

125 Shaftesbury Avenue WC2H 8AD

Independent Viability Review –
Addendum (1)

Prepared on behalf of the London Borough of
Camden

27th March 2025

Planning Reference: 2024/5408/P



215a High Street, Dorking RH4 1RU
www.bps-surveyors.co.uk

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1.0 Introduction

- 1.1 Following our viability review dated 4th February 2025 we have received a response from Newmark (formerly Gerald Eve) dated 7th March 2025. We also met with the Applicant team on 10th March 2025 and 19th March 2025 to discuss the areas of difference further.
- 1.2 The purpose of this addendum is to address the disputed or ambiguous inputs which we have summarised below:
- Gross Development Value ('GDV')
 - Office values
 - Retail values
 - Development Costs
 - Survey costs
 - OPEX budget
 - Legal/commercial costs
 - Third party costs
 - Empty rates
 - Tenant contribution costs
 - Finance rate
 - Construction period
 - Benchmark Land Value ('BLV')
 - Approach to assessing value
 - Refurbishment office values
 - Refurbishment and associated costs and fees
- 1.3 All other inputs remain as per our February 2025 report. This should therefore be read in conjunction with our earlier review.
- 1.4 Despite our request we have not received an updated appraisal from Newmark. As such the Applicant's revised viability position is not clear.
- 1.5 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 2025, the provisions of VPS1–6 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.

- 1.6 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

Input	Applicant v2	BPS v2	Comments
Income			
Office	£458,818,987 (£1,954 psf)	£458,818,987 (£1,954 psf)	Agree
Affordable Workspace	£5,560,779 (£1,113 psf)	£5,560,779 (£1,113 psf)	Agree
Retail	£8,661,292 (£934 psf)	£9,566,430 (£1,031 psf)	Disagree
Expenditure			
Base Build Costs	£145,540,000	£145,540,000	Agree
Contingency	7.5%	7.5%	Agree
Purchaser's Costs	6.8%	6.8%	Agree
Professional Fees	10%	10%	Agree
Marketing Fees (% Rent)	1.5%	1.5%	Agree
Sales Agent Fees (% GDV)	1%	1%	Agree
Sales Legal Fees (% GDV)	0.5%	0.5%	Agree
Letting Agent & Legal (% Rent)	15%	15%	Agree
Survey Costs	£1,197,000	£1,197,000	Provisionally Accept (contingent on the scheme being subject to open book review mechanisms)
OPEX Budget	£600,000	£600,000	
Legal/Commercial	£400,000	£400,000	
Third Party Costs	£5,500,000	£5,500,000	
Service Charge	£2,517,238	£2,517,238	Agree
Empty Rates	£2,373,051	£2,373,051	Agree
Tenant Contribution	£13,359,000	£13,359,000	Agree
S106 Costs	£1,594,102	£1,594,102	Ambiguous (Council to confirm)
CIL	£3,627,000	£3,627,000	Ambiguous (Council to confirm)
Finance Rate	8%	7.5%	Disagree
Profit Target (% GDV)	15%	15%	Agree
Benchmark Land Value	£146,250,000	£121,000,000	Disagree
Development Timeframes			
Pre-construction	3-months	3-months	Agree
Enabling works	13-months	13-months	Agree
Construction	24-months	24-months	Agree
Letting (retail / office)	6/9-months	6/9-months	Agree

Viability Position			
Surplus/Deficit	<i>Not Provided</i>	-£48m	
Net Profit Return (% GDV)	<i>Not Provided</i>	6%	

3.0 Conclusions and Recommendations

- 3.1 We have reviewed the response prepared by Newmark and the revised position subsequently put to us by the Applicant following our meeting on 10th March 2025. Despite our request Newmark have not provided us with an updated appraisal and as such their current viability position remains unclear.
- 3.2 As outlined in this addendum report we have revised our appraisal position, and our current inputs are summarised at Section 2. As shown in the summary table at Section 2, we are now broadly aligned on the appraisal inputs with the exception of proposed retail GDV, finance rate and Benchmark Land Value.
- 3.3 Our updated appraisal results are as follows:

Profit Output	Profit Target	Surplus/Deficit
£27,005,829 (6% on GDV)	£75,075,378 (15% on GDV)	-£48,070,000

- 3.4 We conclude that the scheme generates a deficit (shortfall on developer profit target) of c. £48m. If the Applicant were to continue on this basis they would make a net profit of 6% on GDV which is below the agreed target of 15%. Our updated appraisal summary is attached at Appendix 2.
- 3.5 For the reasons set out in this addendum we consider it essential that this scheme is subject to an open book late stage review.
- 3.6 We consider that should the review demonstrate a saving on the current third party budget cost then 100% of any saving should go to the Council. This is because the cost has not been available for us to scrutinise as we would normally expect, although we accept that this item is likely to represent a reasonable cost item within the development's overall costs.
- 3.7 We have sensitivity tested the appraisal which indicates that if office rents were to increase by approx 10% then the developer profit target would be met, and the scheme would become viable.

4.0 Gross Development Value

Proposed Office Values

- 4.1 We have summarised the differences between CBRE's (on behalf of the Applicant) and Crossland Otter Hunt's (on behalf of BPS) opinion of the proposed office values:

Input	CBRE/Applicant v1	COH/BPS v1	CBRE/Applicant v2
Office Rent	£99.70 psf	£103 psf	£101.87 psf
Yield	4.75%	4.75%	4.75%
Rent Free	24-months	24-months	24-months
Void	9-months	6-months	9-months
Pre-let	33%	50%	40%

- 4.2 We have sought advice from Crossland Otter Hunt who consider the Applicant's revised position to be acceptable margin of their own expressed opinion.

Proposed Retail Values

- 4.3 We have summarised the differences between CBRE's (on behalf of the Applicant) and Crossland Otter Hunt's (on behalf of BPS) opinion of the proposed retail values:

Input	CBRE/Applicant v1	COH/BPS v1	CBRE/Applicant v2
Retail Rent	£45.56 psf	£50.35 psf	£45.56 psf
Yield	4.75%	4.75%	4.75%
Rent Free	12 months	24 months	18 months
Void	6 months	6 months	6 months

- 4.4 We note that based on the Applicant's revised figures, the value of the retail element has now decreased from their initial assessment.
- 4.5 We have maintained the rents but have accepted the Applicant's revised rent free period based on advice from Crossland Otter Hunt.

5.0 Development Costs

Third Party & Other Costs

- 5.1 We have summarised the third party and other costs below which were highlighted as requiring more evidence in our initial review:

Input	Applicant v1	BPS v1	Applicant v2
Survey Costs	£1,197,000	Ambiguous	£1,197,000
OPEX Budget	£790,000	Ambiguous	£600,000
Legal/Commercial Costs	£400,000	Ambiguous	£400,000
Third Party Costs	£5,500,000	Ambiguous	£5,500,000

- 5.2 We have been provided with a breakdown of the proposed survey costs. Whilst we remain of the view that these costs would typically be included within the 10% professional fee allowance we do acknowledge that these costs are equivalent to less than 1% of the scheme build costs.
- 5.3 We have been provided with a summary table showing a budget of £400,000 for OPEX which is said to relate to the remedial works required to the façade. Newmark's addendum also notes that a further £390,000 is budgeted for issues such as suspected RAAC, asbestos removal, lift repairs and service bay shutter replacement. Following the meeting with the Applicant team, they have suggested that this budget is reduced from £790,000 to £600,000.
- 5.4 We have been advised that the legal cost budget is the costs associated with securing Vacant Possession of the ground floor retail units. No evidence has been provided as this information is confidential to the Applicant.
- 5.5 We have been advised that no evidence can be shared regarding the third party costs due to the sensitive nature of the information. We note that typically this is evidenced by insurance information being shared.
- 5.6 We acknowledge that due to the nature of this development many of the above cost allowances may apply. However, at this stage, we have not received sufficient evidence to support these costs though acknowledge that some of the costs remain in budget form at this stage. On this basis, we are willing to include these budget allowances within our appraisal, but this is contingent on the scheme being subject to open book reviews whereby the costs incurred will be fully evidenced at the review stage. We also consider that 100% of any savings on these budget costs determined by the review is provided to the Council, should the scheme show a surplus.

Tenant Contributions

- 5.7 We have been provided with no further detail of the tenant contribution figure but consider the £psqm along with the rent free allowance to be generally acceptable for the purposes of the FVA and consider that this cost can be fully evidenced at the review stage, noting this is a budget rather than an agreed cost item with an incoming tenant.
- 5.8 We also sought clarity that the costs in the cost plan for level 5 only were not being double counted. We have been advised by the Applicant that the Level 5 costs had been included in the cost plan as this is intended to be a 'show floor' for marketing purposes.

Empty Property Costs

- 5.9 We requested further clarity on how the empty property costs had been calculated. Newmark have now confirmed that they have taken 50% of net effective rent assuming a 24-month rent free period over a 10 year term. We have accepted this figure on the basis that the scheme will be subject to an open book review where actual costs will be open to examination.

Finance Rate

- 5.10 We have summarised the difference in finance rate below:

Input	Applicant v1	BPS v1	Applicant v2
Finance Rate	8%	7.5%	8%

- 5.11 We remain of the view that a 7.5% rate is justified and is at the upper end of the range we have recently seen on other applications in the Borough and across London.

Construction Period

- 5.12 We have summarised the difference in construction period below:

Input	Applicant v1	BPS v1	Applicant v2
Construction Period	24 months	21 months	24 months

- 5.13 We have now been provided with a development programme to support the Applicant's construction period. Our Cost Consultant has reviewed and consider the level of detail to be sufficient in justifying a slightly higher period than the BCIS estimate.

6.0 Benchmark Land Value

Approach

- 6.1 The first point of difference stems from whether this approach is considered an Existing Use Value ('EUV') or Alternative Use Value ('AUV'). Both parties are in agreement that expenditure is required in order to enable the property to be let in its existing configuration. Newmark remain of the view that their approach constitutes an EUV as opposed to AUV. This is despite the fact that NPPG is clear that should an existing use require an assumption of refurbishment to support its anticipated value, then it will be treated as an AUV approach and omit a landowner premium. On this basis we remain of the view that this approach constitutes an AUV.
- 6.2 The overall material difference this has on the BLV is that under an AUV, an additional Landowner's Premium cannot be applied. We note that at present Newmark have not included a premium within their assessment.
- 6.3 The second point of difference stems from the valuation approach. Newmark have determined a capital value by calculating gross values less refurbishment costs rather than using a residual valuation which allows for inclusion of interest, profit and the impact of time. . By contrast, our approach used a residual appraisal in order that costs associated with financing the refurbishment were appropriately captured. We consider this approach to be reasonable and consistent with how the proposed scheme is also being viability tested. The only difference between the assessment of existing use value and proposed scheme being the scale of the works involved.

Refurbished Building Value

- 4.7 We have summarised the differences between CBRE's (on behalf of the Applicant) and Crossland Otter Hunt's (on behalf of BPS) opinion of the proposed values for the BLV assessment:

Input	CBRE/Applicant v1	COH/BPS v1	CBRE/Applicant v2
Office Rent	£11,199,251 (£79.57 psf)	£10,008,292 (£71.11 psf)	£11,199,251 (£79.57 psf)
Parking Rent	-	£52,500 pa	-
Yield	6%	6.25%	6%
Rent Free	24-months	24-months	24-months
Void	6-12 months	9-12 months	6-12 months

- 6.4 The Applicant remains of the view that the CBRE office inputs are reasonable noting that the assumed refurbishment cost has now been increased by £1.5m which they consider sufficient to support the achievable rents.
- 6.5 Crossland Otter Hunt have advised that they are accepting of the Applicant's figures above assuming the refurbishment cost allowance is now sufficient to achieve the above terms. We have discussed the costs in the section below.
- 6.6 Note that following discussions with the Applicant we have accepted the removal of the car parking values on the basis this will not be leased separately.

Refurbishment Costs & Timescales

- 6.7 As set out in our review, our Cost Consultant had some concerns regarding the refurbishment costs being assumed which he noted appeared possibly too light and that the estimate did not make any allowance for façade repairs. Following the meeting with the Applicant on the 10th March, they have suggested the following additional costs:
- £500,000 façade works
 - Additional £150,000 for reception
 - Additional £900,000 for CAT B adaptations (£100,000 per floor).
- 6.8 This brings the total refurbishment allowance to £6,520,000. Our Cost Consultant notes that the costs are broadly reasonable based on the information provided to date but remains of the view that the cost is based on very optimistic assumptions and therefore is potentially understated. Although we accept that the Applicant has now increased the costs from their original proposition.
- 6.9 We consider that to reach a clear position on the likely minimum refurbishment costs needed we would require detailed costed surveys of the property, including its M&E, from the Applicant which have not been provided. We acknowledge that given that this refurbishment scenario is hypothetical and under consideration only for the purposes of testing viability and is not the scheme being pursued by the Applicant, such surveys would represent a significant costs and delay to be procured and therefore beyond a level generally considered reasonable in testing viability..
- 6.10 Based on advice from our Cost Consultant we assumed a 9-month refurbishment period. We understand from the meeting with the Applicant that they consider a 6-month period to be more reasonable. We have not received any further information to support a reduced period and therefore have maintained 9-months.

Other Costs & Fees

- 6.11 In our assessment we included a 7.5% contingency allowance and 10% professional fee allowance. Newmark have not addressed this in their response, and we remain of the view that such fees are reasonable in this context and our consistent with the proposed scheme assumptions.
- 6.12 Our assessment included a 15% return on GDV in order to remain consistent with the proposed scheme. We acknowledge however that a return at this level of GDV is significant when compared to the overall costs being spent on the refurbishment. We have therefore modelled our assessment with an alternative profit approach based on a 10% return on costs (excluding the residual land value cost) in acknowledgment that the scope of works in the AUV scenario are much lesser than those assumed within the application scheme.
- 6.13 We remain of the view that any costs in the AUV scenario will need to be financed and as such have maintained our 7.5% assumption in line with the proposed scheme appraisal.
- 6.14 In our assessment we included several of the additional fees included in the proposed scheme appraisal within the AUV appraisal on the assumption the costs would apply in both scenarios. We have summarised the differences below:

Input	Applicant v1	BPS v1	Applicant v2
Tenant Contributions	£7,037,250	£8,015,300	£7,037,250
Empty Property Costs	£4,454,579	£4,454,579	£4,454,579
Service Charge	£1,970,430	£2,392,655	£1,970,430
Survey Costs	£-	£1,197,000	£-
OPEX	£-	£790,000	£600,000
VP Costs	£-	£400,000	£-

- 6.15 We queried in our report why a tenant contribution figure of £57 psf (£613 psqm) is being assumed for the proposed scheme but a lesser figure of £50 psf (£538 psqm) is being assumed in the refurbishment scenario. Without any further clarity on this we have retained our previous figure.
- 6.16 We increased the service charge assumption from £14 psf to £17 psf based on advice from Crossland Otter Hunt. We have not received any response on this from Newmark and therefore maintain our previous figure.
- 6.17 The Applicant is of the view that survey costs are not required for the BLV scenario, and we acknowledge that some of the surveys for the proposed scheme may not apply to the hypothetical refurbishment scenario. However, we assume that some surveys would be

required in order for façade repairs to take place for example. That being said we are willing to remove this cost on this basis that a professional fee allowance is included in our assessment which would provide a budget for any surveys required.

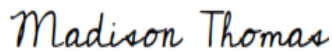
- 6.18 The Applicant has agreed to include OPEX costs in line with the proposed scheme appraisal.
- 6.19 Following further discussions with Newmark it has been agreed that the BLV assessment would account for the current retail tenants remaining in situ and as such we have removed the VP costs and have included the current rent passing within our appraisal.

BPS Revised BLV

- 6.20 We have therefore adjusted our Argus appraisal to include:
- Updated GDV figures
 - Updated refurbishment cost figure
 - Included current retail passing rent
 - Removed survey and VP costs
 - Reduced profit to 10% on cost (excl. RLV noting finance already included on land)
- 6.21 On this basis, our revised appraisal now results in a land value of £121 million. We have adopted this figure as our BLV. A copy of our appraisal summary can be found at Appendix 1.

7.0 Author Sign Off

- 7.1 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.
- 7.2 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.
- 7.3 The following persons have been involved in the production of this report:



Madison Thomas MRICS
RICS Registered Valuer
RICS Membership no. 6892167
For and on behalf of
BPS Chartered Surveyors



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

27th March 2025

Appendix 1: BPS BLV Appraisal

BPS BLV Appraisal (DRAFT)
125 Shaftesbury Avenue, WC2H
Refurb of Existing Property

Development Appraisal
BPS Surveyors
27 March 2025

APPRAISAL SUMMARY**BPS SURVEYORS**

BPS BLV Appraisal (DRAFT)
125 Shaftesbury Avenue, WC2H
Refurb of Existing Property

Appraisal Summary for Phase 1

Currency in £

REVENUE**Rental Area Summary**

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Existing Retail	5	37,054	44.87	332,541	1,662,707	1,662,707
Existing Office	1	140,745	79.57	11,199,251	11,199,251	11,199,251
Totals	6	177,799			12,861,958	12,861,958

Investment Valuation**Existing Retail**

Market Rent	1,662,707	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	24,663,389

Existing Office

Market Rent	11,199,251	YP @	6.0000%	16.6667	
(2yrs Rent Free)		PV 2yrs @	6.0000%	0.8900	166,121,559

Total Investment Valuation**190,784,947****GROSS DEVELOPMENT VALUE****190,784,947**

Purchaser's Costs	(12,973,376)	
Effective Purchaser's Costs Rate	6.80%	
	(12,973,376)	

NET DEVELOPMENT VALUE**177,811,571****Additional Revenue**

Retail Passing Rent	1,971,744	
	1,971,744	

NET REALISATION**179,783,315****OUTLAY****ACQUISITION COSTS**

Residualised Price	121,053,578	
	121,053,578	

APPRAISAL SUMMARY**BPS SURVEYORS****BPS BLV Appraisal (DRAFT)
125 Shaftesbury Avenue, WC2H
Refurb of Existing Property**

Stamp Duty		6,042,179	
Effective Stamp Duty Rate	4.99%		
Agent Fee	1.00%	1,210,536	
Legal Fee	0.80%	968,429	
			8,221,143

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Refurbishment Cost	1 un	6,520,000	6,520,000	
Contingency		7.50%	489,000	
				7,009,000

PROFESSIONAL FEES

Professional Fees	10.00%	652,000	
			652,000

MARKETING & LETTING

Agent, Legal, Marketing Fees	15.00%	1,929,294	
			1,929,294

Additional Costs

Tenant Contribution Costs		8,015,000	
Developer Profit		4,647,791	
Opex (Budget)		600,000	
Service Charge Shortfall		2,592,044	
Empty Property Costs		3,712,150	
			19,566,985

FINANCE

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)			
Land		9,112,138	
Construction		162,456	
Letting		12,076,720	
Total Finance Cost			21,351,314

TOTAL COSTS**179,783,315****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	7.15%
Equivalent Yield% (Nominal)	6.00%

BPS BLV Appraisal (DRAFT)
125 Shaftesbury Avenue, WC2H
Refurb of Existing Property

Equivalent Yield% (True)	6.23%
IRR% (without Interest)	7.35%
Profit Erosion (finance rate 7.500)	0 mths

Appendix 2: BPS Proposed Scheme Appraisal

BPS Proposed Scheme Appraisal
Addendum 1
125 Shaftesbury Avenue

Development Appraisal
BPS Surveyors
27 March 2025

APPRAISAL SUMMARY**BPS SURVEYORS**
**BPS Proposed Scheme Appraisal
Addendum 1
125 Shaftesbury Avenue**
Appraisal Summary for Phase 1

Currency in £

REVENUE**Rental Area Summary**

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Retail - Unit 1	1	1,648	80.00	131,840	131,840	131,840
Ground Affordable Office	1	4,997	58.00	289,826	289,826	289,826
1 (atrium base) - office	1	22,347	85.00	1,899,495	1,899,495	1,899,495
2 (Internal Terrace)	1	24,769	92.50	2,291,133	2,291,133	2,291,133
3 (Internal Terrace)	1	25,343	95.00	2,407,585	2,407,585	2,407,585
4 (Internal Terrace)	1	25,109	97.50	2,448,128	2,448,128	2,448,128
5 (Internal & N Terrace)	1	24,693	100.00	2,469,300	2,469,300	2,469,300
6 (S Terrace)	1	24,043	102.50	2,464,408	2,464,408	2,464,408
7 (S/E Terrace)	1	23,388	107.50	2,514,210	2,514,210	2,514,210
8 (N & W Terraces)	1	19,071	110.00	2,097,810	2,097,810	2,097,810
9 (W & E terraces)	1	16,959	112.50	1,907,888	1,907,888	1,907,888
10 (N Terrace)	1	13,724	115.00	1,578,260	1,578,260	1,578,260
11 (S/E Terrace)	1	13,158	120.00	1,578,960	1,578,960	1,578,960
12 (Terrace)	1	2,136	120.00	256,320	256,320	256,320
Ground Retail - Unit 4	1	1,502	60.00	90,120	90,120	90,120
Ground Retail - Nisbet	1	6,125	40.00	245,000	245,000	245,000
Totals	16	249,012			24,670,281	24,670,281

Investment Valuation**Ground Retail - Unit 1**

Market Rent	131,840	YP @	4.7500%	21.0526	
(9mths Unexpired Rent Free)		PV 9mths @	4.7500%	0.9658	2,680,637

Ground Affordable Office

Market Rent	289,826	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	5,560,779

1 (atrium base) - office

Market Rent	1,899,495	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	36,444,876

2 (Internal Terrace)

Market Rent	2,291,133	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	43,959,074

APPRAISAL SUMMARY**BPS SURVEYORS****BPS Proposed Scheme Appraisal
Addendum 1
125 Shaftesbury Avenue****3 (Internal Terrace)**

Market Rent	2,407,585	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	46,193,403

4 (Internal Terrace)

Market Rent	2,448,128	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	46,971,276

5 (Internal & N Terrace)

Market Rent	2,469,300	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	47,377,505

6 (S Terrace)

Market Rent	2,464,408	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	47,283,634

7 (S/E Terrace)

Market Rent	2,514,210	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	48,239,176

8 (N & W Terraces)

Market Rent	2,097,810	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	40,249,870

9 (W & E terraces)

Market Rent	1,907,888	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	36,605,900

10 (N Terrace)

Market Rent	1,578,260	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	30,281,465

11 (S/E Terrace)

Market Rent	1,578,960	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	30,294,895

12 (Terrace)

Market Rent	256,320	YP @	4.7500%	21.0526	
(2yrs Rent Free)		PV 2yrs @	4.7500%	0.9114	4,917,913

Ground Retail - Unit 4

Market Rent	90,120	YP @	4.7500%	21.0526	
(9mths Unexpired Rent Free)		PV 9mths @	4.7500%	0.9658	1,832,365

APPRAISAL SUMMARY**BPS SURVEYORS**
BPS Proposed Scheme Appraisal
Addendum 1
125 Shaftesbury Avenue
Ground Retail - Nisbet

Market Rent	245,000	YP @	4.7500%	21.0526	
(11mths Unexpired Rent Free)		PV 11mths @	4.7500%	0.9584	4,943,083

Total Investment Valuation **473,835,852**

GROSS DEVELOPMENT VALUE **473,835,852**

Purchaser's Costs		(32,220,838)	
Effective Purchaser's Costs Rate	6.80%		(32,220,838)

NET DEVELOPMENT VALUE **441,615,014**

NET REALISATION **441,615,014**

OUTLAY**ACQUISITION COSTS**

Fixed Benchmark Land Value	121,000,000		
Fixed Benchmark Land Value		121,000,000	
			121,000,000
Stamp Duty		6,039,500	
Effective Stamp Duty Rate	4.99%		
Agent Fee	1.00%	1,210,000	
Legal Fee	0.50%	605,000	
			7,854,500

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Construction	358,408	385.51	138,169,000
Contingency		7.50%	10,915,275
Facilitating Works/demo - Phase 1			3,319,000
Further Facilitating Works			4,049,000
			156,452,275

Other Construction

Surveys Costs	1,197,000
Opex budget (DD findings)	600,000
legal / commercial	400,000
Third Party Costs	5,500,000
Service Charge	2,517,238
Empty Rates	2,373,051
Tenant Contribution	13,359,000

APPRAISAL SUMMARY**BPS SURVEYORS****BPS Proposed Scheme Appraisal
Addendum 1
125 Shaftesbury Avenue**

			25,946,289	
Section 106 Costs				
S106 - 1st payment		1,062,735		
S106 - 2nd payment		531,367		
Borough & Mayoral CIL - 1st payment		1,813,500		
Borough & Mayoral CIL - 2nd payment		1,813,500		
			5,221,102	
PROFESSIONAL FEES				
Professional Fees	10.00%	15,240,327		
			15,240,327	
MARKETING & LETTING				
Marketing	1.50%	370,054		
Letting Agent Fee	10.00%	2,467,028		
Letting Legal Fee	5.00%	1,233,514		
			4,070,596	
DISPOSAL FEES				
Sales Agent Fee	1.00%	4,416,150		
Sales Legal Fee	0.50%	2,208,075		
			6,624,225	
FINANCE				
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)				
Land		35,209,002		
Construction		15,465,814		
Letting		21,525,055		
Total Finance Cost			72,199,870	
TOTAL COSTS			414,609,185	
PROFIT			27,005,829	
Performance Measures				
Profit on Cost%		6.51%		
Profit on GDV%		5.70%		
Profit on NDV%		6.12%		
Development Yield% (on Rent)		5.95%		
Equivalent Yield% (Nominal)		4.75%		
Equivalent Yield% (True)		4.89%		
Rent Cover	1 yr 1 mth			
Profit Erosion (finance rate 7.500)	10 mths			