

369-377 Kentish Town Road,
NW5 2TJ

Application no. 2019/0910/P

Addendum 26th June 2019



Introduction

- 1.1 BPS Chartered Surveyors prepared an Independent Viability Review for the above site on behalf of the London Borough of Camden dated 3rd April 2019. The basis of our review was a Financial Viability Assessment prepared by Affordable Housing Solution (AHS), dated February 2019.
- 1.2 The proposed scheme includes 14 flats and ground floor retail space. The scheme is proposed with 0% affordable housing contribution. We concluded that the scheme produced a surplus of £1m when tested on this basis and therefore we considered it should be sufficiently viable to provide on-site affordable housing.
- 1.3 We have subsequently received an undated response to our report from AHS dated 19th April 2019, and then a further addendum to this document dated 8th May 2019. Within these responses AHS identified the following elements they consider to be in dispute:
 - Proposed private sales values
 - Proposed profit target
 - Proposed Benchmark Land Value
- 1.4 AHS have now identified that the scheme would require further abnormal build costs and further fees in order to be brought forward which they have included within their revised appraisal. Allowing for these increased costs and other updates, AHS calculate that the scheme generates a residual value of £270,000. This is below their updated EUV plus of £704,000 and adjusted market value benchmark of £1m. Therefore, they consider that no affordable housing can be provided on site.
- 1.5 We have sought to respond to the points of difference raised by AHS. Additionally, we have been advised by the Council of some updates to the required contributions for the proposed scheme which we have included in our updated appraisal. These are as follows:
 - Total CIL charge of £853,410
 - Total Section 106 charges of £106,048
- 1.6 We have also had regard to the NPPF the relevant paragraph is set out below:

National Planning Policy Framework - Paragraph 64

Where a major development involving the provision of housing is proposed planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership.

- 1.7 This paragraph cites a number of circumstances where this requirement would not be enforced but these exemptions do not include viability. Therefore, the currently proposed 0% affordable housing offer is in apparent contradiction to the NPPF and should at a minimum provide an offer of 10% affordable/low-cost home ownership units on site.

Overall Conclusions

- 2.1 Applying the updates outlined below within this addendum report we calculate that a surplus of £276,000 is produced on a 100% private iteration of the scheme. This represents a reduction in the surplus from our original report of £590,000. This is mainly due to the inclusion of additional costs such as additional abnormal costs, increased CIL, increased S.106 requirements, our agreement with AHS' over private residential values and the updates to the commercial floor area. We have attached our appraisal summary at Appendix 2.
- 2.2 It should be noted that at this level of contribution £276,000 there would be non-compliance with the NPF paragraph 64 as cited in 1.7 above.

Value Inputs

Private Residential Values

- 3.1 AHS note that our pricing schedule represents a value increase of 6% from the schedule produced by Goldschmidt & Howland (G&H). G&H's original pricing schedule was dated January 2018, although AHS now advise this date was an error and the schedule should have been dated January 2019.
- 3.2 We noted that there were differences between G&H's sales areas and those outlined in the scheme's Design and Access statement. AHS have provided an updated residential schedule. This aligns with the accommodation schedule we previously used.
- 3.3 Within their response AHS note that G&H report a fall in house prices over the last 18 months (from October 2017) of c.10%. No evidence has been provided to support this statement. The Land Registry's House Price Index shows movement in house prices in Camden over the past 18 months as follows:

	October 2017	Most Recent	Percentage Change
All Property Types	108.45	100.60 (Mar-19)	-7.73%
Flats and Maisonettes	108.67	100.47 (Mar-19)	-7.55%

- 3.4 This fall in the index has largely been between February and March 2019, with February 2019 reporting a House Price Index of 110.57 of Flats and Maisonettes, which would in fact represent an increase of 1.75% from October 2017.
- 3.5 In order to take into account price movement, we have adjusted our sold comparable evidence in line with HPI for Flats and Maisonettes in Camden at March 2019 (most recent available). We attach this evidence at Appendix 1.
- 3.6 G&H's original values compare to our original values as follows. G&H assumed average values:

Unit type	Avg NSA (sq ft)	Avg Value	Avg Value £psf	No. of units
One-bedroom	538	£475,000	£883	4
Two-bedroom	813	£675,000	£831	8
Penthouse units	1,006	£975,000	£969	2
Total	10,667	£9,250,000	£867	14

3.7 BPS assumed average values:

Unit type	Avg NSA (sq ft)	Avg Value	Avg Value £psf	No of units
One-bedroom	538	£505,000	£938	4
Two-bedroom	813	£727,500	£895	8
Penthouse units	1,006	£995,000	£989	2
Total	10,667	£9,830,000	£931	14

One-bedroom units

- 3.8 G&H assume average values of £475,000 (£883 psf) for the one-bedroom values, whilst we considered £505,000 (£938 psf) reasonable within our original report.
- 3.9 Once adjusted to HPI we identify sales from Founders House of approximately £419,000 (c.£850 psf). The proposed one-bedroom units are larger than those within Founders House, therefore it is reasonable to consider a higher value based on size. The identified Founders House units are on the second and third floor respectively, both overlooking Kentish Town Road. The main difference between these units and those within the proposed development is their size and the lack of a foyer or cycle parking in Founders House.
- 3.10 St Martin's Walk is a development originally identified by AHS. We have identified all the recent available one-bedroom sales from this development which range between £437,000 - £458,000 (£796 - £868 psf) once adjusted by HPI. As stated within our original report we consider this development to be in a less desirable location than the proposed given its distance from the amenity provision of Kentish Town and that it is largely surrounded by local authority housing. However, AHS consider this development to be more desirable than the proposed stating that it is set around landscaped areas and parking spaces are available. We note that these units are the first phase of a larger development including a total of 290 units, therefore in the short to medium term residents will be surrounded by building work. We understand that the wider 290-unit development includes only 15 parking bays for Wheelchair Accessible Units. We do consider this provision would have an impact on price to the identified units. We maintain that St Martin's Walk is a less desirable development than the proposed.
- 3.11 Taking into account the significant drop in HPI between February 2019 and March 2019, we accept that on a current day basis our one-bedroom private valuations appear above the market trend. On this basis we accept G&H's pricing of the one-bedroom units.

Standard two-bedroom units

- 3.12 The proposed two-bedroom units can be separated between standard two-bedroom units and two-bedroom penthouse apartments. G&H propose standard two-bedroom values averaging £675,000 (£831 psf) whilst we have proposed £727,500 (£895 psf). AHS have taken into account the change in floor areas from G&H's accommodation schedule and therefore updated the standard two-bedroom values, this generates an increased average overall value of £693,500 (£853 psf).
- 3.13 Once adjusted by HPI the evidence we have identified from Founders House ranges in value for two-bedroom units between £484,000 - £542,000 (£753 - £800 psf). The proposed standard two-bedroom units are on average 25% larger than the average at Founders House which will have a significant impact on capital value, limiting the relevance of the Founders House sales.
- 3.14 The Maple Building is located adjacent to the proposed development. Once adjusted by HPI we identify values ranging from £648,000 to £798,000 (£908 - £975 psf), averaging £716,000 (£952 psf). These units are on average smaller than the proposed. At section 4.17 of our original report we identified the Maple Building to be more desirable than the proposed due to its higher level of amenities.
- 3.15 The Holmes Building is located in a quieter location than the proposed and benefits from a 24-hour concierge. The proposed development includes a foyer area but we have not been advised whether the scheme will include a concierge service upon completion but we note that the proposed residential store room could provide the relevant facilities to enable this provision. The Holmes development achieved two-bedroom sales ranging between £679,000 and £696,000 (£864 - £886 psf) once adjusted to HPI. We accept that this development would be likely to sell at a slight premium to the proposed development but note that the proposed units are on average larger.
- 3.16 The St Martin's Walk development includes the sale of two-bedroom units ranging between £511,000 and £573,000 (£624 - £768 psf) once adjusted to HPI. As stated above we consider this development to be less desirable than the proposed.
- 3.17 On the basis of the evidence identified and having taken into account HPI adjustments, we consider that AHS' updated two-bedroom values appear broadly reasonable.

Penthouse two-bedroom units

- 3.18 AHS have accepted our valuation of the penthouse apartments.
- 3.19 We therefore consider that the following average values can be considered reasonable, this is in line with AHS' most recent submission:

Unit type	Avg NSA (sq ft)	Avg Value	Avg Value £psf	No of units
One-bedroom	538	£475,000	£883	4
Two-bedroom	813	£693,500	£853	8
Penthouse units	1,006	£995,000	£989	2
Total	10,667	£9,438,000	£885	14

- 3.20 We note that AHS have not assumed any pre-sales within their appraisal, we have updated this appraisal to include 50% pre-sales, which we consider achievable for a development of this size. It should be noted that although sales have been slow in

recent months this is largely a reaction to the uncertainty surrounding Brexit. At the point of delivery of this scheme we assume that there will be greater certainty regarding Brexit which should allow for more standard assumptions regarding sales rates.

Commercial Value

- 3.21 We are advised by AHS that the ground floor commercial area has been reduced from 1,772 sq ft to 1,453 sq ft to take into account a requirement for additional plant. We have not received any more detail relating to this altered requirement.
- 3.22 We have updated the floor areas within our appraisal.

Build Costs

- 4.1 Our Cost Consultant has reviewed the updated build cost allowance amounting to an additional £235,000. He states:

I have reviewed the further information provided with this response and extracted their revised costs and compared them to the information I originally analysed and reported on.

The revised cost to include in the appraisal is £5,625,000 that replaces the previous figure of £5,390,000 - an increase of £235,000. The GIA and NIA is unchanged.

The table of additional costs on P.6 of the response identifies the additional £235,000 - all of which can reasonably be considered abnormal costs. My original conclusion that the Applicant's costs were reasonable will still apply albeit the viability will be reduced.

It would be preferable if the application could include all the relevant costs when first submitted.

- 4.2 We therefore accept the addition of these additional abnormal costs.

Fees

- 5.1 AHS outline that the following additional fees should be included in the scheme's appraisal:

- £75,000 for termination of the car wash lease (see our comments 4.3 below)
- £50,000 for insurance
- £40,000 of national rail monitoring fees

- 5.2 In addition, they have included professional fees at 10%. This generates a total fees allowance of 13%. This is above the usual levels we would anticipate but we accept that these additional fees are for site-specific allowances. We consider these additional fees to be abnormal costs which would affect any developer of the site.

- 5.3 We have been unable to find reference to the requirement to pay £75,000 to terminate the lease of the car wash in the lease we have been provided, dated 2009. At section 3(1) of this lease it outlines that after the end of the second year the Landlord has the right to take possession of the demised premises for redevelopment purposes provided notice is provided at least three months before the date of occupation, without outlining the requirement for compensation. We

note that this lease expired in 2013 and we have been advised by AHS that the tenant is currently holding over. For qualifying leases the Landlord and Tenant Act 1954 outlines that compensation due to a tenant whose lease is terminated for redevelopment purposes whilst holding over is calculated using the site's rateable value. For a tenant who has been in occupation for under 14 years this compensation is a multiple of 1 x the rateable value of the property. If they have been in occupation for over 14 years compensation is due at 2 x the rateable value. The rateable value of the subject property is £16,983. We have not been provided with evidence that the current occupier has been on site for over 14 years, therefore we have assumed a maximum compensation figure of £16,983 would be due.

- 5.4 We note however that the lease (now expired) included a landlord's break option from the 2nd year of the term requiring vacant possession for the purposes of redevelopment. This provision effectively excludes the security of tenure provisions normally afforded to business tenancies under the Landlord and Tenant Act 1954, a process generally known as contracting out. Under these provisions no compensation is due unless expressly provided for in the lease. The holding over since expiry of the lease creates an effective tenancy from year to year but one which would be expected to reflect the terms of the original lease although this may be challenged by reference to Court. No evidence has been provided to suggest such a challenge has been made.

Section 106 contributions

- 6.1 AHS have not included any Section 106 payments within their appraisal. The Council have confirmed that the development would be required to make the following payments:
- Open space: £77,906
 - Bus shelter contribution: to be confirmed by TfL
 - Cycle parking contribution: £2,000
 - Highways contribution: £13,377
 - Approval in Principle (AIP) report and assessment fees: £1,800
 - Construction Management Plan (CMP) and CMP implementation support contribution: £7,565
 - Construction apprenticeships: £3,400
- 6.2 Within their appraisal AHS note that the Council have required them to widen footpaths by 1.5m. AHS estimate this results in a loss of 16,160 sq ft of commercial space, we have not confirmed this figure but understand that the developments costs and values reflect this position. AHS calculate this results in a loss of profit of £45,000, which they have deducted from their appraisal as a cost. We do not consider this justified. Wider footpaths are a planning requirement, regardless of the applicant's original hypothetical development, therefore the hypothetical profit loss is not relevant.

CIL

- 7.1 The Council have confirmed a total Camden and Mayoral CIL contribution of £853,410. This is split between £738,130 of Camden CIL and £115,280 of Mayoral CIL.

Profit

- 8.1 We are in agreement with AHS on the commercial profit target of 15% of GDV. Although AHS have not included any affordable units within their appraisals, we maintain that a profit target of 6% of GDV should be included on any affordable units provided.
- 8.2 AHS remain of the opinion that a profit target of 18.5% of GDV should be included on private residential units. We have included a profit target of 17.5% of GDV which reflects the draft London Plan Viability evidence base. They state that a target of 18.5% is reasonable due to the risks associated with the scheme's position close to a main road junction/railway and recent falls in sales values. They also note that they have only included a 5% design and construction contingency and have not included any developer contingency within their appraisal.
- 8.3 AHS have included a number of abnormal costs to take into account the site's location, which arguably cover these risks. We calculate that abnormal costs related to the scheme's position close to a road junction/railway equate to £915,000.
- 8.4 In terms of the falling residential sales market, we consider this a problem affecting all developments currently going onto the market. We note that residential agents are generally forecasting future growth in Greater London, as evidenced by the below 5-year forecasts:

	2018	2019	2020	2021	2022	2023
Savills	-	-2%	0%	+2.5%	+1.5%	+2.5%
JLL	-	+0.5%	+2%	+4%	+4%	+3.5%
Chestertons	-	-2%	+2%	+2.5%	+2.5%	+2.5%
CBRE	+1%	+2%	+5%	+3%	+3%	-
Cluttons	+1.4%	+1.7%	+2.9%	+3.1%	+4.2%	-
Knight Frank	-0.5%	+2.5%	+3%	+3.5%	+4%	-
Strutt and Parker Worst Case	-5%	0%	+1%	+2%	+2%	-
Strutt and Parker Best Case	0%	+4%	+5%	+6%	+6%	-

- 8.5 Taking into account a three-year permission period and the scheme's 19-month pre-construction/construction period, if granted permission now at the earliest this scheme could be brought forward at the end of 2020 and at latest at the end of 2023. Most major residential agents are forecasting a rising market in 2020-2023 as such we see a risk adjustment to be inappropriate and would in any event be predicated on the assumption of a perpetually falling market.
- 8.6 Finally, we consider that a 5% design and construction contingency is the maximum a new-build development should include and our Cost Consultant confirms that he would consider any additional developer's contingency unjustified.
- 8.7 The draft London Plan Viability Study produced by Three Dragons considers that developments of 2-5 storeys require a profit target on private accommodation of 15% on GDV whilst developments of 6-20 storeys require 17.5% on GDV. At 7 storeys the proposed development is at the lower end of the requirement for 17.5% profit. The study's justification for basing profit on development heights is the impact on build time different heights have. It is suggested that developments of 2-5 storeys

require approximately a year to build out, whilst development of 6-20 storeys require approximately two years. The proposed development includes a build times (including purchase and pre-construction) of 19 months and therefore is below the build out time that justifies a 17.5% profit target. Arguably, therefore, our 17.5% profit target is generous. We maintain this is a reasonable target on the proposed private residential housing.

Site Benchmark Land Value

- 9.1 AHS have altered their position on Benchmark Land Value as follows:

	AHS original values	AHS updated values	BPS values
EUV	£480,000	£549,610	£359,000
EUV with Extension	£545,000	N/A	N/A
EUV Plus	£818,000	£702,716	£395,000
Adjusted Market Value	£1.35m	£1m	N/A

- 9.2 This benchmark exercise was largely undertaken by Colliers on AHS' behalf. With reference to Collier's adjusted market value approach we concluded in our original report:

Both market value approaches rely on adjustments to non-policy compliant sales of development land to purportedly represent policy compliant values. We consider that there is insufficient detail supporting these adjustments to adequately verify this approach and that it does not represent a standard industry recognised method.

- 9.3 We outlined further issues with this approach between sections 3.27 and 3.34 of our original report. Despite AHS' insistence that this approach is "*not contrary to a standard industry response*", we maintain that it is a novel approach which relies on a significant number of unproven generalisations. We also consider the comparable market sales identified by Colliers to hold only minimal points of comparison to the proposed site. We have not been provided with any further detail with which to convince us of the accuracy of this adjusted market value approach. Therefore, we maintain our position that this approach is unjustified and we have not considered it within this addendum.

EUV

- 9.4 We previously approached the site's benchmark land value on an EUV basis, in line with NPPG, based on the site's passing rents. This produced a value of £359,000 to which we added a 10% premium to generate an EUV+ of £395,000. AHS and Colliers have since updated their EUV. They consider that the car wash could be let for £15,000 p.a. and achieve a yield of 6%, generating a value of £236,000 after purchaser's costs. This matches the value in our original report, although we note that 6% is the lowest yield we would expect for a site of this nature, which should be reflected in the landowner's premium and would in our view need to be anchored to a lengthy lease to a reputable operator to sustain this level of value.
- 9.5 Colliers have updated their EUV for the advertising hoardings by assuming that the current sheet advertising would be replaced by digital hoardings. Colliers state that "*in light of the fact that our Existing Use Valuation ignores any redevelopment potential, we have assumed that the advertising space would be let to an occupier*

on conventional lease terms who would erect digital boards rather than paper boards." It is stated that "the tenant has chosen not to install digital boards in order to mitigate the potentially costly process of dismantling and relocating shortly after their installation, choosing instead to erect the paper alternative". They consider the passing rent of £7,200 p.a. to be too low and consider that the boards could be let for £20,000 p.a. assuming they were digitalised. They have capitalised this rent at 6% and generate a total value of £314,000 after purchaser's costs.

- 9.6 We have sought the advice of the Council's Planning Officers on the planning status of the advertising hoardings. We are advised by planning officers that there was originally no formal consent from the Council for advertising hoardings on the site. A discontinuance notice was served on the display of advertisements on the two sheet poster panels in February 2013, but this was quashed at appeal on 26th November 2013.
- 9.7 The Council have confirmed that the display of a digital / illuminated sign would require further express consent. They do not consider that this use would be permitted, which is supported by the planning history of the site and the Council's previous attempts to remove the sheet advertising. We therefore do not consider it reasonable in planning terms to take into account the value of the advertising hoarding on the assumption that it could be converted into an illuminated advertising hoarding as we are advised by planning officers that this use would not be granted planning permission.
- 9.8 On the basis of advice from Planning Officers we maintain that the advertising hoarding should be assessed in its existing use, as there is no planning consent for its use as an illuminated advertising hoarding. We therefore consider that valuing the site using the passing rent for sheet advertising remains the only way of measuring the EUV and have used this rent of £7,200 p.a. We have capitalised this rent at 6% in line with our original report.
- 9.9 We therefore maintain our EUV of £359,000.

Landowner's premium

- 9.10 PPG is clear that abnormal costs should be taken into account when assessing Benchmark Land Values. From AHS' addendum/response, original report and our updates to the tenant's compensation, we calculate that the site-specific abnormal costs from this site are as follows:

Cost Title	Cost
National Rail Restrictive Covenant	£465,000
Network Rail Cantilever Requirement	£300,000
Additional costs in response to the Train Noise & Vibration Assessment by Hann Tucker	£235,000
Tenant Compensation	£17,000
Insurance	£40,000
Network Rail Monitoring Costs	£50,000
Gateway Scheme Enhancements	£430,000
Locational and Logistics Additional Prelims	£350,000
Total	£1,887,000

- 9.11 AHS have accounted for the Network Rail Restrictive Covenant, Network Rail Cantilever Requirements and Network Rail Monitoring Costs in their updated position when calculating a market value of £1m. We maintain that the calculation of this market value remains problematic and relies on too many generalisations, but accept the concept that abnormal costs should be removed from any assessment of market value to reflect the site-specific limitations imposed on development of this site.
- 9.12 The abnormal costs removed by AHS all relate to the subject site's location beside a railway line. The additional costs calculated in response to the Train Noise & Vibration Assessment by Hann Tucker also relate to the site's location beside a railway, therefore we consider these should also be deducted. We also consider the insurance and tenant compensation should be considered an abnormal cost to be accounted for in the Benchmark Land Value.
- 9.13 AHS make clear their view that the locational and logistics additional preliminaries should not be considered a site-specific abnormal cost because "*most sites in Camden are tight sites*". No evidence has been provided to support this statement. The description of this cost within AHS' report is:
- Additional preliminaries for location and logistical issues (construction traffic, local traffic, pedestrians etc) - c£350k. The QS confirms that the construction period will be longer because of the restrictions on construction traffic and their ability to access the site, the location at a junction and the maintenance of pedestrian routes around the perimeter. There will need to be cantilevered temporary construction over the pedestrian footpaths. Logistically this is a tight site to construct.*
- 9.14 Our Cost Consultant considers it too much of a generalisation to suggest that most sites in Camden will be affected by the requirement for these additional preliminaries. In his assessment of build costs our cost consultant has used the BCIS Camden Location Factor, this takes into account the specific cost of building in Camden and therefore would account for this additional cost in the actual build cost, rather than as an abnormal cost, if most sites in Camden were affected by these issues. We therefore do not accept AHS' position on this cost and consider that it should be accounted for in the Benchmark Land Value.
- 9.15 We are advised by the Council that they expect a high standard of design from all developments in the borough. Therefore, arguably the costs of gateway scheme enhancements should not be considered an abnormal cost. We consider this stance generous as the assumption is that this development will be designed to an above normal level, but for the purposes of this addendum we accept that these costs may not be considered abnormal costs.
- 9.16 Adding a 10% premium to our EUV generates a value of £395,000. We consider this premium reasonable given the low value and income producing nature of uses currently on the site. Therefore, we do not consider that the current landowner would require a significant incentive above the existing use value to sell the site.
- 9.17 Furthermore, PPG is clear that abnormal costs should be taken into account when calculating the landowner's premium above EUV. Approximately £1.46m of abnormal costs would be required to build out the proposed scheme, excluding gateway enhancement costs. This would significantly reduce the value of the site

for development purposes as developers would have to absorb these costs in the purchase price.

BPS Chartered Surveyors

26th June 2019

Appendix 1: Sales Evidence Updated with HPI

Founders House, 180 Kentish Town Road, NW5

Unit no.	GIA (sq ft / sq m)	Beds	Achieved Price	Price psf	Date	Value HPI Adjusted	£psf HPI Adjusted
2	62 / 667	2	£550,000	£824	Dec-17	£502,213	£753
3	46 / 495	1	£470,000	£949	Apr-18	£419,592	£848
4	58 / 624	2	£550,000	£881	Jan-18	£493,159	£790
5	46 / 495	1	£475,000	£959	Feb-18	£418,588	£846
6	58 / 624	2	£535,000	£857	Mar-18	£483,507	£775
7	63 / 678	2	£600,000	£885	Mar-18	£542,251	£800

The Maple Building

Unit no.	GIA (sq m / sq ft)	Beds	Achieved Price	Price psf	Date	Value HPI Adjusted	£psf HPI Adjusted
304	69 / 743	2	£770,000	£1,037	Aug-18	£719,044	£968
301	110 / 1,184	3	£1,150,000	£971	Jul-18	£1,060,881	£896
211	69 / 743	2	£765,000	£1,030	Jun-18	£697,265	£938
404	69 / 743	2	£775,000	£1,043	Jun-18	£706,380	£951
409	76 / 818	2	£875,000	£1,070	Jun-18	£797,526	£975
204	69 / 743	2	£730,000	£983	May-18	£674,730	£908
113	67 / 721	2	£775,000	£1,075	Mar-18	£700,407	£971

Holmes Studios

Unit no.	GIA (sq m / sq ft)	Beds	Achieved Price	Price psf	Date	Value HPI Adjusted	£psf HPI Adjusted
5	73 / 786	2	£755,000	£961	Jul-18	£696,491	£886
8	96 / 1,033	3	£1,020,000	£987	May-18	£942,773	£913
2	73 / 786	2	£735,000	£935	May-18	£679,351	£864

St Martin's Walk

Unit no.	GIA (sq m / sq ft)	Beds	Achieved Price	Price psf	Date	Value HPI Adjusted	£psf HPI Adjusted
15	51 / 549	1	£490,000	£893	Dec-18	£438,851	£799
8	69 / 743	2	£600,000	£808	Dec-18	£537,369	£724
13	78 / 840	2	£589,000	£702	Dec-18	£527,517	£628
5	73 / 786	2	£570,000	£725	Dec-18	£510,500	£650
4	69 / 743	2	£599,525	£807	Dec-18	£536,943	£723
9	78 / 840	2	£581,525	£693	Nov-18	£555,062	£661
21	72 / 775	2	£600,000	£774	Nov-18	£572,696	£739

12	69 / 743	2	£600,000	£808	Oct-18	£570,150	£768
16	69 / 743	2	£600,000	£808	Aug-18	£560,294	£754
10	49 / 527	1	£510,000	£967	Feb-18	£449,432	£852
6	49 / 527	1	£480,000	£910	Dec-17	£438,295	£831
7	51 / 549	1	£479,750	£874	Nov-17	£437,074	£796
3	80 / 861	2	£590,000	£685	Nov-17	£537,516	£624
14	49 / 527	1	£489,250	£928	Nov-17	£445,729	£845
19	51 / 549	1	£494,000	£900	Oct-17	£456,724	£832
18	49 / 527	1	£495,000	£939	Oct-17	£457,648	£868

Appendix 2: BPS Appraisal Summary

APPRAISAL SUMMARY**BPS SURVEYORS**

Kentish Town Rd

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	
Residential Units	14	10,667	884.78	674,143	9,438,000	
Rental Area Summary						
	Units	ft²	Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground rents	14			336	4,704	4,704
Basement	1	1,076	24.61	26,478	26,478	26,478
Ground floor	<u>1</u>	<u>1,453</u>	40.00	58,120	<u>58,120</u>	<u>58,120</u>
Totals	16	2,529			89,302	89,302

Investment Valuation**Ground rents**

Current Rent	4,704	YP @	5.0000%	20.0000	94,080
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Basement

Market Rent	26,478	YP @	5.0000%	20.0000	
(1mth Unexpired Rent Free)		PV 1mth @	5.0000%	0.9959	527,415

Ground floor

Market Rent	58,120	YP @	5.0000%	20.0000	
(1mth Unexpired Rent Free)		PV 1mth @	5.0000%	0.9959	1,157,683
					1,779,178

GROSS DEVELOPMENT VALUE**11,217,178**

Purchaser's Costs

-99,429

-99,429

APPRAISAL SUMMARY**BPS SURVEYORS**

Kentish Town Rd

NET DEVELOPMENT VALUE 11,117,749**NET REALISATION** 11,117,749**OUTLAY****ACQUISITION COSTS**

Fixed Price 395,000 395,000

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Residential Units	14 un	401,786	5,625,000	5,625,000

Contingency		5.00%	281,250	
CIL			853,410	
Zero carbon tax			32,200	
Insurance			50,000	
National Rail Monitoring Fees			50,000	
S.106			106,048	
				1,372,908

PROFESSIONAL FEES

Professional Fees		10.00%	562,500	
Restrictive covenant			465,000	
				1,027,500

MARKETING & LETTING

Letting Agent Fee		10.00%	8,460	
Letting Legal Fee		5.00%	4,230	
				12,690

DISPOSAL FEES

APPRAISAL SUMMARY**BPS SURVEYORS****Kentish Town Rd**

Residential Sales and Marketing Fee	2.50%	2,352	
Commercial sales Fee	1.50%	25,276	
Sales Legal Fee	0.50%	8,896	
			36,524

Additional Costs

Private Residential Profit	17.50%	1,668,114	
Commercial Profit	15.00%	252,765	
			1,920,879

FINANCE

Debit Rate 6.750%, Credit Rate 0.000% (Nominal)			
Land		41,747	
Construction		349,565	
Other		59,605	
Total Finance Cost			450,917

TOTAL COSTS**10,841,418****PROFIT****276,331****Performance Measures**

Profit on Cost%	2.55%
Profit on GDV%	2.46%
Profit on NDV%	2.49%
Development Yield% (on Rent)	0.82%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR	9.94%

APPRAISAL SUMMARY**BPS SURVEYORS****Kentish Town Rd**

Rent Cover

3 yrs 1 mth

Profit Erosion (finance rate 6.750%)

5 mths