108 Kilburn High Road, NW6 4HY

Addendum Viability Review

Prepared on behalf of London Borough of Camden

8th December 2020

Planning reference: 2020/4152/P

BPS Chartered Surveyors

215a High Street, Dorking, RH4 1RU
www.bps-surveyors.co.uk
Tel: 01483 565 433

Contents

1.0 INTRODUCTION

1.1 BPS Chartered Surveyors have been instructed by the London Borough of Camden ('the Council') to undertake a review of the Financial Viability Assessment (FVA) dated December 2019 prepared by Grimshaw Consulting Ltd (GCL) on behalf of Mr B Baker ('the Applicant') in connection with a planning application for the redevelopment of the above site.

1.2 The site currently comprises a ground floor retail unit with three upper floors previously used as office space (use class b1). We understand that the office space has not been occupied for 20 years and is in a poor condition. The ground floor retail unit is occupied by an amusement arcade which is not part of the proposed development and is consequently not included in either financial viability assessment. There is a top floor flat (27 Quex Mews) which is a one bedroom flat on the top floor of the adjacent building which is to be extended in the proposed plans. Access to the proposed development is provided from 110 Kilburn High Road which comprises a ground floor retail unit occupied by Poundland and residential accommodation on the upper four floors.

1.3 The location is predominantly commercial in nature and consists of primarily ground floor retail units along Kilburn High Road with either other commercial or residential accommodation above them. The site is approximately 0.2 miles (4 minute walk) form Kilburn High Road station which provides London overground services between Watford Junction and London Euston station. It benefits from several bus routes passing the property and has a high PTAL rating of 6a. The site is not located in a conservation area nor is it listed.

1.4 Our original review was for planning application 2019/5282/P for:

Conversion of upper floors of 108 Kilburn High Road from solicitors (Class A2); erection of three storey rear extension; part replacement mansard roof extensions across no's 108 and 110 and alterations to front elevation in association with provision of 7 x 1-bed units and 1 x 2-bed unit (Class C3) accessed via Quex Mews.

1.5 This application was refused by the Council on 28th February 2020 on 6 grounds including massing, range of homes, cycling provision, access, parking, affordable housing and construction management. Policy requires the proposed scheme make an affordable housing contribution of £96,460, reduced from our previous assessment, in accordance with policy H4 of the 2017 Camden Local Plan which the applicant does not consider can viably be made.

1.6 The basis of original our review was Economic Viability Appraisal Report prepared by ULL, dated December 2019, which concluded that the scheme produced a surplus of £15,344 which should constitute a payment in lieu of affordable housing. Our original review, dated 10th February 2020, made the following changes to the ULL appraisal:

Increased Residential GDV
Decreased Benchmark Land value
Decreased Professional Fees
Decreased Developer Profit Target
Reduced Development Timings

1.7 Our appraisal showed a profit of £513,425 and we therefore concluded that the proposed scheme could make the policy compliant affordable housing contribution of £123,092.50, a figure which has since been revised.

1.8 The applicant has submitted a new 2020/4152/P for:

Conversion of upper floors of 108 Kilburn High Road from solicitors office; erection of three storey rear extension with terrace above; mansard roof extensions across no's 108 and 110 and alterations to front elevation in association with provision of eight self-contained flats (use Class C3) accessed via Quex Mews

1.9 GCL, who have since assumed the role of the applicant's viability consultant, describe the subject application as being identical to the previous refused application in terms of scale and proposed accommodation. The changes as descried by GCL are predominantly external aesthetic alterations on the refused scheme as shown in the planning documents associated with the new application.

1.10 We have received a Financial Viability response from GCL dated November 2020 in respect of the proposed development. The response concludes that the proposed scheme shows a surplus of £6,019 and therefore cannot make a policy compliant contribution. The response from GCL shows that the following inputs have been updated or are not agreed between GCL and BPS:

Residential values
Acquisition costs
Professional fees
Developer profit
Benchmark land value
Construction costs
CIL

1.11 The response has revisited several of the inputs which we will address in this report.

2.0 SUMMARY & CONCLUSIONS

2.1 GCL have used Argus developer to create a financial appraisal for the proposed scheme and conclude that it shows a viability surplus of £6,019 which constitutes the maximum viable PIL for affordable housing. This is below the surplus identified by both our previous report and ULL who reporting on the earlier application.

2.2 We have made several amendments to the Argus appraisal that has been provided by GCL. The changes and outstanding areas of disagreement are summarised in the table below:

Input	GCL	BPS
Private Residential Values	£2,850,000	£2,962,500
Build Costs	£1,055,000	£984,500
Professional fees	12%	10%
Affordable Housing PIL	£0	£96,460
Developer Profit	20%	16.86%
Benchmark Land Value	£748,000	£530,000
Surplus / Deficit	**£6,019**	**£436,658**

2.3 We have made the above changed to the Argus appraisal which shows the scheme produces a surplus of £436,658 when the affordable housing PIL of £96,460 is included as a fixed cost in the appraisal. Our appraisal summary can be found in Appendix One which includes sensitivity analysis. On this basis we conclude that the scheme can make the full affordable housing PIL of £96,460.

3.0 DEVELOPMENT REVENUES

Private Residential Values

3.1 The residential element of the proposed scheme, as sought by the planning application, is for 8 private residential units arranged on the upper floors. The units will be accessed through the existing access for 110 Kilburn High Road, which is provided through the rear of the building via Quex Mews. Unit 27 is the extension of a unit which is currently located in 110 Kilburn High Road which will be extended in the proposed development. Each unit has a single bathroom, other than 27 Quex Mews which has two, and there is no lift access or car parking associated with the development. GCL have informed us that the floor areas of the units have not changed and documents obtained from the planning website confirm this, although flat 7 has a balcony in the new subject scheme.

3.2 Our previous report examined evidence from new build schemes and second hand sales in the surrounding area as well as the evidence provided by ULL. We found the values adopted by ULL to be lower than we would expect and adopted the following prices:

Unit	Floor	Beds	Sq m	Sq Ft	ULL Price	ULL £ / Sq Ft	BPS Price	BPS £ / Sq Ft
1	1	Studio	40.7	438	£325,000	£742	£350,000	£799
2	1	Studio	41.2	443	£325,000	£733	£350,000	£789
3	2	Studio	42	452	£325,000	£719	£350,000	£774
4	2	Studio	41	441	£325,000	£736	£350,000	£793
5	3	Studio	42.3	455	£325,000	£714	£350,000	£769
6	3	Studio	41.3	445	£325,000	£731	£350,000	£787
7	4	2	66.1	711	£475,000	£668	£500,000	£703
27	4	1	58.2	626	£425,000	£678	£450,000	£718
Total	**8**		**373**	**4013**	**£2,850,000**	**£710**	**£3,050,000**	**£760**

3.3 This reflects an increase of £200,000 (£50 per sq ft) which is an increase of £25,000 per unit.

3.4 GCL have provided updated sales evidence and analysis. They suggest that evidence previously provided by BPS was not for units that have been converted or extended above commercial premises or in similar high street locations. They consider that the comparable evidence we provided is in superior residential locations or developments.

3.5 As explained in our report this was due to a lack of recent evidence for similar units in the immediately surrounding area which forced us to broaden our search area. Our analysis was conducted on the basis that most of the comparable evidence was for more desirable units than those proposed in the subject.

3.6 GCL have provided additional transactional evidence to support their valuations. Some of the evidence is for transactions that occurred up to five years ago which we consider to be too historic for relevance.

3.7 GCL have identified three two bedroom units in The Grange, 275 Kilburn High Road which have sold since September 2018. This is a small development of 10 flats and a medical centre which completed approximately 20 years ago. The flats sold for between £480,000 and £575,000 and we have been unable to obtain any additional information about the flats.

3.8 We have revisited the evidence provided in our previous report. We have also identified the following additional evidence, some of which was provided by GCL, which we consider to be of relevance:

Address	Description & GIA	Date	Sale Price	Price psf
Flat 13, Hillsborough Court, Mortimer Crescent, London, Greater London NW6 5NR	Studio unit in a period block. Good condition, residential porter. South east of the subject in a residential estate, close to Kilburn High Road station. Next to Brondesbury station, will suffer from noise disturbance, 0.5 miles from the subject. 34 sq m / 363 sq ft	24/7/20	£285,000	£785
Buckley Road, NW6	Studio unit on the lower ground floor of a semi detached Georgian town house. Modern interior, small balcony. North west of the subject in a more desirable residential location. 26.5 sq m / 285 sq ft	On the market	£300,000	£1,053
Dibbin House, Maida Vale	Fourth floor studio unit in an art deco housing block. Modern interior Similarly fronting a busy road and south of the subject on a non high street location. 32 sq m / 340 sq ft	On the market	£315,000	£926
332b Kilburn High Road, London, Greater London NW6 2QN	Duplex two bedroom flat above retail units. Two bathrooms, modern interior and small private terrace, underfloor heating. 91 sq m / 983 sq ft	18/10/20	£528,000	£537

3.9 Flat 13 Hillsborough Court is in a more desirable location and building than the subject however is slightly smaller. The units on the market are in more desirable locations and are smaller than the proposed studio units. 332 Kilburn High Road is similarly above retail units on Kilburn High Road larger than the proposed two bedroom unit and has been finished to a high quality, although is adjacent to railway lines and will suffer from noise disturbance.

3.10 The only evidence provided by GCL and BPS that is directly comparable to the subject are the units at 275 Kilburn High Road (The Grange) and 332 Kilburn High Road. 332a Kilburn High Road is smaller than the proposed unit in the subject while 332b is significantly larger for a two bedroom unit, and we consider the proposed units would achieve a premium due to their new build condition and location away from the railway lines. The proposed studio units in the subject are larger than most of the comparable evidence, which is for second hand units that are predominantly in more desirable residential locations.

3.11 On further consideration of the available evidence and for the purposes of agreement we have decided to adopt values halfway between those proposed by GCL and those previously adopted by BPS. We consider the values previously adopted by BPS to represent the upper range of the values that the proposed units could achieve while those adopted by GCL represent the lower end of the range. The lack of directly comparable evidence for studios and one bedroom units in the local area in a high street location above retail makes for a degree of uncertainty. We have maintained our value for the two bedroom unit due to the directly comparable evidence from 275 and 332 Kilburn High Road and considering that the revised plans include a private balcony for the unit. Our pricing schedule can be seen below:

Unit	Floor	Beds	Sq m	Sq Ft	ULL Price	ULL £ / Sq Ft	BPS Price	BPS £ / Sq Ft
1	1	Studio	40.7	438	£325,000	£742	£337,500	£770
2	1	Studio	41.2	443	£325,000	£733	£337,500	£761
3	2	Studio	42	452	£325,000	£719	£337,500	£747
4	2	Studio	41	441	£325,000	£736	£337,500	£765
5	3	Studio	42.3	455	£325,000	£714	£337,500	£741
6	3	Studio	41.3	445	£325,000	£731	£337,500	£759
7	4	2	66.1	711	£475,000	£668	£500,000	£703
27	4	1	58.2	626	£425,000	£678	£437,500	£698
Total	**8**		**373**	**4,013**	**£2,850,000**	**£710**	**£2,962,500**	**£738**

3.12 This shows an increase of £112,500 (£28 per sq ft) on the values adopted by GCL. We have adopted our revised values in our appraisal.

Ground Rents

3.13 GCL had previously omitted ground rental income on the grounds of the governments intentions to restrict their income to nil or peppercorn levels. We agreed with this on the basis that a development agreement would legally restrict their income.

3.14 Viability assessment should be undertaken on a current day basis and the ability to secure ground rental income remains a lawful option for developers. We consider that unless the applicant is wiling to include a restriction within the S106 Agreement value from this source should be included in the scheme appraisal.

4.0 DEVELOPMENT COSTS

Build Costs

4.1 The original report produced by ULL adopted construction costs in accordance with an elemental build cost plan produced by RLF. This recommended a build cost rate of £2,437 per sq m (total £984,500). Our Cost Consultant, Neil Powling, analysed the RLF cost plan and concluded that the costs were reasonable.

4.2 The new application (2020/4152/P) is broadly of the same design although the CIL form shows an additional GIA of 28.7 sq m (309 sq ft). The main differences are a first floor extended staircase enclosure, alterations to the roof design, a green roof and a balcony for unit 7. We have had confirmation from the applicant that the floor area has not increased and that the original plans were measured incorrectly. The GCL appraisal also suggests that the NIA for the proposed scheme has reduced from 4,013 sq ft to 3,983 sq ft for which no explanation is offered.

4.3 GCL have apportioned cost on a pro rata basis to the revised GIA of £2,467 per sq m giving a total build cost of £1,055,000 which is an increase of £70,000 on the cost adopted for the previous submission.

4.4 Mr Powling considers that the elemental cost plan created by RLF and previously reviewed by him should be adopted in this situation. Any changes or revisions to the areas for the scheme should result in a revised cost plan being submitted and reviewed and without such we do not consider it relevant to adopt a revised cost. On this basis we continue to adopt a build cost of £984,500 in our appraisal.

Acquisition costs

4.5 GCL point out that we have omitted agent and legal fees from our acquisition costs on the benchmark land value. We concede that this was an error in our appraisal and have accordingly included at 1.75% in accordance with GCL.

Professional fees

4.6 GCL have adopted professional fees of 12% which we considered in our original report to be higher than we would expect for the subject scheme and reduced to 10%. GCL note that BPS accepted professional fees of 12% on two other schemes in the Borough however these schemes are entirely different to the subject and warrant separate fee allowances. We consider that costs should be assessed on a site by site basis.

4.7 The proposed development is a conversion and small extension from an existing building with lower build costs than would be required for a conventional new build project. We anticipate that the professional fees would be lower as a result of this which our cost consultant, Neil Powling, has confirmed. On this basis we continue to adopt 10% which we consider to be a reasonable if slightly generous allowance.

CIL

4.8 GCL have included Borough CIL at £105,770 (£644 per sq m) and MCIL2 at £13,060 (£164.24 per sq m). The council have confirmed that a Borough charge of £105,770.56 and a MCIL2 charge of £13,139.20 are liable which broadly correspond with the values adopted by GCL. We have adopted the slightly revised MCIL2 charge in our appraisal.

4.9 We understand that the proposed scheme may be subject to further S106 costs for a construction management plan which we do not have an estimate for and have not included at this stage.

Developer profit

4.10 GCL continue to adopt a developer profit target of 20% on private residential GDV. In our original report we adopted a developer profit target of 17.5% which we considered to be more realistic for the proposed scheme and in accordance with the evidence base supporting the London Plan. GCL note that the BNPPRE Local Plan CIL & Viability study adopts a developer profit target of 20%. We note this report dates from 2015 and predates the current NPPG revisions of 2018 and 2019 which specifically addr3ess the issue of developer profit.

4.11 NPPG (2019) states:

How should a return to developers be defined for the purpose of viability assessment?

Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of fully complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan.

For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.

See related policy: National Planning Policy Framework paragraph 57
Paragraph: 018 Reference ID: 10-018-20190509
Revision date: 09 05 2019 See previous version

4.12 The Three Dragons London Plan Viability Study (December 2017) Technical Report Annex G recommends that buildings of up to 5 storeys in height require a profit target of 15% due to the longer construction period than smaller buildings. On this basis 17.5% is a generous allowance in accordance with this guidance.

4.13 Potential risk for developers should be assessed on a site by site basis. 20% is at the upper end of the range recommended by NPPG and we do not consider that the subject site bares significantly more risk than the average site due to the location and nature of the site as a conversion from an existing building. While conversion can bring risks that straight forward new build developments do not there is less risk to the developer in site preparation and ground work which is often the stage where complications arise. On the basis of the above we consider 17.5% to be a generous allowance which more than reasonably reflects the nature of the site.

4.14 We have given the developer profit allowance further consideration. Our previous assessment did not consider the reduced risk of the development associated with the conversion of the existing building. In order to account for this we have calculated the risk difference associated with converting the existing building against the risk of building from new. We have also allowed for developer profit in the benchmark appraisal to reflect the risk associated with the building in its existing condition.

4.15 Using BCIS headline estimates and appropriate additional costs we have calculated that if the building were to be an entirely new build construction the total cost would be £1,461,502 which is £477,002 (32.6%) higher than the proposed cost of £984,500 for the alteration and conversion works for the existing building. If we were to adopt a developer return on just the construction cost risk we would allow for a return of circa 4% of total build cost. 4% of the difference in build cost (£477,002) gives a developer profit margin of £19,000. We have accordingly deducted £19,000 from the developer profit allowance which generates a blended target of 16.86%. We have adopted this as the developer profit target in the appraisal.

5.0 Benchmark Land Value

Original Reports

5.1 The site comprises the upper floors above in a mid terrace retail unit on Kilburn High Road. The space was previously used as use class order B1a office space / A2 professional services which are now within Use Class Order E but has been unoccupied for 20 years and is in poor condition. The development red line includes 27 Quex Mews which is a top floor flat that is to be extended in the proposed plans.

5.2 ULL adopted the EUV approach to benchmark land value. They adopted a rental value of £35 per sq ft and capitalised the income at a yield of 6.5%. They allowed for refurbishment costs of £325,000 (£144 per sq ft) and made allowances for contingency, professional fees, legal & agent fees and disposal fees. This generated an overall value of £516,171 for the office space.

5.3 ULL adopted a value of £285,000 for the flat and made allowances for disposal fees. They adopted a 10% landowner premium solely for the residential element of the scheme giving an EUV+ of £304,095 for the residential element. This generated a total benchmark land value of £820,266.

5.4 We found the ULL approach to be reasonable although considered the valuation of the office element to be an AUV approach rather than EUV due to the allowance for refurbishment. We identified additional transactional evidence and adopted a rental value of £27.50 for the office space and similarly capitalised the income at a yield of 6.5% and made the same allowances for disposal fees and refurbishment costs.

5.5 We adopted a higher value for the residential unit based on the comparable evidence provided for our valuation of the proposed space giving a revised value of £325,000. We did not consider a landowner premium to be applicable as the unit is being replaced and therefore there is no incentive required for the landowner to bring the site forward for sale. On this basis we adopted a benchmark land value of £642,000 which was a decrease of £178,000 on the value adopted by ULL.

GCL Approach

5.6 GCL note that the comparable evidence provided in our report equated to an average rent of £31.13 per sq ft while the average of the evidence identified by ULL was £40.15 per sq ft. GCL considers the rental value of £35 per sq ft to be reasonable on the basis that the average of all of the evidence was £34.83 per sq ft. For the purposes of agreeing a viability outcome they have adopted an ERV of £55,000 which equates to £31.16 per sq ft which is aligned with the average of the comparable evidence provided by BPS.

5.7 GCL have also adopted our previous valuation of £325,000 for the residential unit.

5.8 These changes generates a benchmark land value of £748,000 which GLC have adopted in their appraisal.

BPS Approach

5.9 We have revisited the evidence that supported the original valuation. All of the comparable evidence identified is generated from more desirable purpose built units that are not above retail. Most of the evidence is for units in more desirable locations including West Hampstead and Brondesbury Park. The closest evidence by proximity is Omni House which is a converted period building providing a higher quality office space in a more desirable location which achieved, and is currently marketing, for £32.50 per sq ft. We consider the rental value of £27.50 per sq ft previously adopted by us to be reasonable and continue to adopt this. We continue to adopt an AUV of £327,162 for the commercial element.

5.10 We have also given further consideration to the structure of this AUV appraisal with regard to the profit allocation. The refurbishment required for the existing building is considerable and reflects a cost of greater than 50% of the GDV. We do not consider a landowner would undertake this refurbishment without requiring a return on the considerable investment required to undertake the refurbishment. A building in an unusable condition such as the subject burdens risk on a landowner or developer which we consider should be reflected in the appraisal. We have accordingly adopted a profit allowance of 12.5% on the GDV which reflects a slight discount on the 15% we would ordinarily adopt for a unit proposed in an application to reflect a reduction in risk in that no planning permission nor construction is required.

5.11 We have revisited the valuation of the residential unit, 27 Quex Mews, and in accordance with our approach to the proposed scheme have adopted a value between those originally proposed by ULL and BPS, giving a revised value of £305,000.

5.12 Our revised appraisal for the benchmark land value can be seen below:

BPS			
Office	Sq Ft	1,765	
	ERV psf	£27.50	
	ERV	£48,545	
	Yield	6.50%	£746,849
	Refurbishment		£325,000
	Contingency	10%	£32,500
	Professional Fees	10%	£32,500
	Disposal	3%	£22,405
	Agent	15%	£7,282
	Profit	12.50%	£93,356
	Final		£233,806
	Rounded		£234,000
Residential	Value		£305,000
	Disposal	3%	£9,150
			£295,850
	Premium	0%	£0
	Final		£295,850
Total			£529,656
			£530,000

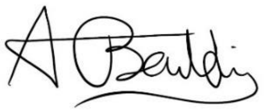
5.13 We adopt a benchmark land value of £530,000 in our appraisal which represents a decrease of £218,000 on the value adopted by GCL. We have fixed the land cost to this value in order to accurately calculate finance charges on the land value.

6.0 QUALITY STANDARDS CONTROL

This report is provided for the stated purpose and for the sole use of the named clients. This report may not, without written consent, be used or relied upon by any third party.

The author(s) of this report confirm that there are no conflicts of interest and measures have been put in place to prevent the risk of the potential for a conflict of interest. In accordance with the RICS Professional Statement *Financial Viability in Planning: Conduct and Reporting* September 2019, this report has been prepared objectively, impartially, and with reference to all appropriate sources of information.

The following persons have been involved in the production of this report:



Arthur Boulding
RICS Membership no. 6878828
For and on behalf of BPS
Chartered Surveyors

Andrew Jones MRICS
RICS Membership no. 0085834
For and on behalf of BPS
Chartered Surveyors

7.0 LIMITATION OF LIABILITY/ PUBLICATION

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Neither the whole nor any part of this valuation report nor any reference hereto may be included in any published document, circular, or statement, or published in any way, without prior written approval from BPS of the form and context in which it may appear.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we** consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of [this property] under frequent review.

Appendix One – Appraisal Summary

108-110 Kilburn High Road, London NW6 4HY
Mr B Baker
Not a Valuation

Appraisal Summary for Phase 1

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
Market Residential Flats	8	3,983	743.79	370,313	2,962,500
NET REALISATION				**2,962,500**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price			530,000		
				530,000	
Stamp Duty (Land cost includes VAT)			21,200		
Effective Stamp Duty Rate		4.00%			
Agent Fee		1.00%	5,300		
Legal Fee		0.50%	2,650		
				29,150	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
Market Residential Flats	4,604	213.84	984,500	**984,500**	
Borough CIL			105,771		
MCIL2			13,139		
AH Payment in Lieu			96,460		
				215,370	
PROFESSIONAL FEES					
Professional Fees		10.00%	98,450		
				98,450	
MARKETING & LETTING					
Marketing		1.00%	29,625		
				29,625	
DISPOSAL FEES					
Effective Purchaser's Costs Rate		0.00%			
Sales Agent Fee		1.50%	44,438		
Sales Legal Fee	8 un	750.00 /un	6,000		
				50,438	
Developer's Profit					
Developer's Profit		16.86%	499,478		
				499,478	
FINANCE					
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)					
Land			43,696		
Construction			40,445		
Other			4,691		
Total Finance Cost				88,832	
TOTAL COSTS				**2,525,842**	
PROFIT					
				436,658	
Performance Measures					
Profit on Cost%		17.29%			
Profit on GDV%		14.74%			
Profit on NDV%		14.74%			
IRR% (without Interest)		36.08%			
Profit Erosion (finance rate 7.000)		2 yrs 4 mths			

SENSITIVITY ANALYSIS REPORT	**BPS SURVEYORS**

108-110 Kilburn High Road, London NW6 4HY
Mr B Baker
Not a Valuation

Table of Profit Amount and IRR%

	Construction: Gross Cost				
Sales: Gross Sales	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
	935,275	959,888	984,500	1,009,113	1,033,725
-5.000%	£372,799	£344,750	£316,631	£288,512	£260,392
2,814,375	32.1844%	29.9961%	27.8479%	25.7394%	23.6697%
-2.500%	£432,685	£404,728	£376,772	£348,691	£320,572
2,888,438	36.3767%	34.1493%	31.9622%	29.8149%	27.7067%
0.000%	£492,571	£464,614	£436,658	£408,701	£380,745
2,962,500	40.5709%	38.3049%	36.0795%	33.8941%	31.7478%
+2.500%	£552,457	£524,500	£496,544	£468,587	£440,631
3,036,563	44.7665%	42.4626%	40.1994%	37.9764%	35.7927%
+5.000%	£612,343	£584,386	£556,430	£528,473	£500,517
3,110,625	48.9633%	46.6219%	44.3215%	42.0614%	39.8408%

Sensitivity Analysis : Assumptions for Calculation

Construction: Gross Cost
Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
Market Residential Flats	1	£984,500	2.00 Up & Down

Sales: Gross Sales
Original Values are varied by Steps of 2.500%.

Heading	Phase	Amount	No. of Steps
Market Residential Flats	1	£2,962,500	2.00 Up & Down

TIMESCALE AND PHASING CHART — BPS SURVEYORS

108-110 Kilburn High Road, London NW6 4HY
Mr B Baker
Not a Valuation

Project Timescale	
Project Start Date	Nov 2020
Project End Date	Mar 2022
Project Duration (Inc Exit Period)	17 months

Phase 1

	Start Date	Duration	End Date
Project	Nov 2020	17	Mar 2022
Purchase	Nov 2020	1 Month(s)	Nov 2020
Pre-Construction	Dec 2020	3 Month(s)	Feb 2021
Construction	Mar 2021	10	Dec 2021
Post Development	Jan 2022	0 Month(s)	
Letting	Jan 2022	0 Month(s)	
Income Flow	Jan 2022	0 Month(s)	
Sale	Jan 2022	3 Month(s)	Mar 2022
Cash Activity	Nov 2020	17	Mar 2022