

**PROOF OF EVIDENCE OF EDWARD SHAKESPEARE ON BEHALF
OF ONE HOUSING GROUP IN RESPECT OF SITE
AT BANGOR WHARF, GEORGIANA STREET, LONDON NW1 0QS**

Planning Inspectorate Reference:

APP/X5210/W/16/3165200

London Borough Camden Reference; 2016/1117/P

Prepared by

Savills (UK) Limited

October 2017

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1.0 QUALIFICATIONS & EXPERIENCE

My name is Edward Shakespeare. I am a Chartered Surveyor, Member of the Royal Institution of Chartered Surveyors ("RICS") and a RICS Registered Valuer. I have an honours degree in Land Management and qualified as a Chartered Surveyor in 2000. In 2001 I moved to Savills and for the past 16 years have been based in the valuation team at the company's head office in central London. In 2008 I was promoted to Director.

My primary area of work is the valuation of UK commercial real estate for loan security purposes whereby my client base comprises of a wide range of both International and Domestic Banks and lenders. I have also valued several Non Performing Loan ("NPL") portfolios which in the main have comprised secondary and tertiary quality real estate assets where my client base has included several private equity funds and their lenders.

In addition, I also act for a range of residential developers in preparing existing use valuations for development viability purposes to support planning applications, together with providing independent valuation advice to investors for acquisition due diligence purposes. My main area of work is London and the South East.

2.0 INTRODUCTION & BACKGROUND

I have been instructed by One Housing Group ("One Housing" or the "Appellant") to prepare an Existing Use Value ("EUV") of the Appeal Site in order to support the planning application which seeks to redevelop the Appeal Site to provide a residential-led scheme. I confirm that I am neither instructed, nor paid, under any conditional fee arrangement by the Appellant.

I have prepared a Report and Valuation of the Property dated 2 June 2017, within which I report that the Market Value of the Appeal Site in its existing use is £4.0M. The Council have appointed BPS Chartered Surveyors ("BPS") to prepare an EUV and this has been reported at £1,856,739.

Since the preparation of my Report, dated 2 June 2017, the Appellant has been provided me with a measured survey which confirms both the gross and net internal area ("GIA" and "NIA"). The Appellant has also provided me with an Elemental Cost Plan dated 18 October 2017, which confirms anticipated refurbishment costs. Based on these documents I have revised my EUV to £3.75M, which has been shared with the Council and BPS.

3.0 ISSUES AND EVIDENCE

3.1 Existing Use Value approach

In broad terms I and BPS agree in the approach to be adopted to the calculation of the EUV.

It is agreed that the Appeal Site is in B1 Office use and that the current condition of the buildings on the Appeal Site is such that they require refurbishment to prior to reoccupation. It is similarly assumed, and agreed, that the Appeal Site is held Freehold and is assumed to benefit from good marketable title.

I and BPS agree in respect of the overall form of the Appeal Site insofar that the buildings forming the Property are divided in the two categories; a two storey building ("the main building") and secondly various single storey buildings. In respect of the latter it is agreed that these buildings extend to an aggregate GIA of 2,174 sq ft and that the buildings form ancillary storage buildings, which have a rental value of £2.50 per sq ft.

3.2 Areas of Agreement

Within our respective calculations there are also several other inputs and assumptions which are agreed, or where BPS are in broad agreement, these assumptions include inter alia:

- A refurbishment period and letting period extending to an aggregate of 12 months. On this aspect BPS adopt a slightly different approach; *“We have taken a slightly different approach. My post-refurbishment void is 6 months, and we assume a refurbishment period of circa 9 months so effectively close to agreement”*;
- The void costs which an investor-developer can be anticipated to incur during the refurbishment and letting void to include, for example, empty Business Rates and holding costs (£182,742);
- That the accommodation, following refurbishment, can be anticipated to let to tenants for a lease term of five years;
- That a developer-investor landlord can be anticipated to grant rent free periods in the order of 12 months to tenants entering into leases for a term of five years;
- and, The letting fees which an investor would incur in letting the accommodation (15.0% of rental value).

3.3 Areas of Disagreement

The areas of disagreement between myself and BPS centre on the following aspects:

- The NIA of the main building following refurbishment;
- The cost of refurbishment;
- The rental value of the main building following refurbishment;
- and, Developers profit and yield expectations;

I comment briefly in respect of these four factors as follows:

3.3.1 The NIA of the main building

My valuation of the Appeal Site at £4.0M, as reported in the Report, dated 2 June 2017, was predicated off an assumed NIA of the main building of 7,498 sq ft. The EUV prepared by BPS assumes an NIA of the main building at 5,891 sq ft.

As noted above, the Appellant has since commissioned a NIA measurement survey. The measurement survey has been prepared by Datum Survey Services a reports a NIA of the main building of 7,395 sq ft. The GIA and NIA measurement survey is attached to rear at **Appendix 1**. Within my revised EUV calculations at £3.75M I have recognised that an area on the ground floor aggregating to 287 sq ft / 26.70 sq m can be anticipated to form a communal reception area and have thus applied a rent to (“rentalised”) an NIA in respect of the main building of 7,108 sq ft.

The measurement survey has been shared with BPS and they have been asked to consider this and to reflect on the adopted NIA of the main building, which BPS have assumed at 5,891 sq ft.

3.3.2 The cost of refurbishment

My valuation of the Appeal Site at £4.0M adopted an assumed refurbishment cost of £480,900. In summary, my EUV is based on the assumption that the refurbishment of the main building would seek to reinstate open plan office suites delivered to a “stripped back warehouse style” office commensurate with the Camden market and the target occupier, which I consider in the main will be derived from the creative industry sector.

BPS have adopted a refurbishment cost of £1,065,000.

As noted above, the Appellant has since commissioned an Elemental Cost Plan, which has been prepared by Rund Partnership dated 18 October 2017. The Elemental Cost Plan is attached to rear at **Appendix 2**. The cost plan provides a detailed breakdown of the refurbishment costs which can be anticipated in the refurbishment of the main building to provide a specification similar to the “stripped back warehouse style” office accommodation, which was assumed in my valuation. The cost plan assesses the cost of refurbishment at an aggregate of £467,000. I am not formally qualified to assess construction and refurbishment costs and have therefore adopted this refurbishment cost in my revised valuation of £3.75M.

The Elemental Cost Plan has been shared with BPS and they have been asked to consider this and to reflect on the refurbishment cost adopted in their valuation.

3.3.3 The rental value of the main building following refurbishment

This is the main area of disagreement between me and BPS. In arriving at my EUV I consider that following refurbishment the office accommodation within the main building will command a rental value of £40 per sq ft. The rental value adopted assumes that a tenant enters into a lease for a term of five years and receives a rent free period of 12 months. The rental value adopted at £40 per sq ft is furthermore inclusive of car parking. The Appeal Site provides nine car parking spaces. Assuming a rent of £2,000 per space per annum, exclusive of car parking the rental value at £40 per sq ft reflects £37.50 per sq ft. I consider that the rental value is supported by the rental evidence cited in my report. My revised EUV at £3.75M is predicated off an aggregate rental value following refurbishment of £290,000 per annum.

BPS have adopted an office rental value following refurbishment of £32.50 per sq ft, inclusive of the nine car parking spaces.

As noted the rental value of the ancillary storage buildings is agreed at £2.50 per sq ft.

3.3.4 Developers profit and yield expectations

I and BPS agree that the EUV calculations should allow for developers-investors profit. My approach has been to adopt a profit of £290,000, which is balanced against a yield of 5.25%. If I remove the explicit profit allowance in my calculations the yield improves to 5.50%+. BPS adopt a profit of £133,000 and a yield of 6.0%.

4.0 SUMMARY AND CONCLUSION

I consider that valuation provided by BPS requires revision given the existence of a definitive NIA in respect of the main building and the Elemental Cost Plan in respect of refurbishment costs, as noted at 1. and 2. respectively.



The main area of difference is the rental value ascribed to the building following refurbishment. Having regard to the rental evidence cited in my report, market conditions in the Camden and London office market and the overall fundamentals of the Property following refurbishment consider that a rental value of £40 per sq ft is well founded.

Having regard to the various inputs and adopting a holistic viewpoint I consider the EUV of the property at £3.75M is justified and regard the valuation reported by BPS of £1,856,739 to be too low and out of kilter with market conditions.

A handwritten signature in cursive script, appearing to read "Edward Shakespeare".

Edward Shakespeare MRICS

Director
Savills (UK) Limited

23 October 2017

Annexures

1. Gross and Net Internal Area Measurement Plans prepared by Datum Survey Services
2. Elemental Cost Plan prepared by Rund Partnership dated 18 October 2017



Elemental Cost Plan - Refurbishment to EDF Offices

Bangor Wharf
Georgiana Street

On behalf of

One Housing Group
100 Chalk Farm Road
London
NW1 8EH

Prepared by: Rund Partnership Limited

14 Buckingham Street
London
WC2N 6DF

Revision: 1

Prepared by: Owen Evans

Checked by: Phil Smith

Project Reference: 22873

Date: October 2017

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- Four** Cost Summary
- Five** Exclusions & Assumptions

QA - Issue Record

Title	Rev	Design Stage	Prepared by	Date	Estimated Cost
Bangor Wharf	-	Developed Design	Owen Evans	13/10/2017	£ 483,000.00
Bangor Wharf	1	Developed Design	Owen Evans	18/10/2017	£ 467,000.00

ELEMENTAL COST PLAN - REFURBISHMENT TO EDF OFFICES

Introduction and Recommendations

- 1.0** This Elemental Cost Plan has been produced in connection with the proposed refurbishment works to the existing buildings at the Bangor Wharf, Georgiana Street, London.
- 2.0** The Cost Plan provides an estimate of the total costs associated with refurbishments works at the above site, which is based on the client's requirement to reinstate the buildings for use as EDF offices. A site inspection was carried out on 2nd October 2017 to identify the current condition of the buildings and to determine the extent of works required.
- 3.0** We would recommend that the mechanical and electrical installation costs are reviewed once appropriate Consultants have been appointed in order to achieve a greater level of cost accuracy and certainty.
- 4.0** We would like to emphasise that at this preliminary stage the primary purpose of this Cost Plan is to provide One Housing Group with an indication of the potential cost of developing the abovementioned sites and should only be used as an indicative guide as to the likely cost of the scheme provided.
- 5.0** We would like to draw your attention to the Exclusions & Assumptions section of this document, which should be read in conjunction with the allowances included within this Cost Plan.
- 6.0** This Estimate has been prepared for the exclusive use of One Housing Group and shall not be copied, issued or relied upon by any third parties without our prior written consent.
- 7.0** The Estimate is based on present day costs and no allowance has been made for inflation beyond 4th Quarter 2017.

Bangor Wharf - Refurbishment of Existing Buildings

Elemental Cost Plan

BASE DATE - 4th Quarter 2017

Cost Centre	Group Element / Element	£/m2 gifa	£ TOTAL
1	SUPERSTRUCTURE		
1.1	Windows and External Doors		24,110.00
1.2	Internal Doors and Ironmongery		-
1.3	Internal Walls		-
	SUPERSTRUCTURE SUB TOTAL		24,110.00
2	INTERNAL FINISHES		
2.1	Wall Finishes		42,575.92
2.2	Floor Finishes		30,646.40
2.3	Ceiling Finishes		8,150.00
	INTERNAL FINISHES SUB TOTAL		81,372.32
3	MECHANICAL & ELECTRICAL SERVICES		
3.1	Mechanical & Electrical Services		207,348.00
	MECHANICAL & ELECTRICAL SERVICES SUB TOTAL		207,348.00
4	EXTERNAL WORKS		
4.1	External Works		1,500.00
	EXTERNAL WORKS SUB TOTAL		1,500.00
5	WORK TO EXISTING BUILDING		
5.1	Work to Existing Building Generally		42,660.00
	WORK TO EXISTING BUILDINGS SUB TOTAL		42,660.00
	SUB-TOTAL BUILDING WORKS		356,990.32
6	MAIN CONTRACTORS PRELIMINARIES	13%	46,408.74
7	CONTRACTOR'S DESIGN FEES	5%	20,169.95
	CONSTRUCTION COSTS (EXCLUDING VAT)		423,569.01
8	OH&P	5%	21,178.45
	SUB-TOTAL		444,747.47
9	CONTINGENCY	5%	22,237.37
	TOTAL BUILDING WORKS ESTIMATE (EXCLUDING VAT) - Rounded		467,000.00

GIFA (m²) 815
 Overall Cost (£/m²) 573.01

Detail	Description/Condition	Proposed Works	Quantity	UNIT	RATE	TOTAL
Bangor Wharf - Refurbishment of Existing Buildings						
WINDOWS AND EXTERNAL DOORS						
UPVC windows, entrance screens and doors; U Value = 1.5 W/m ² K; Purpose made windows; stainless steel ironmongery, Velux System 200 or similar.	A mixture of steel single glazed and UPVC double glazed windows. Poor condition.	Replace existing windows to achieve an acceptable building energy rating.	69.6	m ²	250.00	17,400.00
Re-fit original steel security grills to ground floor windows	Fair condition	Remove and store on site. Reinstate following window installation works.	22.0	Nr	30.00	660.00
Provide new blinds to internal windows to replace existing	Existing blinds damaged and poor condition.	Replace existing with new.	4.0	Nr	200.00	800.00
External security doors; keypad and fob entry system; security glass vision panel	Existing doors in poor condition.	Increase specification of existing security doors to meet the requirements of a modern office building.	3.0	Nr	1,750.00	5,250.00
WALL FINISHES						
Allowance to replaster/make good walls	Wall finishes are scuffed and stained.	Making good and decorations required throughout.	1,625.5	m ²	15.00	24,382.44
Mist and 2 coats of emulsion to all walls	Existing handrails are dented and paint finishes flaking.	Replace handrails with a specification consistent with modern offices.	1,625.5	m ²	5.00	8,127.48
New powder coated steel handrails to corridors	Existing skirting in tired condition. Paint scuffs, damaged in places, stained.	Replace existing with new.	31.0	m	150.00	4,650.00
Satin paint finished MDF skirtings to offices and corridors	Existing carpet tiles are soiled and worn throughout.	Replace existing with new.	677.0	m	8.00	5,416.00
FLOOR FINISHES						
New resilient carpet tiles to offices and corridors; including underlay	Additional partition walls have been constructed to the 1st floor main office area.	Remove partition walls to restore original building floor plan.	815.0	m ²	35.00	28,525.00
Allowance for in situ screed to make good where partitions removed; cement and sand (1:3) screed; steel trowelled	Existing vinyl flooring in a tired condition throughout.	Replace existing with new.	2.4	m ²	30.00	71.40
2mm thick vinyl (slip resistant) sheet flooring with welded joints to bathroom and kitchen	Fixing holes present from suspended ceiling grid.	Making good required throughout.	41.0	m ²	50.00	2,050.00
CEILING FINISHES						
Allowance to make good ceilings			815.0	m ²	5.00	4,075.00
						2,050.00
						30,646.40
						4,075.00

Bangor Wharf - Refurbishment of Existing Buildings

Elemental Cost Plan

BASE DATE - 4th Quarter 2017

G.I.F.A

815 m²

<i>Detail</i>	<i>Description/Condition</i>	<i>Proposed Works</i>	<i>Quantity</i>	<i>UNIT</i>	<i>RATE</i>	<i>TOTAL</i>
Mist and 2 coats of emulsion to all ceilings	Existing ceilings are scuffed and stained.	Making good and decorations required throughout.	815.0	m ²	5.00	4,075.00
MECHANICAL AND ELECTRICAL SERVICES						
Install new toilets; including cisterns	Existing sanitaryware in poor condition.	Replace existing with new.	8.0	Nr	100.00	800.00
Install new urinals	Existing sanitaryware in poor condition.	Replace existing with new.	2.0	Nr	45.00	90.00
Toilet cubicle partitioning system; Armwells other equal and approved; standard colours and ironmongery; assembling and screwing to floor and wall	Existing in poor condition.	Replace existing with new.	1.0	Item	2,338.00	2,338.00
Install new basins and mixer taps	Existing sanitaryware in poor condition.	Replace existing with new.	6.0	Nr	150.00	900.00
Install new soap dispensers	Soap dispensers are not currently provided.	Install to meet specification requirements of a modern office building.	4.0	Nr	20.00	80.00
Install new toilet roll dispensers	Existing in poor condition.	Replace existing with new.	8.0	Nr	5.00	40.00
Install new electric hand dryers	Existing in poor condition.	Replace existing with new.	4.0	Nr	400.00	1,600.00
Install new kitchen; Commodore price group 3 or similar; white goods not included	Existing in poor condition.	Replace existing with new.	2.0	Nr	3,000.00	6,000.00
Shell & Core and Cat A air conditioned; includes for rainwater, soil/waste, cold water, hot water via local electric heaters, LTHW heating via perimeter heaters, 2 pipe, toilet extract, BMS, LV installations, lighting, small power (landlords), fire alarms, earthing, security & IT wireways	Existing mechanical and electrical services appear to have been in service for many years.	In the absence of detailed inspection reports, it is assumed that upgrades to all aspects will be required to meet the requirements of a modern office building.	815.0	m ²	210.00	171,150.00
5ft Twin 58w Fluorescent Fitting - Grey c/w Louvre; Knightsbridge or similar approved.	Existing lighting will be disposed of when suspended ceiling is stripped out.	New strip lights will be required.	170.0	Nr	55.00	9,350.00
Builders work in connection with Mech & Elec services			1.0	Item	15,000.00	15,000.00
EXTERNAL WORKS						
Clear waste materials and foliage from courtyard; including disposal	Courtyard currently overgrown and waste materials are being stored adjacent to the buildings.	Clear courtyard area to improve aesthetics of the site.	1.0	Item	1,500.00	1,500.00
WORKS TO EXISTING BUILDING						
Strip-out existing floor coverings to all areas; including disposal	Existing carpet tiles are soiled and worn throughout.	Replace existing with new.	815.0	m ²	10.00	8,150.00
Clear site of furniture; including disposal	Existing furniture is worn and in poor condition.	No allowance is made for providing new furniture.	1.0	Item	400.00	400.00
Strip-out of existing windows; including disposal	A mixture of steel single glazed and UPVC double glazed windows. Poor condition.	Replace existing windows to achieve an acceptable building energy rating.	70.0	Nr	50.00	3,500.00
Strip out of existing security grills to windows to store	Fair condition	Remove and store on site. Reinstate following window installation works.	22.0	Nr	30.00	660.00

Detail	Description/Condition	Proposed Works	Quantity	UNIT	RATE	TOTAL
Strip-out and disposal of asbestos containing materials.	An asbestos report has not been provided. Given the age of the building it is assumed asbestos will be present.	Provisional sum allowance for asbestos removal.	1.0	item	5,000	5,000.00
Strip-out toilet sanitaryware, kitchen joinery and kitchen appliances; including disposal	Poor condition throughout.	Replace existing with new.	41.0	m2	50	2,050.00
Strip out steel handrails to communal corridors; including disposal	Existing handrails are dented and paint finishes flaking.	Replace handrails with a specification consistent with modern offices.	30.0	m	15	450.00
Strip out mechanical and electrical services; including disposal	Existing mechanical and electrical services appear to have been in service for many years.	In the absence of detailed inspection reports, it is assumed that upgrades to all aspects will be required to meet the requirements of a modern office building.	815.0	m2	10	8,150.00
Chemical brick cleaning/jet washing to external walls of all buildings	External walls are stained and dirty.	Complete clean of external walls required to meet the requirements of a modern office building.	1.0	item	5,000	5,000.00
Removal of redundant conduits/cabling to external walls	Unightly redundant conduits and cabling cover a portion of the elevations.	Reduce clutter to improve the aesthetics of the building.	1.0	item	1,500	1,500.00
Strip out existing internal signage; including disposal	Existing signage is worn and damaged in places.	Replace existing with new.	1.0	item	400	400.00
Strip out suspended ceilings and existing lighting throughout	Existing suspended ceiling is stained and tired.	Strip out suspended ceilings to achieve a warehouse office style.	1.0	item	2,000	2,000.00
Allowance to repair/redecorate damaged doors and door closers	Existing internal doors are in a fair condition.	Some minor repair works are required.	1.0	item	5,000	5,000.00
Strip out existing internal partitions to first floor main office; including disposal	Additional partition walls have been constructed to the 1st floor main office area.	Remove partion walls to restore original building floor plan.	1.0	item	300	300.00
Strip-out of existing blinds; including disposal	Existing blinds damaged and poor condition.	Replace existing with new.	4.0	Nr	25.00	100.00
						42,660.00
						356,990.32

Total 356,990.32

ELEMENTAL COST PLAN

Exclusions & Assumptions

Exclusions

- Abnormal costs other than those stated
- Ground works or works to existing slab
- Environmental impact assessment
- External works or boundary works other than those noted
- Statutory service enquiries have not been made; no allowances for upgrading existing incoming services
- Any works to existing below and above ground services
- Renewable energy sources other than those required to meet Building Regulation requirements
- Legal fees
- Development control fees
- Inflation beyond 4th Quarter 2017
- No IT equipment (PC, Monitor or Keyboards)
- No major IT infrastructure changes (comms cabinets etc.)
- No major changes to the fabric of the building, only fit out costs included
- Since access to buildings other than Block A was not available at the time of the site survey, building works to other blocks are not allowed for.
- Allowances for disabled access and facilities are not included.

Assumptions

- Allowances for repairs to walls has been based upon replastering/general repairs and filling in etc.
- No decoration has been allowed for the existing FD30 doors or frames, as majority are deemed in good condition.
- Upgrades to the existing small power and sockets have been based upon the demands of the individual rooms specification.
- Allowances have been made for asbestos surveys and removal of any asbestos identified.
- Roofs were not inspected and it is assumed no remedial works will be required.