The Hoo, 17 Lyndhurst Gardens
NW3 5NU
Addendum Report

Prepared on behalf of the London Borough of Camden

8th December 2020

Planning reference: 2019/6151/P and 2019/6305/L

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1.0 INTRODUCTION

1.1 BPS Chartered Surveyors were instructed by the London Borough of Camden ('the Council') to review a viability assessment dated June 2020 prepared by James R Brown ('JRB') on behalf of Jaga Developments ('the Applicant') in respect of the proposed redevelopment of The Hoo, 17 Lyndhurst Gardens. Our report was issued 16th July 2020. Our report considered the viability of the scheme reference 2019/6151/P or Listed Building Consent under 2019/6305/L, which proposed to convert the existing, Grade II Listed building of 11,377 sq ft into 3 residential dwellings (Use Class C3), rear infill extension with glass link element, and other associated works and landscaping.

1.2 A site visit was conducted on 6th July 2020 and photos can be found in Appendix A. We have not re-inspected the site.

1.3 We understand that the development attracts the maximum offsite affordable housing contribution of £816,000 however the applicant argues the scheme is not viable to make these contributions. The remaining areas of contention concern benchmark land value and construction costs. This note will consider any new evidence brought forward by JRB's report dated 29th September 2020 in respect of these areas.

2.0 CONCLUSIONS AND RECOMMENDATIONS

2.1 JRB's latest response proposes no modification of their original position in light of the findings of our report. No affordable housing offer has been made despite several months of narrative between ourselves and JRB.

2.2 In light of the assessment provided by our Cost Consultant above we are now satisfied that the applicant's costs for the proposed scheme appear reasonable, however no additional evidence has been provided that cause us to alter our view of the benchmark land value.

2.3 Amending the construction costs for the proposed scheme in our appraisal to the £7,171,966 adopted by JRB results in a surplus of £778,191 (after allowing for a profit target of 17% on GDV as previously agreed).

2.4 We therefore remain of the view that the scheme is able to support an affordable housing contribution.

3.0 MATTERS OF CONTENTION

Land value

3.1 JRB "*consider the opinion from BPS (Andrew Jones) dated 13/9/2020 to be so unreasonable that we set this disagreement aside for now*". We take this to mean that no further information is to be provided to justify JRB's case in this respect and therefore no further information will come forward to support an adjustment to our previous valuation. However, we have taken this opportunity to expand upon the thoughts expressed in our previous notes.

3.2 JRB raises concerns about our view of the extent of repair works. Our Cost Consultant has readdressed the issue of refurbishment costs to determine land value in his report in Appendix 1, but in summary, he remains of the view that the £2,000 per sq m allowance for refurbishment plus fees and contingency at 10% is reasonable. We therefore retain this allowance and are of the view that these works are necessary to ensure the property would be at a lettable standard and to ensure the longevity of the asset to accord with an investment value attached to that notional tenancy. These works may also go some way to remedying the expensive running costs of the building, making it more attractive to a prospective tenant.

3.3 To cast a new perspective on this argument in the Condition Survey by SDA Consulting (undertaken in relation to the proposed scheme), referenced again in JRB's 2020 response, the building is found to have wants of repair required to be remedied before any reoccupation, be that the proposed scheme or continued D1 use. JRB clarify that in their view, the building "*requires the following expenditure*", totalling £312,000. These works relate to decay and damp ingress. This ignores the issues with the internal largely cellular layout which was specific to the former user and the need to reconfigure the internal spaces.

3.4 The National Planning Practice Guidance makes clear under paragraph 012 that remediation costs should come off benchmark land value. It states,

"*Plan makers should identify where costs are unknown and identify where further viability assessment may support a planning application. Costs include* […] *abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value.*"

3.5 We therefore assume it is agreed that refurbishment and reconfiguration of some description is required on this site and that we are no longer considering EUV where a premium would be added, but one where the EUV should be treated as if it were an Alternative Use Valuation (AUV) per paragraph 017 of PPG, specifically:

"*Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV.*"

3.6 On this basis and noting JRB views expenditure of £312,000 is required, their benchmark of £5.5m should adjust to an AUV of £5.188m excluding premium.

3.7 The differential between the two positions would now appear to hinge on the estimated scale of the remediation costs. We are of the view that the potential value of the property is actually in excess of JRB's £5.5m, and after refurbishment works an investor can seek to achieve a value of £6.5m plus an allowance for profit were they to implement our £2.1m refurbishment exercise. It is our view that an investor would seek to remedy the "*spatial inefficiencies*" identified by the NHS Trust and reiterated in JRB's report in order to achieve optimum value from the property. More specifically, the property was adopted by the NHS to provide a number of small consultation rooms which have little or no market use for other occupiers. As such it would be necessary to remove much of these adaptation works to create useable spaces, as well as addressing issues of repair and decoration. In this context the proposed allowance of £312,000 would be wholly inadequate.

3.8 We disagree with JRB that a prospective purchaser would not factor in works to this property, noting that it has been vacant for about 2 years since the NHS left the site and it clearly requires remediation works. We consider it unrealistic that no allowance for this would be made. Indeed we consider it would be reasonable for the purchaser to also reflect risk in this process through allowing for a return on this investment given its scale relative to the end value achieved.

3.9 JRB expresses concern that our £2.544m or £223.63 per sq ft is below the range of the evidence base provided in his Jun 2020 report of 8 x D1 comparables with achieved values of £476-£983 per sq ft. However, consideration should be given to the following before making a high-level comparison between our valuation and this evidence:

- 88 Compayne Gardens and 12-14 Marefield Gardens were transacted in 2017 and 19 Fleet Road, 90 Fitzjohns Avenue and 1-3 Arkwright Road in 2018. These are arguably historic transactions with less relevance to the current-day market, albeit we appreciate there is a lack of evidence in the current market.

- The 2019 transactions are 16 New End Road at £579psf and 2 Parkhill Road at £626psf. The former of these two transactions, 16 New End, is only 2,892 sq ft which is a substantially smaller school that the subject property at 11,377 sq ft and this should be considered when comparing values per sq ft.

- 2 Parkhill Road at 10,389 sq ft is more similar in size to the subject and whilst being transacted in April 2019 (over 12 months ago) we are satisfied the transaction occurred recently enough to be useful to a present-day valuation. The site currently houses the Village Prep School. From Google Streetview it is apparent the school has been using the site since 2009. The sale therefore included a tenant, which will impact purchase price.

- 12-14 Maresfield Gardens, NW3 is 10,166 sq ft and sold in 2017 for £672psf, making comparable in terms of size but a historic sale. In addition, Maresfield Gardens sold with a tenant using the previous C3 residential houses for teaching and clinical purposes. Again, this means that a purchaser would not need to consider costs required in order to secure an occupier in their price, unless they were to revert back to C3 use. We also consider this sale is likely to have reflected development potential in the sale price.

- 88 Compayne Gardens, NW6 is 10,325 sq ft sold in 2017 for £598 per sq ft. Again, this is a comparable size but historic sale. We have been unable to confirm the condition or occupancy status of this property when it was purchased.

3.10 There should also be a consideration of the internal condition of the properties and their location given the condition of the subject property. The exercise above aims to show that if historic transactions and size are taken into account, JRB's evidence range narrows considerably. JRB are in line with our thinking in this respect as they add:

"*it is likely that the price range was influenced by the degree to which the buildings needed to be adapted for continued D1 use and some of the transaction also reflected trading facilities*" [sic].

3.11 We note that no evidence has been provided regarding our investment valuation inputs as JRB has undertaken a comparable method of valuation, despite acknowledging that much of the evidence base supplied by themselves is of investment properties as opposed to owner-occupiers.

3.12 We have researched more modern evidence on the market and appreciate that there is a lack of directly comparable properties in the area. 37, Ryland Road, London, NW5 3EH measured 999 sq m / 10,751 sq ft at its 2017 ratings assessment and was last sold in October 2019 for £1.45m (£135 per sq ft). The site is currently the Kentish Town Day Nursery and Pre-School. We accept however that there is limited information regarding internal condition, although the existence of a tenant reassures us that this is in lettable condition.

3.13 We must also consider the fact that the transactions do not clarify whether their sales are on the basis of refurbishment works being required, although where there is a tenant in situ it is implied the investor does not need to factor in significant expense in order for the site to be tenable.

3.14 Having made our own inspection of the premises we are of the view that it is wholly reasonable to allow £2.1m of refurbishment and reconfiguration works plus fees and profit, and by association it is reasonable for the subject site to achieve lower values per sq ft by comparison to evidence of property in otherwise tenable condition.

3.15 Our benchmark land value in consequence remains unchanged at £2.54m.

4.0 DEVELOPMENT COSTS

4.1 At original reporting, our Cost Consultant, Neil Powling, was of the view that a Stage 2 or Stage 3 cost plan would need to be provided prior to concluding that the proposed costs were reasonable. Based on the cost information initially supplied we reduced the construction costs by £1,668,118 from £7,171,966 to £5,503,848. As part of the September 2020 update from the applicant we received a cost plan addressing our consultant's concerns which has now been reviewed and this can be found in full in Appendix 1.

4.2 We summarise his findings as follows:

This report deals specifically with the new Stage 2 Cost plan. Other items reported on 8th July 2020 remain relevant.

The total build cost of the Stage 2 Cost Plan issued 16 Sep 2020 is £8,722,241 (£7,138/m²). The estimate for the works excluding fit out are in reasonable detail, but the fit out has been costed at £2,500/m² for the Main House and the Link and at £2,000/m² for the Annex and the Lodge. The total of the fit out is £3,903,92 (£2,898/m²). The Cost Plan includes a note "Fit out costs are indicative only and specifications/ finishes are as yet unknown. We have retained the same allowances as per the Construction Cost Summary provided for the viability study in March 2020." Without a properly detailed estimate of the fit out costs we are unable to account for fit out costs that are in excess of BCIS mean levels as part of our benchmarking, although with proper detail we would expect the benchmarking to be increased through consideration of the fit out specifications.

Our benchmarking results in an adjusted benchmark of £4,792/m² that compares to the Applicant's £7,138/m² - a difference of £2,346/m². The fit out costs are £2,898/m². The appraisal dated 15/09/20 provided by James R Brown includes the construction cost of £7,171,966 (£5,869/m²) a difference of £1,077/m². This is the cost originally included in the Viability Report issued June 2020. We would expect benchmarking of the fit out to account for this difference of £1,077/m² and therefore consider the Applicant's costs of £7,171,966 to be reasonable.

We have also revisited our view of the refurbishment costs of the existing building. We have previously given an opinion of £2,000/m² with the GIA of 1,057m² resulting in a refurbishment cost of £2.1M plus fees and contingency (10%). We remain of the opinion that this is a reasonable estimate of these costs.

4.3 We have therefore updated our appraisal to include a build cost of £7,191,966.

5.0 OTHER MATTERS

5.1 We are aware that since the beginning of 2020 the Bank of England interest rate has dropped from 0.75% in January 2020 to 0.1% in November 2020. This had led to a number of viability assessments adopting lower interest rates than 7%. We would expect to see interest costs in the region of 6.5%. However, given the listed status of the property we accept there may be a perception of higher risk involved in these proposals, noting also this is not an entirely new build scheme, we therefore accept 7% is broadly a reasonable rate but reserve the right to revise this or require evidence that this rate is reasonable in the future.

Quality Standards Control

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

Signed

ELISE THOMPSON MSC
For and on behalf of BPS Chartered Surveyors

ANDREW JONES MRICS
Director
For and on behalf of BPS Chartered Surveyors

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Appendix 1
Cost Consultant Report

Project: The Hoo, 17 Lyndhurst Gardens, Hampstead NW3 5NU
2019/6151/P
Supplementary to Report issued 8th July 2020

Independent Review of Assessment of Economic Viability

Interim Draft Report
Appendix A Cost Report

1 SUMMARY

1.1 This report deals specifically with the new Stage 2 Cost plan. Other items reported on 8th July 2020 remain relevant.

1.2 The total build cost of the Stage 2 Cost Plan issued 16 Sep 2020 is £8,722,241 (£7,138/m²). The estimate for the works excluding fit out are in reasonable detail, but the fit out has been costed at £2,500/m² for the Main House and the Link and at £2,000/m² for the Annex and the Lodge. The total of the fit out is £3,903,92 (£2,898/m²). The Cost Plan includes a note "Fit out costs are indicative only and specifications/ finishes are as yet unknown. We have retained the same allowances as per the Construction Cost Summary provided for the viability study in March 2020." Without a properly detailed estimate of the fit out costs we are unable to account for fit out costs that are in excess of BCIS mean levels as part of our benchmarking, although with proper detail we would expect the benchmarking to be increased through consideration of the fit out specifications.

1.3 Our benchmarking results in an adjusted benchmark of £4,792/m² that compares to the Applicant's £7,138/m² - a difference of £2,346/m². The fit out costs are £2,898/m². The appraisal dated 15/09/20 provided by James R Brown includes the construction cost of £7,171,966 (£5,869/m²) a difference of £1,077/m². This is the cost originally included in the Viability Report issued June 2020. We would expect benchmarking of the fit out to account for this difference of £1,077/m² and therefore consider the Applicant's costs of £7,171,966 to be reasonable.

1.4 We have also revisited our view of the refurbishment costs of the existing building. We have previously given an opinion of £2,000/m² with the GIA of 1,057m² resulting in a refurbishment cost of £2.1M plus fees and contingency (10%). We remain of the opinion that this is a reasonable estimate of these costs.

2 METHODOLOGY

2.1 The objective of the review of the construction cost element of the assessment of economic viability is to benchmark the Applicant's costs against RICS Building Cost Information Service (BCIS) average costs. We use BCIS costs for benchmarking because it is a national and independent database. Many companies prefer to benchmark against their own data which they often treat as confidential. Whilst this is understandable as an internal exercise, in our view it is insufficiently robust as a tool for assessing viability compared to benchmarking against BCIS. A key characteristic of benchmarking is to measure performance against external data. Whilst a company may prefer to use their own internal database, the danger is that it measures the company's own projects against others of its projects with no external test. Any inherent discrepancies will not be identified without some independent scrutiny.

2.2 BCIS average costs are provided at mean, median and upper quartile rates (as well as lowest, lower quartile and highest rates). We generally use mean or occasionally upper quartile for benchmarking. The outcome of the benchmarking is little affected, as BCIS levels are used as a starting point to assess the level of cost and specification enhancement in the scheme on an element by element basis. BCIS also provide a location factor compared to a UK mean of 100; our benchmarking exercise adjusts for the location of the scheme. BCIS Average cost information is available on a default basis which includes all historic data with a weighting for the most recent, or for a selected maximum period ranging from 5 to 40 years. We generally consider both default and maximum 5 year average prices; the latter are more likely to reflect current regulations, specification, technology and market requirements.

2.3 BCIS average prices are available on an overall £ per sqm and for new build work on an elemental £ per sqm basis. Rehabilitation/conversion data is available an overall £ per sqm and on a group element basis ie. substructure, superstructure, finishings, fittings and services – but is not available on an elemental basis. A comparison of the applicants elemental costing compared to BCIS elemental benchmark costs provides a useful insight into any differences in cost. For example: planning and site location requirements may result in a higher than normal cost of external wall and window elements.

2.4 If the application scheme is for the conversion, rehabilitation or refurbishment of an existing building, greater difficulty results in checking that the costs are reasonable, and the benchmarking exercise must be undertaken with caution. The elemental split is not available from the BCIS database for rehabilitation work; the new build split may be used instead as a check for some, but certainly not all, elements. Works to existing buildings vary greatly from one building project to the next. Verification of costs is helped greatly if the cost plan is itemised in reasonable detail thus describing the content and extent of works proposed.

2.5 BCIS costs are available on a quarterly basis – the most recent quarters use forecast figures, the older quarters are firm. If any estimates require adjustment on a time basis we use the BCIS all-in Tender Price Index (TPI).

2.6 BCIS average costs are available for different categories of buildings such as flats, houses, offices, shops, hotels, schools etc. The Applicant’s cost plan should ideally keep the estimates for different categories separate to assist more accurate benchmarking. However if the Applicant’s cost plan does not distinguish different categories we may calculate a blended BCIS average rate for benchmarking based on the different constituent areas of the overall GIA.

2.7 To undertake the benchmarking we require a cost plan prepared by the applicant; for preference in reasonable detail. Ideally the cost plan should be prepared in BCIS elements. We usually have to undertake some degree of analysis and rearrangement before the applicant’s elemental costs can be compared to BCIS elemental benchmark figures. If a further level of detail is available showing the build-up to the elemental totals it facilitates the review of specification and cost allowances in determining adjustments to benchmark levels. An example might be fittings that show an allowance for kitchen fittings, bedroom wardrobes etc that is in excess of a normal BCIS benchmark allowance.

2.8 To assist in reviewing the estimate we require drawings and (if available) specifications. Also any other reports that may have a bearing on the costs. These are often listed as having being used in the preparation of the estimate. If not provided we frequently download additional material from the documents made available from the planning website.

2.9 BCIS average prices per sqm include overheads and profit (OHP) and preliminaries costs. BCIS elemental costs include OHP but not preliminaries. Nor do average prices per sqm or elemental costs include for external services and external works costs. Demolitions and site preparation are excluded from all BCIS costs. We consider the Applicants detailed cost plan to determine what, if any, abnormal and other costs can properly be considered as reasonable. We prepare an adjusted benchmark figure allowing for any costs which we consider can reasonably be taken into account before reaching a conclusion on the applicant's cost estimate.

2.10 We undertake this adjusted benchmarking by determining the appropriate location adjusted BCIS average rate as a starting point for the adjustment of abnormal and enhanced costs. We review the elemental analysis of the cost plan on an element by element basis and compare the Applicants total to the BCIS element total. If there is a difference, and the information is available, we review the more detailed build-up of information considering the specification and rates to determine if the additional cost appears justified. If it is, then the calculation may be the difference between the cost plan elemental £/m² and the equivalent BCIS rate. We may also make a partial adjustment if in our opinion this is appropriate. The BCIS elemental rates are inclusive of OHP but exclude preliminaries. If the Applicant's costings add preliminaries and OHP at the end of the estimate (as most typically do) we add these to the adjustment amounts to provide a comparable figure to the Applicant's cost estimate. The results of the elemental analysis and BCIS benchmarking are generally issued as a PDF but upon request can be provided as an Excel spreadsheet.

3 GENERAL REVIEW

3.1 We issued our draft report 8th July 2020. The report on costs was based on a limited indicative cost. Our report suggested there was sufficient information available to enable the production of a Stage 2 Cost Plan. This has now been produced and provided and this report deals specifically with the new Stage 2 Cost plan. Other items reported on 8th July 2020 remain relevant.

3.2 We have been provided with and relied upon the Stage 2 Cost Plan issued 16 Sep 2020 by Gardiner & Theobald.

3.3 The cost plan is on a current day basis 3Q2020. Our benchmarking uses current BCIS data which is on a current tender firm price basis. The BCIS all-in Tender Price Index (TPI) for 3Q2020 is 329 (provisional) and for 4Q2020 327 (forecast).

3.4 The design information used to produce the cost plan has been scheduled including architectural, structural and services information.

3.5 The cost plan includes an allowance of 18% for preliminaries. The allowance for overheads and profit (OHP) is 7.5%. We consider these allowances high but reasonable for the type and extent of work.

3.6 The allowance for contingencies is 5% for design development and a cumulative 5% for contingencies amounting to 10.245% overall. We consider these allowances reasonable. All the % figures are based on a calculation of a conventional arrangement of the sums in the analysis.

3.7 We have extracted the cost information provided by the Applicant into a standard BCIS/NRM format to facilitate our benchmarking.

3.8 We have downloaded current BCIS data (as at 24th Nov 2020) for benchmarking purposes including a Location Factor for Camden of 132 that has been applied in our benchmarking calculations. The Location Factor for Camden 7th July 2020 that was used for the July report was 130.

3.9 We have adopted the same GIAs for each of the four sections: the Main House, the Link, The Annex and the Lodge that are used in the Applicant's cost plan; we assume these to be the GIAs calculated in accordance with the RICS Code of Measurement 6th Edition 2007.

3.10 The building is a single detached house of 4 storeys; we have used BCIS average build cost data for one-off housing detached (3 units or less).

3.11 The total build cost of the Stage 2 Cost Plan issued 16 Sep 2020 is £8,722,241 (£7,138/m^2). The estimate for the works excluding fit out are in reasonable detail, but the fit out has been costed at £2,500/m^2 for the Main House and the Link and at £2,000/m^2 for the Annex and the Lodge. The total of the fit out is £3,903,92 (£2,898/m^2). The Cost Plan includes a note "Fit out costs are indicative only and specifications/ finishes are as yet unknown. We have retained the same allowances as per the Construction Cost Summary provided for the viability study in March 2020." Without a properly detailed estimate of the fit out costs we are unable to account for fit out costs that are in excess of BCIS mean levels as part of our benchmarking, although with proper detail we would expect the benchmarking to be increased through consideration of the fit out specifications.

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BPS Chartered Surveyors
Date: 25th November 2020

The Hoo, 17 Lyndhurst Gardens, Hampstead NW3 5NU
Elemental analysis & BCIS benchmarking

		Total		Main House		The Link		The Annex		The Lodge		Opening up & External Works		New build one-off	
	GIA m²		1,222		519		176		283		244		1,222	LF100	LF132
		£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£	£/m²	£/m²	£/m²
	Structure /Demolitions/ Strip out 5.38%	**318,295**	**260**	**75,590**	**146**	**113,050**	**642**	**75,365**	**266**	**44,290**	**182**	**10,000**	**8**		
1	**Substructure**	**167,260**	**137**	**21,160**	**41**	**89,400**	**508**	**36,800**	**130**	**19,900**	**82**			**268**	**354**
2A	Frame													114	150
2B	Upper Floors	51,430	42	20,050	39	14,970	85	1,410	5	15,000	61			64	84
2C	Roof	239,161	196	95,725	184	54,625	310	57,086	202	31,725	130			239	315
2D	Stairs & balustrades	115,500	95	36,500	70	54,000	307	10,000	35	15,000	61			60	79
2E	External Walls	233,905	191	79,690	154	51,975	295	51,350	181	50,890	209			256	338
2F	Windows & External Doors	169,900	139	33,350	64	59,500	338	58,300	206	18,750	77			168	222
2G	Internal Walls & Partitions	69,670	57	17,790	34	6,540	37	41,260	146	4,080	17			62	82
2H	Internal Doors	169,500	139	101,000	195	12,500	71	34,000	120	22,000	90			63	83
2	**Superstructure**	**1,049,066**	**858**	**384,105**	**740**	**254,110**	**1,444**	**253,406**	**895**	**157,445**	**645**	**0**	**0**	**1,026**	**1,354**
3A	Wall Finishes	49,525	41	16,980	33	8,600	49	11,685	41	12,260	50			107	141
3B	Floor Finishes	42,970	35	20,850	40	10,600	60	1,020	4	10,500	43			110	145
3C	Ceiling Finishes	110,890	91	60,000	116	9,240	53	14,150	50	27,500	113			58	77
3	**Internal Finishes**	**203,385**	**166**	**97,830**	**188**	**28,440**	**162**	**26,855**	**95**	**50,260**	**206**	**0**	**0**	**275**	**363**
	Fit out	**2,791,500**	**2,284**	**1,297,500**	**2,500**	**440,000**	**2,500**	**566,000**	**2,000**	**488,000**	**2,000**				
4	**Fittings**	25,000	**20**	**25,000**	**48**		**0**		**0**		**0**			**156**	**206**
5A	Sanitary Appliances													62	82
5B	Services Equipment (kitchen, laundry)													189	249
5C	Disposal Installations													10	13
5D	Water Installations	400,843	328	148,943	287	87,313	496	96,309	340	68,279	280			42	55
5E	Heat Source													54	71
5F	Space Heating & Air Treatment													129	170
5G	Ventilating Systems, smoke extract & control													35	46
5H	Electrical Installations (power, lighting, emergency lighting, standby generator, UPS)	383,661	314	165,151	318	57,035	324	86,712	306	74,762	306			156	206
5I	Fuel Installations													10	13
5J	Lift Installations	30,000	25	30,000	58		0		0		0			51	67
5K	Protective Installations (fire fighting, dry & wet risers, sprinklers, lightning protection)													9	12
5L	Communication Installations (burglar, panic alarm, fire alarm, cctv, door entry, public address, data cabling, tv/satellite, telecommunication systems, leak detection, induction loop)													30	40
5M	Special Installations - (window cleaning, BMS, medical gas)													84	111
5N	BWIC with Services													23	30
5O	Management of commissioning of services														
5	**Services**	**814,504**	**667**	**344,094**	**663**	**144,348**	**820**	**183,021**	**647**	**143,041**	**586**	**0**	**0**	**884**	**1,167**
6A	Site Works	733,750	600									733,750	600		
6B	Drainage	23,000	19									23,000	19		
6C	External Services	113,850	93	50,050	96		0	31,900	113	31,900	131				
6D	Minor Building Works														
6	**External Works**	**870,600**	**712**	**50,050**	**96**	**0**	**0**	**31,900**	**113**	**31,900**	**131**	**756,750**	**619**		
	SUB TOTAL	**6,239,610**	**5,106**	**2,295,329**	**4,423**	**1,069,348**	**6,076**	**1,173,347**	**4,146**	**934,836**	**3,831**	**766,750**	**627**	**2,609**	**3,444**
7	**Preliminaries 17.97%**	**1,121,330**	918	**413,159**	796	**192,483**	1,094	**211,202**	746	**168,271**	690	**136,215**	111		**620**
	Overheads & Profit 7.49%	**551,320**	451	**203,137**	391	**94,637**	538	**103,841**	367	**82,733**	339	**66,972**	55		
	SUB TOTAL	**7,912,259**	**6,475**	**2,911,625**	**5,610**	**1,356,468**	**7,707**	**1,488,390**	**5,259**	**1,185,840**	**4,860**	**969,937**	**794**	**2,609**	**4,064**
	Design Development risks 4.99%	395,113	323	145,581	281	67,823	385	74,420	263	59,292	243	47,997	39		
	Construction risks 4.99% cumulative - 10.24% combined	414,869	339	152,860	295	71,215	405	78,140	276	62,257	255	50,397	41		
	Employer change risks														
	Employer other risks														
	TOTAL	**8,722,241**	**7,138**	**3,210,066**	**6,185**	**1,495,506**	**8,497**	**1,640,950**	**5,798**	**1,307,388**	**5,358**	**1,068,331**	**874**		
			7,138		**6,185**		**8,497**		**5,798**		**5,358**		**874**		

Benchmarking		3,052
Add demolitions & strtip out	260	
Add external works	712	
Add additional cost of internal doors	56	
	1,028	
Add prelims @ 18%	185	
Add OHP @ 7.5%	91	1,305
		4,356
Add contingency 10%		436
Total adjusted benchmark - excluding consideration of fit out		4,792
Difference		2,346
Total of fit out in estimate	2,284	
Prelims @ 18%	411	
OHP @ 7.5%	202	2,898

Appendix 2
BPS Appraisal

The Hoo
Proposed Scheme

Development Appraisal
Prepared by BPS
BPS Surveyors
03 December 2020

The Hoo
Proposed Scheme

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Main House & Link	1	7,298	1,233.21	9,000,000	9,000,000
The Lodge	1	2,185	1,212.81	2,650,000	2,650,000
The Annexe	1	2,939	1,292.96	3,800,000	3,800,000
Totals	**3**	**12,422**			**15,450,000**

NET REALISATION				**15,450,000**
OUTLAY				
ACQUISITION COSTS				
Fixed Price		2,544,000		
Fixed Price			2,544,000	
				2,544,000
Stamp Duty		5.00%	127,200	
Agent Fee		1.00%	25,440	
Legal Fee		0.25%	6,360	
				159,000
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Construction	1 un	7,171,966	7,171,966	
CIL/ MCIL/ S.106			669,320	
				7,841,286
PROFESSIONAL FEES				
Professionals		10.00%	717,197	
				717,197
MARKETING & LETTING				
Marketing		0.50%	77,250	
				77,250
DISPOSAL FEES				
Sales Agent Fee		1.50%	231,750	
Sales Legal Fee			5,000	
				236,750
Additional Costs				
Dev. Management Fee		17.00%	2,626,500	
				2,626,500
FINANCE				
Timescale	**Duration**	**Commences**		
Purchase	1	Mar 2020		
Pre-Construction	2	Apr 2020		
Construction	8	Jun 2020		
Sale	6	Feb 2021		
Total Duration	17			
Debit Rate 7.000%, Credit Rate 0.500% (Nominal)				
Land			161,110	
Construction			180,713	
Other			128,002	
Total Finance Cost				469,826
TOTAL COSTS				**14,671,809**
PROFIT				
				778,191

Performance Measures

Profit on Cost%	5.30%
Profit on GDV%	5.04%
Profit on NDV%	5.04%
IRR% (without Interest)	16.45%

The Hoo
Proposed Scheme

Profit Erosion (finance rate 7.000)	9 mths