Maria Fidelis School, North Gower Street, London, NW1 2LY

Independent Viability Review

Prepared on behalf of the London Borough of Camden

12th August 2019

Planning reference: 2019/3091/P

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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 Quod on behalf of the joint landowners The London Borough of Camden and London & Continental Railways ('the joint applicants') in connection with a planning application for the redevelopment of the above site.

1.2 The site currently comprises a former convent school which has been vacant since 22nd April 2019. There are several buildings on the site, including the main building which is a 1920s 3 storey H-shaped structure, several 1950s single-storey buildings, a 1990s two storey portacabin and a sports hall which were previously used as classrooms.

1.3 The location is predominantly mixed in nature with several residential buildings to the south and the surrounding area including many retail and office units. The site is not located in a conservation area nor is it listed.

1.4 The expansion of Euston station for the High Speed 2 (HS2) rail link will encompass the northern boundary of the site. Figure 3.2 of the 2015 Euston Area Plan lists the site as a space for "re-provided lost public open space" in lieu of the adjacent St James' Gardens which has been lost for the Euston Station expansion. The Planning Statement states that the application scheme is for a temporary use of 10 years only.

1.5 The proposals are for:

Redevelopment of the site to include change of use of former school building (Class D1) to office use (Class B1a) with associated external alterations, use of existing ancillary gym building as multi-use community facility (Class D1/D2), erection of a two storey Construction Skills Centre (Class D1) and provision of public open space together with alterations to existing access arrangements, all as meanwhile uses for a period of 10 years

1.6 We have reviewed the Financial Viability & Affordable Workspace Statement prepared by Quod, dated 2nd July 2019, which concludes that the scheme currently shows a deficit of -£1,026,105. Therefore they consider that no further affordable workspace can viably be offered on top of the multi-use hall and CSC building, which are already being let at heavily discounted and peppercorn rents respectively. We have downloaded documents available on London Borough of Camden's planning website. We have also received a live version of the Argus appraisal included in the report.

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

1.8 We have searched the London Borough of Camden planning website and have not identified any other recent or outstanding planning applications relating to the site, apart from the expansion of Euston station for HS2. A Land Registry search shows that the London Borough of Camden currently owns the property, which is let on a 30 year lease to the Maria Fidelis School from the 1st April 1994. Some of the subsoil is subject to neighbouring covenants belonging to Network Rail.

2.0 CONCLUSIONS AND RECOMMENDATIONS

Viability results & BPS appraisal adjustments

2.1 We have reviewed the Financial Viability & Affordable Workspace Statement prepared by Quod on behalf of the applicant for the proposed scheme which is a profit-output appraisal (with a nominal land value of £1 as an appraisal input), and generates negative profit -£1.026 million. The profit target of the applicants is not stated; we would expect in this type of scheme for 10-15% on GDV to be a reasonable profit, and applying 15% on GDV as a target would mean the scheme has a profit deficit of £1.67m.

2.2 Given that only a nominal benchmark land value of £1 has been adopted, this leads to an over-optimistic view of viability, as it is standard practice in viability assessment for a realistic benchmark based on existing use value (with a completive return to the landowner) to be included in appraisals, irrespective of the who the applicant is (such as whether it is a local authority/public body).

2.3 The workspace (offices) in Quod's appraisal is all at £47.50 per sq ft rent, which is said to be at 80% of the Market Rent in the local area. And Quod state that the joint applicants will agree to an obligation to keep 20% of the office space at 80% of Market Rent for the duration of the 10-year temporary consent. But given that this space will be unable in the open market to reach the Market Rent of the wider area (as it will be temporary space and therefore concessionary rates would very likely need to be offered to attract tenants), the full Market Rent of the premises is arguably around £47.50 per sq ft anyway, so in reality the applicant is not offering a discounted rate by proposing £47.50 per sqft. So it is question whether any discount is being provided. And in any case, we understand that a 20% discount may not considered by planning officers to be sufficient to meet the Council's affordable workspace criteria.

2.4 The overall conclusion was that the appraisal as presented by Quod showed the scheme to have a large deficit, this assumed the office rent of £47.50 for the whole of the scheme. We considered their overall valuation to actually be optimistic, given that the use will only be temporary and that in spite of this they valued the use in perpetuity, so this strongly indicated that affordable workspace could not in our view be viably be delivered (nevertheless its inclusion would be welcome in order to comply with the Council's affordable workspace policies).

2.5 The Construction Skills Centre is considered by Quod to be a form of affordable workspace delivery as it provides what they call "office / educational space", but we understand that Planning Officers consider this to technically be D1 space and not therefore classifiable at 'affordable workspace'. This delivery of a Construction Skills Centre is nevertheless clearly a public benefit, and moreover the cost of building this Centre has *not* been factored into the appraisal (nor have any revenues – in any case it will be let at a nominal 'peppercorn' rent).

2.6 We have been provided with a live version of the Argus appraisal included in Quod report to which we have applied our amendments which include:

- *Adjusted timings on commercial revenue*

- *Inclusion of the CSC build costs*
- *Inclusion of developer profit*
- *Valuation of the commercial space using a term and reversion model*
- *20% of the office space at 50% of the rent of £47.50 per sq ft.*

2.7 We have used a blended profit target of 13.79% on GDV, which reflects a profit of 8.6% on costs. This results in a profit shortfall of -£3.63m; our appraisal incorporates affordable workspace (20% of the office space at 50% of the market rent of £47.50 per sq ft). These results lead us to the conclusion that *no* affordable workspace contributions can viably be delivered. Our appraisal summary can be found in Appendix 3.

Gross Development Value

2.8 The scheme includes the demolition of the external buildings and the refurbishment of the existing school building to provide office space (intended to be co-working space), the multiuse hall to provide a community space that is also used by the attached co-working space, and the construction of a new Construction Skills Centre (CSC) in the north section of the site. The Argus appraisal allows for an 18 month construction period and 6 month sales period.

2.9 Despite the temporary nature of the use, Quod have valued the proposed uses assuming they continue in perpetuity, by applying an ‘all risks yield’. This appears to be a highly optimistic assumption which would be unlikely to be shared by any hypothetical property investors. This acts to bolster viability, and strongly indicates that their overall assessment is reasonable. The temporary nature of the consent is explained in the Planning Statement:

“The Euston Area Plan identifies the Site as being suitable for a potential replacement open space post HS2 works being completed. Although this is acknowledged, it is considered that this is a long term aspiration, and should be explored further once the meanwhile uses on the site are no longer viable.

“The proposed development will be provided as an interim use between the Site being vacated by Maria Fidelis school, and the Site being redeveloped in its entirety as for HS2 works. It is anticipated that the use will be in situ for a period of 10 years.

“The provision of the uses at the Site as proposed will ensure that it continues to be safeguarded for its future use as part of the HS2 proposals in accordance with London Plan Policy 6.2 and Draft London Plan Policy T3.”

2.10 Given that the Planning Application is only for temporary use for a term of 10 years, and that the Euston Area Action Plan (AAP) lists the site as a space for open-space development, we have chosen instead to value the site using a ‘term and reversion’ approach. The initial term of 10 years reflects the proposed lifespan of the buildings and their uses, while the reversion values the same units in to perpetuity, capitalising the rent at a higher yield to reflect the uncertainty surrounding the future of these uses.

2.11 This office rent has been capitalised by Quod at a yield of 5.75%, in perpetuity. We examined the transactional evidence provided by Quod, and have concluded that the yield is higher than we would expect for this type of building *assuming continuation of the use in perpetuity*. We have therefore adopted a lower yield of 4.5% for the first 10 years, but as discussed above, have then increased this yield (to 10%) to reflect the great uncertainty over the security of income after this 10 year period.

2.12 With respect to the office rents, we consider the rates per sq ft adopted by Quod to be reasonable. They have applied a rent of £47.50 per sq ft to the proposed office space based on a report from LSH, which is discounted to 80% of typical market rents to account for the disruption caused by the adjacent Euston Station expansion. After 10 years we have applied market rents of £60 per sq ft, due to the ending of the Euston Station expansion works.

2.13 As per the Council's request and the pre-application advice received by the applicant, we have valued the proposed affordable office space with 20% of the space at a discounted market rent of 50% (i.e. 50% of the £47.50 per sq ft applied by Quod, as cited above). We have valued this income using a yield of 4.5% for the initial term of 10 years, and from thereafter at 10% (as discussed further below) to reflect the potential that the use's consent has not been renewed.

2.14 Quod have valued the multiuse hall at a nominal rate of £1 per sq ft and capitalised the income at a yield of 4.0%, giving a very small overall capital value of £24,292. Given that this is reflective of the intended rental value to be agreed by the joint applicant (the Council) we have adopted these valuation assumptions.

2.15 Quod have assumed the CSC will be let on a peppercorn rent (i.e. a nominal sum) and have accordingly not included any value for this in their assessment. We have been informed by the Council that there is no formal arrangement for the community space to be let at this rate. Planning Officers may therefore consider it necessary to include within the S106 Agreement a requirement to maintain the rent at a nominal sum. On this basis, we agree that it is reasonable to adopt the approach used by Quod in valuing the proposed space at a nominal rental value of £1 per sq ft, which we can assume to be the joint applicants' intention for the space.

2.16 The discounted rent for the multiuse hall and the peppercorn rent for the CSC building have been valued into perpetuity by Quod. The S106 agreement should ensure that these concessionary rents are applied for the entire lifespan of the buildings, as any uplift in rental value could improve viability.

Build costs

2.17 Our Cost Consultant, Roger Peters, has reviewed the Cost Plan for the proposed scheme prepared by Beadmans, dated January 2019, and concludes that, *"…the construction costs put forward in the cost plan are within acceptable estimating margins of our own assessment of costs"*.

2.18 We have included the build cost for the CSC building in our appraisal, which is not included in the Quod appraisal.

3.0 PRINCIPLES OF VIABILITY ASSESSMENT

3.1 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

3.2 The residual value is then typically 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. Quod have not included a benchmark land valuation for the site and have provided no justification for doing so, so we have adopted a nominal benchmark land value of £1 for the site.

3.3 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.

3.4 Development appraisals can also be constructed to include a fixed land value and fixed profit targets. If an appropriate Benchmark Land Value 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.

4.0 COMMERCIAL UNIT VALUATION

4.1 The proposed scheme includes 3 buildings: the converted school, the multiuse hall and the new-build CSC. We are advised that the commercial space is laid out as follows:

Building	Intended Use	NIA sq m	NIA sq ft
School	Co-Working office space	1,623	17,453
CSC	Construction Skills College	1,105	10,925
Multi-Use Hall	Hall that provides extended office space and community space on weekends	279	2,995
Total		**3,036**	**32,651**

4.2 The Planning Statement suggests that the CSC building will be let on a peppercorn rent and the multiuse hall will be provided at a discounted rent for use by local community groups.

4.3 The Design & Access Statement, and plans obtained from the London Borough of Camden's planning website, show that the school building will be converted into offices with added amenities including two lifts, a roof terrace, ground floor café/restaurant, reception, double glazing and air conditioning. The interior walls will largely remain for structural reasons, and therefore most of the office space will be divided, which is favourable for co-working.

4.4 The multiuse hall will be refurbished. It is a high-ceilinged gymnasium building with ancillary storage, office/food prep room, changing facilities and toilets. It is connected to the main school building, for access during the week while the co-working space is open, and also has a separate entrance for community use at weekends.

4.5 The CSC building is comprised of small classrooms, large workshops and offices over 2 floors. The space can be easily adapted once use as a CSC is finished.

4.6 Quod have valued the proposed commercial space into perpetuity using the investment method of valuation. There is some level of uncertainty over the period of time which the site will be used for the purposes applied for, with different sources suggesting different timespans:

- The site is designated for the replacement open space resulting from the loss of open space at the adjacent St James Gardens in the 2015 Euston Area AAP. There is not exact date as to when this will be implemented, with the AAP prioritising it as a long term goal which is listed as from 2024 onwards.
- The planning application is for "meanwhile uses for a period of 10 years"
- The Planning Statement states that "All elements of the proposal are proposed to be in situ for circa 10 years as interim uses prior to the sites redevelopment as a result of HS2 works."

4.7 Quod state that the applicant proposes nominal rents should be charged on the multiuse hall and CSC to ensure they provide affordable educational/ community space. Quod have valued the multiuse hall at a nominal rate of £1 per sq ft and capitalised the income at a yield of 4%, to give a total value of £24,292. They have not included a value for the CSC in the appraisal.

4.8 Quod have valued the proposed office space in the School building using evidence provided by Lambert Smith Hampton (LSH) in Annex 1 of their report. The report provides evidence of recent transactions from the surrounding area and suggests the refurbished school building could achieve £47.50 per sq ft, to arrive at a rental income of £829,018 per annum. This has been capitalised at 5.75%, with no evidence to justify such a yield, to give a total value of £4,293,908.

Office Space – rents and yields

4.9 The evidence provided by LSH shows rental values between £53.86 and £62.65 per sq ft for similar sized office units in the surrounding area. In their letter they suggest the subject unit should be reflective of a 20% discount from Grade A rents in the surrounding area due to the negative impact of the disruption from the HS2 construction project. This would suggest they value the proposed unit, or Grade A office space in the area, at £60 per sq ft if the disruption from HS2 were to be discounted.

4.10 We have sought to identify any additional transactions in the surrounding area to test whether the value assigned to this element of the scheme is reasonable. All of the evidence has been taken from EGi Radius Data Exchange. Our research can be summarised as follows:

Address	Description	Date	Transaction details	Rent £psf
7-9, William Road, London, NW1 3ER	Part 2nd floor space in a converted period building. 3.16m ceiling height, warehouse style windows, comfort cooled, kitchenette and mostly open plan space. Approximately 100m west of the subject on a similarly quiet road. 1,566 sq ft / 145 sq m	1/4/19	£78,300 pa. Sub let on a 4 year lease.	£50
40, CHURCHWAY, LONDON, NW1 1LW	Ground and first floor grade A office accommodation. East of the subject between the Euston and Kings Cross stations, set back on a side road. 6,100 sq ft / 567 sq m	25/1/19	£335,500 pa.	£55
The Media Villiage, 131-151, Great Titchfield Street, London, W1W 5BB	Entire serviced office building let to The Office Group, a flexible coworking provider. South of the subject, close to Great Portland Street station. 47,030 sq ft / 7,374 sq m	1/7/19	£2,586,650 pa on a 16 year lease.	£55
LYNTON HOUSE, 7-12, TAVISTOCK SQUARE, LONDON, WC1H 9LT	Part 5th floor office. South east of the subject, overlooking Tavistock Square Gardens, close to Euston station. 10,405 sq ft / 968 sq m	1/2/19	£697,135 pa on a 10 year lease.	£67

307-317, EUSTON ROAD, LONDON, NW1 3AD	Newly refurbished office that provides air conditioning and raised floors. South west of the subject next to Warren Street station on a main road. 16,643 sq ft / 1,548 sq m	1/12/18	£932,008 pa on a 10 year lease	£56
KINGS PLACE, 90, YORK WAY, LONDON, N1 9AG	3rd floor office in a modern development with a creative theme. North east of the subject, behind Kings Cross station next to a Canal. 19,580 sq ft / 1,821 sq m	29/11/18	£1,380,950 pa. let on a 14 year lease to Rolls Royce.	£70.50
40, BERNARD STREET, LONDON, WC1N 1LE	3rd floor office above retail units. South east of the subject next to Russel Square station. 15,097 sq ft / 1,404 sq m	4/10/18	£785,044 pa. let on a 7 year lease.	£52
4-8, MAPLE STREET, LONDON, W1T 5HD	Whole office building. South west of the subject near Warren Street station on a side road. 20,417 sq ft	23/7/18	£1,450,423 pa on a 10 year lease.	£71.04

4.11 It can be seen from the above transactions that rental values per sq ft range between £50 to £71 per sq ft. The most similar in size are the four comparisons at the bottom of the table which vary greatly in rental value per quantum. 7-9 William Road is the most proximate comparison to the subject however is a single floor of a second hand building, therefore it is reasonable to suggest the subject could achieve a higher rental value.

4.12 Given the evidence provided above and by LSH, we agree with the valuation of the proposed office space in the school building at £60 per sq ft. We find the 20% reduction in rent a reasonable approach to reflect the severe disruption from the Euston Station extension.

4.13 LSH provided no justification or evidence for the recommendation of a 5.75-6% yield. We have sought to identify evidence of recent investment transactions for similar properties in the surrounding area:

Address	Description	Date	Transaction details	Yield
184-192, Drummond Street, London, NW1 3HP	Entire office building. Let to 4 tenants on medium term leases. Approximately 200m south west of the subject on a side road. 46,772 sq ft	1/12/18	Sold for £38,340,000 (£820 per sq ft)	3.72%

8, Crinan Street, London, N1 9SQ	Entire office building, converted period industrial building. Let to 4 tenants, unknown leases. North east of the subject behind Kings Cross station. 18,610 sq ft	1/1/18	Sold for £48,500,000 (£2,606 per sq ft)	4.46%
16-20, Boston Place, London, NW1 6ER	Entire building on a side road. West of the subject, next to Marylebone station. 4,590 sq ft	1/12/18	Sold for £5,600,000 (£1,220 per sq ft)	4.08%
North West House, 119-127 Marylebone Road, London, NW1 5PU	Entire period office building. Let to WeWork (coworking firm) on a 20 year lease expiring 2037. West of the subject, south of Marylebone Station. 46,499 sq ft	1/7/18	Sold for £58,500,000 (£1,258 per sq ft)	4.5%

4.14 It can be seen that yields range between 3.72% and 4.5%. 184-192 Drummond Street and 8 Crinan Street are multi let properties close to the subject, and given the decreased risk associated with having multiple tenants we would expect the subject property to achieve a higher yield. 16-20 Boston Place is significantly smaller than the subject while North West House is let on a lease to a reputable co-working firm, therefore it is reasonable to suggest that the subject property could achieve similar yields to these units.

4.15 While the expansion of Euston station will initially negatively impact the value of the proposed units due to the disruption, the position of the office next to the expanded station will increase the value of the property over time. We suggest a yield of 4.5% would be more applicable to the office space, which is lower than the yield of 5.75% used by Quod to capitalise the income, however this is more closely aligned with the evidence shown above, such as the yield of 4.5% achieved by North West House.

Affordable Workspace

4.16 The Quod report states that the proposed scheme exceeds policy compliant contributions to affordable workspace through the provision of the CSC and multiuse hall for 10 years, which will charge nominal rents for use.

4.17 Quod mention that the applicant is proposing that for the 10 year duration 20% of the workspace will be capped at 80% of the prevailing office market rent.

4.18 We understand that a 20% discount on market rents would not be considered sufficient to form an affordable workspace contribution. We have been asked to test a starting point of 20% of the floorspace at 50% of market rent. We have assumed the space will remain as affordable workspace for the entirety of its lifespan, which should be included within the S106 agreement.

Multiuse Hall

4.19 Quod have valued the multiuse hall at a low rate of £1 per sq ft equating to a total rent per annum of £2,995 which has been capitalised at a yield of 4% to give a total capital value of £24,292.

4.20 We have been informed by the Council that there is no formal arrangement for the community space to be let at this rate. It is therefore necessary to include within the S106 Agreement a required to maintain the rent at a discounted sum. On this basis, we agree that it is reasonable to adopt the approach used by Quod in valuing the proposed space at a discounted rental value of £1 per sq ft, which we can assume to be the applicants intention for the space. Any change to the proposed rental income of this facility will improve viability and may lead to a greater contribution toward affordable workspace becoming viable. The S106 agreement should ensure that the discounted rent is maintained for the entirety of the buildings remaining lifespan.

Construction Skills Centre (CSC)

4.21 Quod value the CSC building based on the applicants proposal to charge a nominal rent for the space in order to provide affordable office/educational space. They go on to suggest that in the circumstance that the CSC would no longer be required for its proposed use, the space could be used as affordable workspace for the remainder of its existence. The Planning Statement suggests that the building will be let on a peppercorn rent.

4.22 The s106 agreement should disclose that the building is let at a peppercorn rent for the entirety of its lifespan. The FVA suggests that should the space should be used as affordable workspace for the remainder of the period.

Appraisal Summary

4.23 Quod have applied a 30 month rent free period in their valuation of the units. We note that the construction period is 18 months. We have allowed a total rent free period of 24 months, which is inclusive of a letting void and rent free period.

4.24 We have chosen to value the buildings using a term and reversion model, to reflect the 10 year lifespan associated with the planning permission. After the 10 year period the site is intended for redevelopment as open space, as per the Euston AAP. This would deter investors from purchasing any buildings on site, as well as the buildings losing their planning permission due to it being only temporary use. We have sought to apply a higher yield of 10% after the 10 year period to reflect this uncertainty.

4.25 We have valued the open market office space in the converted school building in the first term adopting a rent of £47.50 per sq ft for the office building (13,962 sq ft), based on 80% of market rent to reflect the disruption caused by the Euston Station expansion, and capitalised the rent at a lower yield of 4.5%, which is more closely aligned with the market evidence. We have allowed for a two year rent free period, rather than the three years suggest by Quod. We have then valued the income at market levels, £60 per sq ft per annum, and applied a yield of 10% to reflect the uncertainty of the income. This results in a total value of £6.67 million for the office space, which is an increase of £2.37 million on Quod’s value.

4.26 For the affordable workspace we have adopted a rent of £23.75 per sq ft, reflecting 50% of the value for the private office space, for 20% of the office space

(3,491 sq ft) and capitalised the income at a yield of 4%.For the reversion we have increased the yield for this income to 10% to reflect the uncertainty. This results in a total value of £1million for the affordable workspace.

4.27 We have valued the multiuse hall using the same method as Quod, applying a rental value of £1 per sq ft and capitalising the rent at a yield of 4%. This income has been capitalised at a yield of 10% into perpetuity from the 10^{th} year to reflect the uncertainty. This results in a total value of £33,000 for the space, which is an increase of approximately £11,000 from Quod's value.

4.28 We have also sought to include the build cost of the CSC building, which was excluded in the Quod valuation. We have applied a peppercorn rent of £1 per annum which results in a de minimis value for the building.

4.29 The term and reversion valuation appraisals for the commercial space can be found in Appendix 2.

4.30 The Council have informed us that there is no formal agreement for the multiuse hall or the CSC building to be let at nominal rents for any fixed period. The valuation of these buildings is therefore based on the scenario described by Quod which should be made clear in the S106 agreement. Any increase in the rental values achieved by the CSC and multiuse hall will result in an increase in viability which could contribute to affordable workspace provision or financial contribution.

5.0 DEVELOPMENT COSTS

5.1 Our Cost Consultant, Roger Peters, has analysed the build cost plan for the proposed scheme prepared by Beadsmans, dated January 2019, and concludes that:

We conclude the construction costs put forward in the cost plan are within acceptable estimating margins of our own assessment of costs.

5.2 Mr Peter's full cost report can be found at Appendix 1.

5.3 Quod have not included the build costs for the CSC building in their appraisal, stating that the costs will be funded by HS2. The Council have confirmed to us that the construction of the building is largely being funded by the Council with some contribution from HS2. We therefore find it relevant to include the construction cost of this in our appraisal. We are not aware of the figure which will be contributed by HS2 for the construction, however this should be considered within the appraisal as it would improve the viability and which could create a greater contribution toward affordable workspace or financial contribution.

5.4 Quod have excluded any benchmark land value and land acquisition costs from the assessment, which we have mirrored in our appraisal.

5.5 The applicants consultants have applied the following additional cost assumptions:

- Professional fees of 10%
- Letting agent fees of 10%
- Legal Fees of 5%
- Disposal fees of 1.5%

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

5.7 CIL charges have been assumed at £111,563 based on the Camden CIL and MCIL2 charging schedules. We have not verified this amount although we anticipate that this figure would decrease with the affordable workspace contribution.

5.8 Finance has been included at 6.5% assuming that the scheme is 100% debt financed.

5.9 No developer profit has been included by Quod. We would generally expect to see a profit target of 6% for affordable space, including the multiuse hall, and 15% on GDV for the commercial office space. We have tested a blended profit target of 13.79% which results in a developer profit of £1,061,968.

6.0 QUALITY STANDARDS CONTROL

The signatories below verify that this document has been prepared in accordance with our quality control requirements. These procedures do not affect the content and views expressed by the originator. This document must only be treated as a draft unless its has been signed and approved by both the Originators and a Business/ Associate Director.

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Appendix One – Build Cost Report

Appendix Two – Commercial Valuation

Appendix Three – Appraisal Summary