depot (Use Class E). The space is divided between 3 buildings- two fronting Jamestown Road and one fronting Arlington Road. There is a car park located in the basement and on the yard, which form an ancillary use of the existing building. The buildings were previously occupied by Camden's Cleansing Services team as a mix of offices and waste depot, however we understand they are now vacant. The only part of the site that is currently being used is a basement and the outdoor car park. The number of parking spaces have not been clarified in the available planning documents.

6.13 It can be seen from the google view that there is an internal road routed through the site.

6.14 In their assessment, BNPRRE assumed the existing building to be used for storage purposes. They used investment method of valuation, attributing a rental value of £27psf to the subject site and capitalising it in perpetuity at an investment yield of 5.5%. They arrived at a capital value of £11.7m, having accounted for Purchaser's Costs.

6.15 Having analysed the layout and internal photographs, we do not consider the property would be suitable for a modern office use (EG(i)). Even after allowing refurbishment cost and bringing it to a lettable condition, it would constitute the secondary office space, not attractive for potential occupiers in the area. In this respect, we agree with BNPRRE.

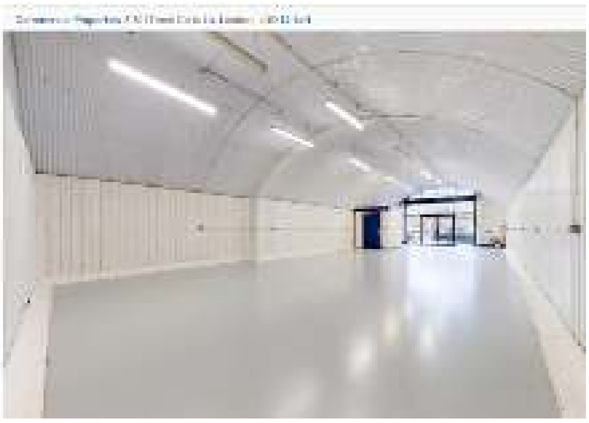
6.16 We have not been provided with the photos of the interior of the existing site. The Planning Statement, however, describes the condition of the existing building as follows:

"The building is not in a lettable condition at present. It has not been in use since the Council vacated the site and has since been stripped out. It is considered that the office use is unmarketable in its present condition and would need a significant investment in order to market it and let it in continued commercial use. This has been acknowledged by the Council in writing following pre-application discussions about the potential to retain the existing buildings."

6.17 We also note the property's business rates valuation is not available on the government website. This is commonly the case where properties are considered beyond economic use.

6.18 In support of the rental values adopted, BNPPRE includes comparable storage letting evidence ranging between £25- £30psf. We note that all comparable evidence is located a considerable distance from the subject site (between 2.5- 6.5 miles). The majority of evidence is noted to be in average condition. We also note that the evidence comprise area between 1,500- 10,310 sq ft, which is significantly smaller than the subject.

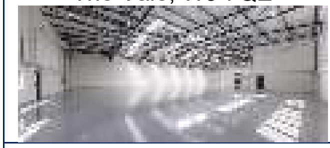
6.19 It is not clear that the comparable transactions reflect similar design characteristics in terms of their suitability for storage use. The photographs below illustrate some of the properties referenced:



6.20 The properties we can identify are essentially railway arches providing clear space and varying eaves heights. By contrast the DAS shows the subject property below:

6.21 It can be seen that aside from the condition the space has lower eaves, columns and staircases more usually associated with office rather than commercial storage. These factors would have a significant impact on demand and achievable rent.

6.22 We note limited information was included by BNPRRE in respect of the condition of comparable evidence. We have, therefore, conducted further search to verify their comparability to the subject site. Our findings are outlined below:

Address	Description (EGI)	Price psf
The Vale, W3 7QE 	Grade A/New industrial space. Primary use is general industrial (B2)	£30psf
Unit 4 Victoria Industrial Estate, Victoria Rd W3 6UU 	Primary use is Industrial - Mixed Industrial (B1/2/8). Good condition as seen on photo.	£28.50psf
2A Grenville Road, London N19 4EH	Industrial - Light Industrial / Business Units (B1c)	£25psf

6.23 We found the evidence to be in a substantially better condition than the subject site. None of the comparables present a dilapidated property used for storage. We require BNPRRE to provide further details with photos of other units that are included in their comparable evidence. In the meantime, however, we consider the evidence provided by BNPRRE to be of a low comparability to the subject and, therefore, of a lower relevance.

6.24 We note no refurbishment or conversion costs have been allowed for by BNPRRE to address the poor condition of the property. As seen in the above table, majority of the evidence used by BNPRRE are not only in a significantly better condition than the subject, but also of a different use. On this basis, we do not consider BNPRRE's approach appropriately accounts for the layout, design, condition and most recent use of the property.

6.25 BNPPRE based their opinion of the Yield on the Knight Frank yield guide dated September 2024, which reflects the of 5% to 5.5% yield range for distribution and warehousing properties. It would appear, that BNPRRE assumes the existing building to command a stronger yield than the proposed, new build commercial property (where a 6.5% yield was assumed), which we do not consider appropriate.

6.26 Landowner's Premium was not included in the BNPRRE's assessment, which we consider appropriate, noting that any beneficial use of the property would require significant investment which in line with NPPG suggests that the appraisal should be treated as an AUV and exclude any landowner premium.

Our Assessment of Benchmark Land Value

6.27 We have approached the Benchmark Land Value on an Existing Use Value basis. The most recent use of the property was office/depot.

6.28 As mentioned earlier in the report, we agreed with BNPPRE that the property would not be suitable for a modern office use (EG(i)) even if it was extensively refurbished. Although the property could be used for light industrial purposes, we have taken into consideration limitations of the property, such as lower eaves height in comparison to a typical industrial property. We have, therefore considered wider commercial uses, in addition to already included in BNPRRE's report, and included our evidence in Appendix 3 of this report.

6.29 We note the identified comparables range between £15- £27psf. All the evidence present smaller properties, which would indicate an inflated value on a psf basis.

6.30 We consider 22 Parr Street, Hoxton, N1 7GW (£27psf) to provide an upper end of the range, given its in a much better condition than the subject and is significantly smaller (5,000 sq ft comparing to 23,000 of the subject), however it is located in an inferior location. We consider the evidence to fall within evidence tone of BNPRRE's comparables, which present properties of better quality and smaller floorspace, which indicates an increased value on a psf basis.

6.31 We found the property at 10-14, Brewery Rd (£23psf) to be the most comparable in terms of the size (17,000 sq ft), however we note it is a specialised industrial building, with a steel portal frame and higher eaves height and clear internal space. Located in a slightly inferior location by Caledonian Road station, within 1.3 miles of the subject site.

6.32 Having analysed the available evidence, we consider the Woodside Works, Summersby Road, London, N6 5UH (£16psf) to have the most similar features to the subject, albeit inferior location and smaller footfall.

6.33 Having analysed the available evidence, we consider £20psf to be appropriate. We consider our assessment to be optimistic in light of the above evidence and the issues associated with storage use ion the property.

6.34 Given the unique character of the property, we considered a wide range of commercial evidence in our assessment of the yield and capital value on a psf basis. All evidence is included in Appendix 3.

6.35 We have identified transactions of similar properties in the area surrounding the property, which are included in Appendix 3 of this report.

6.36 The Knight Frank Investment Yield guide refers to the investment yield being typically between 5%- 5.5%. Taking into account limitation in design of the property, which is not a typical industrial building, we consider the subject building would exceed this range as it is unlikely to suit a wide range of occupiers and therefore represent a higher letting risk.

6.37 Given the Battersea building achieved a yield of 7%, being in an inferior location but of a superior condition, we have adopted this yield in our assessment.

6.38 Given the substandard condition of the property, we consider it appropriate to assume some refurbishment cost to bring it to a lettable condition. Our Cost Consultant, GBA, used a median rate refurbishment rate of £702psf, based on the assumption of a light industrial/ storage use, which equates to c. £1,600,000 (including a 5% contingency).

6.39 In our assessment, we have also assumed 10% professional cost, 10% developers profit, 12 month rent free period and 6-month refurbishment period. We have not allowed for empty property costs at this stage.

6.40 Noting that the site benefits from a substantial yard area extending to c. 1,807 sqm (19,450 sq ft) we also assumed that 60% of it could be used as an open storage. We have attributed a value of £10psf and capitalised the rental income at a 10% yield.

6.41 On this basis we have adopted a figure of £8,300,000 as the Benchmark Land Value.

7.0 Development Values

7.1 The residential element of the proposed scheme, as sought by the planning application, is for 27 affordable residential units, 187 student beds and 293 sqm commercial space.

7.2 We understand that student beds would be located in a block comprising six storeys and seventh-floor plant room plus ground floor and basement. Flexible commercial space (Class E) would be situated on the ground floor and a residential (Class C3) block would comprise the ground plus five storeys. Each block has two private courtyards with hard and soft landscaping, cycle parking, and associated works.

7.3 The LPA have advised that there is an amended mix, however, we have not yet been provided with the revised floorplans. Our current assessment is, therefore, based on the mix included in BNPPRE's FVA

PBSA Scheme

7.4 The proposed student accommodation would comprise 187 beds comprising NIA of 3,662sqm (39,423 sq ft) and amenity space extending to 385.9 sqm (4,154 sq ft). BNPRRE's assumed the following values in their assessment, based on a 98.5% occupancy rate:

Studio Type	No of units	Avg sizes (sqm)	BNPRRE's Av. weekly rent	Total Rent net of voids
Standard studio	131	17-18	£362	£2,392,864
Premium studio	37	23-25	£384	£716,573
Wheelchair accessible studio	19	25-27	£386	£369,788
Totals	187		£376	£3,479,225

7.5 BNPRRE also assumed an OPEX of 3,250 per unit per annum and capitalised a net income at 4.5% yield, arriving at the GDV of £63,810,533, before accounting for 3% Purchasers Costs. We consider the OPEX of £3,000 per bed to be more in line with other schemes that we have reviewed recently.

7.6 We note from the Design and Access statement, the student accommodation would benefit from a large shared communal space area, which would include kitchens, studying and living space, private study rooms, gym, laundry, cinema and games rooms.

7.7 In justifying their proposed rental values, BNPPRE have relied on three student housing comparables. Limited context was provided aside for the room type, tenancy length and asking rents. For all comparables, prices are based on a 51-week tenancy. We have reviewed the comparables provided and included additional information and commentary.

BNPPRE's Comparables

Address	BNPPRE Asking weekly rent (median size sqm)	Comments
The Stay Club, 34 Chalk Farm Road, NW1 8AJ	Studio – £349 – 15.45m2 Accessible Studio – £335 – 15.7m2 Premium Studio – £373 – 15.05m2 BPS Asking Rent p/w Studio - £372 Accessible Studio - £362 Premium Studio - £403 Premium Studio Plus – £415 – 17.4m2	A PBSA built in 2013 within London Zone 2 located c. 0.3 miles from the proposed development. The nearest underground station is Chalk Farm & Camden Town, with the nearest overground being Kentish Town West. The accommodation has typical PBSA facilities including a common room, gym, laundry room, bike store, etc. Overall, this comparable is very similar in terms of height, location, amenities and quality, but has smaller rooms and has been built over 10 years ago. We have identified further asking rents from the operator's website, which we have included in our assessment.
Urbanest St Pancras, 103 Camley St, N1C 4BN	Bronze Studio - £389 Silver Studio - £399 BPS Asking Rent p/w We only identified studios under one type available from £489pw (20 sqm).	A modern PBSA within London Zone 1 located c. 0.9 miles from the proposed development alongside Regent's Canal. King's Cross St Pancras underground Station and King's Cross and St Pancras railway stations are all short walks away. Urbanest King's Cross is a 27-storey student residential tower providing 313 student bedrooms. Depending upon the room there is either a private or a shared kitchen available. There are communal workspaces with free iMac stations, a big lounge with a supersize flat-screen TV and a games room. The building benefits from a downstairs café. Overall, the comparable appears similar to the proposed scheme in terms of facilities, but we consider that its location is better due to it being closer to St Pancras and King's Cross and alongside a body of water. Given the height of the building, we also consider the building would achieve a height premium over the subject site. We have identified additional asking rents from the operator's website.
Homes for Students, 13 Hawley Crescent, NW1 8NP	Silver Studio – £430 – 19m2 BPS Asking Rent p/w Bronze Studio – £419 – 15m2 Gold Studio- £439 – 20m2	A modern PBSA within London Zone 2 located c. 0.2 miles from the proposed development. Camden Town and Camden Road underground stations are just a few minutes away. The accommodation has a communal lounge, laundry room, communal TV and bike store. A large Sainsbury's store is also just across the road. Overall, this comparable is quite similar to the proposed scheme, sharing a comparable building height, studio size, quality and general location. We have identified additional asking rents from the operator's website.

7.8 We identified other PBSA's relatively nearby, such as Victoria Hall King's Cross; however, this is much closer to King's Cross and St Pancras stations and are of superior quality and location. Conversely, IQ Tufnell, which is slightly Northeast towards Islington, is slightly worse in quality and location. We have included our evidence in Appendix 3 of this report.

7.9 From the comparables found, we note that those identified by BNPPRE are the closest to the proposed student development. However, we would like to comment that most prices found from both BNPPRE and from our own research utilise prices which are listed as "*prices from £x",* meaning that they are likely to be minimum prices. In reality, some prices may be even higher.

7.10 We note studios at Homes for Students, studios measuring 20 sqm are advertised at a minimum of £439 . Yet, larger studios of the proposed scheme were valued at significantly lower rent of £384- £386pw. On this basis, we consider this element of the scheme was understated.

7.11 We also note the asking rent of premium studios measuring 15 sqm, which are smaller than the proposed standard studios, of inferior comparable at The Stay Club, start at £403pw. On this basis, we also consider the value of standard studio adopted by BNPRRE of £362pw was understated.

7.12 Our revised values are outlined in the below table:

Studio Type	No of units	Avg sizes (sqm)	BPS' weekly Rent	Occupancy	Total Rent net of voids
Standard studio	131	17-18	£403	98.50%	£2,704,057
Premium studio	37	23-25	£440	98.50%	£833,862
Wheelchair accessible studio	19	25-27	£450	98.50%	£437,931
Total (rounded)	187			98.50%	£3,900,000

7.13 In support of the yield adopted, BNPPRE have provided the following three student housing transactions:

Scheme	NIY	Beds	Date
Pavillion Court, Wembley	4.91%	699	Under offer
Woolwich	5.00%	298	Oct 2023
Vega, Vauxhall	4.75%	841	Under offer

7.14 The Knight Frank April 2024 Prime Yield Guide has also been referred to, which reported that stabilised student accommodation in prime locations within London can achieve yields of

4.25%. BNPPRE applied a 250-basis point adjustment to account for a stabilisation period to bring the yield to 4.5%. This yield was then applied to the proposed scheme.

7.15 We consider that the three comparables provided are not sufficient to reliably derive a yield from, as two of the comparables are still under offer, so the yields are potentially subject to change. For Woolwich, BNPPRE noted that the comparable is in an inferior location. As for the yield guide, it is unclear why a 250-basis point adjustment has been made, as we have checked the Knight Frank April 2024 Prime Yield Guide and found that the sentiment for Prime London student accommodation is already stable at 4.25%. If BNPPRE are inferring that the current market is not stable, then we consider that they should provide evidence for this assumption.

7.16 We have identified the additional evidence of PBSA schemes investment transactions, to test whether BNPPRE's inputs, which are included in Appendix 3 of this report.

7.17 In addition to our comparable evidence, we have also looked at Knight Frank's Prime Yield Guide for November 2024, which continues to uphold that for prime London student accommodation, yields are stable at 4.25%.

7.18 Overall, from our comparable evidence, yields appear to range between 3.85% and 5.39%. Based on the yield evidence we have obtained, it can be seen that most comparables are in a slightly worse location than the proposed scheme so we consider that a yield on the lower end of our range is reasonable.

7.19 We consider Exchange Point (4.25%) to be a good comparable. We found that the facilities offered are broadly similar to the subject scheme; however, the height and quality are superior, but the unit is located further away from Central London compared to the proposed development. We have also recently agreed a 4.5% yield on other scheme in Southwark, which is of an inferior location to the subject.

7.20 Based on the above, we consider a yield of 4.5% adopted by BNPRRE to be broadly reasonable, albeit on the lower end of our expectations. Given that Camden Town is a stronger location than Lewisham, we would expect to be more attractive to the investors.

7.21 Our respective inputs are outlined in the below table:

Input	BNPPRE	BPS
Rent (net of voids)	£3,479,225	£3,900,000
OPEX	£3,250 per bed	£3,000 per bed
Yield	4.5%	4.5%
GDV	£63,810,533	£74,183,747

GDV (Per Bed)	£341,000	£397,000

7.22 Overall, the values reflect an increase of £11m (17%) on the vales proposed by BNPPRE.

Ground Rents

7.10 The Leasehold Reform (Ground Rent) Act 2022 is now in force. Now the act is in force, any ground rent demanded as part of a new residential long lease cannot be for any more than a peppercorn (no financial value). Therefore, ground rents should no longer be included as a future revenue stream for planning & viability purposes. We understand the act covers single 'dwellings' and will therefore capture student and retirement accommodation providing they are occupied or intended to be occupied as single dwellings throughout England and Wales.

7.11 We therefore consider the omission of capitalised ground rents as being a reasonable assumption.

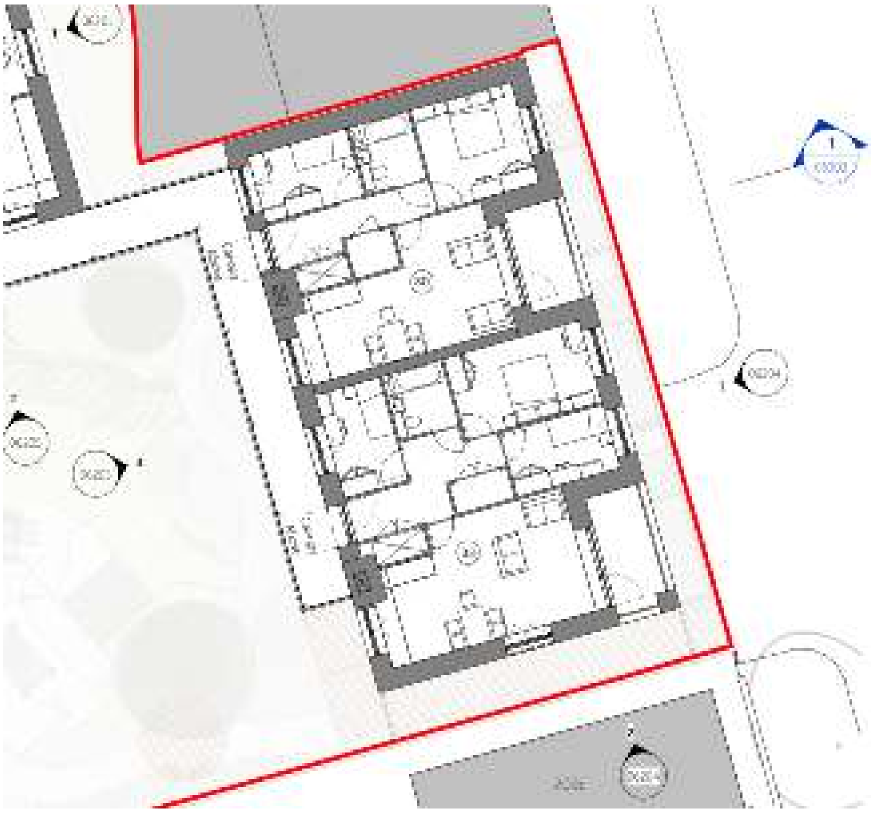
Parking

7.25 No car parking provision is proposed within the scheme. We are therefore satisfied that no additional revenue will be generated from the provision of parking.

Affordable Residential Values

7.26 The proposed scheme includes 27 affordable housing units, which are outlined in the below table:

7.27 We note the provided Accommodation Schedule states that 5 habitable rooms would be provided in 3 bedroom flats. We note, however, from the plans that 3-bedroom units would include 4 habitable rooms. We have included a sample floorplan of 3-bed unit below:



7.28 On this basis, we assume there was an error in the multiplication of the accommodation schedule. Assuming 3-bedroom units would deliver 4 habitable rooms each, our revised accommodation schedule is outlined below:

	Unit Numbers			Hab Rooms		
	2 Beds	3 Beds	**Total**	2 Beds	3 Beds	**Total**
Social Rent	9	8	**17**	27	32	**59**
Intermediate Rent	6	4	**10**	18	16	**34**
Total			**27**			**93**

7.29 This represents a 33% (and not 35% as stated by BNPRRE) provision (on a habitable room basis) with a tenure split of 63:37 (Social Rent: Intermediate). The emerging Council's planning policy requires an affordable housing contribution of 50% with a tenure split of 60:40 (Affordable Rent: Intermediate Rent).

7.30 BNPRRE attributed a value of £208psf to the social rent units. We have been provided with the live version of their calculations.

7.31 In their assessment, BNPRRE used their bespoke model based on a 40-year cashflow, 3.5% rental growth, 5% discount rate, 2% void and bad debts, management and maintenance cost, as well as major repairs. BNPRRE calculated their rents based on the formula rents and had regard to the social rent caps, albeit we note the social rent caps are dated 2023/2024, which are now somewhat outdated.

7.32 We have tested BNPRRE's calculations using our own bespoke model. In our assessment, we allowed for maintenance, management cost and 5.25% discount rate. We had regard to the following social rent caps for 2024/2025:

- 2 Bed: £199.09
- 3 Bed: £210.15

7.33 Our assessment results in the Social Rent GDV of c.£3,550,000 (£255psf) and reflects an increase of c. 22% in social rent GDV in comparison to BNPRRE's assessment.

7.34 BNPRRE assumed the intermediate units would be delivered as London Living Rent, to which they attributed a value of £452psf (£4,876psm). In their assessment, BNPRRE adopted the following Camden Town ward benchmark rents, published by GLA, reflecting the income threshold of £67,000pa, which we consider to be appropriate:

- 2 Bed: £316.67
- 3 Bed: £348.30

7.35 We cross checked BNPRRE's assessment using our bespoke model. In our assessment we allowed for maintenance, management and repair cost. Overall, we found their assessment of the LLR to be on an upper end of our expectations. However, we have adopted their figure on a without prejudice basis.

7.36 We are aware the LPA uses their own Intermediate Rent benchmarks, which differ from the LLR benchmarks published by the GLA. We reserve the right to adopt the LPA benchmarks when the new unit mix has been confirmed

Commercial Valuation

7.37 The proposed scheme includes 293 sqm (3,155 sq ft) NIA of basement and ground floor commercial space (Use Class E). We are aware that the commercial unit will have a separate entrance on Jamestown Road.

7.38 The area schedule indicates that the commercial space is arranged into the following areas:

Unit no./ Floor	GIA sq m	GIA sq ft	NIA sq m	NIA sq ft
Basement (B1)	100.6	1,083	95.3	1,026
Ground Floor (L00)	225.6	2,428	197.8	2,129
Total	326.2	3,511	293.1	3,155

7.39 The site is located outside of the main retail core of Camden Town and the surrounding commercial floorspace is predominantly office space. BNPRRE consider it reasonable to assume that the floorspace is likely to be utilised as office and have relied upon the following office lettings in addition to a retail unit to inform their market rental value.

Address	Floor	Area (sq ft)	Date	Rent £psf	Term (years)
147 Arlington Rd	2nd	2,700	07/06/2024	£48	10
172-172A Arlington Rd	2nd	1,268	08/11/2023	£35.48	10
10 Jamestown Rd	2nd	3,070	27/09/2023	£42	5
24-28 Oval Rd	6th	6,125	05/06/2023	£45	10
41-43 Gloucester Cres (Jamestown Courtyard)	GRND	4,709	01/06/2023	£61.74	5
12 Oval Rd	2nd	2,485	01/06/2023	£57.50	5
220 Arlington Rd	LL	2,071	23/12/2022	£14.96	5

7.40 Based on the above evidence, a rental value of £45 psf has been assigned to the proposed space, equating to an annual rental income of £141,972. This income is capitalised at a 6.5% yield, as supported by the Knight Frank September 2024 Prime Yield Guide, resulting in a total value of £2,050,874 before deducting purchaser's costs. BNPPRE have included a 12-month rent-free period in their assumptions, which we consider reasonable.

7.41 We consider the limited description of the condition or comparative analysis of the evidence were provided by BNPRRE. We have conducted further search to verify the comparable evidence provided.

7.42 The property at 147 Arlington Rd is located within 0.3 miles of the subject site. We consider it relevant evidence, given its proximity to the subject site and its recent letting. However, it is noted that the property remained on the market for 11 months before being leased. As this unit is not a new build, it does not command the premium that the proposed scheme is expected to achieve. Consequently, we anticipate an office rent exceeding that achieved by this comparable for the proposed space.

7.43 Similarly, we find 12 Oval Rd to be a relevant comparable, having been let at £57.50 psf in June 2023 and located within a short walk of the subject site. The unit, at 2,485 sq ft, is comparable in size to the proposed scheme's NIA of 3,155 sq ft. According to the marketing brochure, the unit was refurbished and offered to market fully fitted and furnished, making it a strong benchmark for the proposed commercial space. Additionally, 41-43 Gloucester Cres.

(Rotunda), also part of the Jamestown Courtyard redevelopment, achieved £61.74 psf for refurbished office space directly adjacent to the proposed scheme.

7.44 Jamestown Courtyard provides the strongest evidence for office lettings in the immediate area. Additionally, we identified a letting at 10 Jamestown Road, NW1 7BY, comprising 3,070 sq ft of office space, at £42 psf in July 2023. However, this property is considered inferior to the Jamestown Courtyard development, being located above a parade of retail shops and closer to Camden High Street. Furthermore, its amenity offering is less comprehensive than that of Jamestown Courtyard.

7.45 The above transactions highlight the considerable variation in office space values, depending on factors such as quality, floor layout, and amenities. Accordingly, we believe a rental rate of £62psf could reasonably be achieved for the proposed ground floor commercial unit as office space, which was achieved at the Jamestown Courtyard. We appreciate the basement level is likely to achieve discount to the ground floor unit. Given the absence of the comparable evidence of basement office space, we have attributed BNPPRE's rental value of £45psf to this component of the scheme. Our resulting blended rent equates to c. £56.5psf.

7.46 BNPPRE have not provided investment comparables to substantiate their assumed 6.5% yield. We have identified the investment sale comparables, which are included in Appendix 3 of this report.

Address	Area (sq ft)	Date	Sold Price	NIY	Comments
GPS House, 215-227, Great Portland Street, London W1W 5PN	42,754	May 2023	£54,000,000	3.89%	Significantly larger than the proposed NIA and situated in a stronger office and retail location.
98 Crawford Street, Marylebone, London, W1H 2HL	1,466	November 2022	£1,100,000	5.15%	Located in the superior area of Marylebone and smaller in size than the proposed NIA.
1 Charlotte Street, London, W1T 1RB	4,086	August 2023	£8,100,000	4.29%	West End office, superior to the proposed scheme, and within walking distance of Tottenham Court Road.
Whole Building 39-43 Grays Inn Road London WC1X 8PR	4,359	October 2022	£4,590,000	5.11%	West End office space of comparable size to the proposed scheme, with ground-floor retail space leased to the Co-operative and offices located on the first floor.
162 Holloway Road, Holloway, London, N7 8DQ	5,900	November 2023	£1,000,000	7.47%	Passing rent of £79,000pa. Sold with the development opportunity of converting the upper parts. Inferior location to the subject plus lower relevance due to the redevelopment potential. Evidence should be considered with caution.

7.47 There is a lack of directly comparable commercial space in the local area, we have, therefore, extended the scope of our search. Having analysed the evidence we note the office yields in the superior area range between 45- 5.20%. Inferior area achieved a blended yield of 7.5%. Noting that Knight Frank Investment Yield Guide refers to the office yield of 6.5% achievable in the major regional cities, we consider 6.5% adopted by BNPRRE to be appropriate.

7.48 When applied to the market rent this results in a £2,575,045, before accounted for purchaser's costs.

8.0 Development Costs

Construction Costs

8.1 Our Cost Consultants, Geoffrey Barnett Associates (GBA), has analysed the build cost plan for the proposed scheme prepared by Gardiner & Theobald, dated 26th September 2024, and conclude that:

"We conclude that the construction costs put forward in the viability report are £10,050,929 or 24.2% higher than our own assessment of costs with use of BCIS rates."

8.2 We note the reason for such a substantial difference noted by GBA is the assessment of fit-our cost which are significantly higher than those identified within BCIS. We have adopted GBA's figures in our appraisal. GBA's full cost report can be found at Appendix 1.

Additional Costs

8.3 BNPRRE have applied the following additional cost assumptions:

- Professional fees of 10%
- Private legal & agent fees of 2%
- Commercial Letting & Legal fees of 15%

8.4 Generally, we accept that these percentages are realistic and in line with market norms.

8.5 CIL and S106 charges have been assumed at £3,511,592 and £734,510 respectively. We request the Council verify these amounts.

8.6 Finance has been included at 7% assuming that the scheme is 100% debt financed, which we consider reasonable.

Profit

8.7 The developer profit target adopted by BNPRRE are 15% on commercial and PBSA GDV and 6% on affordable GDV. Generally, we consider PBSA scheme to be typically provided on a forward funded basis and, subsequently, lower risk to be associated with its delivery. We found 12.5% profit to be appropriate for this component of the scheme and in line with other PBSA schemes that we reviewed recently. We have also sensitivity tested a profit rate at 15% to illustrate the impact on our identified surplus.

8.8 We consider other percentages to be realistic and in line with the current market norms.

Development Timeframes

8.9 BNPRRE have adopted a pre-construction period of 6 months and a construction period of 30 months. Our Cost Consultant has reviewed the programme with reference to the BCIS duration indicator and finds them to be reasonable.

8.10 BNPRRE have adopted a post completion sales period of 1 month, which we consider appropriate.

9.0 Author Sign Off

9.1 This report is provided for the stated purpose and for the sole use of the named clients. This report may not, without written consent, be used or relied upon by any third party.

9.2 The author(s) of this report confirm that there are no conflicts of interest and measures have been put in place to prevent the risk of the potential for a conflict of interest. In accordance with the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting* September 2019, this report has been prepared objectively, impartially, and with reference to all appropriate sources of information.

9.3 The following persons have been involved in the production of this report:

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For and on behalf of
BPS Chartered Surveyors

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RICS Registered Valuer
RICS Membership no. 0085834
For and on behalf of
BPS Chartered Surveyors

December 2024

Appendix 1: Build Cost Report

Geoffrey Barnett Associates

REVIEW OF FEASIBILITY COST PLAN
PREPARED BY
GARDINER & THEOBALD

FOR

33-35 JAMESTOWN ROAD, LONDON, NW1 7DB

4 DECEMBER 2024

Geoffrey Barnett Associates
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CONTENTS:

APPENDICES:

1.0 INTRODUCTION:

1.1 Geoffrey Barnett Associates are Chartered Quantity Surveyors, established in 1974, and have over 50 years' experience of providing quantity surveying, project co-ordination and construction cost management services to clients throughout the UK. The firm's experience covers a wide range of project types and sizes including new build residential and commercial developments, infrastructure projects and refurbishment projects.

1.2 This review relates to the Feasibility Cost Plan produced by Gardiner & Theobald dated 26th September 2024.

2.0 BASIS OF REVIEW

2.1 The contract build cost estimate provided by the applicant is reviewed by comparison against the Building Cost Information Service (BCIS) construction cost data published by the RICS. The reason for using the BCIS service is that it provides a UK wide and fully independent database compiled and continually updated by input from varied project types and locations.

2.2 BCIS publish costs as average overall prices on a cost per sq metre basis and an elemental cost per sq metre basis for new build work. For new build construction, the BCIS cost levels are used as a baseline to assess the level of cost and specification enhancement in the scheme on an element by element basis.

2.3 BCIS costs are updated on a quarterly basis. The most recent quarters use forecast figures, the older quarters are firm costs based on historic project data. The BCIS also provides a location adjustment facility against a UK mean index of 100, which allows adjustment of costs for any location in the UK. The BCIS also publish a Tender Price Index based on historic tender prices. This allows adjustment of costs on a time basis where necessary.

2.4 BCIS average costs are available for various categories of buildings such as apartments, offices, shops, hotels, schools, etc.

2.5 BCIS average prices per sq metre include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs include OHP but not preliminaries. Average prices per sq metre or elemental costs do not include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs.

2.6 Ideally, a contract build cost estimate should be prepared by the applicant in the BCIS elements. If this is not available exactly in the BCIS format then, where relevant, we undertake analysis and adjustment to allow direct comparison to BCIS elemental benchmark costs. This requires access to the drawings, specifications, and any reports which have a bearing on cost.

2.7 The review of an applicant's contract build cost estimate against BCIS would typically require:

- Adjustment by location factor
- Adjustment for abnormal and enhanced costs

- Review of the applicants estimate on element by element basis
- More detailed analysis where there are significant deviance from BCIS costs
- Adjustment of overheads & profit inclusions to provide direct comparison to BCIS
- Addition of contractors' preliminaries costs
- Addition of ancillary costs, such as fees, statutory charges, etc., as appropriate

These adjustments enable us to make a direct comparison with BCIS benchmark costs.

2.8 The floor areas stated in the applicants cost estimate are accepted and we do not attempt to check the floor areas.

3.0 REVIEW OF COST ESTIMATE AND COST PLAN

3.1 The proposed development is stated to comprise: "Demolition of existing buildings and structures to facilitate redevelopment comprising a Purpose-Built Student Accommodation (Sui Generis) block over the basement, ground, plus six storeys and seventh-floor plant room with flexible commercial (Class E) on the ground floor and a residential (Class C3) block over the ground plus five storeys. Each block has two private courtyards with hard and soft landscaping, cycle parking, and associated works.".

3.2 Total GIA is stated to be 9,266m2 in total. The breakdown of areas is as follows:-

Residential:	
Flats 27 units	2,816m2
PBSA:	
Student accommodations 187 units	6,449m2
	9,266m2

3.3 Construction costs are shown in the cost plan to be £49,126,872 in total (excluding D&B construction risk allowance). The breakdown of costs is as follows:-

Demolition and enabling works	£678,334
Build costs	£28,878,992
External works	£912,065
Sub-total	£30,469,391
Residential fit-out	£10,410,053
Preliminaries 15%	£6,131,917
OHP 4.5%	£2,115,511
Total	**£49,126,872**

However, a different construction cost of £51,583,216 is shown in the appraisal summary, which includes construction costs from the cost plan and 5% contingency added to it. We have assessed our construction costs against the sum of £51,583,216.

3.4 Date basis is stated to be 3Q2024.

3.5 Costs are presented in an elemental summary and partially quantified breakdown.

3.6 The cost plan includes preliminaries at 15%, overheads and profit at 4.5%. As stated above 5% contingency has been added on the appraisal summary.

4.0 GBA ASSESSMENT OF CONSTRUCTION COSTS

4.1 To benchmark the figures in the appraisal summary, we have calculated costs using BCIS average m2 rates. These rates relate to buildings only, so we have added allowances for external works, plus any abnormals – see following clauses.

4.2 Date basis for the costs is 4Q2024.

4.3 On the ground of enhanced elevational treatment we have used Upper Quartiles BCIS rates, rebased to Camden.

4.4 We have reviewed the costs in the cost plan for costs that are excluded from BCIS rates (demolition and enabling works, external works and services). On the whole we consider them to be reasonable and we have therefore used them in our assessment. We have made our own assessment of external drainage.

4.5 We have also reviewed the Design and Access Statement to see if there are any abnormal costs that we do not consider would be included in BCIS rates. We consider that the following could be considered as abnormal:

- Extra over for piling
- Extra over for contiguous piling
- Extra over for basement (new)
- Extra over for basement existing
- Extra over for bolt on walkways between residential blocks
- Extra over for balustrades
- Extra over for insert balconies
- Extra over for bolt on balconies
- Electrical sub-station
- Extra over for bio-diverse green roof
- Extra over for parapet with railing
- Extra over for high wall : floor ratio
- Extra over for furniture and blinds
- Extra over for sprinkler system

4.6 In line with common practice and general guidance we have added an allowance of 5% for contingency.

4.7 On the basis of the foregoing we have calculated a total construction cost of £41,532,287 – see Appendix A.

5.0 CONCLUSION

5.1 The difference between costs in the appraisal summary and cost plan and our assessment of costs using BCIS is £10,050,929 or 24.2% - see Appendix B.

5.2 We conclude that the construction costs put forward in the viability report are £10,050,929 or 24.2% higher than our own assessment of costs with use of BCIS rates.

5.3 In order to identify the reason for the significant difference between our cost assessment based on BCIS rates (Appendix A) and the Applicant's cost estimate, we have provided a table comparing the cost of each of the main construction elements – see Appendix C. This shows that the comparative cost of each of the main construction elements is broadly comparable overall when expressed as £/m2 GIA, with the exception of "Fit-out to units" (line 16 on the Applicant's Construction Cost Summary), where the Applicant estimated costs are significantly higher than the comparable BCIS elemental cost. The difference in costs for this particular element accounts for the greater part of the overall cost difference.

6.0 REVIEW OF PROFESSIONAL FEES AND CONSTRUCTION DURATION

6.1 Professional fees are stated to be 10%, which is considered to be reasonable.

6.2 Construction duration is stated to be 36 months in total, or 30 months excluding demolition and site preparation period. BCIS estimated construction duration is average 26 months, with the maximum of 90% confidence interval 29 months. Individual projects may take up 38 months. Taking into consideration the large area of basement and location of the site in the built-up part of London we consider proposed 30 months construction period and additional 6 months for demolition and site preparation works, totalling to 36 months to be reasonable.

Geoffrey Barnett Associates

APPENDIX A

CALCULATION OF COSTS USING BCIS M2 RATES

Base costs based on M2 rates

Student accomodation- 187 units (up to 8 storey block)	6,449	m2 @	£3,238	/m2	£20,881,862
Residential flats - 27 units (6 storey block)	2,816	m2 @	£2,960	/m2	£8,335,360
Total	9,265		£3,154		**£29,217,222**

Additional costs not included in base rates

Demolition and enabling works					£815,188
External works					£1,096,074
External drainage	2,700	m2 @	£40	/m2	£108,000
Utilities connections					£481,000
					£2,500,262

Abnormal costs

Extra over for piling	1,257	m2 @	£350	/m2	£439,950
Extra over for contiguous piling	200	m @	£3,000	/mm	£600,000
Extra over for basement (new)	612	m2 @	£1,000	/m2	£612,000
Extra over for basement existing	568	m2 @	£500	/m2	£284,000
Extra over for bolt on walkways between residential blocks	212	m2 @	£800	/m2	£169,600
Extra over for balustrades	225	m @	£1,000	/m	£225,000
Extra over for insert balconies	64	m2 @	£1,000	/m2	£64,000
Extra over for bolt on balconies	13	no @	£10,000	/no	£130,000
Extra over for bio-diverse green roof	678	m2 @	£350	/m2	£237,300
Extra over for parapet with railing	287	m @	£700	/m	£200,900
Extra over for high wall : floor ratio	9,265	m2 @	£350	/m2	£3,242,750
Extra over for furniture and blinds	187	no @	£6,000	/no	£1,122,000
Extra over for sprinkler system	9,265	m2 @	£55	/m2	£509,575
					£7,837,075

Total base and additional costs		£39,554,559
Contingency	5%	£1,977,728
		£41,532,287

Cost per m2 of GIA £4,483

Notes:

1. BCIS rates are Upper Quartiles rates, rebased to Camden and current date (4Q2024).
2. BCIS rates are inclusive of prelims and OHP.
3. Costs of demolition and enabling works, external works, and utilities connection - taken from Gardiner and Theobald cost plan.
4. Costs of external drainage and abnormal costs - GBA own assessment.
5. All additional and abnormal costs are inclusive of preliminaries and OHP.

APPENDIX B

COMPARISON OF DEVELOPMENT APPRAISAL AGAINST COSTS USING BCIS M2 RATES

Cost using BCIS m2 rates - Appendix A	£41,532,287
Cost from development appraisal	£51,583,216
Difference £	£10,050,929
Difference %	24.20%

APPENDIX C

COMPARISON OF ELEMENTAL M2 RATES (EXCLUDING EXTERNAL WORKS)

			BCIS	Abn. Costs	BCIS+ abn	Cost estimate			Difference
		from table	£/m2	£/m2	£/m2	£ nett	£ inc prelims & ohp	£/m2	£/m2
1	Substructure	199	228	209	437	3,508,679	4,216,555	455	18
2A	Frame	294	337	64	401	4,255,789	5,114,394	552	-11
2B	Upper floors	141	162	0	162	incl. above		0	
2C	Roof	78	89	47	137	1,500,389	1,803,092	195	58
2D	Stairs	42	48		48	300,000	360,525	39	-9
2E	External walls	321	368	350	718	7,466,570	8,972,950	968	69
2F	Windows and exter	158	181		181	incl. above		0	
2G	Internal walls & par	191	219		219	1,570,378	1,887,202	204	-15
2H	Internal doors	101	116		116	648,585	779,437	84	-32
3A	Wall finishes	68	78		78	336,149	403,967	44	-34
3B	Floor finishes	79	91		91	702,316	844,008	91	0
3C	Ceiling finishes	70	80		80	223,585	268,693	29	-51
4	Fittings and furnish	212	243	121	364	624,828	750,887	81	-283
5	M&E installations	795	912	55	967	7,741,724	9,303,617	1,004	37
	Residential fit-out to units		incl. above		0	10,410,053	12,510,281	1,350	1350
		2,749	**3,154**	**846**	**3,999**	**39,289,045**	**47,215,610**	**5,096**	**1097**

Notes:
1. BCIS rates are blended

APPENDIX D: BCIS DATA

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 16-Nov-2024 07:28

Rebased to Camden (128; sample 53)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
816. Flats (apartments)							
Generally (15)	2,328	1,139	1,925	2,186	2,628	7,921	781
1-2 storey (15)	2,216	1,340	1,874	2,090	2,513	4,380	166
3-5 storey (15)	2,296	1,139	1,914	2,178	2,597	4,806	521
6 storey or above (15)	2,720	1,671	2,185	2,564	2,960	7,921	91
856.2 Students' residences, halls of residence, etc (15)	2,907	1,675	2,591	2,961	3,238	4,790	51

28-Nov-2024 11:40 Page 1 of 1

BCIS®

ELEMENT COST PER M2

Description: Rate per m2 gross internal floor area for the element Cost excluding prelims.

Last updated: 16-Nov-2024 13:15

Rebased to 4Q 2024 (396; forecast) and Camden (128; sample 53)

MAXIMUM AGE OF RESULTS: 10 YEARS

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	Unpriced excl
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
856.2 Students' residences, halls of residence, etc								
01 Substructure (10)	190	67	135	180	199	586	31	0
02.01 Frame (10)	235	86	134	186	294	616	26	1
02.02 Upper Floors (10)	101	5	42	91	141	264	26	0
02.03 Roof (10)	68	24	48	59	78	200	32	0
02.04 Stairs (10)	34	5	22	33	42	88	31	0
02.05 External Walls (10)	291	74	166	254	321	906	31	0
02.06 External Windows and Doors (10)	135	4	98	124	158	400	32	0
02.07 Internal Walls and Partitions (10)	165	60	117	153	191	354	29	0
02.08 Internal Doors (10)	86	39	67	82	101	145	31	0
02 Superstructure (10)	1,124	655	953	1,061	1,293	2,050	32	0
03.01 Wall Finishes (10)	55	17	30	47	68	136	28	0
03.02 Floor Finishes (10)	66	10	49	67	79	114	31	0
03.03 Ceiling Finishes (10)	58	22	44	54	70	117	29	0

BCIS®

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	Unpriced excl
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
03 Finishes (10)	179	63	145	183	217	284	32	0
04 Fittings, Furnishings and Equipment (10)	179	53	136	174	212	335	24	0
05.01 Sanitary Installations (10)	120	4	59	146	177	209	13	0
05.02 Services Equipment (10)	36	8	-	19	-	98	4	13
05.03 Disposal Installations (10)	26	12	23	25	27	41	5	2
05.04 Water Installations (10)	71	29	35	60	74	172	6	3
05.05 Heat Source (10)	17	10	-	11	-	28	3	20
05.06 Space Heating and Air Conditioning (10)	148	97	-	-	-	198	2	1
05.07 Ventilating Systems (10)	50	7	33	51	71	87	8	0
05.08 Electrical Installations (10)	176	98	153	172	196	267	8	0
05.09 Fuel Installations (10)	2	1	-	3	-	3	3	26
05.10 Lift and Conveyor Installations (10)	32	8	19	28	35	104	30	1
05.11 Fire and Lightning Protection (10)	17	4	5	6	27	49	7	9
05.12 Communications and Security Installations (10)	43	2	11	21	58	149	8	2
05.13 Special Installations (10)	30	1	5	7	10	128	5	20
05.14 Builder's Work in Connection with Services (BWIC) (10)	23	9	14	18	28	56	30	12
05 Services (10)	654	293	477	681	795	1,024	32	0
06 Prefabricated Buildings and Building Units (10)	130	96	116	137	150	152	5	11

28-Nov-2024 15:48 Page 2 of 3

BCIS®

New Build, Construction

33-35 JAMESTOWN ROAD, LONDON , NW1 7DB (EXCLUDING DEMOLITION AND SITE PREPARATION)

The estimated construction duration from Start on Site to Construction Completion is 113 weeks
(this is an average for the project as described below).

The 90% confidence interval for this estimate is 101 to 126 weeks.

Individual projects will take more or less time than the average: the 90% prediction interval for individual projects is 78 to 163 weeks.

The estimate is based on the following project details:

Contract value: £40,500,000 at 4Q 2024 (396; forecast) prices and UK mean location level

Building function: Flats

Procurement: Design and build

Selection of contractor: Single stage tendering

Client organisation: Public

Appendix 2: Glossary

Term	**Definition** (links provided for further information)
Actual Developer Return (or profit)	As opposed to target return, the actual return is what developers are due to receive from a development scheme.
Affordable Rent:	Affordable rent is rent that is set at up to 80% of market rent (including service charges). Includes SR, LAR and DMR housing.
Social Rent (SR)	Social rent is usually rent that is paid to registered providers and local authorities. It is low-cost rent that is set by a government formula.
London Affordable Rent (LAR)	London Affordable Rent (LAR) homes are rented by social landlords with rents capped at benchmark levels published by the Greater London Authority. They are lower than the 80% per cent of market rents at which affordable rents can be charged. The London Plan
Discounted Market Rent (DMR)	Usually at 80% or less of open market rent, or to LAR levels.
Alternative Use Value (AUV)	Ultimately, AUV considers other options for a property to ascertain the highest value and best use for the land. There's usually more than one thing that can be done to release value in a site, and it's logical that the landowner should consider all avenues before bringing a scheme forward. Government guidance allows viability assessors to consider the alternative use value of a building as a benchmark, provided this relates to a lawful use which complies with the adopted development plan. This alternative use can therefore be: - a legal permitted change of use or development (which does not require planning permission) - an existing planning permission (for example a smaller scheme) - or a proposal which fully complies with all development plan policies. Existing Use Value remains the preferred method of assessing BLV under PPG and AUV use is limited by a number of specific conditions. NPPG
Benchmark Land Value (BLV)	The benchmark land value (BLV) is the hypothetical land value used to assess planning viability; it does not include hope value. Established based on either the existing use value (EUV) or the Alternative Use Value (AUV) of the land and may include a Landowner Premium. NPPG
Construction Costs	Total build costs associated with the development.
Build to Rent (BTR)	Build to Rent is a property development that is designed with the sole intention of appealing to the rental market as opposed to long-term home ownership. The London Plan
Co-Living	the practice of living with other people in a group of homes that include some shared facilities (typically shared working, leisure spaces and kitchens). The London Plan
Community Infrastructure Levy (CIL)	The Community Infrastructure Levy (CIL) is a levy on development that councils across the country, are implementing. It helps to pay for local infrastructure including schools, paths, parks, open spaces and healthcare facilities.
Developer Return (or profit)	The amount or percentage return retained or retainable by the developer. NPPG
Developer return on cost	The amount of developer Return expressed as a percentage of Build Costs. NPPG
Developer return on GDV	The amount of Developer Return expressed as a percentage of GDV. NPPG
Development Appraisal	A financial appraisal of a development. It is normally used to calculate either the residual site value or the residual development profit, but it can be used to calculate other outputs. RICS Development Valuation
Existing Use Value (EUV)	What property or land is worth in its current form. In other words, the hypothetical price that it can be sold for on the open market, assuming it will only be used for the existing use for the foreseeable future and that no capital works will be undertaken. It excludes hope value for redevelopment. NPPG
Extra Care	The term 'extra care' housing is used to describe developments that comprise self-contained homes with design features and support services available to enable self- care and independent living.
Fair Value	'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.' (This definition derives from international Financial Reporting Standards IFRS 13.) The Red Book

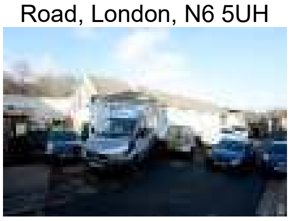
Gross Development Value (GDV)	The value of a development once construction has been completed, or the total sum of the sales values for the finished development. NPPG
Gross External Area (GEA)	Broadly speaking the whole area of a building taking each floor into account, including the thickness of the external walls. Most similar to IPMS 1. Code of Measuring Practice IPMS
Gross Internal Area (GIA)	Broadly speaking the whole enclosed area of a building taking each floor into account and excluding the thickness of the external walls. Most similar to IPMS 2. Code of Measuring Practice IPMS
Ground Rent	An additional amount which many people who own leasehold properties must pay. It's charged by a "landlord", although the more accurate term is perhaps "freeholder" – the person who owns the land, and ultimately owns the lease. No longer applied on new dwellings.
House of Multiple Occupation (HMO)	A property shared by at least 3 people who are not from 1 'household' (for example a family) and share facilities like the bathroom and kitchen. You must have a licence if you're renting out a large HMO in England or Wales. Your property is defined as a large HMO if all of the following apply: • it is rented to 5 or more people who form more than 1 household. • some or all tenants share toilet, bathroom, or kitchen facilities. • at least 1 tenant pays rent (or their employer pays it for them) The London Plan
Internal Rate of Return (IRR)	The rate of interest (expressed as a percentage) at which all future project cash flows (positive and negative) will be discounted in order that the net present value (NPV) of those cash flows, including the initial investment, be equal to zero. IRR can be assessed on both gross and net of finance. RICS Development Valuation
Shared Ownership (SO)	The purchaser pays a mortgage on the share they own and pays a subsidised rent to a housing association on the remaining share. The purchaser has the option to increase their share during their time in the property via a process known as 'staircasing', and in most cases can staircase all the way to 100%. It is a form of intermediate housing.
London Living Rent (LLR)	London Living Rent is a type of intermediate affordable housing for Londoners to build up savings to buy a home. London Living Rent provides rented homes on stable tenancies, with rents based on a third of local household incomes. It is a form of intermediate housing. The London Plan
ITZA	ITZA is surveyor-abbreviation meaning 'area in terms of Zone A'. Totalling the Zone A equivalent of each zone (i.e. Zone B/2, Zone C/4 etc) and expressing the total in terms of Zone A is a method of analysing rents. Code of Measuring Practice
Landowner Premium	The premium (or the 'plus' in EUV+) is a component of benchmark land value. It is the amount (if any) above existing use value (EUV) that goes to the landowner and reflects an incentive for the landowner to dispose of the land for development. NPPG
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The Red Book
National Planning Policy Framework (NPPF)	The revised National Planning Policy Framework sets out government's planning policies for England and how these are expected to be applied. National Planning Policy Framework
Net Internal Area (NIA)	Broadly speaking the usable area within a building measured to the face of the internal finish of perimeter or party walls, excluding corridors and WCs etc and taking each floor into account. Most similar to IPMS 3. Code of Measuring Practice IPMS
Net Sales Area (NSA)	Net Sales Area is the GIA of a new or existing residential dwelling, including basements, mezzanines, galleries and hallways, but excluding garages, conservatories, balconies, outbuildings, terraces and restricted height areas under 1.5m. Code of Measuring Practice
Net Lettable Area (NLA)	As above, expressing the area to be rentalised. Code of Measuring Practice
Planning Obligations	Planning obligations are legal obligations entered into to mitigate the impacts of a development proposal. This is usually via s106 agreement. Planning obligations run with the land, are legally binding and enforceable. They can include affordable housing, infrastructure contributions, CIL etc.
NPPG	The National Planning Practice Guidance adds further context to the National Planning Policy Framework (NPPF) and it is intended that the two documents should be read together. Plan makers must have regard to national policies and advice contained in the guidance when developing their plans. The guidance is also a 'material consideration' when taking decisions on planning applications. This means that if a local policy is deemed out of date, local authorities may be directed by the national guidance's requirements.
Open Market Sale (OMS)	Housing that is to be sold at Market Value.

Residual Value	The amount remaining once the gross development cost of a project is deducted from its gross development value (GDV) and an appropriate return has been deducted. RICS Development Valuation
Retirement Living	A retirement village or development built specifically for older adults - often those aged 55, 60 or 65 and over. They come with a range of superb facilities and can offer on-site care.
RICS	Royal Institution of Chartered Surveyors.
Target Developer Return (or profit)	The target profit required by the developer. NPPG
The Red Book	The Red Book is issued by RICS and details mandatory practices for RICS members undertaking valuation services. It also offers a useful reference resource for valuation users and other stakeholders. The Red Book
Zoning	In retail property valuation, Zoning is the area closest to the street and the most valuable area of retail, with the value decreasing with distance from the frontage: Zone B is the next 6 metres and then Zone C until the entire depth of the retail area is allocated into a zone. Anything after Zone C is usually delegated as the remainder (of space). Code of Measuring Practice

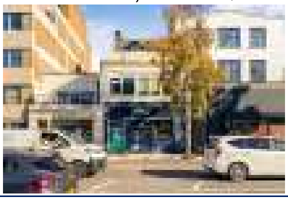
The above definitions are indicative only and are not to be relied upon. Professional advice should always be sought.

Appendix 3: Comparable Evidence

<u>Commercial Rental Evidence- BLV</u>

Address	Description	Date	Size (SF)	Rent psf
10-14, Brewery Rd, London, N7 9NH 	Industrial warehouse let for a 5 years lease. Benefits from higher eaves height than the subject. 1980s building, with steel portal frame with security system and roller shutters. Similar size to the subject. Located within 1.43 miles of the subject site, near Caledonian Road overground station.	June 2024	17,547	£23.25
22 Parr Street, Hoxton, N1 7GW 	Ground floor light industrial space let for a 5 years lease to Soho Home. Floor to ceiling heights in excess of 4.0m on the ground floor and 3.5m on the lower ground floor. Benefits from air conditioning. Part of newly developed mixed use development and, therefore, significantly better condition than the subject. Located within 3 miles of the subject site, within trending London neighbourhood, albeit further away from Central London than the subject.	March 2024	8,895	£27psf
Woodside Works, Summersby Road, London, N6 5UH 	Industrial garage/ workshop. 1980s built. Located within 3.2 miles, in an inferior area to the subject. We consider eaves height to be similar to the subject. Located within 3.2 miles and in an inferior location of the subject, therefore, would commence a lower value on a psf basis.	October 2022	8,172	£15.91
3 Brandon Road, Kings Cross, N7 9AA 	This industrial self-contained unit was let for a 3 years and 4 month period. The unit comprise ground and first floor. Located within 1.1 miles of the subject site. The area is fenced and the building itself benefits from a roller shutters and large loading bay. Advertised as perfect for light industrial use.	August 2023	5,087	£21

Commercial Sales Evidence- BLV

Address	Description	Date	Yield	Price PSF
60-62 Queenstown Road, Battersea, London, SW8 3RY 	Mixed use industrial building, achieving an annual income of £98,000. Inferior location to the subject.	September 2024	6.95%	£186psf
162 Holloway Road, Holloway, London, N7 8DQ 	Passing rent of £79,000pa. Sold with the development opportunity of converting the upper parts. Inferior location to the subject plus lower relevance due to the redevelopment potential. Evidence should be considered with caution.	November 2023	5.47%	£169psf
Land and buildings on the south side of Bull Road, Stratford, E15 3HQ 	Land sold for £200,000, with the passing income of £20,880. Inferior location to the subject. Comprise a freehold site, arranged as 10 garages and two. Inferior location to the subject.	October 2023	10.21%	Not Stated
129, Tollington Way, London, N7 6RD 	Vacant mixed industrial building, inferior location to the subject. Comprises 630 sq ft.	October 2023	N/A	£301psf
BBC Maida Vale Studios, 120-129 Delaware Road, London W9 2LG 	The building comprises 83,447 sq ft and was sold for £10,500,000. Used for research and development purpose. Grade II listed building. Sold for redevelopment.	August 2023	N/A	£126psf

Office Investment Comparables- Commercial GDV

Address	Area (sq ft)	Date	Sold Price	NIY	Comments
GPS House, 215-227, Great Portland Street, London W1W 5PN	42,754	May 2023	£54,000,000	3.89%	Significantly larger than the proposed NIA and situated in a stronger office and retail location.
98 Crawford Street, Marylebone, London, W1H 2HL	1,466	November 2022	£1,100,000	5.15%	Located in the superior area of Marylebone and smaller in size than the proposed NIA.
1 Charlotte Street, London, W1T 1RB	4,086	August 2023	£8,100,000	4.29%	West End office, superior to the proposed scheme, and within walking distance of Tottenham Court Road.
Whole Building 39-43 Grays Inn Road London WC1X 8PR	4,359	October 2022	£4,590,000	5.11%	West End office space of comparable size to the proposed scheme, with ground-floor retail space leased to the Co-operative and offices located on the first floor.
162 Holloway Road, Holloway, London, N7 8DQ	5,900	November 2023	£1,000,000	7.47%	Passing rent of £79,000pa. Sold with the development opportunity of converting the upper parts. Inferior location to the subject plus lower relevance due to the redevelopment potential. Evidence should be considered with caution.

PBSA Comparable Rental Evidence

Address	BPS Asking rent per week (median size sqm)	Comments
Victoria Hall King's Cross, N1C 4DD	Standard studio - £525 – 18m2 Large studio – £565 – 26m2 Premium studio - £625 – 29.7m2	Victoria Hall is an 8 to 12 storey PBSA completed in 2016 in London zone 1. The accommodation is located c. 1.2 miles from the subject site and is within walking distance to St Pancras and King's Cross station/underground. The facilities include communal study/games rooms, cycle storage and an onsite gym. This scheme is sharing a similar location to Urbanest Kings Cross, which again we consider superior to the proposed development. However, the premium studios also benefit from balconies, so quality-wise it is also better. Overall, we expect the subject scheme to achieve lower values.
IQ Tufnell House, N7 0EG	Bronze studio plus - £462 – 20m2 Silver studio plus - £476 – 20m2 Gold studio plus – £491 – 26m2 NOTE: Prices based on 44wks	IQ Tufnell accommodation is an older PBSA that has recently had its interior refurbished. The accommodation is similar in height to the subject and is located c. 1.6 miles away. The nearest underground is Tufnell Park, which is a few minutes away. The facilities include social and study spaces, a cycle store as well as a gym and laundry room. We consider the proposed scheme to share similar facilities, but the location and quality of the comparable is inferior to the subject. On this basis, we expect the subject to achieve higher values.

PBSA Comparable Investment Evidence

Address	Date	Yield (NIY)	Price achieved	Comments
Exchange Point, Lewisham, London, SE13 7NX	Q4 2022	4.25%	£134,000,000 (£177,000 per bed)	A 35-storey student accommodation completed in 2021 with 758 beds. The scheme is located c. 8.7 miles from the proposed development in a Zone 2/3 area. The scheme is comparatively better quality and height than the proposed development; however, within a worse location.
Hallsville Quarter, Canning Town, E16	Q1 2024	4.75%	£125,000,000 (£333,000 per bed)	A Forward-funded scheme comprising 375 beds across 11 storeys. Planning consent was granted in 2022. The property is located c. 8.2 miles of the subject site in Zone 2, a worse comparatively worse location. The scheme is expected to complete in 2025. Therefore, the transaction does not represent a fully operational scheme and should be relied on with caution.
Wembley Ark, First Way, Wembley, HA9 0PE	Q2 2024	5.39%	£125,000,000 (£179,000 per bed)	This student accommodation is a new development with 699 beds situated within Ark Wembley and is positioned in First Way. The property is located c. 7 miles from the proposed development and is in Zone 4. The scheme shares similar facilities to the subject, but overall has a worse location.
Rachel McMillian Student Village, SE8	Q3 2023	5%	£18,570,000 (£155,000 per bed)	This PBSA appears quite dated compared to other comparables. The property is located c. 7.7 miles from the subject scheme and is in Zone 2. The scheme has 120 beds and basic social facilities but is overall of a worse specification and also in a worse location than the proposed development.
Great Court, Bermondsey, SE1	Q2 2022	3.85%	£60,000,000 (£240,000 per bed)	This new PBSA development provides 250 beds in a 9-floor building. The property is located c. 5.8 miles from the subject scheme and is in Zone 2. Overall, the accommodation is similar in height and provides comparable quality and facilities to the subject but is in a slightly worse location.

Appendix 4: BPS Appraisal

Jamestown Road
PBSA with 33% C3 affordable- 15% Profit

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
C3 Social Rent	17	13,923	254.97	208,824	3,550,000	0	3,550,000
C3 Intermediate	10	8,060	452.14	364,421	3,644,215	0	3,644,215
Totals	**27**	**21,983**			**7,194,215**	**0**	**7,194,215**

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
PBSA	187	39,457	98.83	20,852	3,338,269	3,899,391	3,338,269
Flexible commercial	1	3,155	56.50	178,258	178,258	178,258	178,258
Totals	**188**	**42,612**			**3,516,526**	**4,077,648**	**3,516,526**

Investment Valuation

PBSA					
Current Rent	3,338,269	YP @	4.5000%	22.2222	74,183,747
Flexible commercial					
Market Rent	178,258	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,575,045
Total Investment Valuation					**76,758,793**

GROSS DEVELOPMENT VALUE			**83,953,008**
Purchaser's Costs		(2,302,764)	
Effective Purchaser's Costs Rate	3.00%		
			(2,302,764)
NET DEVELOPMENT VALUE			**81,650,244**
NET REALISATION			**81,650,244**

OUTLAY

ACQUISITION COSTS

Benchmark Land Value	8,300,000		
Benchmark Land Value		8,300,000	
			8,300,000
Stamp Duty	5.00%	415,000	
Agent Fee	1.00%	83,000	
Legal Fee	0.80%	66,400	
			564,400

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Construction	1 un	41,532,287	41,532,287	
CIL			3,511,592	
S106			734,510	
				45,778,389

PROFESSIONAL FEES

Professional fees	10.00%	4,153,229	
			4,153,229

MARKETING & LETTING

Letting Agent Fee	10.00%	17,826	
Letting Legal Fee	5.00%	8,913	
			26,739

DISPOSAL FEES

Sales Agent Fee	1.50%	1,224,754	
Sales Legal Fee	0.50%	408,251	
			1,633,005

Jamestown Road
PBSA with 33% C3 affordable- 15% Profit

MISCELLANEOUS FEES			
Profit on PBSA	15.00%	11,127,562	
Profit on Commerical	15.00%	386,257	
Profit on affordable	6.00%	431,653	
			11,945,472
FINANCE			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		1,987,354	
Construction		3,929,584	
Total Finance Cost			5,916,938
TOTAL COSTS			**78,318,171**
PROFIT			
			3,332,073
Performance Measures			
Profit on Cost%	4.25%		
Profit on GDV%	3.97%		
Profit on NDV%	4.08%		
Development Yield% (on Rent)	4.49%		
Equivalent Yield% (Nominal)	4.57%		
Equivalent Yield% (True)	4.70%		
IRR% (without Interest)	10.38%		
Rent Cover	11 mths		
Profit Erosion (finance rate 7.000)	7 mths		

APPRAISAL SUMMARY — BPS SURVEYORS

Jamestown Road
PBSA with 33% C3 affordable

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**	**Adjustment**	**Net Sales**
C3 Social Rent	17	13,923	254.97	208,824	3,550,000	0	3,550,000
C3 Intermediate	10	8,060	452.14	364,421	3,644,215	0	3,644,215
Totals	**27**	**21,983**			**7,194,215**	**0**	**7,194,215**

Rental Area Summary	**Units**	**ft²**	**Rent Rate ft²**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**	**Net MRV at Sale**
PBSA	187	39,457	98.83	20,852	3,338,269	3,899,391	3,338,269
Flexible commercial	1	3,155	56.50	178,258	178,258	178,258	178,258
Totals	**188**	**42,612**			**3,516,526**	**4,077,648**	**3,516,526**

Investment Valuation

PBSA					
Current Rent	3,338,269	YP @	4.5000%	22.2222	74,183,747
Flexible commercial					
Market Rent	178,258	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,575,045
Total Investment Valuation					**76,758,793**

GROSS DEVELOPMENT VALUE			**83,953,008**
Purchaser's Costs		(2,302,764)	
Effective Purchaser's Costs Rate	3.00%		
			(2,302,764)
NET DEVELOPMENT VALUE			**81,650,244**
NET REALISATION			**81,650,244**

OUTLAY

ACQUISITION COSTS			
Benchmark Land Value	8,300,000		
Benchmark Land Value		8,300,000	
			8,300,000
Stamp Duty	5.00%	415,000	
Agent Fee	1.00%	83,000	
Legal Fee	0.80%	66,400	
			564,400

CONSTRUCTION COSTS

Construction	**Units**	**Unit Amount**	**Cost**	
Construction	1 un	41,532,287	41,532,287	
CIL			3,511,592	
S106			734,510	
				45,778,389

PROFESSIONAL FEES			
Professional fees	10.00%	4,153,229	
			4,153,229
MARKETING & LETTING			
Letting Agent Fee	10.00%	17,826	
Letting Legal Fee	5.00%	8,913	
			26,739
DISPOSAL FEES			
Sales Agent Fee	1.50%	1,224,754	
Sales Legal Fee	0.50%	408,251	
			1,633,005

Jamestown Road
PBSA with 33% C3 affordable

MISCELLANEOUS FEES			
Profit on PBSA	12.50%	9,272,968	
Profit on Commerical	15.00%	386,257	
Profit on affordable	6.00%	431,653	
			10,090,878
FINANCE			
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		1,987,354	
Construction		3,929,584	
Total Finance Cost			5,916,938
TOTAL COSTS			**76,463,577**
PROFIT			
			5,186,666
Performance Measures			
Profit on Cost%	6.78%		
Profit on GDV%	6.18%		
Profit on NDV%	6.35%		
Development Yield% (on Rent)	4.60%		
Equivalent Yield% (Nominal)	4.57%		
Equivalent Yield% (True)	4.70%		
IRR% (without Interest)	12.33%		
Rent Cover	1 yr 6 mths		
Profit Erosion (finance rate 7.000)	11 mths		