

STRICTLY PRIVATE AND CONFIDENTIAL



**KING'S COLLEGE LONDON,
HAMPSTEAD RESIDENCE,
KIDDERPORE AVENUE, NW3**

**FINANCIAL APPRAISAL
SUPPORTING STATEMENT
(FASS)**

PRIVATE AND CONFIDENTIAL

JULY 2015

OUR REF: Q50560

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CONFIDENTIALITY

This report is disclosed to the Council solely for the purposes of assisting the Council's determination of the Applicant's planning application, and does not form part of the Planning Application. The information contained in this report, appendices, wider evidence base including the viability appraisal is provided on a strictly confidential basis due to the commercially sensitive nature of its content and should not be made available to any other party without prior written agreement from the Applicant.

Therefore, on the basis that the information within this report is provided in confidence and contains commercially sensitive information, it should be afforded exemption from any disclosure pursuant to the Freedom of Information Act 2000 ("FOIA") and the Environmental Information Regulations 2004 ("EIR"), including but not limited to the exemptions in Sections 41 and 43 of FOIA and the exceptions in Regulations 12(5)(e) and (f) of EIR.

Where information provided in this report or its appendices are relied upon or inform conclusions which are to be reported in the public domain this should be agreed with the Applicant in advance of release to ensure disclosure of commercial sensitive information is protected.

1 INTRODUCTION

- 1.1 This Financial Appraisal Supporting Statement (FASS) has been prepared on behalf of Mount Anvil and King's College London ('the Applicant') in respect of King's College London, Hampstead Residence, Kidderpore Avenue, London, NW3 ('the Application Site').
- 1.2 An application for full planning permission has been submitted to Camden for the comprehensive redevelopment and enhancement of the application site to provide 156 residential dwellings ('the Application'). This is a particularly sensitive site to bring forward due to five of the buildings being Grade II Listed, the surrounding Conservation Area and the site's partial open space designation. This presents a number of design constraints which have influenced the massing, layout, internal configuration and access, efficiency, unit sizes and types within not only the retained buildings but also the new buildings. This presents challenges not only in terms of the design but also when it comes to delivery which is evident in the costs, values, programme and risk associated with this scheme compared to a more traditional residential development.
- 1.3 The risk profile associated with the proposed scheme is therefore high and the financial viability of the site, in terms of its ability to provide a competitive return to a willing land owner and willing developer, is likely to be constrained.
- 1.4 This document outlines the approach taken by the Applicant in determining the amount of development subsidy available to enable the delivery of affordable housing.
- 1.5 This Statement is structured to provide:-
- An introduction to the existing site and the application proposals (Section 2);
 - An overview of relevant national, regional and local planning policy (Section 3);
 - The approach to the financial assessment (Section 4); and
 - The findings of the financial appraisal and Conclusion (Section 5).
- 1.6 Attention is drawn to the confidentiality of this document as set out on page 2.

2 APPLICATION OVERVIEW

a) The Application Site

- 2.1 The application Site is located in the London Borough of Camden comprising the Hampstead Residence of King's College London (KCL). The lawful use is student accommodation which has now been vacated.
- 2.2 The site extends to approximately 1.22 hectares and comprises ten buildings of which five are Grade II listed (Maynard Wing; Skeel Library; Kidderpore Hall; the Chapel; the Summerhouse). Figure 1 below identifies the extent of the Site and the location of the buildings.

Figure 1.0 – Site Plan (Source: Mount Anvil)



- 2.3 The Site is within the Redington and Frognal Conservation Area and part identified as a Site of Importance for Nature Conservation. Planning permission (ref: 95500757R3) was granted on 9 September 1997 to provide 87 new student rooms on site. A Certificate of Lawfulness was issued by the Council on 13th June 2014 to confirm the development had been commenced and the permission therefore remains extant.

b) Development Proposals

2.4 The description of development for the Application is as follows:

“The creation of up to 156 residential dwellings by way of the conversion and refurbishment of four statutorily listed buildings: Kidderpore Hall, Maynard Hall, Skeel Library and The Chapel; the conversion and extension of three other buildings: Bay House, Dudin Brown Hall and Lady Chapman Hall; the demolition of three non-listed buildings and their replacement with three new buildings (Lord Cameron Hall, Rosalind Franklin Hall and Queen Mother’s Hall), and the construction of new buildings within the grounds. The relocation and restoration of one statutorily listed building within the site: The Summerhouse; associated residents’ facilities; associated hard and soft landscaping works including the removal of trees; the construction of a double storey basement including car and cycle parking and plant.”

2.5 In summary 156 residential units are proposed, 58 of which will be provided in the existing listed buildings which will be retained and refurbished. In addition there will be 3 new apartment buildings, 8 townhouses and 3 pavilions. A double storey basement will be constructed under the central courtyard to provide approximately 97 car parking spaces along with cycle parking. The table below provides the overall mix of homes proposed.

Type	Units within New Buildings	Units within Retained Buildings	Total Units
1 Bed	31	20	51
2 Bed	43	29	72
3 Bed	16	7	23
4 Bed	7	2	9
5 Bed +	1	0	1
Total	98	58	156

2.6 The scheme design has evolved through a process which has been informed by the site-specific constraints, including the Grade II listed status of five buildings and the significance of the Redington and Frogna Conservation Area. These constraints have cost and design implications which directly impact scheme viability making delivery of this site more challenging financially where compared with a more traditional development. Further details relating to the site location, planning history, and details of the application proposals are set out in the Planning Statement and the Design and Access Statement.

3 PLANNING POLICY CONSIDERATIONS

a) National Policy

- 3.1 The National Planning Policy Framework (NPPF), adopted in March 2012, provides the national context for affordable housing delivery and sets out Central Government's housing policy objectives. The NPPF is an important material consideration in the determination of all planning applications.
- 3.2 The NPPF places significant weight on Councils to promote and secure sustainable economic growth. It is clear that development should not be frustrated. The core message in respect of housing provision is to deliver a significant boost in supply of deliverable opportunities, providing high quality homes in sustainable communities. Local authorities continue to be required to consider scheme viability in establishing an appropriate affordable housing contribution on a site-by-site basis. The NPPF promotes the delivery of mixed and balanced communities but advocates that policies for the delivery of affordable housing should be responsive to evidence of need and remain sufficiently flexible to take into account changing market conditions.
- 3.3 Paragraph 173 emphasises the need for development, which is both viable and deliverable. The balance of contributions whether quality standards, affordable housing, infrastructure contributions or other requirements must be considered in the context of the normal costs of undertaking development including providing competitive returns to both the landowner and developer. Paragraph 205 emphasises that this balancing of contributions must be sufficiently flexible to avoid a development opportunity being stalled.
- 3.4 On 6th March 2014 the Department for Communities and Local Government (DCLG) published its National Planning Policy Guidance (NPPG) which contains relevant advice on the approach to housing delivery. The NPPG makes clear that *'Where an applicant is able to demonstrate to the satisfaction of the local planning authority that the planning obligation would cause the development to be unviable, the local planning authority should be flexible in seeking planning obligations. This is particularly relevant for affordable housing contributions which are often the largest single item sought on housing developments. These contributions should not be sought without regard to individual scheme viability.'*

The financial viability of the individual scheme should be carefully considered in line with the principles in this document’.

3.5 The NPPG also states that to ensure viability and deliverability planning viability assessments should ensure that the proposed scheme *‘provides sufficient incentive for the land to come forward and the development to be undertaken’* (NPPG paragraph 016). The NPPG provides further clarification on this matter in stating *‘A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy’* (paragraph 024). In the context of guidance contained in the NPPG the Land Value should be the price at which a reasonable land owner would be willing to sell.

3.6 The NPPG also provides guidance on a national requirement, introduced through a Written Ministerial Statement dated 28 November 2014, for planning authorities to offer developers a Vacant Building Credit (VBC) which is defined in the NPPG (Reference ID: 23b-021-20150326) as “a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought”.

b) Regional Policy

3.7 The London Plan, adopted in July 2011, provides the overarching strategic planning framework for London. The London Plan has since been amended by the Revised Early Minor Alterations (REMA) (October 2013) and the Further Alterations to the London Plan (FALP) (March 2015).

3.8 Policy 3.3 (Increasing Housing Supply) states that the Mayor recognises the ‘pressing need’ for more homes in London. It sets London an annual target of 42,000 net additional homes of which 889 should be delivered in LB Camden.

3.9 Policy 3.11 requires boroughs to set overall affordable housing targets with regard to a number of factors including the need to maximise the provision of affordable housing in light of the London wide delivery target of at least 17,000 homes per annum and having regard to the specific housing targets for their areas. Targets should take account of the London wide target tenure mix (60% social/affordable rent and 40% intermediate housing) and have regard to the viability of development.

3.10 Policy 3.12 considers negotiating affordable housing on individual private residential and mixed-use schemes and states:

“A) The maximum reasonable amount of affordable housing should be sought when negotiating on individual private residential and mixed use schemes, having regard to:

- ***current and future requirements for affordable housing at local and regional levels identified in line with Policies 3.8 and 3.10 and 3.11 and having particular regard to guidance provided by the Mayor through the London Housing Strategy, supplementary guidance and the London Plan Annual Monitoring Report (see paragraph 3.68)***
- ***affordable housing targets adopted in line with Policy 3.11,***
- ***the need to encourage rather than restrain residential development (Policy 3.3),***
- ***the need to promote mixed and balanced communities (Policy 3.9)***
- ***the size and type of affordable housing needed in particular locations***
- ***the specific circumstances of individual sites***
- ***Resources available to fund affordable housing, to maximise affordable housing output and the investment criteria set by the Mayor;***
- ***The priority to be accorded to provision of affordable family housing indicated in policies 3.8 and 3.11***

B) Negotiations on sites should take account of their individual circumstances including development viability, the availability of public subsidy, the implications of phased development including provisions for re-appraising the viability of schemes prior to implementation (‘contingent obligations’), and other scheme requirements.

C) Affordable housing should normally be provided on-site. In exceptional cases where it can be demonstrated robustly that this is not appropriate in terms of the policies in this Plan, it may be provided off-site. A cash in lieu contribution should only be accepted where this would have demonstrable benefits in furthering the affordable housing and other policies in this Plan and should be ring-fenced and, if appropriate, pooled to secure additional affordable housing either on identified sites elsewhere or as part of an agreed programme for provision of affordable housing.”

3.11 The need to encourage rather than restrain development is a core tenet of the policy, particularly in light of the challenging housing targets initiated by the Plan. The viability of individual sites is a key element of identifying the maximum reasonable contribution which a scheme can make toward affordable housing. The policy does not set out a minimum threshold for affordable housing and on this basis, and subject to viability being demonstrated, a nil provision is compliant with this policy.

3.12 The plan identifies that the GLA development control toolkit is a reasonable approach to determining the maximum reasonable contribution in accordance with Policy 3.12 although alternative models may legitimately be promoted to support a development viability submission.

3.13 Paragraph 3.74 of the London Plan states that affordable housing is normally required on-site but in exceptional circumstances it may be provided off-site or through a ring fenced cash-in-lieu contribution, and if appropriate 'pooled' to secure efficient delivery of new affordable housing on identified sites elsewhere. It states:

"These exceptional circumstances include those where it would be possible to: secure a higher level of provision; better address priority needs, especially for affordable family housing; secure a more balanced community; or better sustain strategically important clusters of economic activities."

3.14 The adopted London Plan Housing SPG (November 2012) reinforces the message identified in the NPPF that maintaining project viability is a material consideration in identifying the quantum of affordable housing which may be financially supported and provided on a scheme. In reviewing viability due regard should be had to all the costs of delivery whilst ensuring a competitive return to both a willing land owner and the developer.

3.15 The Mayor published the Draft Interim Housing Supplementary planning Guidance (SPG) on the 15th May for consultation until the 7th August. The emerging SPG maintains the previous emphasis on the need to ensure a balance is struck between the delivery of affordable housing and overall housing development.

c) Local Policy

3.16 The site is located within the London Borough of Camden. The adopted Development Plan (Local Plan) for the London Borough of Camden comprises the Camden Core Strategy (2010), the Camden Development Policies (2010) and the Camden site Allocations Plan (2013).

3.17 Development Policies Policy DP3 relates to the supply of Affordable Housing. It states that the Council will negotiate the development of individual sites to seek the maximum reasonable amount of affordable housing on the basis of an affordable housing target of 50% of the total additional

floorspace, but will apply the target with regard to a sliding scale from 10% for development with capacity for 10 dwellings to 50% for developments with capacity for 50 dwellings.

- 3.18 Policy DP3 also states that in considering whether an affordable housing contribution should be sought, whether it can practically be made on site, and the scale and nature of contribution that would be appropriate, the Council will also take into account a) access to public transport, workplaces, shops, services and community facilities; b) the character of the development, the site and the area; c) site size, and constraints on including a mix of market and affordable tenures; d) the economics and financial viability of the development including any particular costs associated with it; e) the impact on creation of mixed and inclusive communities; and f) any other planning objectives considered to be a priority for the site.
- 3.19 Supplementary Planning Document (SPD) Camden planning Guidance 2 (CPG2 Housing) provides further information on the application of the Council's Affordable Housing policies. It sets out the Council's preferred mix of social and intermediate affordable housing. For social rent the overall aim is for 50% of homes to have 3 bedrooms or more with no more than 20% 1 beds. For intermediate the overall aim is for 10% of homes to have 3 bedrooms or more with the remainder provided as 1 or 2 bedroom units. At least 10% of both the social and intermediate homes should meet wheelchair housing standards.
- 3.20 CPG2 Housing also confirms that where a deferred affordable housing contribution is sought it will take the form of a payment in-lieu to the Council's affordable housing fund based on the shortfall against housing/ affordable housing targets, calculated in accordance with CPG8 Planning Obligations (£2,650 SQM). The Council consulted on amendments to CPG2 from 12 March to 23 April 2015. These amendments have not yet been adopted and therefore hold little decision making weight.
- 3.21 Camden Council is preparing a new 'Local Plan' to replace the current Core Strategy and Camden Development Policies documents. The Draft Local Plan (2015) confirms that the initial findings of a new assessment of housing needs demonstrates an increased need for 1 and 2 bedroom social-affordable rented units and a decreased need for 2 bed+ intermediate affordable units.

4 APPROACH TO FINANCIAL APPRAISAL

a) Measuring Financial Viability

- 4.1 The approach taken considers the ability of the development to deliver a section 106 package which appropriately mitigates against the impacts generated alongside the maximum reasonable amount of affordable housing. The approach has been informed by the Department for Communities and Local Government (DCLG) National Planning Policy Practice Framework (NPPF), Practice Guidance (NPPG) and the RICS Financial Viability in Planning 2012 Guidance Note (RICS GN).
- 4.2 The RICS GN, published in August 2012, defines financial viability for planning purposes as providing *‘an objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to the developer in delivering that project’*.
- 4.3 This is supported by the NPPF, which states: *“To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable”*.
- 4.4 Similarly the NPPG states that *‘a site is viable if the value generated by its development exceeds the costs of developing it and also provides sufficient incentive for the land to come forward and the development to be undertaken.’*
- 4.5 In preparing the scheme specific viability, in accordance with the RICS GN, *‘the nature of the applicant should normally be disregarded as should benefits or disbenefits that are unique to the applicant. The aim should be to reflect industry benchmarks having regard to the particular circumstances in both development management and plan making viability testing’*.

b) The Financial Model

- 4.6 A financial appraisal of the proposed development has been prepared using Argus Developer Software. This development appraisal package is widely used throughout the development industry and is

considered to be appropriate for presenting the viability position on a development of the type proposed. Further details can be accessed at www.argussoftware.com.

- 4.7 Argus works in the same way as the GLA toolkit and other residual appraisal models. The value of the completed development, development costs (including either the profit margin required or land costs) can be cash-flowed over the development period and the difference between the total development value and total costs are compared.
- 4.8 The model structure provides a sound basis on which to test scheme viability and to determine the developer subsidy available from the development to deliver the maximum reasonable proportion of affordable housing in accordance with national, regional and local policy.

c) Inputs and Assumptions

- 4.9 The applicant's financial model has been based on the proposed application scheme as set out in section 2 of this report.
- 4.10 The approach to development viability has involved the Applicant's project team (e.g. architects, cost consultants, technical specialists, agents and valuers etc) working together from the outset to ensure the underlying inputs and assumptions are robust. The inputs and assumptions relied upon are principally bespoke and are set out in Appendix 4. The appraisal prepared by the Applicant is informed by a scheme specific cost plan prepared by Randall Simmonds and individual private residential unit sales pricing by CBRE.
- 4.11 In accordance with section 4.5 of the RICS GN, the approach taken has sought to be reasonable and where additional clarification or supplementary information would be of assistance the independent assessor is invited to engage with the Applicant and its advisors with a view to resolving differences of opinion.

d) Land Value

- 4.12 The National Planning Policy Framework (NPPF) states that (para 173) viability should consider *"competitive returns to a willing landowner and willing developer to enable the development to be deliverable."*

4.13 The National Planning Practice Guidance (NPPG) confirms that (ID:10-024020140306) *“A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy”*.

4.14 The minimum Land Value for the site is **£49,180,000**. Appendix 1 provides further details of the basis for this input.

e) **Developer Return**

4.15 The National Planning Policy Framework (NPPF) states that (para 173) viability should consider *“competitive returns to a willing landowner and willing developer to enable the development to be deliverable.”* The NPPG recognises that *‘this return will vary significantly between projects to reflect the size and risk profile of the development and the risks to the project. A rigid approach to assumed profit levels should be avoided and comparable schemes or data sources reflected wherever possible’*.

4.16 The benchmark for a standard development scheme is 20% profit on GDV. This reflects the assumption in the latest version of the GLA Toolkit (2015) which is specific to London and that used in the Council’s Community Infrastructure Levy (CIL) Viability Study (2012).

4.17 The Applicant has however, in accordance with the NPPG, considered the level of developer return required to bring forward the Application scheme with its advisory team and having regard to factors such as the complexity and risk associated with this scheme compared with other schemes (i.e higher build and finance costs associated with the sensitive restoration and conversion of the listed buildings). On this basis, it would be reasonable benchmark for the Application scheme to target a higher profit on GDV. It is therefore appropriate to test both a 20% and 25% profit margin when measuring viability.

5 MODELLING OUTCOMES

5.1 The methodology taken has been to establish the developer subsidy available using a financial appraisal of the scheme on the basis of all private housing and then to understand the amount and type of affordable housing this delivers whilst maintaining scheme viability. A baseline development viability appraisal has been run on the basis of:-

- £49,180,000 Land Value (Appendix 1);
- Current day costs and values (Appendix 2 & 3);
- NIL Affordable Housing;
- £8,086,896 CIL & £500,000 s106;
- 20% Profit on GDV; and
- Other Inputs and Assumptions (Appendix 4).

5.2 All costs relating to neighbourly matters have been excluded due to its commercial sensitivity and will need to be reconciled directly with the Independent Assessor. A headline summary of the appraisal is summarised below, the full appraisal model is provided in Appendix 5 and a working version of the model is available.

Table 2: Financial Appraisal Summary

Scheme Revenue	
Residential	£213,101,928
Non-residential (Net)	£1,910,376
Total Revenue	£215,012,304
Scheme Costs	
Land Price	£49,180,000
Land Acquisition Costs	£2,704,900
Construction Costs	£79,670,000
Other Construction	£987,525
Developers Contingency	£1,804,358
Professional fees	£9,560,400
Marketing, Letting, Disposal Fees	£8,062,961
Finance	£19,422,270
CIL	£8,086,896
S106	£500,000
Developers Profit (@20%)	£43,025,986
Neighbourly costs	CONFIDENTIAL (EXCLUDED)
Total Costs	£223,025,296
Shortfall Against 20% Profit	£8,012,992

- 5.3 The output of the appraisal evidences that on the basis of current day costs and current day values and NIL Affordable Housing the proposed scheme generates a shortfall of **£8,012,992** against the 20% profit margin. The financial viability of the scheme has become increasingly challenging in light of the recent build cost inflation pressures twinned with a cooling of buyer appetite in the upper end of the sales market. If the proposed Pavilions are excluded from the appraisal the shortfall increases further.
- 5.4 Discussions with officers have indicated that affordable housing is required for the scheme to be acceptable irrespective of viability. Following discussions with Registered Providers, Lord Cameron Hall (LCH) has been identified as providing the most appropriate location for any on-site Affordable Housing from both a management and value for money perspective. Against this background the delivery of affordable housing within LCH as Intermediate and Affordable Rented Tenure has been tested to understand the impact on viability and the level of additional subsidy required (table 3 below).

Table 3: Subsidy Shortfall

Scenario	Estimated Additional Subsidy Shortfall	Estimated Total Subsidy Shortfall Against a 20% Profit Margin
Building: Lord Cameron Hall* Units (%): 32 (20%) Tenure: Intermediate (SO) Affordability: Mayors Incomes (£71k) Value: £450 PSF	£7,070,983 (£220,986 Per Unit)	£15,083,975
Building: Lord Cameron Hall* Units (%): 32 (20%) Tenure: Intermediate (SO) Affordability: Below Mayor's Incomes Value: £350 PSF	£9,177,787 (£286,805 Per Unit)	£17,190,779
Building: Lord Cameron Hall Units (%): 25 (16%) Tenure: Affordable Rent Affordability: Up to 80% of market rent (or LHA Cap); Value: £225 PSF	£11,811,293 (£472,451 Per Unit)	£19,824,285

*Reconfigured to provide 32 units with a mix of studio, one and two bed units

- 5.5 Sensitivity testing demonstrates that the delivery of 32 Shared Ownership units in LCH would require the blended average sales values to increase to £1,428 PSF (c.10%) to become viable on the basis of

achieving the minimum 20% Profit on GDV. If the tenure mix was changed to include a) Intermediate Units affordable to maximum incomes below the Mayor's maximums and/or b) lower value Affordable Rented units; the shortfall in subsidy and required growth in sales value would increase further.

- 5.6 Notwithstanding the current day viability position, the applicant has confirmed that they are willing to take a commercial view on future sales price appreciation and will continue to commit to the on-site delivery of 20% Affordable Housing comprising 32 Intermediate Shared Ownership Units in Lord Cameron Hall on the basis that the units are made affordable to household incomes no higher than £71,000 (Mayor's maximum). It should be noted that the layouts submitted as part of the planning application presently show 25 units within Lord Cameron Hall. Design testing has however confirmed that the building could accommodate an additional 7 units if reconfigured to provide studio, 1 and 2 bed units.
- 5.7 The above offer is subject to further discussions with LB Camden and their Independent Advisors with regard to available subsidy. The affordable level referred to above has been presented on a unit measure basis due to the constrained nature of the site which has resulted in significantly oversized residential dwellings that do not create proportional value for the scheme.

6 SUMMARY

- 6.1 This document outlines the approach taken by the Applicant in determining the amount of development subsidy available to support the delivery of affordable housing.
- 6.2 In accordance with planning policy a financial assessment of planning viability has been prepared and submitted to support the application. The methodology that underlies the financial appraisal follows normal conventions and is appropriate for the scale and nature of the development. The model structure provides a sound basis on which to test development viability and to determine the funding that is available from the development to deliver the maximum reasonable proportion of affordable housing in accordance with national, regional and local policy.
- 6.3 The model, which is subject to independent verification, demonstrates that the scheme is challenging financially without the provision of any on-site affordable housing.
- 6.4 Notwithstanding the present day viability position, in light of the Council's requirement for on-site affordable housing, the applicant has confirmed that they would be willing to take an internal commercial view on the risk of achieving 10% sales growth in order to commit to the on-site delivery of 20% Affordable Housing comprising 32 Intermediate Shared Ownership Units in Lord Cameron Hall.
- 6.5 The above offer is subject to further discussions with LB Camden and their Independent Advisors with regard to available subsidy.

APPENDIX 1
LAND VALUE (QUOD)

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KIDDERPORE AVENUE – LAND VALUE

Site Details

The site measures 1.22ha and comprises 10 buildings and areas of presently undeveloped private amenity grassland. The image below identifies the position of buildings on-site. The site is under the ownership of King's College London (KCL) and was most recently used to provide student accommodation.



The site can be categorised as:-

- Existing Student Accommodation Buildings.
- Extant Student Development Site.
- Ancillary Student Buildings.

Land Value

Existing Student Accommodation

This comprises Dudin Brown, Lord Cameron Hall, Rosalind Franklin, Lady Chapman, Maynard Wing and Queen Mothers Hall. All of these buildings were last used as student accommodation providing a total of 277 rooms (261 x Singles; 14 x Twins; 2x Double Flats) (298 beds) with ancillary areas. The existing student accommodation became vacant in July 2015 as a consequence of KCL's relocation. The combined area of these buildings is 7,556 SQM GIA. The accommodation provided is self-catered student rooms with shared kitchen, bathroom and dining facilities on each corridor.

Key Assumptions are set out in table 1 below.

Table 1.

Input	Assumption	Evidence/ Comments
Rents	£190 Per Room Blended Average (Per Week)	The blended rent per room has been selected with reference to the comparables listed in Annex 1 which support a rental value in the range of £190 - £210 Per Room Per Week. Student Rents have increased significantly in the last 6 - 12 months (Savills's UK Spot Light 2015/ Knight Frank Core Markets 2015/ Knight Frank Student Property Review 2014).
Additional Income	NIL	It is noted there could be potential for further value to be generated by on-site facilities (i.e laundry etc) and optional services (i.e cleaning). None is however assumed at this point.
Tenancy Period	51 Weeks	This is an industry standard assumption for Student Accommodation let within inner London.
Occupancy	98%	This is an industry standard assumption for Student Accommodation within inner London. Voids are extremely rare.
Operational Costs	£1,750 per room	A reasonable range for operating costs for student accommodation in London is c.10% -15% of gross income. The assumption made is therefore prudent reflecting c.18% of gross income.
Yield	6%	The yield has been selected with reference to the comparables listed in Annex 1 which support a yield in the range of 5.5% - 6.0%. Student yields have however hardened significantly in the last 6 months (Savills's UK Spot Light 2015/ JLL Student Housing Quarterly 2015). There has also been a significant increase in direct let institutional investment (CBRE).KCL have confirmed that that they were recently offered capital sums for new and refurbished accommodation at Champion Hill reflecting a 4% net yield.
Purchaser Costs	5.8%	This is an industry standard for all types of property investments.
Refurbishment Cost	£30,000 Per Room	It is assumed that a new operator would want to invest in the existing stock. For the purposes for this exercise an all in refurbishment cost price having regard to the current condition of the recently occupied student rooms and the assumed post refurbishment rental level. This is closely aligned with the BCIS median for refurbished student accommodation.

This provides a value of **£25.31m**. If a 25% premium is added to incentivise the landowner to release the site for redevelopment this provides a value of **£31.63m**. Given the perceived uplift in value residential development creates within Inner London along with the versatility of this site for a number of alternative uses in addition to student and residential (as evidenced by the range of bidders for the site) 25% - 30% is considered to be commensurate with a reasonable land owner expectation of a minimum premium over its existing use value.

Extant Student Development

This comprises the area of private amenity grassland to the north of the site and the Chapel which has an extant planning consent (Appeal Ref: 9500757R3) for the erection of a building comprising 87 units (2,336

GIA) of student accommodation. A residual valuation has been prepared based on the investment value of the completed block.

Key Assumptions are set out in table 2 below.

Table 2.

Input	Assumption	Evidence/ Comments
Rents	£230 Per Room Blended (Per Week)	The blended rent per room has been selected with reference to the comparables listed in Annex 1 which support a rental value in the range of £230 -£250 Per Room Per Week. A higher rate has been assumed than the refurbished rooms to reflect this being a new build. Student Rents have increased significantly in the last 6 - 12 months (Savills's UK Spot Light 2015/ Knight Frank Core Markets 2015/ Knight Frank Student Property Review 2014).
Additional Income	NIL	None Assumed. Additional income could be generated by on-site facilities (i.e Laundry etc) and optional services (i.e cleaning).
Tenancy Period	51 Weeks	This is an industry standard for Student Accommodation within inner London.
Occupancy	98%	This is an industry standard for Student Accommodation within inner London.
Operational Costs	£1,750 per room	Operating costs for student accommodation in London tend to be c.10% -15% of gross income. The assumption made reflects c.15%.
Yield	5.5%	The yield has been selected with reference to the comparables listed in Annex 1 which support a yield in the range of 5.0% - 5.5%. Student yields have however hardened significantly in the last 6 months (Savills's UK Spot Light 2015/ JLL Student Housing Quarterly 2015). There has also been a significant increase in direct let institutional investment (CBRE). KCL have confirmed that that they were recently offered capital sums for new and refurbished accommodation at Champion Hill reflecting a 4% net yield.
Purchaser Costs	5.8%	This is an industry standard for all types of property investments.
Build Costs	Base: £1,710 SQM Externals: 7% Professional Fees: 12%	BCIS £1,710 SQM (Student Development – Camden) + 7% for External Works + 12% Professional Fees. This equates to c.£55k per room which is aligned with industry norms.
Contingency	5%	This is an industry standard assumption.
Finance	7%	This is an industry standard assumption.
Investment Agent/ Legal	1%	This is an industry standard assumption.
Profit	15% (GDV)	This is an industry standard assumption for commercial development. It has a lower risk profile than residential and assumes a purchaser would be in place before the development starts.
Programme	Construction: 15 months	A standalone student block of 87 units would take in the region of 12-15 months to complete. Sales receipts have been assumed on

	<i>Sales:</i> On completion	completion. It would however be reasonable to assume that the purchaser would make staged payments.
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This provides a residual value of **£6.39m**.

Ancillary Buildings

The residual buildings comprise Kidderpore Hall, Bay House and Skeel Library. These buildings were previously used for a range of purposes ancillary to the main student use of the site but would not be required moving forward.

A residual appraisal has been prepared to demonstrate the value for these buildings if converted for residential use (19 units). It demonstrates that these ancillary buildings generate a land value of **£11.16m**. The proposals along with inputs and assumptions used align with that used in the applicant's financial assessment for the application scheme. Due to the number of units and the nature of these buildings it is assumed that if affordable housing was required Camden would accept a payment in lieu of on-site affordable delivery.

Summary & Conclusion

Table 3 below provides a summary of the land value assumptions above. It demonstrates a total site value of **£49.18m** which is assumed to be the Benchmark Land Value for the purpose of viability.

Table 3

Site Element	Site Value
Existing Student Accommodation	£31.63m
Extant Student Development	£6.39m
Ancillary Buildings	£11.16m
Total*	£49.18m

* Excluding Pavilions site

It is noted that there is also development potential on the Pavilions site which forms part of the application proposals. This would require a planning application to be submitted as per the application scheme. It is feasible for a RLV appraisal to be prepared for this aspect of the development if acceptable in planning terms.

In consideration of the above, a Land Value of at least **£49,180,000** is considered a robust and appropriate assumption to be relied upon for the purpose of planning viability which is aligned with other benchmarks set out in Annex 4.

Annex 1 – Comparable Student Evidence (London)

<i>Student Rents</i>	<i>Student Yields</i>
ISL West Hampstead (£199 - £324) Nido Collection, West Hampstead (£284 - £324) Moonraker Point, SE (£221+) Pacific Court, E1 (£189) Charles Morton Court, N16 (£189) Blithehale Court, E2 (£199) Beaumont Court, NW1 (£199) Ramsay Hall, W1 (£203.7) CRM, The Curve (£219) Liberty Living (£205) Victoria Hall (£200) Rahere Court (£209) CRM , The Arcade (£185) Great Dover Street (£192) Iris Brook (£195) City Pure (£265) Highbury Pure (£245) Orient House, SW6 (£230) Spring Mews (£250+) Urbanest Westminster Bridge (£250+) Urbanest Tower Bridge (£250+)	ISL West Hampstead (5.0%) Jan 2015 The Hive Bethnal Green (5.7%) Student Court Wembley (6.0%) October 2014 Paris Gardens (4.5%) March 2015 Paul Street (4.9%) March 2015 Canto Court (6.25%) May 2014 OCH Portfolio (5.75%) May 2014 Mansion Portfolio (5.9%) Nov 2014 The Curve (6%) March 2014 Blackburn Road Hampstead (5.75%) October 2014

Annex 2 – Student New Build RLV**REVENUE****Rental Area Summary**

	Units	Initial MRV	Net MRV at Sale
87 (98% Occupancy) £230 pw	85	997,050	844,800

Investment Valuation

87 (98% Occupancy) £230 pw Current Rent	844,800	YP @	5.50%	18.1818	15,360,000
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GROSS DEVELOPMENT VALUE

15,360,000

Purchaser's Costs	5.80%	-890,880	-890,880
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NET DEVELOPMENT VALUE

14,469,120

NET REALISATION

14,469,120

OUTLAY**ACQUISITION COSTS**

Residualised Price	6,368,878	6,368,878
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CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
87 (98% Occupancy) £230 pw	2,336 m ²	1,710.00 m ²	3,994,560	3,994,560
Contingency		5.00%	199,728	199,728
Other Construction				
Externals		7.00%	279,619	279,619

PROFESSIONAL FEES

All Professional Fees	12.00%	479,347	479,347
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DISPOSAL FEES

Sales Agent Fee	1.00%	153,600	153,600
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FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		537,304	
Construction		152,083	
Total Finance Cost			689,388

TOTAL COSTS

12,165,120

PROFIT (15% GDV)

2,304,000

Annex 3 – Ancillary Building RLV**REVENUE****Sales Valuation**

Private Residential	Units 19	ft ² 28,708	Rate ft ² 1,248.00	Gross Sales 35,827,584
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Rental Area Summary

Ground Rent	Units 19	Initial MRV/Unit 650	Net Rent at Sale 12,350	Initial MRV 12,350
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Investment Valuation

Ground Rent				
Current Rent	12,350	YP @	5.00%	20
				247,000

GROSS DEVELOPMENT VALUE

36,074,584

Purchaser's Costs	5.80%	-14,326	-14,326
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NET DEVELOPMENT VALUE

36,060,258

NET REALISATION

36,060,258

OUTLAY**ACQUISITION COSTS**

Residualised Price			11,161,829	
				11,161,829
Stamp Duty	4.00%	446,473		
Agent Fee	1.00%	111,618		
Legal Fee	0.50%	55,809		
				613,901

CONSTRUCTION COSTS**Construction**

Private Residential (131)	ft ² 31,937 ft ²	Rate ft ² 322.37 pf ²	Cost 10,295,531	10,295,531
Developers Contingency		2.00%	233,114	
S106			75,000	
AH Commuted (19%)			1,712,000	
				2,020,114

Other Construction

NHBC + Build Regs (£2500 pu)			47,500	
Site Insurances		0.75%	77,216	
				124,716

PROFESSIONAL FEES

Professional Fees		12.00%	1,235,464	
				1,235,464

DISPOSAL FEES

Sales Agent, Marketing & Legal Fees		3.75%	1,352,260	
				1,352,260

FINANCE

Debit Rate 7.000%				
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Land	1,216,909	
Construction	618,101	
Other	206,518	
Total Finance Cost		2,041,528
TOTAL COSTS		28,845,342
PROFIT (20% GDV)		7,214,916

Annex 4 – Other Benchmarks

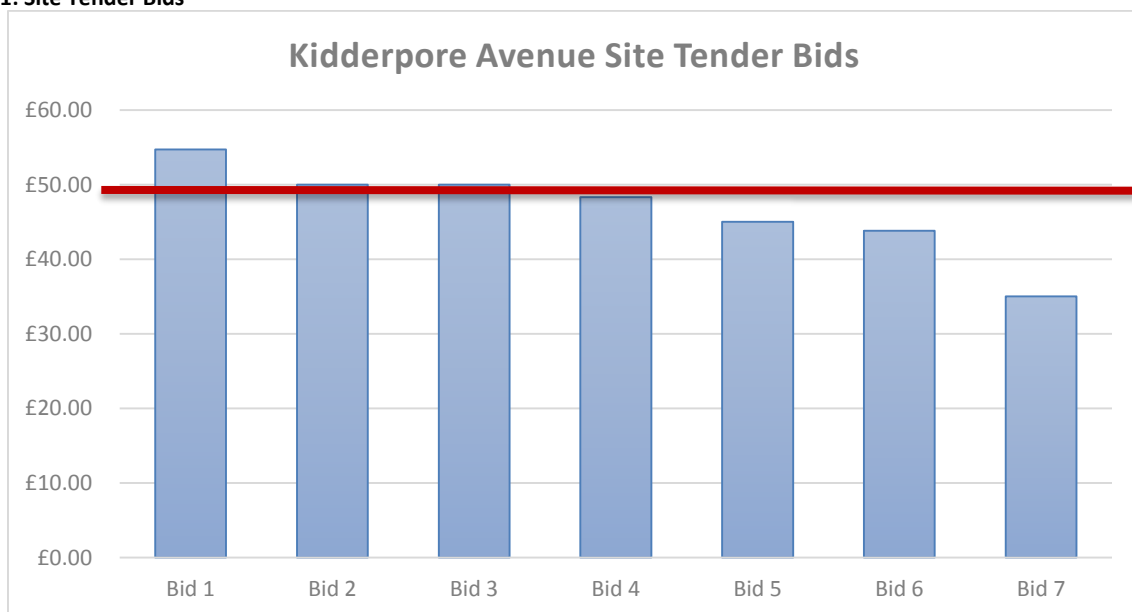
Whilst the approach taken has relied upon the existing student, extant consent and alternative use of the ancillary buildings to derive the land value for the purposes of planning viability it is considered helpful to set this in context of other indicators / evidence even though these are not relied upon to derive the assumption in the appraisal.

The following benchmarks provide a useful sense check of the above valuation.

1) Site Purchase Price/ Tender Bids

The £49m land value aligns with the bids received following a competitive tender process and the price being paid for the site. A range of bids were received from both residential and non-residential bidders which included elderly care, education, hotel and health. In the context of the approach taken to establishing the Benchmark Land Value of £49m as set out above the shortlisted bids have been normalised to reflect a consistent development area aligned to the application proposal to allow comparison. These are set out in the graph below. The shortlisted bids range from £35m to £55m. This seeks to provide reassurance that the BLV relied upon for planning viability is aligned with the market value of the site.

Graph 1: Site Tender Bids



2) Comparable Land Transactions

By way of providing further reassurance of the BLV reflecting a reasonable assumption for the purpose of the viability this has been considered in the context of comparable land transactions as set out in the table below. It is appreciated that there may be variances between sites and that the degree of comparability may vary but all of these sites are within a reasonable distance of the site and transacted within the preceding 18 months and are therefore considered helpful as context. The comparables show a per ha range of £29.4m

per ha to £45.2m per ha. The benchmark site value (£49.18m) equates to £40.31m per ha which is within the range identified.

Site Address	Purchase Price/ Date	£Per ha (Not Indexed)
Former Hempstead Police Station, NW3	£14,105,000 (June 2014)	£29.4m (0.19 ha)
Bartrams Convent, NW3 2AB	£12,655,000 (Jan 2014)	£18.34m (0.69ha)
38 Heath Drive, NW3 7SD	£6,500,000 (Dec 2014)	£40.6m (0.16 ha)
32 Lawn Road, NW3 2XU	£11,200,000 (March 2014)	£41.48 (0.27ha)

APPENDIX 2

BUILD COST REPORT (RANDALL SIMMONDS)

CONFIDENTIAL

RANDALL SIMMONDS

**COST ESTIMATE
HOUSING PROJECT**

at

**Kidderpore Avenue
London NW3 2AD**

for

MOUNT ANVIL

**PRIVATE &
CONFIDENTIAL**

July 2015

Chartered
Quantity
Surveyors

Employers
Agents

CDM Consultants

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External Works (On site)	20
Drainage	21
Utility Connections	21
Preliminaries	22

1.0 EXECUTIVE SUMMARY

Part demolition and part retention of existing building; conversion of retained building and erection of new luxury residential buildings with high quality leisure facilities and external landscaping.

Preliminary Cost Estimate based on Architect's drawings and Accommodation Schedule.

Key Areas	Nr	Gross Internal		Net Internal	
		m2	ft2	m2	ft2
Basement		3,080	33,153	0	0
New Buildings		11,397	122,675	8,567	92,220
Conversion		7,672	82,579	6,644	71,515
	156	22,149	238,407	15,211	163,735
Total Areas	156	22,149	238,407	15,211	163,735

Total	Construction Cost	Cost Per £/m2 GIA	Cost Per Unit	Notes
Enabling Works	£ 1,110,000	50	£ 7,000	
Basement Car Parking	£ 5,130,000	1,700	£ 50,000	
Building Works	£ 47,540,000	2,500	£ 305,000	
External Works	£ 1,830,000	83	£ 12,000	
Drainage	£ 860,000	39	£ 6,000	
Utility Connections	£ 950,000	43	£ 6,000	
Sub-total	£ 57,420,000	2,592	£ 368,000	
General Costs / Preliminaries	£ 9,550,000	431	£ 61,000	
Overheads & Profit @ 6%	£ 4,020,000	182	£ 26,000	
Design Contingency @ 5%	£ 3,350,000	151	£ 21,000	
Construction Inflation @ 5.7%	£ 4,010,000	181	£ 26,000	**
Value Added Tax	£ 1,320,000			*** See overleaf
Total Construction Cost	£ 79,670,000	3,600	£ 511,000	

**Note: Inflation during Construction taken to mid point e.g. 65 weeks / 15 months, as BCIS published tender price index 03/07/15 which calculates as:

3rd Quarter 2015: 264

4th Quarter 2016: 279

Giving construction inflation of 5.7%. Excludes construction inflation to start-on-site.

1.0 EXECUTIVE SUMMARY

Cost Summary for New Build and Conversion Elements

Note:

1. The common cost elements eg preliminaries have been apportioned by equivalent m2 gross area. The comparable rate/m2 is influenced by the large new build basement car park, the relative m2 areas and the premium units. The majority of the external works costs have also been allocated to the new build elements.

2. A further reason for the similarity between the cost of the new build and retained elements of the scheme is that the materials, layouts and the external articulation of the new buildings have to be of a very high standard in order to fit in with the fabric of the 5 listed buildings on the site.

3. Value Added Tax has been applied to the conversion elements only at 5%.

Total	New Build Cost	£/m2 (New GIA)	Conversion Cost	£/m2 (Conv GIA)
Enabling Works	£ 480,000	33	£ 630,000	82
Basement Car Parking	£ 5,130,000	354	£ -	0
Building Works	£ 29,890,000	2,060	£ 17,650,000	2,300
External Works	£ 1,490,000	103	£ 340,000	44
Drainage	£ 580,000	40	£ 280,000	36
Utility Connections	£ 600,000	41	£ 350,000	46
Sub-total	£ 38,170,000	2,637	£ 19,250,000	2,509
General Costs / Preliminaries	£ 6,210,000	280	£ 3,340,000	435
Overheads & Profit @ 6%	£ 2,660,000	120	£ 1,360,000	177
Design Contingency @ 5%	£ 2,220,000	100	£ 1,130,000	147
Construction Inflation @ 5.7%	£ 2,660,000	120	£ 1,350,000	176
Value Added Tax	£ -	0	£ 1,320,000	172
Total Cost	£ 51,920,000	3,590	£ 27,750,000	3,620

Total Cost New Build and
Conversion

£ 79,670,000

2.0 BASIS OF ESTIMATE

Basis of Cost Estimate

- 1 Pricing is based on high quality specifications suitable for the aesthetic of the location and Listed buildings and the quality of product to achieve the anticipated market prices.
- 2 Pricing takes account of the constrained site access, off-site storage of materials for JIT delivery and site distribution costs.
- 3 Pricing takes account of sensitive working in Listed buildings to the Conservation Officer's satisfaction.
- 4 Due to the extended Construction Programme in excess of 2 years, inflation is highlighted separately.

The following items are excluded from this Cost Estimate

- 1 Inflation to commencement on site (price includes for inflation during construction)
- 2 Professional Fees, Planning and Section 106 Costs
- 3 Rights of Light and, or Oversailing Compensation
- 4 Finance Costs
- 5 Party Wall Costs
- 6 Contractors performance bonds
- 7 Project Insurances
- 8 Section 38 / 104 agreements, or similar
- 9 Archaeology survey works and monitoring costs
- 10 Unexploded ordnance surveys and monitoring costs
- 11 Environmental monitoring etc. and any Environmental Agency fees
- 12 Geotechnical / Contamination Investigation and Testing
- 13 Site security prior to construction and landscape maintenance after completion
- 14 Service Diversions or Utilities Infrastructure Upgrades
- 15 Any other works outside the site boundary; unless specifically identified
- 16 No contaminated excavation material assumed
- 17 Landfill tax, major asbestos removal etc.
- 18 Abnormal foundation designs;
- 19 No cleaning cradle
- 20 Show Home, Marketing Suite or marketing upgrades
- 21 Furniture

Key Risks for review

1. Basement construction and dewatering requirements
2. Façade repair and restoration works
3. Windows to retained buildings (replacement/secondary glazing / acoustic treatment?)
4. Sales and Marketing Requirements; Phasing
5. Utilities and service diversions
6. Site Establishment, security and access
7. Asbestos Survey.
8. Levels for retained and new landscaping works
9. Thermal, fire and acoustic enhancement to retained buildings

3.0 KEY AREAS

As Mount Anvil GIA and NIA Accommodation Schedule.

New Build	Gross		Net	
	m2	ft2	m2	ft2
Basement	3,080	33,153	-	-
Queen Mothers Hall	2,126	22,884	1,229	13,227
Townhouses	1,678	18,060	1,678	18,060
Pavillion Houses	409	4,402	409	4,402
Lord Cameron Hall	2,799	30,128	1,970	21,202
Rosalind Franklin Hall	4,385	47,200	3,282	35,329
Total	14,477	155,828	8,567	92,220

Conversion	Gross		Net	
	m2	ft2	m2	ft2
Kidderpore Hall	1,053	11,334	1,053	11,334
Bay House	1,321	14,219	1,134	12,207
Skeel House	480	5,167	480	5,169
Dudin Brown + Concierge	790	8,502	624	6,719
Lady Chapman Hall	1,818	19,569	1,438	15,478
Maynard Wing	1,803	19,407	1,530	16,464
Chapel	407	4,381	385	4,144
Total	7,672	82,579	6,644	71,515

Total	22,149	238,407	15,211	163,735
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ENABLING WORKS

	Description	Quantity	Units	Rate	Cost
0.00	Enabling Works				
0.01	Allowance for utility disconnections and removal, temporary supplies to security and site establishment etc.		item		20,000
0.02	Allowance for demolition works and site clearance and removal of all non-retained structures on site.		item		350,000
0.03	Allowance for stripping out retained buildings	7,672	m2	25	190,000
0.04	Allowance for asbestos surveys and minor removal		item		50,000
0.05	Allowance for external alteration works to retained buildings, including protecting retained features and removing non-historic elements.	7,672	m2	35	270,000
0.06	Allowance for temporary supports forming openings to structure and façades (working around, foundations and new structure included in general rates), removal on completion	7,672	m2	20	150,000
0.07	Tree protection works (including clearance on completion); tree maintenance included in external works	490	m	25	10,000
0.08	Allow for excavation to new site levels; externally (excludes basement and building construction priced elsewhere)	1,000	m3	70	70,000
To Executive Summary					1,110,000

BASEMENT		Quantity	Unit	Rate £	Total £
Note: Basement to QMH measured with Shell & Core					
1.00 Substructure					
1.01	Excavate material for basement construction; double handling	12,200	m3	20	244,000
1.02	Disposal of inert waste from site	12,200	m3	50	610,000
1.03	Extra over for removal of non-hazardous contaminated waste from site (say 10%), batching etc.	1,220	m3	50	61,000
1.04	Allow for imported piling mat; removal on completion	1,540	m2	50	77,000
1.05	Allow for contiguous piled wall to basement perimeter; including mobilisation; setting out, testing etc.	154	m	3,200	492,800
1.06	Extra for RC guide wall and capping beam	154	m	600	92,400
1.07	Allow for temporary works for deep basement construction; propping; access; platforms, dewatering etc.	1	item	100,000	100,000
1.08	Allow for piled foundations (outside building footprints) generally, including mobilisation; setting out, testing etc.	1,540	m2	200	308,000
1.09	Allow for attendances on piled foundations; including removal of arisings (10% of above)		item	-	30,000
1.10	Allow for piled caps and ground beams generally (outside residential footprint); including disposal of material off-site	1,540	m2	220	338,800
1.11	Waterproof RC slab to basement, including blinding, joints, screed, insulation; including lift pits	1,540	m2	160	246,400
1.13	Lining to basement walls, including cavity, waterproofing, insulation and drainage	770	m2	240	184,800
1.14	RC frame to basement areas				inc below
1.15	Extra for Ground workers preliminaries (allocation)		item		100,000
					2,885,200
2.00 Frame & upper floors					
2.01	Reinforced concrete frame	3,080	m2	95	292,600
2.02	Suspended slab to Level -1	1,540	m2	110	169,400

BASEMENT		Quantity	Unit	Rate £	Total £
Note: Basement to QMH measured with Shell & Core					
2.03	Extra for deep RC suspended slab beneath landscaping areas, including blinding, joints, screed, insulation; etc.	1,540	m2	240	369,600
2.04	Extra for Basement Ramps (including fire lining and treatments)	1	item		100,000
					931,600
3.00 Roof					
3.01	Waterproofing below landscaped areas to slab over car park; drainage layers	1,540	m2	150	231,000
3.02	Ventilation grilles (not shown) and sundry metalwork (based on floor area)	3,080	m2	25	77,000
					308,000
4.00 Stairs					
4.01	Stairs flights inc balustrade, nosings, strings etc	4	Nr	8,000	32,000
					32,000
5.00 External Walls					
5.01	Not Applicable		m2	-	residential
					-
6.00 External Windows and Doors					
6.01	Entrance Gate	1	Nr	30,000	30,000
					30,000
7.00 Internal Walls (Shell & Core)					
7.01	Internal walls to stores and plant tooms; including linings	250	m2	100	25,000
7.02	Party Walls; (incl residential)		m2		included
					25,000
8.00 Internal Doors (Shell & Core)					
8.01	Internal fire doors; ironmongery etc.	5	Nr	750	3,750
8.02	Double door; ironmongery etc.	2	Nr	1,200	2,400
8.03	External steel door; singly leaf; ironmongery etc.	3	Nr	1,000	3,000
					9,150

BASEMENT		Quantity	Unit	Rate £	Total £	
Note: Basement to QMH measured with Shell & Core						
9.00	Finishings (Shell & Core)					
9.01	Extra over for floor finish / treatment; including lining etc.	3,080	m2	22	67,760	
9.02	Extra for ceiling finishes (insulation included within residential blocks)					
						67,760
10.00	Fittings (Shell & Core)					
10.01	Car Park and Plant Room Fitout; incl. protection, barriers cycle storage etc.	3080	m2	25	77,000	
						77,000
11.00	M & E Installations (Shell & Core)					
	Services Shell & Core					
11.01	Disposal & Water Installation	3,080	m2	8	24,640	
11.02	CHP Heat Source & distribution		m2	-	residential	
11.03	Sprinkler Installation	3,080	m2	30	92,400	
11.04	Electrical Distribution	3,080	m2	12	36,960	
11.05	Communal areas: lighting etc.		m2	-	included	
11.06	Car park; lighting, charging points etc.	3,080	m2	45	138,600	
11.07	Car park; ventilation system	3,080	m2	75	231,000	
11.08	Passenger lift		Nr	-	residential	
11.09	Pumped drainage solution; including suspended drainage and interceptors	3,080	m2	33	101,640	
11.10	Generator and fuel storage	1	item	-	75,000	
11.11	AOV, fire detection, dry risers etc to communals	3,080	m2	10	30,800	
12.00	Builders work in connection	5.0	%	731,000	36,550	767,590
To Executive Summary						5,133,300

RESIDENTIAL SHELL & CORE	Quantity	Unit	Rate £	Total £
1.00 Substructure				
1.01 Excavate material to reduce levels; double handling	4,800	m3	20	96,000
1.02 Disposal of inert waste from site	4,800	m3	50	240,000
1.03 Extra over for removal of non-hazardous contaminated waste from site (say 10%), batching etc.	480	m3	50	24,000
1.04 Allow for imported piling mat and working platform; remove on completion	2,400	m2	40	96,000
1.05 Allow for contiguous piled wall to basement (QMH) perimeter; including mobilisation; setting out, testing etc.	100	m	3,200	320,000
1.06 Extra for RC guide wall and capping	100	m	600	60,000
1.07 Allow for temporary works for deep basement construction; propping; access; platforms, dewatering etc.	1	item	50,000	50,000
1.08 Allow for piled foundations to new build, extensions, temporary works etc., inc. mobilisation; setting out, testing etc.	2,400	m2	200	480,000
1.09 Allow for attendances on piled foundations; including removal of arisings (10% of above)	1	item	75,000	75,000
1.10 Allow for piled caps and ground beams generally	2,400	m2	200	480,000
1.11 Waterproof ground bearing slab, including blinding, joints, insulation; including lift pit construction	2,400	m2	180	432,000
1.13 Forming retaining structures to RFH and to lightwells (RFH; DB; LCH; LCHAPH) and extension to Skeel House	200	m	1,000	200,000
1.14 Underpinning works in connection with new lightwells and dropped floor levels in existing buildings [SH, LCHAP; KH; DB; BH; MW]	150	m	1,650	247,500
1.15 Kidderpore Hall (Grade II listed); Excavation of new swimming pool in retained building; conveyor; double handling		item		100,000
1.16 New staircase adjacent to Lady Chapman Hall		item		50,000
1.17 Extra for Ground workers preliminaries (allocation)		item		100,000

3,050,500

RESIDENTIAL SHELL & CORE	Quantity	Unit	Rate £	Total £	
2.00 Frame & upper floors					
2.01 Reinforced concrete frame and upper floors; generally	11,397	m2	200	2,279,354	
2.02 Structural alterations and new support steelwork to existing buildings; including introduction of new mezzanine floors etc.	7,672	m2	125	958,973	
2.03 Extra for works to extensions; new steelwork etc.		item		250,000	
2.04 Decking, joints, upstands and drainage to integrated balconies and new terraces [e.g. MW; LCHAP]	2,000	m2	350	700,000	
					4,188,327
3.00 Roof					
3.01 New roof structure - included above	2,446	m2	150	366,900	
3.02 New roof coverings generally; including insulation etc. including green roof to pavillions; metal to townhouses and dormers and clay tiled roofing	2,446	m2	250	611,500	
3.03 Extra for enhanced finishes to the shared and private terraces	1,937	m2	150	290,550	
3.04 Replace existing roof finishes and timbers to retained elements; new insulation etc.	2,750	m2	225	618,750	
3.05 Allow for dormers and secret gutters at roof level; timber; leadwork	2,750	m2	125	343,750	
3.06 Extra over for roof glazing	190	m2	1,000	190,000	
3.07 Extra for retractable roofing		item		200,000	
3.08 Rainwater goods generally	5,196	m2	35	181,860	
3.09 Parapet treatment and railings		m		included	
3.10 Extra for roof access; mansafe and metalwork (not shown)	10	Nr	10,000	100,000	
					2,903,310
4.00 Stairs					
4.01 New Stairs flights and landings etc		item		inc. above	
4.02 Replacement staircases to retained buildings; timber		item		200,000	
					200,000

RESIDENTIAL SHELL & CORE	Quantity	Unit	Rate £	Total £
5.00 External Walls				
5.01 External walls: high quality facing brickwork, metsec, cavity, supports, membrane, enhanced insulation, including for recessed panels, shadow gap; stone cills, piers etc.	6,300	m2	475	2,992,500
5.02 Repairs and reinstatement of retained façade; insulation, cavity support etc.	6,600	m2	75	495,000
5.03 Extra for works to retained features		item		included
5.04 Extra for works to chimneys		item		Included
5.05 Scaffolding; generally; including adaptations; stairs, screens etc.	21,500	m2	50	1,075,000
5.06 Balustrading to terraces and balconies		item		1,250,000
5.07 Allow for treatment to soffits etc.		m2		included
5.08 Allow for louvred screens etc.		m2		300,000
5.09 Allow for metalwork, balcony screens, canopies etc.		item		200,000
5.10 Lady Champan: New rear extension to match existing including special brick course detailing and new chimneys		item		included
5.11 Skeel Library: Extension demolished and rebuilt in similar footprint and style		item		included
5.12 Alteration and extension of the Chapel (Grade II listed)		item		included
				6,312,500
6.00 External Windows and Doors				
6.01 Main entrance door and glazed screens	5	Nr	5,000	25,000
Main entrance door to houses etc.	14	Nr	2,000	28,000
6.02 Double doors to refuse, plant etc.	3	Nr	2,000	6,000
6.03 Single external doors (Doors to apartments inc in fitout)	11	Nr	1,000	11,000
6.04 New high performance windows; including ironmongery	4,200	m2	450	1,890,000
6.05 Windows to retained buildings; including ironmongery	4,400	m2	450	1,980,000
6.06 Frameless glazing to concierge etc.	30	m2	1,100	33,000
				3,973,000

7.00 Internal Walls (Shell & Core)

RESIDENTIAL SHELL & CORE		Quantity	Unit	Rate £	Total £
7.01	Internal part walls between units: sheathing & battens both sides, studwork & acoustic insulation	19,069	m2	35	667,399
7.02	Corridor Walls; ditto		m		included
					667,399
8.00 Internal Doors (Shell & Core)					
8.01	Single and double fire doors to communal areas; doors to riser cupboards etc. including ironmongery	0	m2	22	0
					-
9.00 Finishings (Shell & Core)					
9.01	Floor finish: screed, carpet etc.	0	m2	100	0
9.02	Ceiling finish: resilient bars fixed to slab, 2 layers soundbloc, skim & paint	0	m2	55	0
9.03	Wall finish to corridors and stairs: 2 layers soundbloc, skim & paint	0	m2	60	0
9.04	Allow for enhanced finish to entrances		item		100,000
					100,000
10.00 Fittings (Shell & Core)					
10.01	Reception furniture; generally	5	Nr	20,000	100,000
10.02	Signage generally	1	Item	30,000	30,000
10.03	Mail Boxes generally	156	Nr	150	23,400
10.04	Sundries e.g. cleaners cupboards	1	Item	20,000	20,000
					173,400
11.00 M & E Installations (Shell & Core)					
Building Services to Shell & Core					
11.01	Disposal & Water Installation	18,902	m2	8	151,214
11.02	Central air cooled chilled water communal cooling and heating system and distribution, ventilation etc.	18,902	m2	85	1,606,653
11.03	Renewables		m2		see below
11.04	Electrical Distribution	18,902	m2	15	283,527
11.05	Communal areas: lighting etc.	0	m2	75	0
11.06	Passenger lifts	5	Nr	65,000	325,000
11.07	Refuse and bike store lifts etc.		item		60,000
11.08	Lightning protection	11	Nr	5,000	55,000
11.09	Sprinklers; including mains connections (tanks?) etc.	7,037	m2	25	175,925

RESIDENTIAL SHELL & CORE		Quantity	Unit	Rate £	Total £	
11.10	MOV, fire detection etc to communals	0	m2	20	0	
11.11	CCTV to entrances etc.		item		50,000	
11.12	Enhance lighting etc. to entrances		item		see externals	
11.13	Builders work in connection	3	%	2,707,319	80,000	
						2,787,319

12.00 Renewables

12.01	Photovoltaics; roof mounted (LCH, RFH, QMH, Townhouses)	55	KW	1,500	£ 83,000	83,000
12.02	Extra for BREEAM Refurbishment 'Excellent' Rating and CfSH Level 4 (or equivalent) e.g. u-value and air permeability upgrade	156	Nr	2,500	£ 390,000	390,000

To Executive Summary

24,830,000

RESIDENTIAL FIT-OUT	Quantity	Unit	Rate £	Total £
0.00 Internal Joinery Works				
0.01 Internal feature repairs; timber panelling, central stair case, dado / picture rails, coving, skirting's / architraves and internal doors	8,303	m2	25	207,569
1.01 Staircases within duplex apartments and houses	60	Nr	5000	300,000
				507,569
2.00 Internal Walls				
2.01 Stud Partitions within apartments and houses (including adaptions for fittings)	15,035	m2	40	601,400
				601,400
3.00 Internal Doors				
3.01 Apartment door; including ironmongery and architraves (houses in s&c)	142	nr	1,000	142,000
3.02 Internal doors, including ironmongery, joinery etc.	804	nr	300	241,200
3.03 Cupboard doors & fittings	156	nr	3,000	468,000
				851,200
4.00 Wall Finishings				
4.01 Lining, taping and emulsion paint to walls; plaster to block walls and	15,035	m2	25	375,875
4.02 Wall Tiling	156	No	2,500	390,000
4.03 Enhanced wall finishes; including repairs and protection to existing		No	-	See below
				765,875
5.00 Floor Finishings				
5.01 Sub-floor Screed to concrete floors; repairs and replacement to timber flooring etc.	15,035	m2	35	526,225
5.02 Floor finishes inc. ceramic tiles, timber engineered flooring and carpets; skirtings	15,035	m2	100	1,503,500
5.03 Enhanced floor finishes; including repairs and protection to existing		No	-	See below
5.04 Extra for glazed floors etc.		item		See below
				2,029,725

RESIDENTIAL FIT-OUT	Quantity	Unit	Rate £	Total £
6.00 Ceiling finish				
6.01 Linings, skim and emulsion paint	15,035	m2	40	601,400
6.02 Enhanced ceiling finishes; including repairs and protection to existing		No	-	TBC
				601,400
7.00 Fittings				
7.01 Bathroom fittings, mirrored storage, vanity units etc.	156	No	5,000	780,000
7.02 Kitchens units; granite worktop; 1.5 bowl sink etc; including white goods and appliances by Siemens or similar	156	No	35,000	5,460,000
7.04 Built-in wardrobes; including shelving and rails	156	No	5,000	780,000
7.05 Allowance for joinery & fittings; coat hooks, shelving, duct framing etc.	156	No	2,000	312,000
				7,332,000
8.00 Sanitary Ware				
8.01 WC Suite; concealed cistern; Wash hand basin and mixer taps; Bath with shower over; including glazed panel, bath panel and mixer taps; Low profile shower tray, deck, mixer and panels to ensuites etc. Heated Towel Rails etc.	156	No	3,300	514,800
				514,800
9.00 Disposal Installations				
9.01 UPVC waste points with traps; UPVC soil points with WC Connector	156	No	500	78,000
				78,000
10.00 Water Installations				
10.01 Water meter with pulse connection, cold water and hot water points with insulation	156	No	1,000	156,000
				156,000
11.00 Central Heating				
11.01 Heating and chilled water interface unit		item		included

RESIDENTIAL FIT-OUT	Quantity	Unit	Rate £	Total £	
11.02 Heating; underfloor heating	15,035	m2	65	977,275	
11.02 Control systems etc.	15,035	m2	10	150,350	
					1,127,625
12.00 Ventilation					
12.01 High performance ventilation and cooling systems	15,035	m2	75	1,127,625	
					1,127,625
13.00 Electrical Installation					
13.01 Meter & connection to main; Consumer unit with RCD protection; stainless steel fittings; spurs, bonding, LED lighting internally and externally	15,035	m2	120	1,804,200	
13.02 Extra for enhanced light fittings and controls e.g. dimmers to living spaces	15,035	m2	30	451,050	
					2,255,250
14.00 Communications Installation					
14.01 Smoke alarms with mains connections; Sattelite and Terrestrial TV system with coaxial cable; Pre-wiring for sound and security system etc. Door Entry & Fob Access System to apartments	15,035	m2	30	451,050	
					451,050
15.00 BWIC					
15.01 Builders Work in Connection with fitout		item		290,000	290,000

To Executive Summary

18,690,000

OTHER FIT-OUT WORKS		Quantity	Unit	Rate £	Total £
16.00 Other					
16.01	Fit-out to Concierge and back of house etc.		item		200,000
16.02	Refuse store (lift priced in shell & core) - LCH		item		included
16.03	CHP Plant Room, bike store (lift priced in shell & core) - Level -1 RFH		item		included
Fit-out to Leisue and other facilities					
16.04	Queen Mother's Hall (New Build)Fitting out of Swimming Pool, Sauna, Gym and sports hall, storage (at Level -2) and entrance at Level -1 (formation included in shell & core)	512	m2	1,400	720,000
16.05	Skeel Library: Fitting out of swimming pool and plant area (Level -1)		item		150,000
16.06	Kidderpore Hall (Grade II listed); Fitting out of swimming pool, sauna, steam room and plant area (Level -1)	300	m2	1,500	450,000
Premium Houses					
16.07	Extra over for finishes and fittings to premium houses > 200m2	935	m2	500	467,500
16.08	Extra over for finishes and fittings to premium apartments and houses > 400m2	1537	m2	1,000	1,537,000
16.09	Extra over for penthouse units	10	nr	50,000	500,000
To Executive Summary					4,020,000

EXTERNAL WORKS	Quantity	Unit	Rate £	Total £
1.00 External Works				
1.01 Site clearance and excavation to formation levels (see Enabling Works)		item		Included
1.02 Allow for protecting, repairing, making good existing boundary walls, repainting existing railings etc.	245	m	80	19,600
1.03 Allow for forming new iron railings, dwarf walls, gates etc to Kidsderpore Avenue and footpaths		item		100,000
1.04 Hard surfacing to deliveries area etc.	300	m2	90	27,000
1.05 Forming footpath crossovers, repairs and reinstatement of highway footpaths		item		25,000
1.06 Natural stone pavings to paths and surfacing to courtyard areas; sub-base; detailing to include pebbles and tiles	2,025	m2	130	263,250
1.07 Extra for ramps and steps; including retaining structures, planters etc.		item		300,000
1.08 Stone surfacing to private terrace/garden/amenity space	1,615	m2	130	209,950
1.09 Extra for raised beds, topsoil, planters and planting etc.	25	nr	1500	37,500
1.10 Soft landscaping to courtyards and around the buildings; additional topsoil; turf and planting beds	4,000	m2	75	300,000
1.11 Street furniture generally e.g benches		item		30,000
1.12 External lighting to public areas and building entrances	6,025	m2	20	120,000
1.13 Allow for landscape features and artwork		item		200,000
1.14 Soft landscaping to upper floor terraces; including topsoil and planters		Item		30,000
1.15 Allowance for Bike Racks beneath residential (Rosalind Franklin Hall)	156	nr	500	78,000
1.16 Allowance for Bin Storage fit-out generally within residential blocks and Lord Cameron Hall		item		20,000
1.17 Allow for maintenance works to existing trees and retained landscape	30	nr	1,200	36,000
1.18 Take-down, relocate and subsequently rebuild the 'Summer House' (timber)		item		30,000
To Executive Summary				1,830,000

EXTERNAL WORKS

Quantity	Unit	Rate £	Total £
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2.00 Off-site Works

Not Applicable

To Executive Summary

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3.00 Drainage (On-Site)

3.01	Main Drainage Connection (s)	item	£	60,000
3.02	Foul Drainage System	156 nr	1500 £	234,000
3.03	Surface Water System	156 nr	1500 £	234,000
3.04	Extra for attenuation to drainage	item	£	150,000
3.05	Surface water drainage to hard surfacing e.g. Stainless steel fittings	3,940 m2	20 £	78,800
3.06	Extra for pumped connections from lower ground floor areas (car park elsewhere); builderswork in connection	item	£	100,000

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860,000

4.00 Services (On-Site)

4.01	Mains water distribution	item	£	50,000
4.02	Water & Sewerage Charges	156 nr	1,100 £	171,600
4.03	Electricity Connection	156 nr	1,200 £	187,200
4.04	Substations	2 nr	150,000 £	300,000
4.05	BT Services (including to Lifts)	item	£	25,000
4.06	Landlords Connections	7 nr	5,000.00 £	35,000
4.07	BWIC with utilities; service trenches and ducts around site	156 nr	500 £	78,000
4.08	BWIC with Substations	item	£	100,000

To Executive Summary

950,000

PRELIMINARIES Based on 130 weeks construction stage.

Description	Quantity	Units	Rate	Cost
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Pre-Construction / Enabling Works

Early stage preliminaries costs; including site security and management	30	Weeks	10,000	300,000
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General Overheads

Contracts Manager	130	Weeks	2,000	260,000
Commercial Manager	130	Weeks	2,000	260,000
Site Surveyor 1	130	Weeks	1,500	195,000
Site Surveyor 2	130	Weeks	1,500	195,000
Estimating and Purchasing	130	Weeks	1,500	195,000
Design Co-ordination	130	Weeks	2,000	260,000
Health & Safety	130	Weeks	1,500	195,000

Site Supervision & Labour

Construction Project Director	130	Weeks	5,000	650,000
Senior Site / Project Managers	130	Weeks	4,000	520,000
Site Manager 1	130	Weeks	2,500	325,000
Site Manager 2	130	Weeks	2,500	325,000
Foreman 1	130	Weeks	2,000	260,000
Foreman 2	130	Weeks	2,000	260,000
Foreman 3	130	Weeks	2,000	260,000
Administration	130	Weeks	2,000	260,000
Labour - multi service gang (all buildings)	130	Weeks	4,000	520,000
Banksmen/Gateman & Hoist Driver	130	Weeks	4,000	520,000
Crane Operators	130	Weeks	4,500	585,000

Site Establishment

Compound and Hoardings		item		75,000
Site Security	130	Weeks	1,100	143,000
Site Offices, Canteen, WC's (Hire)	130	Weeks	1,100	143,000
Site Set-Up, Telephones and Electric		item		60,000
Welfare Consumables	130	Weeks	850	110,000
Site Removal on completion		item		30,000

Plant

Road Sweeper (full time), wheel wash etc.	130	Weeks	500	70,000
Cranes (including set up, fuel)		item		400,000
Forklift + Driver + Fuel	130	Weeks	1,700	220,000
Hoists (all buildings)		item		275,000
Mobile craneage (all buildings)		item		250,000
Small tools and equipment	130	Weeks	1,500	195,000

Project: Kidderpore Avenue
 Client: Mount Anvil
 Report: Preliminary Cost Estimate

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July 2015

PRELIMINARIES

Based on 130 weeks construction stage.

Description	Quantity	Units	Rate	Cost
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General

Waste Management and Skips (per unit)	156	Nr	1,200	187,200
Waste Management and Skips for communal, plant areas etc.		item		50,000

Maintenance

Cleaning and Protection (per unit)	156	Nr	400	62,400
Cleaning and Protection (common parts)		Item		15,000
Estate Management, Customer Care & Maintenance prior to Completion	156	Nr	1,200	187,200
Extra for Site Security during construction (excludes security following handover)	130	Weeks	1,250	162,500
Insurance of the Works @ 1%		item		574,200

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9,550,000

APPENDIX 3

RESIDENTIAL SALES REPORT (CBRE)

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22/07/2015

Residential Sales Report

Kidderpore Avenue, NW3

Prepared for Mount Anvil

Private and confidential



Residential London

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Introduction

CBRE have been appointed to provide market evidence in respect of the residential proposals at Kings College Campus (North Site) to support a site specific viability assessment. CBRE have extensive experience in Hampstead Residential market.

This report provides pricing for the proposed scheme based on a detailed analysis of the local market, scheme proposals and comparable residential data.

Site Overview

Kidderpore Avenue is located within the London Borough of Camden, just north of the Finchley Road and approximately 600m south of Hampstead Heath. The Site is also approximately a 1.3 km walk to the nearest station, West Hampstead which provides access to the Jubilee line and over ground (Thameslink).

The site is currently occupied by Kings College London and is used as a self-catered halls of residence providing approximately 277 units spread over a collection of period building positioned around courtyards and green space, the site also includes some modern buildings that do not sit well within the current site context and detract from a collection of beautiful buildings and green open space. Figure 1 below identifies the extent of the Site and the location of the buildings.

Figure 1.0 – Site Plan



Market Context

Hampstead village is a prime location and is rightly associated with premium values. However, the broader Hampstead area encompasses several distinct neighbourhoods. Our experience and recent sales evidence suggests that as you move from Hampstead village towards Finchley Road, sales values decline. This is driven by the busy arterial road, poor retail and run-down atmosphere and architecture of the buildings. The immediate environment of Kidderpore Avenue site is preferable to properties located directly on Finchley Road but the sites distance from the village pushes values closer to those of Finchley Road.

Despite transport to central London being highly accessible via Hampstead Tube station, the site is a significant walk to the tube stations (circa 14 minute walk) via some relatively steep terrain. This will limit the schemes appeal as a number of purchasers.

Destination	Total Travel Time	Walking	Public Transport
Bond Street	41	14	27
Oxford Circus	46	14	32
Farringdon	44	14	30
City	47	14	33

Scheme Overview

Mount Anvil have provided CBRE with detailed floorplans on the 02/07/2015 designed by the architects Scot Brownrigg.

In summary 156 residential units are proposed, 58 of which will be provided in the existing listed buildings which will be retained and refurbished. In addition there will be 3 new apartment buildings, 8 townhouses and 3 pavilions. A double storey basement will be constructed under the central courtyard to provide approximately 97 car parking spaces along with cycle parking. The table below provides the overall mix of homes proposed.

Type	Units within New Buildings	Units within Retained Buildings	Total Units
1 Bed	31	20	51
2 Bed	43	29	72
3 Bed	16	7	23
4 Bed	7	2	9
5 Bed +	1	0	1
Total	98	58	156

The design of the scheme has evolved to take into account the constraints imposed by conversion of the five Grade II listed buildings on site, the retention and conversion of three additional buildings and the constraints imposed on the footprints of the three new buildings by the listed buildings, open space designations and the site's position in the Redington and Frogna Conservation Area.

These design challenges have influenced the massing, layout, internal configuration and access, efficiency, unit sizes and types within not only the retained buildings but also the new buildings as a consequence of the relationship to the Listed Buildings and the context within the Conservation Area. It should be noted that a large proportion of the units are only accessible by stairs which will further limit appeal especially on all units located on floors 2 and above.

These constraints have led to oversized units where there will be a diminishing return on unit typologies over a certain size and capital value. This will result in a reduced pool of target buyers who these unit types will appeal to or for that matter be able to afford; hence the £ / Sq Ft will have to be reduced to reflect this. CBRE have highlighted the number of units that are oversized for the specific market and target purchaser later in this document.

The scheme also runs along a public highway and is also open to the public, this will have a significant impact on security conscious purchasers, of which the majority of new build purchasers are, in particular those purchasing for their children. The majority of new build schemes are effectively secured through the scheme design and monitored by 24 hour concierge. The schemes lack of security will reduce the appeal and thus the value.

Specification

CBRE have experience of working with Mount Anvil and have assumed an appropriate level of specification which Mount Anvil are experienced in delivering. An overview of the schemes specification is attached in appendix 2 of this report. We have also assumed that the service charge is kept at a reasonable level (below £6/ sq ft) which includes 24 hour concierge and high level of security throughout.

Pricing Methodology

CBRE have reviewed and analysed the comparables set out in Appendix 1. To arrive at the proposed pricing the following factors into account on both new build and second hand properties:

- Whether the comparables were achieved prices or aspirational (on the market).
- Location
- Scheme quality

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- Specification
- Unit sizes
- Layout
- Prestige
- Amenities
- Services
- Security
- Proximity to public transport
- Car parking included in the price
- Private / public amenity
- Lift access
- Ceiling heights
- Architecture
- Efficiency
- Comfort cooling
- Pipeline competition
- Ceiling Capital values

We have taken note and referenced all of the attached comparables, in particular the following:

The Cascades: currently on the market with Savills. The development comprises 18- one, two and three bedroom apartments.

The scheme is located to the north west of Kidderpore Avenue on the Finchley Rd. The apartments are currently being offered at £950 / Sq Ft. A significant discount from the pricing attributed to Kidderpore Avenue, due to its proximity to the Finchley Rd and lack of additional amenities. It should be noted that the scheme is being offered at £950 / sq ft and not necessarily transacting at £950 / sq ft. A number of units benefit from private outdoor amenity, which is especially prized in this market.

The Heaths: The Heaths is a gated development of just eight apartments. The building is situated on the South West side of Beaumont Gardens and benefits from a heated indoor swimming pool and Jacuzzi on the lower ground level, along with the secure underground car park, where there is allocated parking included in the price. West Heath Road is an enviable location close to Golders Hill Park and Hampstead Heath, whilst the Village is within walking distance. Prices have ranged from £1,100 - £1,600 / sq ft. The location is far superior to that of Kidderpore Avenue due to its proximity to Hampstead Heath and Hampstead Village.

Second Hand market: There are a number of refurbished second hand and second hand properties that have transacted in the immediate vicinity of Kidderpore Avenue and Kidderpore Gardens. The comparables reflect a range of £894 / sq ft up to circa £1,300 / sq ft for a recently refurbished first floor flat located on the

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first floor overlooking private gardens. The comparable transacted at over £1,300 / sq ft is located on Ferncroft Avenue is considered a superior location to that of Kidderpore Avenue as it is closer to Hampstead Heath and further away from the Finchley Road.

There are a number of site specific constraints that CBRE have reflected in the pricing, they are as follows:

- 1) A number of the units have limited light due to their floor levels, all apartments located below grade will likely suffer from poor light levels.
- 2) A number of the units are oversized we have highlighted them below and as a result the capital value limits for specific typologies will result in a lower £ / Sq Ft
 - a. 1 Beds- 22 units over 600 sq ft, associated area (15,119 sq ft)
 - b. 2 Beds- 32 units over 900 sq ft- associated area (34,671 sq ft)
 - c. 3 Beds- 7 units over 1,500 sq ft- associated area (19,092 sq ft)
 - d. 4 Beds- 3 units over 2,000 sq ft, associated area (13,752 sq ft)

The above area identified equates to **82,634 sq ft** which represents over **50%** of the total Net Internal Area is linked to oversized units.

- 3) A number of the units within specific blocks are only accessible by stairs (18 units in total). This will put them on a comparable basis with the second hand market as, lateral space and lift access is what is expected of the new build market.
- 4) A number of the units are directly facing a public thoroughfare which will reduce the appeal due to security concerns (31 units in total).
- 5) Unusual layouts in both the new and listed buildings which result in a significant amount of unusable floorspace.
- 6) Absence of comfort cooling in the listed buildings.

Pricing Summary

The table below provides a summary of the unit pricing. Unit by unit pricing can be provided on a confidential basis.

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Type	Number	Average Area	Average Pricing	Average £PSF
1 Beds	51	604 SQFT	£748,725	£1,240
2 Beds	72	933 SQFT	£1,185,069	£1,270
3 Beds	23	1,626 SQFT	£2,108,043	£1,296
4 Beds	9	2,848 SQFT	£3,725,000	£1,308
5 Beds	1	2,699 SQFT	£3,450,000	£1,278

The below table depicts where the capital values sit and which capital value bands hold the majority of value. The majority of the schemes sq ft and therefore GDV is associated with 2 and 3 bed units where there are a considerable number of oversized units.

Capital Value Band	No. of Units	Sum of GDV	% Of Units	% of Value	GDV Linked to £2m+/-
£500k-£1m	57	43,715,000	37%	21%	
£1m-£1.5m	67	77,885,000	43%	37%	
£1.5m-£2m	12	18,945,000	8%	9%	<£2m = 67%
£2m-£3m	14	34,725,000	9%	17%	
£3m-£5m	2	7,700,000	1%	4%	
£5m+	4	26,000,000	3%	12%	>£2m = 33%
	156	208,970,000			

Whilst the pricing reflects the availability of 93 Parking spaces we would expect these be sold separately for circa £45,000 per space.

Sales Rate & Marketing

Based on our experience, sales data and a review of pipeline development we would expect the majority of smaller capital value units are most likely to sell earliest, with the larger units, most likely to be used by owner occupiers will be sold closer to practical completion when prospective purchasers can walk around the apartment and appreciate the quality and specification of the development. On this basis we would expect a maximum of 50% of the total GDV to be sold prior to completion.

The sales rate and unit pricing assumes a marketing budget of 2.5-3% which is standard for high end developments of this nature. This includes an allowance for high quality marketing brochures, a marketing suite and multiple dressed show apartments. This excludes sale agent and legal fees.




Appendix 1- Comparables

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	Development	Developer	Location	Post Code	Total Units	Total Private	Private Unit Mix	Price Level Asking £ psf	Cap Vals	Storeys	Launch Date	Completion Date	Status	Amenities	Sales Update
	The Central (Hampstead Garden Centre)	Reichmann Properties	West Hampstead	NW6 2RB	36	26	Apartments 3 x 1 Bed 17 x 2 Bed 3 x 3 Bed 3 x 2 Bed Houses	£900	Houses: £1,300,000 / 1378 sq ft / £942 psf	4	01/11/2013	Dec-15	Sold out Q1 2015	N/A	Launched at £800-£900 psf. Q2 2014 - 4 units remained (inc 3 houses and 1 x 2 bedroom apartment). The same 4 units were still available in Q4 2014 and the scheme sold out in Q1 2015. Fraser & Co are instructed on the scheme.
	The Residence	Regal Homes	West Hampstead	NW6 2EH	88	79	26 x 1 Bed 39 x 2 Bed 14 x 3 Bed	£850	Resales available only through Fraser & Co: 1 Beds: £550,000 / 639 sq ft / £860 psf 2 Beds: £725,000 / £745,000 or for larger 2 bed units (with large roof terraces) £800,000 / £970,000	4 (+Lower Ground)	March 2012 (in Hong Kong)	Dec-15	Largely sold overseas before construction started in July 2014	Small gym There are 10 WC carparking spaces	Only resales available. Regal Homes prefer to sell in SE Asia.
	42-45 Belsize Park	Galliard Homes	Finchley Road / Belsize Park	NW3	10	10	8 x 2&3 beds £1,500,000 - £3,000,000 2,600 - 1,100 sq ft 2 x 6 bed houses £8,000,000 8,800 - 8,880	£910 - £1,364	-	5	2014/2015	Not completed, sold out	Sold out - All sold off plan	N/A	Sold out - All sold off plan, no resales will be considered at present All sold out quickly
	Centre Heights	Anaspel Ltd	Finchley Road	NW3 6JG	35	35	15 x studio 20 x 1 bed	£995	Studios from £430,000-£450,000 (399 sq ft - 410 sq ft) 1 Beds from £490,000 - £590,000 (450-550 sq ft)	1st Floor - 5th Floor	01/04/2015	Oct-15	On Market	N/A Car park access but not allocated yet	Sold out - All sold off plan, no resales will be considered at present All sold out quickly
	Asher House	Lotus Family Property Trust	West Hampstead	NW6	29	29	15 x studio 13 x 1 bed 1 x 2 bed	-	-	-	01/01/2015	01/07/2015	Under Construction. Change of use from office.	N/A	No answer from the agent. Molior suggests the scheme will be kept as PRS.
	Kidderpore Green	Barratt London	Kidderpore Avenue	NW3 7ST	123	93	15 x 1 bed 38 x 2 bed 36 x 3 bed 4 x 4 bed	£1,350	Anticipated pricing: From £550,000 for a 1 bed - £3,250,000 for a 4 bed	3 to 5	Q2/3 2015	Q2 – Q4 2016	Under Construction	Private outdoor space Underground parking Concierge Underfloor heating Landscaped gardens	
	West Hampstead Square	Ballymore	West End Lane	NW6	198	145	50 x 1 bed 87 x 2 bed 8 x 3 bed	£1,000	Achieved pricing confidential, sample asking figures below: 1 beds c. £595,000 2 beds: £750,000 - £850,000	-	Q3 2013	Q4 2015	Under Construction	Landscaped open space 2,600 sq ft leisure Marks and Spencer & food market	Sold out prior to construction start in Q2 2014.

July 2015

Development Comparables

	Development	Developer	Location	Post Code	Total Units	Total Private	Private Unit Mix	Price Level Asking £ psf	Cap Vals	Storeys	Launch Date	Completion Date	Status	Amenities	Sales Update
	Argo House	James Taylor Developments	Kilburn Park Road	NW6 5LF	93	65	1 bed x 19 2 bed x 36 3 bed x 10	£1,006	Prices from: 1 beds: £640,000 2 beds: £775,000 3 beds: £1,030,000	4	Q4 2014	Q1 2016	Under Construction	Audio visual entry phone Underfloor heating Concierge Cycle parking Car parking	24 units sold by the end of Q1 2015.
	Queens Park Place	Londnnewcastle	Albert Road	NW6 5DT	144	116	1 beds x 36 2 beds x 80	850	Prices from: 1 beds : £510,000 2 beds: £635,000	6	Q1 2014	Q2 2016	Under Construction	Marks and Spencer Secure underground parking Landscaped courtyard gardens	36 remaining units to sell at beginning of Q2 2015.
	The Heaths	-	West Heath Road	NW3	Collection of 1, 2, 3 and 4 bed apartments.	-	-	-	Achieved pricing: 1 bed: £685,000 2 bed: £5,300,000 4 bed: £2,175,000	3	-	-	-	Heated indoor swimming pool, jacuzzi, gated development, off street parking, comfort cooling, roof gardens	-

Development
Developer
Date

24.06.2015

Comparable Schedule

Newbuild Schemes

Development/Location	Type	Source	No. of Bedrooms	Size (sq m)	Size (sq ft)	Condition / Specification	Asking Price	£ / sq ft
Centre Heights, 137 Finchley Rd	studio apartment	On market, Rightmove	0	37	399	Newbuild, good	430,000	1078
Centre Heights, 137 Finchley Rd	studio apartment	On market, Rightmove	0	37	399	Newbuild, good	440,000	1103
Centre Heights, 137 Finchley Rd	studio apartment	On market, Rightmove	0	38	410	Newbuild, good	450,000	1098
Centre Heights, 137 Finchley Rd	1 bedroom apartment	On market, Rightmove	1	42	453	Newbuild, good	490,000	1082
Centre Heights, 137 Finchley Rd	1 bedroom apartment	On market, Rightmove	1	50	539	Newbuild, good	590,000	1095
West Hampstead Square	1 bedroom apartment	On market, Rightmove	1	54	578	Newbuild, good	575,000	995
West Hampstead Square	1 bedroom apartment	On market, Rightmove	1	54	577	Newbuild, good	595,000	1031
West Hampstead Square	1 bedroom apartment	On market, Rightmove	1	51	548	Newbuild, good	630,000	1150
West Hampstead Square	1 bedroom apartment	On market, Rightmove	1	54	577	Newbuild, good	634,000	1099
West Hampstead Square	1 bedroom apartment	On market, Rightmove	1	51	548	Newbuild, good	650,000	1186
West Hampstead Square	1 bedroom apartment	Lonres	1	54	577	Newbuild, good	634,700	1100
West Hampstead Square	2 bedroom apartment	On market, Rightmove	2	80	861	Newbuild, good	895,000	1039
West Hampstead Square	2 bedroom apartment	On market, Rightmove	2	78	837	Newbuild, good	920,700	1100
West Hampstead Square	2 bedroom apartment	On market, Rightmove	2	80	861	Newbuild, good	930,000	1080
West Hampstead Square	2 bedroom apartment	On market, Rightmove	2	76	820	Newbuild, good	1,050,000	1280
West Hampstead Square	2 bedroom apartment	Lonres	2	76	818	Newbuild, good	949,500	1161
West Hampstead Square	2 bedroom apartment	Lonres	2	74	800	Newbuild, good	810,000	1013
Cresta House	2 bedroom apartment	On market, Rightmove	2	100	1075	Newbuild, good	1,190,000	1107
The Visage	2 bedroom apartment	On market, Rightmove	2	89	958	Newbuild, average	1,300,000	1357
The Cascades	2 bedroom apartment	On market, Rightmove	2	129	1389	Newbuild, average	1,325,000	954
Melrose Apartments	2 bedroom apartment	On market, Rightmove	2	136	1460	Newbuild, good	1,750,000	1199
The Residence, 65 Maygrove Road	3 bedroom apartment	On market, Rightmove	3	111	1200	New Build (2016), good	1,100,000	917
Iverson Road, West Hampstead	3 bedroom apartment	On market, Rightmove	3	108	1162	Newbuild, good	1,050,000	904
The Cascades	3 bedroom apartment	On market, Rightmove	3	111	1200	Newbuild, good	1,185,000	988
The Cascades	3 bedroom apartment	On market, Rightmove	3	161	1736	Newbuild, good	1,650,000	950
Average price							1083	

Development
Developer
Date

24.06.2015

CBRE

Residential
London

Resales

Location	Type		No. of bedrooms	Size (sq m)	Size (sq ft)	Condition / Specification	Asking Price	£ / sq ft
Daleham Gardens	Studio apartment	On market, Rightmove	0	30	319	Resale, Average	349,950	1097
Fellows Road	1 bedroom apartment	On market, Rightmove	0	31	339	Resale, Poor	345,000	1018
Alexandra Road	1 bedroom apartment	On market, Rightmove	1	46	495	Resale, Poor	399,000	806
Canfield Place	1 bedroom apartment	On market, Rightmove	1	45	487	Resale, Average	450,000	924
Canfield Place	1 bedroom apartment	On market, Rightmove	1	59	633	Resale, Average	450,000	711
St John's Court	1 bedroom apartment	On market, Rightmove	1	53	569	Resale, Poor	475,000	835
West Hampstead	1 bedroom apartment	On market, Rightmove	1	41	441	Resale, Poor	480,000	1088
Goldhurst Terrace	1 bedroom apartment	On market, Rightmove	1	48	522	Resale, Poor	500,000	958
Belsize Square	1 bedroom apartment	On market, Rightmove	1	40	430	Resale, Average	550,000	1279
Crediton Hill	1 bedroom apartment	On market, Rightmove	1	49	529	Resale, Average	550,000	1040
Fellows Road	1 bedroom apartment	On market, Rightmove	1	59	630	Resale, Poor	639,000	1014
Maresfield Gardens	1 bedroom apartment	On market, Rightmove	1	45	486	Resale, Good	700,000	1440
8 The Heaths, 61 West Heath Road	1 bedroom apartment	Lonres	1	86	923	Resale	695,000	753
Visage Apartments	1 bedroom apartment	On market, Rightmove	1	59	635	Resale	720,000	1134
Visage Apartments	1 bedroom apartment	On market, Rightmove	1	61	653	Resale, Average	800,000	1225
Finchley Road	2 bedroom apartment	On market, Rightmove	2	73	782	Resale, Good	500,000	639
Frognaal	2 bedroom apartment	On market, Rightmove	2	41	441	Resale, Poor	585,000	1327
College House	2 bedroom apartment	On market, Rightmove	2	87	941	Resale, Good	600,000	638
Goldhurst Terrace	2 bedroom apartment	On market, Rightmove	2	67	725	Resale, Average	775,000	1069
Broadhurst Gardens	2 bedroom apartment	On market, Rightmove	2	81	876	Resale, Good	800,000	913
Maresfield Gardens	2 bedroom apartment	On market, Rightmove	2	88	950	Resale, Average	900,000	947
Denham Court	2 bedroom apartment	On market, Rightmove	2	87	933	Resale, Good	750,000	804
Linfield Gardens	2 bedroom apartment	On market, Rightmove	2	74	799	Resale, Good	950,000	1189
Cresta House	2 bedroom apartment	On market, Rightmove	2	95	1018	Resale, Good	995,000	977
Flat A, 27 Hampstead High Street	2 bedroom apartment	Lonres	2	90	970	Resale	875,000	902
6 Hillfield Court, Belsize Avenue	2 bedroom apartment	Lonres	2	78	836	Resale	875,000	1047
1st Floor Flat, 32 Howitt Road	2 bedroom apartment	Lonres	2	65	705	Resale	810,000	1149
Flat 5, 33-35 Adelaide Road	2 bedroom apartment	Lonres	2	50	541	Resale	570,000	1054
Flat C, 23 Willow Road	2 bedroom apartment	Lonres	2	52	560	Resale	737,500	1317
7 The Heaths, 61 West Heath	2 bedroom apartment	Lonres	2	444	4781	Resale	5,300,000	1109
Flat 8, 21 Fitzjohns Avenue	2 bedroom apartment	Lonres	2	102	1103	Resale	1,176,001	1066
30 Westfield, 15 Kidderpore Avenue	2 bedroom apartment	Lonres	2	92	991	Resale	895,000	903
110 Westfield, 15 Kidderpore Avenue	2 bedroom apartment	Lonres	2	76	819	Resale	842,500	1029
31 Westfield, 15 Kidderpore Avenue	2 bedroom apartment	Lonres	2	90	965	Resale	995,000	1031
Mount Vernon (includes pool, gym and parking)	2 bedroom apartment	Lonres	2	104	1122	Resale	1,900,000	1693

Development
Developer
Date

24.06.2015

CBRE

Residential
London

Pulse Apartments, Finchley Road	3 bedroom apartment	On market, Rightmove	3	121	1298	Secondhand, good	1,250,000	963
Crediton Hill, West Hampstead	3 bedroom apartment	On market, Rightmove	3	102	1093	Period building, good	1,100,000	1006
Frogna Lane (Ashley Court)	3 bedroom apartment	On market, Rightmove	3	119	1284	Old apartment block, good	1,250,000	974
Palace Court, Finchley	3 bedroom apartment	On market, Rightmove	3	195	2099	Period apartment block, good	1,395,000	665
37 Adamson Road	3 bedroom duplex apartment	Sold (12/06/2015), Lonres	3	98	1055	Period House of 2 apartments. Good condition	1,206,000	1143
Northwood Lodge, Oak Hill Park	3 bedroom apartment	Sold (01/03/2015), Lonres	3	116	1244	Refurbished apartment	1,450,000	1166
Arkwright Road	3 bedroom apartment	Sold (26/02/2015) Lonres	3	101	1084	Refurbished apartment	1,350,000	1245
Flat C, 7 Ellerdale Road	3 bedroom apartment	Lonres	3	93	1000	Resale	1,290,000	1290
Gnd/LGnd Flat, 11 Parkhill Road	3 bedroom apartment	Lonres	3	178	1914	Resale	2,750,000	1437
Flat 4, 33 Ferncroft Avenue	3 bedroom apartment	Lonres	3	124	1330	Resale	1,750,000	1316
Flat C, 18 Belsize Square	3 bedroom apartment	Lonres	3	144	1553	Resale	2,200,000	1417
14 Manor Mansions, Belsize Grove	3 bedroom apartment	Lonres	3	121	1305	Resale	1,550,000	1188
7 Westfield, 15 Kidderpore Avenue	3 bedroom apartment	Lonres	3	97	1044	Resale	1,100,000	1054
10 Westfield, 15 Kidderpore Avenue	3 bedroom apartment	Lonres	3	93	996	Resale	870,000	873
40 Westfield, 15 Kidderpore Avenue	4 bedroom apartment	Lonres	4	227	2447	Resale	2,750,000	1124
2 The Heaths, 61 West Heath Road	4 bedroom apartment	Lonres	4	220	2365	Resale	2,250,000	951
55 Meadowbank	4 bedroom house	Lonres	4	153	1650	Resale	2,162,500	1311

Please note that all comparable properties are sourced from externally held databases and that we cannot be responsible for any errors or omissions therein. They are indicative transacted prices only and cannot be solely relied upon without confirmation from each vendor.

Appendix 2- Specification

CONFIDENTIAL

New Build Specification

General Specification:

- Full height built-in wardrobes with soft close function and lighting to bedroom 1 only
- Internal walls painted with soft white finish (matt emulsion)
- Smooth ceilings painted white
- Square edged skirting and architraves finished in white satin paint to new build blocks
- Full height flush hardwood veneered entrance door and living room door
- Screed or floating floors with wideplank engineered hardwood timber flooring to kitchen/living/hall. Bedrooms carpeted.
- Townhouses: wideplank engineered hardwood timber flooring to ground floor living room and halls. Stone tiling to basement level containing kitchen/dining area – floor finish to run continuously into garden. Bedrooms carpeted.
- Townhouses: Full height double doors to ground floor living room and full height living room door to basement level. Flush hardwood veneered internal doors with satin chrome ironmongery
- Townhouses: Structural glazed balustrade (no uprights) to staircase with s/s capping and matching handrail.
- Master bedroom wardrobe specification enhanced with linings
- Allowance for dropped ceiling/concealed lighting feature
- Window blinds upgrade (manual not electric)
- Allowance for upgraded floor spec.
- Quality enhancement to bedroom carpets
- Comfort cooling to master bedrooms and living rooms to all units
- Enhanced master bathroom and shower room/guest bathroom specification
- Upgraded carpentry/joinery items e.g. skirtings/architraves/wall panelling where required
- AV upgrade for Home Integration System
- M&E to allow for upgrading spec./additional lighting
- Upgraded kitchen/appliances

Kitchens:

- Reconstituted stone work surfaces with seamless under mounted 1 ½ bowl stainless steel sink and satin chrome single lever mixer tap
- Laminated coloured glass or stone/tiled splashback
- All appliances to be Siemens range or equivalent.
- Siemens stainless steel integrated combination steam oven with integrated microwave and coffee machine
- Siemens rectangular induction hob with integrated extractor hood.
- Integrated fridge and freezer and dishwasher

- Concealed strip lighting to underside of wall units
- Concealed or pop-up electric sockets
- Caple wine fridge
- Condenser washer/dryer located within hall cupboard

Bathrooms and En-suites:

- 1 Bed units ideally to have 4 piece bathroom suite (Bath, Shower, Basin and WC)
- 2 Bed (or more) units ideally to have 4 piece en-suite bathroom (Bath, Shower, Basin and WC) and 3 piece family bathroom
- Double ended bath with centrally located wall mounted bath mixer tap and retractable hand held shower. Full height glazed frameless shower screen to bath. Ceiling mounted shower head with wall mounted shower mixer set and handheld shower fitting.
- Large format porcelain/reconstituted stone tiling to all walls, floor and the bath panel
- Low profile extract fan
- Recessed white downlights
- All bathrooms to have heated ladder towel rail
- Mirrored cabinet with handle-less concealed storage cabinets above WC. Cabinets to have soft close function, shelving, concealed shaver point and integrated lighting. Mirror above sink fitted with de-mist function.
- En-suites to have flush or slim-line shower tray with full height glazed frameless sliding shower screen

Heating, Hot Water and Cooling:

- Fan-coil units to be housed horizontally in the ceilings located above bathrooms, stores or kitchen areas
- Combined heat and power from a centralised system providing wet underfloor heating system operated via wall mounted thermostats

AV:

- All residential apartments core entrance doors to be fob operated.
- Access to apartments via audio/visual entry system. 24 hour on-site concierge service located within purpose built building to rear of Skeel House.

Electrical and Security:

- Energy efficient recessed white downlighters throughout. Feature pendant lighting to dining area
- Telephone data points in living area and bedrooms
- Facility for Sky+ multiroom to living area and master bedroom. Sky compatible outlets to further bedrooms (where applicable)
- Pelmet lighting detail to living room and master bedroom
- Mains supply operated smoke/heat detectors with battery back up
- 10 year warranty cover under NHBC Buildmark scheme

Conversion Specification

General Specification:

- Existing doors and architraves to be retained and refurbished where required. New doors to match height/width of existing retained doors.
- New floating floor over retained existing floorboards: wideplank engineered hardwood timber flooring to kitchen/living/hall – subject to existing floor finish. Bedrooms carpeted.
- Note: no provision of wet UFH system as not practical in conversion buildings. High quality conventional radiators proposed.
- Note: open plan layouts with sprinklers not provided as not practical for conversion blocks.
- Note: comfort cooling not provided as not practical for conversion blocks.
- Master bedroom wardrobe specification enhanced with linings
- Allowance for dropped ceiling/concealed lighting feature
- Window blinds upgrade (manual not electric)
- Allowance for upgraded floor spec.
- Quality enhancement to bedroom carpets
- Enhanced master bathroom and shower room/guest bathroom specification
- Upgraded carpentry/joinery items e.g. skirtings/architraves/wall panelling where required
- AV upgrade for Home Integration System
- M&E to allow for upgrading spec./additional lighting
- Upgraded kitchen/appliances

Kitchens:

- High gloss handle-less kitchen units with soft close function
- Reconstituted stone work surfaces with seamless under mounted 1 ½ bowl stainless steel sink and satin chrome single lever mixer tap
- Laminated coloured glass or stone/tiled splashback
- All appliances to be Miele range or equivalent.
- Miele stainless steel integrated combination steam oven with integrated microwave and coffee machine
- Miele rectangular induction hob with integrated extractor hood.
- Integrated fridge and freezer and dishwasher
- Concealed strip lighting to underside of wall units
- Concealed or pop-up electric sockets
- Caple wine fridge
- Condenser washer/dryer located within hall cupboard

Bathrooms and En-suites:

- 1 Bed units ideally to have 4 piece bathroom suite (Bath, Shower, Basin and WC)

- 2 Bed (or more) units ideally to have 4 piece en-suite bathroom (Bath, Shower, Basin and WC) and 3 piece family bathroom
- Double ended bath with centrally located wall mounted bath mixer tap and retractable hand held shower. Full height glazed frameless shower screen to bath. Ceiling mounted shower head with wall mounted shower mixer set and handheld shower fitting.
- Large format porcelain/reconstituted stone tiling to all walls, floor and the bath panel
- Low profile extract fan
- Recessed white downlights
- All bathrooms to have heated ladder towel rail
- Mirrored cabinet with handle-less concealed storage cabinets above WC. Cabinets to have soft close function, shelving, concealed shaver point and integrated lighting. Mirror above sink fitted with de-mist function.
- En-suites to have flush or slim-line shower tray with full height glazed frameless sliding shower screen

AV:

- All residential core entrance doors to be fob operated.
- All residential core front doors to have an externally mounted AV panel providing AV communication to the Concierge and to individual apartments
- Access to basement core doors to be via Fob

Heating, Hot Water and Cooling:

- No comfort cooling or underfloor heating assumed for any of the conversion buildings due to the nature of existing building fabric. Separate/individual boilers will not be practical due to flue runs and flue penetrations through external walls. A centralised heating system located in the new basement has been proposed with conventional heating assumed using radiators.
- Electric underfloor heating to bathrooms and en-suites within raised floor construction.

Electrical and Security:

- Energy efficient recessed white downlighters throughout. Allow for feature pendant lighting to dining areas
- Telephone data points in living area and bedrooms
- All switches in white powder coated steel
- Facility for Sky+ multi-room to living area and master bedroom. Sky compatible outlets to further bedrooms (where applicable)
- Mains supply operated smoke/heat detectors with battery back up
- 10 year warranty cover under NHBC buildmark scheme
- 24 hour on-site concierge service located within purpose built building to rear of Skeel House.
- Access to apartments via audio/visual entry system.

APPENDIX 4

APPRAISAL INPUTS AND ASSUMPTIONS (QUOD)

CONFIDENTIAL

Appendix 4 –Appraisal Inputs and Assumptions

Type/ Source	Input	Comments
Floor Areas (Scott Brownrigg)	22,149 GIA SQM 15,211 NIA SQM	The Gross figure includes a double storey basement. The net floorspace is constrained by the size and shape of the buildings.
Private Sales PSF Sales Rate (CBRE)	£1,276 PSF blended average.	A large number of the proposed units are significantly oversized due to site specific constraints. This results in a lower overall £PSF.
Private Ground Rent (CBRE)	£650 Per Unit (5% Yield/ 5.8% Purchasers Costs)	Blended average annual rent based on the capital values assumed. The lower end of the 5% -5.5% range has been selected for the investment yield.
Car Parking Spaces (CBRE)	£45,000 Per Space	The capital values proposed assume that car parking can be purchased separately. Removal of car parking would have a significant impact on the achievable residential values.
Land Acquisition Costs (Quod/ GVA)	5.5%	Stamp Duty/ Agent Fee/ Legal Fee. This is industry standard for Inner London.
Construction Costs (Randall Simmonds)	£79.67m	Inclusive of prelims, contractors OH&P and a 5% contractors design contingency. Excludes NHBC, building regs, professional fees and a range of other below the line costs, contingencies and compensation allowances.
Developers Contingency	2%	Site specific allowance to account for risk associated with the restoration/ conversion of the listed buildings and other development risks including presently unknown costs related with the safe removal of asbestos.
Site/ Construction Insurances	0.75%	Industry standard assumption. This has been excluded from the cost plan.
S106 (Montagu Evans)	£500,000	Estimate. To be confirmed following discussion with Camden.
CIL (Montagu Evans)	£8,086,896	Mayoral CIL/ Camden CIL. This includes indexing.
Neighbourly Costs	NIL	Confidential (Excluded).
Asbestos/ Dry Rot/ Woodworm Costs	NIL	Excluded. (Presently Unknown)
NHBC/ Building Regulations	£2,500 Per Unit	Industry Standard assumption. This has been excluded from the cost plan.
Professional Fees	12%	Professional fees have been excluded from the cost plan. The lower end of the 12% - 14% range for

		professional fees involving the sensitive conversion of listed buildings has been assumed.
Residential Marketing Agent/ Legal Fee	3.75%	This allowance Includes the cost of a marketing suite and the marketing campaign required to achieve both the estimated sales values and 50% pre-sales in what is a highly competitive market.
Finance	7%	Industry standard for Inner London development (inclusive of surveys and arrangement fees).
Lead in Timescales	6 Months	This time is for a range of site preparation, survey and enabling works.
Construction Timescales	30 Months	Partial site handover is expected at month 23. This is reflected in the sales cash flow.
Sales Timescales	12 Months	This reflects a sales rate assumption of c.8-10 units per month (total) and 50% of GDV pre-sold. This is consistent with the advice provided by CBRE.

APPENDIX 5

FINANCIAL APPRAISAL SUMMARY (QUOD)

CONFIDENTIAL

PRIVATE AND CONFIDENTIAL
King's College Kidderpore Avenue (Camden)
Baseline (156 Units)

Development Appraisal
Quod
17 July 2015

PRIVATE AND CONFIDENTIAL
King's College Kidderpore Avenue (Camden)
Baseline (156 Units)

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Private Residential (156 Units)	1	163,728	1,276.00	208,916,928	208,916,928
Car Parking (93 Spaces)	93	0	0.00	45,000	4,185,000
Totals	94	163,728			213,101,928

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV	
Ground Rent	156	650	101,400	101,400	

Investment Valuation

Ground Rent					
Current Rent	101,400	YP @	5.0000%	20.0000	2,028,000

GROSS DEVELOPMENT VALUE215,129,928

Purchaser's Costs	5.80%	(117,624)	(117,624)
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NET DEVELOPMENT VALUE215,012,304

NET REALISATION215,012,304

OUTLAY

ACQUISITION COSTS

Fixed Price		49,180,000	49,180,000
Stamp Duty	4.00%	1,967,200	
Agent Fee	1.00%	491,800	
Legal Fee	0.50%	245,900	
			2,704,900

CONSTRUCTION COSTS

Construction		Cost	
Private Residential (156 Units)		79,670,000	79,670,000
Developers Contingency	2.00%	1,804,358	
Borough CIL		7,304,082	
S106		500,000	
GLA CIL		782,814	
			10,391,254

Other Construction

NHBC + Build Regs (£2500 pu)		390,000	
Site Insurances	0.75%	597,525	
			987,525

APPRAISAL SUMMARY

QUOD

PRIVATE AND CONFIDENTIAL
King's College Kidderpore Avenue (Camden)
Baseline (156 Units)

PROFESSIONAL FEES

Professional Fees	12.00%	9,560,400	9,560,400
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DISPOSAL FEES

Sales Agent, Marketing & Legal Fees	3.75%	8,062,961	8,062,961
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MISCELLANEOUS FEES

Fixed Profit	20.00%	43,025,986	43,025,986
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FINANCE

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		11,641,906	
Construction		7,206,544	
Other		593,820	
Total Finance Cost			19,442,270

TOTAL COSTS			223,025,296
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SURPLUS/ DEFICIT			(8,012,992)
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our ref: TH/Q50560
 your ref: 2015/3936/P
 email: thomas.hatch@quod.com
 date: 30 September 2015



Andrew Jones
 BPS Chartered Surveyors
 82 South Street
 Dorking
 Surrey
 RH4 2HD

Dear Andrew,

KIDDERPORE AVENUE – REVIEW OF PLANNING VIABILITY

I refer to your review of the viability assessment submitted on behalf of Mount Anvil in support of the proposals at Kidderpore Avenue (planning application 2015/3936/P). Whilst we appear to be broadly in agreement on most aspects of the assessment your initial report requested additional justification for the construction cost, developers contingency and land value assumptions. We set out our initial responses to these requests below which we trust will be of assistance.

a) Construction Costs

In respect of construction costs, the BPS report states that their cost consultant has reviewed the cost information provided and is currently of the opinion that, in the absence of further supporting evidence, the site specific elemental cost estimate provided by cost consultants Randall Simmonds (£79,670,000) should be readjusted to £66,590,000.

A summary of the adjustments made by BPS and the response provided by Randall Simmonds is provided in table 1 below.

Table 1. Construction Cost Justification

Category	BPS Comments/ Adjustments	Justification/ Evidence
Inflation	BPS have excluded the cost of mid-point fixed build cost tender inflation (c.£4m) as they do not consider its inclusion to be reflective of current day build costs.	The cost team have confirmed that a build cost estimate including mid-point inflation provides an accurate reflection of current day build costs as any fixed price build cost tender contract agreed today would include this allowance. Adopting build costs without any inflation would not be representative of build costs that could be reasonably agreed with a contractor today.
VAT	BPS have excluded the cost of VAT (c.£1.3m) due to the absence of a detailed description/ breakdown of this input.	The cost team have confirmed that the VAT estimate is based on 5% of the residential conversion costs. The 5% allowance is based on specialist advice from Mount Anvil's tax consultant Baker Tilley. The actual calculation is more complex and likely to result in a higher level of VAT due to site wide build costs being



		included in the calculation. Randall Simmonds will provide BPS with a more detailed breakdown shortly.
Fit-Out	BPS have rejected the inclusion of the allowance for other fit out costs (c.£4m) due to the absence of a detailed description/ breakdown of this input.	The cost team have confirmed the additional fit allowance includes fit out costs associated with concierge and back of house, pool and other leisure facilities (i.e gym, sauna, steam room, sports hall) in QMH, Skeel Library and Kidderpore Hall and premium finishes and fittings in the premium apartments, houses and penthouse units (i.e marble finishes, bespoke joinery, ornate light fittings etc). The level of specification which has resulted in the additional costs is required in order for the sales values assumed by CBRE to be achieved. Randall Simmonds will provide BPS with a more detailed breakdown shortly.
Other	BPS have made a number of other adjustments to the build cost rates (c.£3.5m) with reference to BCIS benchmarking data.	<p>Randall Simmonds have confirmed that whilst BCIS provides a useful sense check for build costs it is not a replacement for a measured elemental cost plan informed by site specific benchmarking data. This is particularly relevant for more complex developments (i.e those involving the conversion of listed buildings).</p> <p>Randall Simmonds will provide shortly provide individual responses in relation to the BPS adjustments made to substructure, roof cost, external walls, windows, joinery, flooring, fittings, heating, ventilation and communications. With regard to the allowance for the basement, Randall Simmonds, consider the rate is justified due to the limited access, alignment of the basement to facilitate retention of the existing tree adjacent to Kiddepore Hall, and proximity of the adjacent Victorian brick built reservoir.</p>

In view of the above Randall Simmonds consider the build costs should be £79,670,000 (Inc Inflation) or £75,660,000 (Exc Inflation). Randall Simmonds would be pleased to meet with BPS to discuss the above further if this would be helpful. Please let us know if your cost consultant has a date and time in mind for this meeting?

b) Developers Contingency

In respect of contingencies, BPS have removed the applicant's 2% allowance for a Developers Contingency (c.£1.8m) on the basis that a 5% Design Contingency is normally considered a sufficient risk allowance.

Randall Simmonds have confirmed that the 5% Construction Contingency in the cost plan is a contractor's design risk contingency which would be built into the contractors fixed price tender contract. A Developers Contingency is an additional allowance for all other development costs which would be excluded from the fixed price tender contract (i.e unknown ground constraints, obstructions, archaeology, services, foundation requirements and construction traffic fees etc). This includes a number of presently unknown risks in

connection with the existing Grade II listed buildings and structures including, but not limited to, the safe removal of asbestos and other hazardous material, foundation condition, structural integrity, extent of works dictated by conversion officer etc. Other examples are listed within the exclusions on page 5 of the cost plan. It should also be noted that no allowance has been made in the appraisal for any neighbourly costs including, for instance, Rights of Light compensation.

The risk profile of the project is not 'normal' due to site specific constraints including the sensitive restoration and conversion of the listed buildings. Having regard to the complex nature of the scheme it is considered reasonable for a Developer Contingency to be included and is normal custom and practice for schemes of this nature. The 2% allowance made is considered to be at the lower end of the normal range. For comparison, if a higher 10% contingency was applied to the conversion floor area (which is not uncommon for complex listed building conversions until further investigative works can be carried out) this would equate to an overall additional of c.2% to the existing 5% contingency.

In view of the above, we consider it reasonable that, having regard to the nature of the scheme construction, the conservative 2% developer contingency be retained.

c) Benchmark Land Value/ Site Value

In respect of land value, the BPS report states that the proposed benchmark value (c.£49.2m) has not yet been adequately justified and has therefore been provisionally adjusted to c.£30.2m. The BPS report however notes (para 2.8) that this figure is likely to increase. A summary of the adjustments made by BPS and the applicant's response is provided in table 2 below.

Table 2. Land Value Justification

Category	BPS Comments/ Adjustments	Justification/ Evidence
Existing Student Accommodation (EUV+)	BPS have adjusted the value of the existing student buildings from c.£31.6m to c.£24.8m on the basis that they consider that the rental value and premium over EUV should not exceed £130 per week and 20% respectively.	<p>Kings College London (KCL) have confirmed that:-</p> <ol style="list-style-type: none"> 1. The rents previously charged were subsidised well below market rates; 2. The rents quoted by BPS are for two years ago (2013/14); 3. If the student blocks were to be retained by KCL they would be re-let (without refurbishment) at market rents in the order of c.£150 - £180 per room per week; 4. If the student blocks were sold as an investment (without refurbishment) KCL would expect to receive a capital payment with a net equivalent yield of c.4% -4.5%. This is reflective of recent offers for other KCL owned student accommodation (e.g Champion Hill – 4% net yield- 41 week income); and 5. KCL consider that the rents would exceed £190pw (No-Ensuite) or £230pw (Ensuite) if refurbished. A feasibility study has confirmed 98 of the rooms could be converted to Ensuite. <p>KCL's comments on market rent and yield are supported by evidence of significant recent improvements to the London Student Accommodation Investment Market. Yields achieved in</p>

		<p>Q1 of 2015 include; ISL West Hampstead (5%); Paris Gardens (4.5%) and Paul Street (4.9%). Savills Student Housing Spotlight (2015) Report predicts a 2015 average yield of 4.5% - 4.75%. This yield improvement is also supported by JLL's UK Student Quarterly Bulletin (Q2 2015) which assumes 4.25% to 5%. With regard to rents, the Arcade (N7) has sold out for 2015/16 with rents of c.£182 - £192pw for single non-ensuite rooms. Similarly, the Urbanest Development in Hoxton is charging £249pw for single non-ensuite rooms.</p> <p>In view of the above, a range of scenarios (below) have been tested with cautious inputs. A 20% landowner's premium has been added (20-30% range). These scenarios support a value of at least £29.1m for the existing student accommodation.</p> <p>Scenario 1: £130 / 5% Yield = £24.72m +20% = £29.7m Scenario 2: £150 / 6% Yield = £24.94m +20% = £29.9m Scenario 3: £140 / 5.5% Yield = £24.84 +20% = <u>£29.8m</u> Scenario 4 (Refurb): £160 / 5% Yield = £24.22 +20% = £29.1m Scenario 5 (Refurb): £190 / 6% Yield = £25.31 +20% = £31.6m Scenario 6 (Refurb): £175/5.5% Yield =£24.8m +20% = <u>£29.8m</u></p> <p>The above scenarios do not account for the potential to convert c.98 of the existing rooms to en-suites.</p>
Extant Student Development (AUV)	BPS have adjusted value of the extant student development from c.£6.4m to c.£5.4m primarily on the basis that the proposals should attract a CIL payment. The report also notes that an allowance for conversion of the Chapel has not yet been included.	<p>Montagu Evans have confirmed that the extant student development consent was approved and part implemented before CIL came into force. No CIL payment is therefore applicable.</p> <p>Randall Simmonds have confirmed the cost of making good the Chapel for communal student use would be c.£535,000. This has now been factored into our appraisal alongside the c.£30,000 summerhouse relocation cost.</p> <p>As stated above, the London Student Accommodation investment market has improved significantly in recent months. This is supported by both transactional evidence and market reports from Savills and JLL. The previously assumed net yield (5.5%) could therefore be reduced to c.5% to more accurately reflect the current day market.</p> <p>On this basis, the revised residual appraisal which includes the build costs for the Chapel and summer house, supports a value of c.£6.36m (5.25% net yield) or c.£5.83m (5.5% net yield) for the extant student development site.</p>
Ancillary Buildings (AUV)	BPS have removed the value of all ancillary buildings	KCL have confirmed that none of the ancillary buildings are essential for the ongoing operation of the student residence.

	<p>(c.£11.2m) primarily on the basis that their conversion and re-use may undermine the existing student use of the site. The BPS report does however note some private use of these building could be achieved and that a discount in value to reflect ongoing nearby student use should be applied.</p>	<p>Kidderpore Hall has not been in use for more than 10 years. Bay House was previously used for administrative office purposes and parts were hired externally albeit not routinely (they largely stood unused). Skeel library was used by external parties on occasion (e.g. St Margret's School/ Redfrog Group). The top floor has not been used by students for over 10 years.</p> <p>KCL have also confirmed that the Kitchen in Skeel Library was most recently used by commercial caterers and was not, therefore, used by the student residents. As a result, the conversion of Skeel would not affect the functioning of the student residences.</p> <p>CBRE have reviewed the land value proposals and have confirmed given this is an established residential area accustomed to the presence of students a maximum discount of 5% should be applied to reflect continued use of the site as a student residence. CBRE note Kings Cross as an example of where student operations have not had a negative impact on achievable sales values.</p> <p>On this basis, the revised residual appraisal (with a 5% reduction in values) supports a value of at least £9.5m. This calculation excludes any value for land where the proposed Pavilions are to be sited which could reasonably be added to the total.</p>
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In view of the above, the appropriate Benchmark Land Value for Kidderpore Avenue should be at least £45.13m. This comprises £29.8m (Student EUV), £5.83m (Student AUV) and £9.5m (Ancillary Buildings AUV). This falls within the range of comparable land transactions and bids received for the site (£35m to £55m) during the competitive tender process.

d) Updated Appraisal Results

With a view to reaching an agreed position on which we can move forward, the scheme appraisal has been updated having regard to the points set out in sections a) to c) above, by way of summary:-

- Construction Costs: £75,660,000 (Inflation Excluded)/ £79,670,000 (Inc Inflation).
- Developers Contingency: 2% Retained
- Land Value: £45,130,000

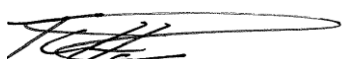
On the basis of the assumptions above (cost inflation excluded) the financial appraisal demonstrates that a 100% private tenure scheme would provide a surplus of c.£2.73m which can be directed towards the delivery of affordable housing. It is estimated this would support c.9x Intermediate Shared Ownership Units in Lord Cameron Hall. The applicant's original Affordable Housing offer which comprises 32 Intermediate Shared Ownership Units in Lord Cameron Hall (20%), therefore represents the maximum level that can reasonably

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be delivered consistent with the viability of the scheme. The applicant understands that a 100% intermediate offer is not acceptable to the Council and therefore an equivalent offer will be made.

I trust the above information together with the enclosed documents provides further clarification to BPS on the approach taken and that the adjustments made will enable agreement to be reached. If there is any further information that would be of assistance or any points which require additional clarification please do not hesitate to contact me.

Yours sincerely,



Thomas Hatch
Senior Consultant



our ref: TH/Q50560
your ref: 2015/3936/P
email: thomas.hatch@quod.com
date: 26 October 2015

Andrew Jones
BPS Chartered Surveyors
82 South Street
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Surrey
RH4 2HD

Dear Andrew,

KIDDERPORE AVENUE – REVIEW OF PLANNING VIABILITY

I refer to your letter dated 21 October 2015 in respect of the viability assessment submitted on behalf of Mount Anvil in support of the proposals at Kidderpore Avenue (planning application 2015/3936/P) and our subsequent meeting on 22 October 2015. We set out our responses to your additional queries below which we trust will be of assistance.

a) Benchmark Land Value/ Site Value

In respect of land value, the BPS letter sets out queries relating to the Existing Use Value (EUV) of the existing student accommodation and the Alternative Use Value (AUV) attributed to the existing ancillary buildings no longer required for operation of the site. These are dealt with in turn below.

Existing Use Value

To date the approach taken has been to adjust the value of the existing student buildings principally on the basis that the rents proposed are higher than those actually charged by KCL in 2013/14 and 2014/15.

Kings College London (KCL) has reviewed the comments made by BPS and has confirmed that the rents charged in preceding years were subsidised to below open market rates.

Valuing the existing accommodation on the basis of subsidised rather than market rents is not considered to reflect valuation guidance that the Existing Use Value (EUV) of an asset should be based on market rates. In this respect, KCL has confirmed that based on their experience, as one of the largest operators of student accommodation in London, if the existing student blocks were re-let today (in their current state which you have seen on a site visit is reasonable and feasible – i.e. without refurbishment) KCL would expect to achieve market rents in the order of c.£150 - £180 per room per week. This is supported by the differential with rents proposed for non-ensuite rooms in the Arcade N7 (c.£182 pw), Bethnal Student Living, E2 (c.£200 per week), LHA Davies Court, E14 (c.£193 pw); Park House, SW5 (c.£180 pw); Smart Student Accommodation, N7 (c.£190 pw twin) and the Urbanest at Hoxton, N1 (c.£249 pw).

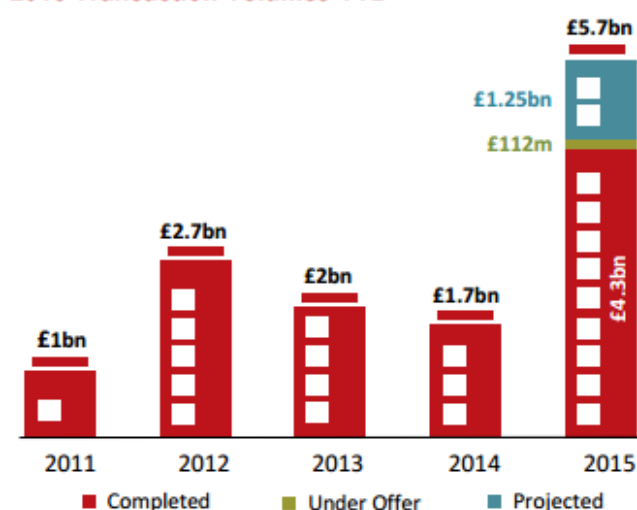


KCL has also confirmed that, in light of recent offers for their student accommodation sites (i.e Champion Hill –c.4% Yield), they would expect the achievable yield to be much closer to 5% than the 6% presently adopted. This is supported by Inner London yields (non-prime) achieved in Q1 of 2015 including ISL West Hampstead (5% - Jan 15), Paris Gardens (4.5% - March 15), Paul Street (4.9% - March 15), Pure collection (4.5% - March 2015) and Nido Collection in Q2 (4.5% May 15). These yields would be even lower today given the significant improvement in the market over the last 6 months alone.

Whilst there will be inevitable variants and differences between sites and locations, the rents assumed for the purposes of the valuation are very much at the lower end. The investment yield is more concerned with competition in the market for the investment class and the risk of voids (i.e the risk associated with maintaining the income stream). On this basis, in light of the current and projected demand for both occupation and investment in London's student accommodation, it is unlikely that the yield would vary significantly across Inner London. This is further supported by recent market reports published by JLL (2015 Q3 Update) and Savills (2015 Spotlight). The extract below (Figure 1.0) from the JLL Q3 update illustrates growth in the investment market and estimated 5% yield for Inner London Direct let investments.

Figure 1.0 - JLL Q3 Student Update Extract

2015 Transaction Volumes YTD



Source: JLL

Yield Forecast

	Direct Let		25 Year FRI Lease	
	Current	Forecast	Current	Forecast
Prime London	4.50%	Hardening	4.00%	Stable
Inner London	5.00%	Hardening	4.25%	Stable

The scenarios set out in our previous letter of varying rents and yields (below) support a value of at least c.£29.7m for the existing student accommodation (without refurbishment).

- **Scenario 1:** £130 / 5% Yield = £24.72m +20% = £29.7m
- **Scenario 2:** £150 / 6% Yield = £24.94m +20% = £29.9m
- **Scenario 3:** £140 / 5.5% Yield = £24.84 +20% = £29.8m

For the avoidance of doubt, the enclosed existing floor plans (Annex 1) demonstrate that each student building (if retained in isolation of the ancillary buildings) would have its own separate kitchen facilities for

use by the students. The plans also demonstrate that additional kitchen facilities could be incorporated into Dudin Brown if necessary.

With regard to other on-site facilities, KCL has confirmed that sale of the ancillary buildings (Kidderpore Hall, Bay House and Skeel Library) would not have a negative impact on the achievable rents. This is because, as set out in our previous letter, i) Kidderpore Hall has not been in use for over 10 years and therefore is not used as study/amenity space for students; ii) The upper floors of Skeel House were either unusable or used by external parties or very occasionally for large student meetings which is not a requirement for student accommodation; and iii) Bay house was largely used for administrative office purposes which do not need to be located on-site – the ground floor lounge could be used for student study and the first floor has a small number of study rooms – neither are necessary for continuing to operate the buildings valued as student housing.

Against this background KCL confirm that of the ancillary buildings valued for an alternative use, it is only the reception area on the ground floor within Bay House that has an associated day to day use. The residual space within the ancillary buildings has not been required, and is not required, to operate the existing student accommodation. If necessary, a new reception could be incorporated into the lower ground of Bay House resulting in the loss of 1 residential unit from the alternative use of this building.

KCL has also confirmed that the ground floor of Lady Chapman is not currently used and could therefore provide c.350 sqm of communal amenity/ study space for students or on-site office space if required. If the extant student scheme to the North of the site was delivered this would also provide additional on-site communal amenity space within the Chapel.

Alternative Use Value

BPS are presently not including a land value for the ancillary buildings (Kidderpore Hall, Bay House and Skeel Library).

It is not acceptable to the site owner, KCL, that there is no value included for these buildings. The approach taken by the Applicant has been to assume residential use of these buildings. We can confirm that the AUV proposals for the ancillary buildings are the same as those proposed in the submitted planning application and which are understood to be acceptable in principle. By way of confirmation there are no works over and above that which have already been discussed and agreed in principle with the Council's design and conservation officers. Furthermore, development plan policy DP9 states that where the Council is satisfied with the loss of student housing, they will expect the development to provide an equivalent amount of residential floorspace for permanent housing in Use Class C3. Given that the loss of student housing at this site has already been agreed in principal with officers, residential use of Kidderpore Hall, Skeel Library and Bay House is evidently an appropriate alternative use of these redundant buildings. On this basis, in accordance with national guidance on planning viability, the AUV of the ancillary buildings in residential use should be included within the Site Value.

In respect of the interaction between residential and student uses and the potential for this to impact on the achievable sales values, KCL has confirmed that all of the ancillary buildings have their own separate access to Kidderpore Avenue and would not require passage through any of the student areas. Notwithstanding

this, the site will be publicly accessible and this has already been reflected in the residential values adopted for the site.

CBRE have also reviewed the land value proposals and have confirmed that given this is an established residential area accustomed to the presence of students a maximum discount of 5% should be applied to reflect continued use of the site as a student residence. CBRE also make reference to a number of other schemes where residential and student uses have been proposed together (or in close proximity), including:-

- Nido Kings Cross, N1 (First Base);
- Goodman Fields, E1 (Berkeley First);
- Blackhorse Lane , E17 (Blackhorse Lane LLP);
- Urbanest Tower Bridge, EC3 (Urbanest);
- Urbanest Hoxton N1 (Urbanest);
- Mansions, SW3 (Mansion);
- Assam Place, E1 (Hult);
- Nido Spitalfields (Prodigy Living);
- Urbanest Kings Cross, N1C (Urbanest); and
- Neo Bankside (LSE Bankside).

Summary

In summary, KCL has confirmed that in light of EUV of student accommodation and the AUV of the ancillary buildings which are no longer required for operation of the student accommodation, they would not be prepared to release the site for anything less than c.£45m. National planning policy is clear that development should provide competitive returns to willing land owners and this is by definition: *“the price at which a reasonable land owner would be willing to sell their land for the development.... in comparison with the other options available (NPPG Ref: 10-024020140306).”* It should also be noted that we have not sought to include any value for the proposed Pavilion buildings.

b) Construction Costs

In respect of construction costs, we understand that the Randall Simmonds have agreed to meet with your cost consultant (Neil Powling) to resolve the outstanding issues. Commentary on the items to be discussed is provided below.

1. Inflation – BPS have excluded mid-point fixed build cost tender inflation on the presumption that it does not reflect current day build costs as required by national guidance on Planning Viability. Randall Simmonds have confirmed that mid-point build cost inflation provides an accurate reflection of current day build cost tender prices.
2. VAT – BPS have excluded VAT from their cost estimate. Randall Simmonds have confirmed that the inclusion of non-recoverable VAT within the cost estimate (or elsewhere in the appraisal) is fully justified for a residential conversion project. Randall Simmonds have since provided BPS with a more detailed breakdown of the VAT calculation. It is accepted that it may be helpful to allocate this in different locations depending on whether this is relating to non-recoverable VAT on fees or construction cost.

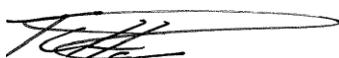
3. Fit-out – BPS have presently excluded a significant portion of the fit out costs due to the absence of a detailed breakdown than that provided within the cost plan. Randall Simmonds have since provided BPS with a more detailed breakdown of the fit out costs. The level of specification proposed is commensurate to the sales values assumed by CBRE to be achieved.
4. Other Adjustments – BPS have made a number of other adjustments with reference to BCIS benchmarking data. Randall Simmonds have confirmed reliance on BCIS data is inappropriate for a complex development requiring the conversion of listed buildings. Notwithstanding this, we understand that the BCIS database has since been updated and as a result is now aligned with our cost assumptions. To be clear the change in BCIS output is reflective of the additional scheme data added to the sample as opposed to general cost inflation. BCIS figures by virtue of the reporting time period lag behind the market. With regard to the BCIS category – none of those provided by BCIS are relevant to the conversion of a listed Chapel.
5. Developers Contingency - BPS have made no further comment on this assumption.

Once the cost consultants have met and agreed the cost position the appraisal will be updated if necessary.

I trust the above information together with the enclosed documents provides further clarification to BPS on the approach taken and will enable agreement to be reached so that the applicant's Affordable Housing offer can be finalised. The applicant understands that, notwithstanding the viability position agreed, a 100% Intermediate offer and/or a headline figure of less than 20% would not be acceptable to the Council for this scheme and is reviewing its position and will provide an update shortly having regard to the discussions at our last meeting.

If there is any further information that would be of assistance or any points which require additional clarification please do not hesitate to contact me.

Yours sincerely,



Thomas Hatch
Senior Consultant

Annex 1: Existing Accommodation Plans (Kitchen Locations)



our ref: CD/Q50560
your ref: 2015/3936/P
email: claire.dickinson@quod.com
date: 2 November 2015

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Dear Andrew,

KIDDERPORE AVENUE – REVIEW OF PLANNING VIABILITY

I am writing to provide you with an update in respect of discussions with the Council and the outstanding points in respect of viability which relate to i) land value and ii) costs.

Land Value

I refer to our letter dated 23 October 2015 which sought to provide additional supporting information to assist with establishing the land value for the purposes of planning viability this addressed i) valuation of the student uses and ii) the consideration of alternative uses. In respect of the latter I note that there has been ongoing discussion regarding what a commuted payment would be and whether a payment would be acceptable in lieu of on-site provision and we have responded to you on these points.

Against this background we are keen to conclude the land value position which aligns with the land owner expectation i.e. £45 million and consider this can reasonably be achieved on the following basis:

- Existing Student Accommodation (EUV) - £29.8m
- Extant Student Development (AUV) - £5.83m
- Ancillary Buildings (AUV) - £9.82m

Construction Costs

It is understood that there are ongoing discussions on construction costs between Ben Randall of Randall Symonds and Neil Prowling of BPS. The BPS report dated 21 October indicated the potential for up to c. £12.9 million cost savings. The subsequent discussions last week indicated there may be some areas of common ground subject to further discussion – it is understood that the range of savings could be between £4.5-£12.9 million.

Against this background we are keen to conclude a reasonable construction cost position and therefore scenarios have assessed on the basis of both ends of the cost saving range – recognising it could fall somewhere between this subject to the discussions between the two specialists being concluded.



Proposed Affordable Housing

Alongside the viability the proposed affordable housing has been subject to considerable revision in response to the Council's comments regarding their housing priorities, specifically the need to optimise the proportion of family units at target rents whereas previously our emphasis had been on smaller intermediate units.

We met with officers at the end of last week and discussed two potential options, one with a higher quantum i.e. 23% of units 70:30 AR:INT the other with a lower proportion i.e. 20% on the basis of 80:20 SR:INT – the amount of social/affordable rent is the same between the two, the key difference is the affordability which enables a higher price from a RP enabling a higher quantum. Officers have advised there is a preference for a lower proportion in lieu of social rent tenure at target rents. There are a number of further points of refinement we are progressing following our discussions today associated with the number of 3 beds, the provision of wheelchair units and RP partner.

We have amended the base scheme appraisal, prepared by BPS, to reflect the preferred option discussed when we met (i.e. 20% 80:20) on the basis of £45 million land value, and either end of the construction cost saving assumptions:

- Where £12.9m cost savings are assumed a deficit of £6,309,380 million is derived; OR
- Where £4.5 million cost savings are assumed a deficit of £16,851,888 million is derived.

Both scenarios result in a deficit and therefore we hope that this provides reassurance that the proposals represent the maximum reasonable contribution, alongside the wider benefits associated with the scheme, in accordance with policy. You will note that on the basis of the assumptions considered most reflective of the Applicants position i.e. £45 million land value and £4.5 million cost savings there is a significant deficit of c.£16.85 million which we would request is taken into account in considering the basis for a review mechanism.

I very much hope that this provides a helpful basis on which we can progress giving confidence to officers that the affordable housing proposals reflect a strong offer having regard to the priority that has been ascribed to family units at target rents. It would be appreciated if you could review and advise if there is any further information that would be of assistance or any points which require additional clarification.

Yours sincerely,



Claire Dickinson
Director