

Kings College Hampstead, Kidderpore  
Avenue, London, NW3 7SU  
Viability Reassessment

Produced for and on behalf of the London Borough of  
Camden

January 2021

Planning reference: 2015/3936/P



High Street, Dorking RH4 1RU  
[www.bps-surveyors.co.uk](http://www.bps-surveyors.co.uk)

---

1.0	INTRODUCTION .....	2
2.0	REVENUES .....	5
3.0	DEVELOPMENT COSTS .....	6
4.0	PRO FORMA.....	8
5.0	CONCLUSION.....	13
6.0	QUALITY STANDARDS CONTROL .....	14

Appendix A - Argus Appraisal (Finance cost Calculator)

Appendix B - Proforma (Excel spreadsheet)

Appendix C - Original Viability Assessment (2015 BPS documents)

---

## 1.0 INTRODUCTION

- 1.1 BPS Chartered Surveyors have been instructed by London Borough of Camden ('The Council') to review the Viability Reassessment dated September 2020 produced by Quod on behalf of Mount Anvil ('The Owner').
- 1.2 The viability reassessment has been produced in accordance with clause 6 "Affordable Housing Deferred Contribution" of the S106 agreement for the consented development. The original planning application (reference 2015/3936/P) is for:
- "Development of the site to provide 156 residential units involving demolition of Queen Mothers Hall, Lord Cameron and Rosalind Franklin buildings and replacement with flats in three 4 and 5 storey buildings, seven houses to the northern boundary, a single townhouse to the north western boundary and three houses between The Chapel and Queen Mothers Hall; relocation and refurbishment of the Summerhouse; alterations and extensions to retained buildings, including listed buildings; excavation of 2-storey basement to the western part of the site and a 1-storey basement to the replacement buildings for Lord Cameron and Rosalind Franklin, lower the level of lower ground floor of Bay House; provision of 97 car parking spaces, associated cycle parking, refuse/recycling facilities, plant equipment and landscaping works including tree removal across the site."*
- 1.3 The trigger for the viability reassessment is the legal completion (sale) of 100 private units, as per clause 6.6. The developer has confirmed the legal completion of 100 private units as per their submission documents and therefore we consider the viability review to have been triggered.
- 1.4 Our report analyses the inputs to the pro forma and viability reassessment as adopted by Quod in accordance with the conditions of the S106 agreement.
- 1.5 We have received the following relevant documentation from Quod in support of their late stage review submission:
- KCC Viability Update Assessment 23.09.2020;
  - CIL Acknowledgement Notice Payment Mount Anvil Kidderpore;
  - Demand Notice CCI3333-LP6819;
  - Annex 1 - S106 Legal Agreement;
  - Annex 2 - Original Viability Assessment Files;
  - Annex 3 - Verified Build Costs;
  - Annex 4 - Sales Contract Schedule;
  - Annex 5 - AH & Ground Rent Sales;
  - Annex 6 - Arms Length Sales Confirmation.
- 1.6 We have had particular regard to clause 6.5, extract below and schedule 7 "Form of the updated viability assessment summary" 'Pro forma' in which we have carried out in order to assess the deferred affordable housing contribution.

---

**6.5 Preparation of the Viability Update Assessment**

- 6.5.1 The Viability Update Assessment will be presented substantially in the same form as the Original Viability Assessment or such other form as agreed by the Council in writing.
- 6.5.2 The Viability Update Assessment will include:
- (a) a copy of the Original Viability Assessment;
  - (b) a summary prepared substantially in the form set out in Schedule 7;
  - (c) a written statement setting out the Owner's calculation of the Affordable Housing Deferred Contribution;
  - (d) certified costs, certified copies of sales contracts, best estimates of costs yet to be incurred and Red Book Valuations of any unsold space as at the date of submission of the Viability Update Assessment (where there is not an exchanged contract to sell such space);
  - (e) details of any grant funding received in relation to the Development whether related to Affordable Housing or any other aspect of the Development; and
  - (f) a solicitors certification confirming the sales of the Housing Units were arm's length third party bona fide transactions and not:-
    - (i) designed to reduce the revenue received from sales of the Housing Units;
    - (ii) confined to transactions between the Owner and subsidiary companies of the Owner; or
    - (iii) transactions including deferred consideration, overage, loans or finance deals from the Owner.

- 1.7 We consider that Quod/the Owner have complied with points (a) - (d). We have not had any details of grant funding (if applicable), but have received the full sale legal documents for the affordable housing sale to a Registered Provider (e), given there was no grant in the original viability assessment we have reasonably assumed there's no grant funding applicable but welcome clarity from Quod on this point.
- 1.8 We have received confirmation from Mount Anvil that the sales were bona fide, and their build costs have been verified via their solicitors Hunters and for point (f) we have requested copies of sales receipts in order to verify the sales transactions.
- 1.9 Turning to the definitions page, clause 1.39 "Gross Development Value" as per the below clearly it is reasonable of the authority to ask for copies of receipts and for valuations of the uncompleted (unsold) units.

1.39	<b>"Gross Development Value"</b>	means all of the following revenues received or estimated to be received by the Owner in connection with the Development:
------	----------------------------------	---

10

TERM	MEANING
	(a) actual sales receipts for the Private Housing Units;
	(b) Red Book Valuation of any unsold Private Housing Units on the assumption that they are Completed and ready for Occupation EXCEPT WHERE there is a contract in place to sell any unsold Private Housing Unit which has not yet completed then the valuation will be the sale value included in that contract;
	(c) value paid by the Registered Provider for the transfer of the Affordable Housing Units;
	(d) actual sales receipts for the car parking spaces associated with the Private Housing Units; and
	(e) Red Book Valuation of any unsold car parking spaces on the assumption that they are Completed and ready for use EXCEPT WHERE there is a contract in place to sell any unsold car parking space which has not yet completed then the valuation will be the sale value included in that contract

- 1.10 On a practical note, Quod have provided us with a pdf. static spreadsheet of their values/costs assumptions, and Quod have complied with point (b) which sets out the inputs, outputs and calculation of the affordable housing deferred contributions.
- 1.11 Quod/the owner have not provided a copy of every sales receipt, but we have agreed to take a practical approach having received the legal sale contracts for the following disposals which we have cross checked and verified:
- Plot C.2.03 - £3,000,000;
  - Plot TH.01 - £3,850,000;
  - Plot TH.02 - £3,235,000;
  - Plot TH.07 - £2,960,000.
- 1.12 We can confirm that the sale receipts match the owner's/Quod's submitted sale records.
- 1.13 In respect of the original viability assessment, we have attached our own Argus Appraisals, which are broadly in line with Quod's 2015 assumptions as Appendix C.

---

## 2.0 REVENUES

2.1 Quod have included the following revenues:

Achieved residential (109)	£149,977,800
Estimate residential (18)	£33,311,500
Achieved affordable housing revenue (31)	£7,120,850
Car parking achieved	£2,770,000
Car parking Estimate	£1,274,774
Freehold/ground rent (sold)	£3,159,750
<b>Total</b>	<b>£197,614,674</b>

- 2.2 Quod/Mount Anvil have provided a spreadsheet breakdown of the 127 units split into Sold, Reserved, Exchanged and Available (18). We have adopted 100 units for the purpose of "Achieved residential" on the basis these are the legal sale completions in line with the S106 wording, but clearly the 109 as a whole are accurate agreed figures. We have verified a number of the sale receipts to verify Mount Anvils sale information in addition to the letter Mount Anvil have provided to the council confirming their sale values are bona fide. We note sales & marketing costs are included separately and so we consider these to be gross revenues.
- 2.3 In respect of the car parking revenues, we have been provided with this information by way of a static pdf. spreadsheet which was provided along with the residential figures. We are reliant upon the letter from Mount Anvil confirming their sale values to be bona fide.
- 2.4 We have had sight of the affordable housing legal sale contracts and BPS can confirm the amounts inputted by Quod are correct and bona fide.
- 2.5 Also, we have been provided with the Freehold disposal legal sale contract and can confirm the amount to be correct and bona fide.

### 3.0 DEVELOPMENT COSTS

#### Build Costs

- 3.1 Build costs have been included by Quod at £93,943,012 (base build cost), on top of other related build costs: Contractors Overheads & profits £5,366,581 and Design & Planning professional fees £2,599,000.
- 3.2 We have been provided with a letter from Hunters Solicitors confirming the owner's build costs are bona fide and we have therefore accepted their base build costs as being predominately verified, noting £978,545 is outstanding.
- 3.3 Contractors overheads & profits we have accepted as being reasonable, noting we have calculated a higher figure of £5,636,581. This is fixed at 6% of the base build cost as per the S106 wording and is not based on actual evidence and is considered agreed between the parties.
- 3.4 Design & Planning professional fees £2,599,000, we have not been provided with verification of this amount but note it is significantly below the original viability assessment figure of £8,928,350 (2015).

#### Finance

- 3.5 Finance costs have been included by Quod at £21,626,000 on the basis of the developer's costs. We understand the S106 wording is a 7% finance debit cost with a 1% credit rate. We have been provided with the following timescales by the developer:

	Month/ Year
Site Acquisition	October 2014
Start on Site	March 2016
Practical Completion	November 2020
First Sale Completion	February 2018
Last Sale Completion	TBC – forecast July 2021

- 3.6 As per appendix A, we have calculated an estimate of the finance costs to be £36,177,000 in Argus Developer and therefore we have accepted Quod's finance cost as being reasonable on the basis they have been provided with that figure by the developer.

#### Other

- 3.7 CIL costs have been included at £4,871,714 by Quod. We have had sight of the letter of demand and confirmation of payment between the council and the owner. These costs are considered verified.
- 3.8 S106 costs have included at £638,286, noting the contractual amount if £405,545 (noting this does allow for indexation which the authority is entitled to charge). We've not had sight of the S106 confirmation of payment letter, but have accepted Quod's assumptions, noting we would expect this to be evidenced.

---

(Other developer's costs) We have not had the following costs verified but note Quod have included them in their calculation:

- Site acquisition costs £2,833,000 (£1,787,836 in Original Viability Assessment);
- Sales & marketing costs £12,106,000 (£8,777,274 in Original Viability Assessment);
- Irrecoverable VAT £1,852,000 (£1,320,000 in Original Viability Assessment);
- Any other costs £1,256,000 (£857,885 in Original Viability Assessment);
- Any other fees £ £611,000 (£94,250 in Original Viability Assessment).

3.9 The majority of said costs were identified in the original viability assessment as being necessary, but we would welcome verification from the owner on said costs that they are bona fide.

#### **Profit**

3.10 The developer profit margin is written into the S106 as a fixed 20% profit on Gross Development Value. We have simply applied this to the Gross Development Value of £197,614,674 to calculate a profit of £39,522,935. The parties are in agreement on this point, with the gross revenues being discussed in the previous section of this report.



## 4.0 PRO FORMA

4.1 Quod have used the pro forma which is broadly based on Section 7 "Form of the updated viability assessment summary" of the S106 agreement. Their assessment can be seen as follows:

**Table 1 – Viability Update Assessment Summary**

Input	Original Viability Assessment	Viability Update Assessment	S106 Definition	Basis/ Evidence
Private Sales Revenue (Achieved)	£178,994,568	£149,977,800	Term 1.39(a)	Sales Contract Schedule at Annex 4 (Ref C, E, R).
Private Sales Revenue (Unsold)	n/a	£33,311,500	Term 1.39(b)	Sales Contract Schedule at Annex 4 (Ref A).
Affordable Housing Revenue	£4,769,240	£7,120,850	Term 1.39(b)	Sale Agreement at Annex 5.
Car Parking Revenue (Achieved)	£4,185,000	£3,107,390	Term 1.39(d)	Sales Contract Schedule at Annex 4 (Ref C, E, R).
Car Parking Revenue (Unsold)	n/a	£937,384	Term 1.39(e)	Sales Contract Schedule at Annex 4 (Ref A).
Freehold/ Ground Rents	£1,625,000	£3,159,750	n/a	Sale Agreement at Annex 5.
<b>Gross Development Value</b>	<b>£189,573,808</b>	<b>£197,614,674</b>	<b>Term 1.39</b>	<b>Output</b>
Site Acquisition Costs	£1,787,836	£2,833,000	Term 1.90 (a)	Available on request.
Sales & Marketing Costs	£8,777,274	£12,106,000	Term 1.90 (b)	Available on request.
Design & Planning Professional Fees	£8,840,330	£2,599,000	Term 1.90 (c)	Available on request.
Contractors Construction Costs	£73,669,414	£93,943,012	Term 1.90 (d)	Certified Build Costs at Annex 3
Contractors Overheads & Profit		£5,366,581		Fixed at 6%. See S106 Term
Holding Costs	£0	£0	Term 1.90 (e)	n/a
Financing Costs	£17,125,811	£21,626,000	Term 1.90 (f)	Argus Method
Irrecoverable VAT	£1,320,000	£1,852,000	Term 1.90 (g)	Available on request.
S106 & CIL Costs	£7,347,824	£5,510,000	Term 1.90 (h)	S106 Agreement
Any Other Costs	£857,885	£1,256,000	Term 1.90 (i)	Available on request.
Any Other Fees	£94,250	£611,000	Term 1.90 (j)	Available on request.
<b>Total Development Costs</b>	<b>£119,820,624</b>	<b>£147,702,593</b>	<b>Term 1.90</b>	<b>Output</b>
Owners Return	£37,247,068	£39,522,935	Term 1.60	Fixed Percentage
Residual Land Value	£32,506,116	£10,389,146	Term 1.77	
Benchmark Land Value	£45,000,000	£45,000,000	Term 1.12	Fixed Input. See S106 Term.
<b>Surplus/ Deficit</b>	<b>(£12,493,884)</b>	<b>(£34,610,854)</b>	-	<b>Output</b>
Affordable Housing Deferred Contribution	n/a	£0 (Zero Pounds)	-	Output

**Table 2 – Affordable Housing Deferred Contribution Calculation**

Formula Component	Definition	Viability Update Figure
A	Residual Land Value	£10,389,146
B	Gross Development Value	£197,614,674
C	Total Development Costs	£147,702,593
D	Owners Return	£39,522,935
F	Benchmark Land Value	£45,000,000
Step 1	$A = B - (C + D)$	£10,389,146
Step 2	$E = \frac{(A - F)}{2}$	(£17,305,427)
E	Affordable Housing Deferred Contribution which will not be less than £0 (zero pounds) and which will not exceed £12,455,000 (twelve million four hundred and fifty-five thousand pounds)	£0 (Zero Pounds)

- 4.2 Quod have calculated a nil payment on the basis of a contribution calculation of -£17,305,427 in accordance with the formula in section 6.3 of the s106.
- 4.3 We have followed the same format as Quod, which is broadly in accordance with Schedule 7 of the S106, as per the below (their format is a more detailed breakdown only).
- 4.4 For original viability assessment (2015) we have adopted our view on the agreed assumptions in 2015 as Appendix C, noting they are very similar but not exact to Quod's assumptions.

Inputs	Original Viability Assessment (2015)	Viability update assessment (2020/21)	Comments/Evidence
<b>Scheme Inputs</b>			
Actual sale receipts from the private housing units	£179,680,000 (Actual/forecast)	£126,412,450	We have had sight of a spreadsheet of sale completions. The owner has provided the council with a letter confirming their sale values are bona fide.
Red Book valuation of any unsold Private Housing Units or value of such units in exchanged contracts		£56,876,850	The parties are in agreement on the overall amount of £183,289,300. We have assumed the 100 sale completions only for "actual sale receipts" noting some are under offer.

Transfer value paid for the Affordable Housing Units by the Registered Provider	£4,769,240	£7,120,850	We have had sight of the legal sale contracts and can confirm the amount.
Actual sales receipts for car parking	£4,185,000 (actual/forecast)	£2,770,000	We have had sight of a spreadsheet of values for sales/exchanges/forecasts and can confirm the amount.
Red Book Valuation of any unsold car parking spaces or value of such spaces in exchanged contracts		£1,274,774	"
Ground rents	£1,625,000	£3,159,750	We have had sight of the legal sale documents and can confirm the amount.
<b>Gross Development Value</b>	<b>£190,259,240</b>	<b>£197,614,674</b>	
Property Acquisition costs	£2,135,650	£2,883,000	The owner has not provided us with verification of these costs.
Sales and marketing costs	£8,857,525	£12,106,000	The owner has not provided us with verification of these costs.
Design and planning fees	£8,928,350	£2,599,000	The owner has not provided us with verification of these costs.
Construction costs	£74,402,915	£93,943,012	Hunters (owner's solicitors) have verified the build costs are bona fide, with the exception of £978,545 of costs which is due to be certified.
Overhead contribution (6%)		£5,636,581	6% overhead profit contribution (this is an allowed cost in the S106). We have undertaken our own calculation.
Holding costs	-	-	-
Finance costs	£18,873,177.00	£21,626,000	We have accepted Quod's finance costs. N.B. We have calculated a figure

			in the region of £36M on the basis of their submitted timescales in Argus Developer, albeit we do not have the detailed sales/build programme.
Any irrevocable VAT	-	£1,852,000	The owner has not provided us with verification of these costs.
Section 106 and CIL costs	£7,347,824.00	£5,510,000	S106: £405,545 (written into S106); CIL costs: of £4,871,714 (CIL Cost confirmed by council/Mount Anvil letter). Subtotal of £5,277,259, but have accepted on the basis of indexation adjustment which the authority is entitled to.
Any other costs	£862,544.00	£1,256,000	The owner has not provided us with verification of these costs.
Any other fees	£94,250.00	£611,000	The owner has not provided us with verification of these costs.
<b>Total Development Costs</b>	<b>£121,502,235</b>	<b>£148,022,593</b>	Calculation in excel spreadsheet.
Owner's return	£38,051,848	£39,522,935	20% profit on Gross Development Value as per S106 documentation.
Residual Land Value	£30,705,157	£10,069,146	Calculation in excel spreadsheet.
Benchmark Land Value	£45,000,000	£45,000,000	As per S106 wording referenced as point F below.
Surplus	<b>-£14,294,843</b>	<b>-£34,930,854</b>	Calculation in excel spreadsheet.
Affordable housing deferred contribution	Nil	Nil	As per S106 wording referenced as point E below.

---

 Clause 6.3 Formula Calculations (correct as per S106):

Formula Component	Definition	Viability updated figure
A	Residual Land Value	£10,069,146
B	Gross Development Value	£197,614,674
C	Total Development Costs	£148,022,593
D	Owner's return	£39,522,935
F	Benchmark Land Value	£45,000,000
Step 1	$A = B - (C + D)$	£10,069,146
Step 2	$E = \frac{(A-F)}{2}$	-£17,465,427
E	Affordable Housing Deferred Contribution, which will not be less than £0 (zero pounds) and which will not exceed £12,455,000 (twelve million four hundred and fifty-five thousand pounds)	Zero pounds / Nil payment

4.5 A copy of our calculations is attached as appendix B.

---

## 5.0 CONCLUSION

- 5.1 We can confirm that the CIL and S106 monies have been paid by the developer to the council. The parties are in agreement on the overall conclusions that the scheme is undoubtedly in deficit.
- 5.2 We have verified a sample (4 sale receipts) of the private sales and can confirm they are true and in line with the information submitted by Quod/the owner.
- 5.3 Ideally, we would seek further clarity on the costs highlighted in section 4 of our report "Pro forma" where we have advised the owner has not provided full verification of said costs. However, said costs are inevitable to an extent i.e. Property Acquisition Costs, VAT, with Quod's assumptions (albeit unverified) being broadly in line with the original viability assessment. Moreover, we have received sufficient verified information to confirm that there is a deficit.
- 5.4 Whilst the owner has adopted a finance cost of £21,626,000 they could argue for a significantly higher amount through Argus Developer modelling, adopting the 7% debit and 1% credit rate which is written into the S106 mechanism.
- 5.5 We have calculated a residual value of £10,069,146 and compared this to a fixed Benchmark Land Value of £45,000,000; this results in a net deficit of -£34,930,853. We therefore conclude that no further payment is due by the owner to Camden Council on the basis of the viability review mechanism as set out in the legal S106 agreement.
- 5.6 Whilst we note the S106 requires full disclosure of all receipts, invoices etc. which Quod have not provided, we do however consider that we have received sufficient verified information in order to reach the conclusion on whether any late stage review monies are payable to the council; noting the scale of the deficit we are satisfied subject to the comment above that no further payment is due.

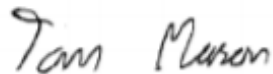
---

## 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:



**Tom Mason**  
RICS Membership no. 6715622  
For and on behalf of BPS  
Chartered Surveyors



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

## Appendix A



Kidderpore Kings College (Mount Anvil) Finance Calc

Development Appraisal  
BPS Surveyors  
04 January 2021

**Kidderpore Kings College (Mount Anvil) Finance Calc**

Appraisal Summary for Merged Phases 1 2

Currency in £

**REVENUE**

Sales Valuation	Units	Unit Price	Gross Sales
Private Units	125	1,466,314	183,289,300
Other income i.e. Ground Rent, car parking	1	7,204,524	7,204,524
Affordable Units	<u>31</u>	<u>229,705</u>	<u>7,120,850</u>
<b>Totals</b>	<b>157</b>		<b>197,614,674</b>

**NET REALISATION** **197,614,674**

**OUTLAY**

**ACQUISITION COSTS**

BMLV	45,000,000		
BMLV		45,000,000	45,000,000

**CONSTRUCTION COSTS**

**Other Construction**

Base build cost Private and Afford		93,943,012	
Overhead profit + S106		10,508,295	
			104,451,307

**MISCELLANEOUS FEES**

Profit on GDV	20.00%	39,522,935	39,522,935
---------------	--------	------------	------------

**FINANCE**

Debit Rate 7.000%, Credit Rate 1.000% (Nominal)			
Total Finance Cost			36,177,000

**TOTAL COSTS** **225,151,242**

**PROFIT**

**(27,536,568)**

**Performance Measures**

Profit on Cost%	-12.23%
Profit on GDV%	-13.93%
Profit on NDV%	-13.93%
IRR% (without Interest)	1.84%
Profit Erosion (finance rate 7.000)	N/A

**Kidderpore Kings College (Mount Anvil) Finance Calc**

Project Timescale	
Project Start Date	Jan 2021
Project End Date	Apr 2026
Project Duration (Inc Exit Period)	64 months

**All Phases**

	Start Date	Duration	End Date	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26
Project	Jan 2021	64	Apr 2026	[Bar from 1 to 61]					
Purchase	Jan 2021	0 Month(s)		[Bar from 1 to 1]					
Pre-Construction	Jan 2021	0 Month(s)		[Bar from 1 to 1]					
Construction	Jan 2021	56	Aug 2025	[Bar from 1 to 56]					
Post Development	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Letting	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Income Flow	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Sale	Jan 2021	64	Apr 2026	[Bar from 1 to 61]					
Cash Activity	Jan 2021	64	Apr 2026	[Bar from 1 to 61]					
				1	13	25	37	49	61

**1. Private**

	Start Date	Duration	End Date	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26
Project	Jan 2021	64	Apr 2026	[Bar from 1 to 61]					
Purchase	Jan 2021	0 Month(s)		[Bar from 1 to 1]					
Pre-Construction	Jan 2021	0 Month(s)		[Bar from 1 to 1]					
Construction	Jan 2021	56	Aug 2025	[Bar from 1 to 56]					
Post Development	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Letting	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Income Flow	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Sale	Sep 2025	8 Month(s)	Apr 2026	[Bar from 56 to 61]					
Cash Activity	Jan 2021	64	Apr 2026	[Bar from 1 to 61]					
				1	13	25	37	49	61

**2. Affordable**

	Start Date	Duration	End Date	Jan 21	Jan 22	Jan 23	Jan 24	Jan 25	Jan 26
Project	Jan 2021	64	Apr 2026	[Bar from 1 to 61]					
Purchase	Jan 2021	0 Month(s)		[Bar from 1 to 1]					
Pre-Construction	Jan 2021	0 Month(s)		[Bar from 1 to 1]					
Construction	Jan 2021	56	Aug 2025	[Bar from 1 to 56]					
Post Development	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Letting	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Income Flow	Sep 2025	0 Month(s)		[Bar from 56 to 56]					
Sale	Jan 2021	56	Aug 2025	[Bar from 1 to 56]					
Cash Activity	Jan 2021	56	Aug 2025	[Bar from 1 to 56]					
				1	13	25	37	49	61

## Appendix B

Inputs	Original viability assessment	Viability update assessment	Comments
Actual sale receipts from private	£179,680,000	£126,412,450	We have based it of the (100 units legally completed)
Red Book valuation of any unsold private		£56,876,850	£183,289,300 The parties are in aggrement on the overall figure
Transfer value paid for the affordable housing units	£4,769,240	£7,120,850	Agreed
Actual sale receipts from car parking	£4,185,000	£2,770,000	Completed
Red book value of any unsold car parking		£1,274,774	Exchanged/reserved/affordable
Ground rents*	£1,625,000	£3,159,750	
<b>Gross Development Value</b>	<b>£190,259,240</b>	<b>£197,614,674</b>	
Property Acquisition costs	£2,135,650	£2,883,000	
Sales and marketing costs	£8,857,525	£12,106,000	
Design & planning fees	£8,928,350	£2,599,000	
Construction costs	£74,402,915	£93,943,012	
Overhead contribution (6%)		£5,636,581	
Holding costs			
Financing costs	£18,873,177.00	£21,626,000	BPS have calculated in Argus to be approx. £36,177,000
Any irrecoverable VAT		£1,852,000	
S106 + CIL	£7,347,824.00	£5,510,000	£5,277,259 based on contractual amounts, with the uplfit presumably reflection indexation
Any other costs	£862,544.00	£1,256,000	
Any other fees	£94,250.00	£611,000	
<b>Total development costs</b>	<b>£121,502,235</b>	<b>£148,022,593</b>	
<b>Owner's return</b>	<b>£38,051,848</b>	<b>£39,522,934.80</b>	
<b>Residual Land value</b>	<b>£30,705,157</b>	<b>£10,069,146.48</b>	
<b>Benchmark land value</b>	<b>£45,000,000</b>	<b>£45,000,000</b>	
<b>Surplus</b>	<b>-£14,294,843</b>	<b>-£34,930,853.52</b>	
Defereed affordable housing contribution	Nil	Nil	

#### Clause 6.3 Formula Calculations

A	Residual Land Value		£10,069,146
B	Gross Development Value		£197,614,674
C	Total Development Costs		£148,022,593
D	Owner's return		£39,522,935
F	Benchmark Land Value		£45,000,000

Step 1	A = B - (C + D)		£10,069,146
Step 2	E = (A-F)	2	-£17,465,427

## Appendix C

# BPS Surveyors

## Development Appraisal

Kidderpore Avenue - Updated Costs and Values 23.02.2016

Camden 2015/3936/P

Report Date: February 23, 2016

Prepared by BPS Surveyors

**Kidderpore Avenue - Updated Costs and Values 23.02.2016  
Camden 2015/3936/P**

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Unit Price	Gross Sales
Private Residential (156 Units)	1	138,648	1,295.94	179,680,000	179,680,000
Car Park	93	0	0.00	45,000	4,185,000
LCH (25 Units) AR + SR	1	21,206	150.00	3,180,900	3,180,900
QMH (6 Units) INT	<u>1</u>	<u>3,874</u>	410.00	1,588,340	<u>1,588,340</u>
<b>Totals</b>	<b>96</b>	<b>163,728</b>			<b>188,634,240</b>

**Rental Area Summary**

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rent	125	650	81,250	81,250

**Investment Valuation**

Ground Rent					
Current Rent	81,250	YP @	5.0000%	20.0000	1,625,000

**GROSS DEVELOPMENT VALUE**

				<b>190,259,240</b>
Purchaser's Costs		5.80%	(94,250)	(94,250)

**NET DEVELOPMENT VALUE**

**190,164,990**

**NET REALISATION**

**190,164,990**

**OUTLAY**

**ACQUISITION COSTS**

Fixed Price			38,830,000	
Stamp Duty		4.00%	1,553,200	
Agent Fee		1.00%	388,300	
Legal Fee		0.50%	194,150	
				40,965,650

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost	
Private Residential (156 Units)	138,648 ft <sup>2</sup>	454.43 pf <sup>2</sup>	63,005,811	
LCH (25 Units) AR + SR	21,206 ft <sup>2</sup>	454.43 pf <sup>2</sup>	9,636,643	
QMH (6 Units) INT	<u>3,874 ft<sup>2</sup></u>	454.43 pf <sup>2</sup>	<u>1,760,462</u>	
<b>Totals</b>	<b>163,728 ft<sup>2</sup></b>		<b>74,402,915</b>	<b>74,402,915</b>

Borough CIL			6,185,087	
S106			500,000	
GLA CIL			662,737	
				7,347,824

**Other Construction**

NHBC & Build Regs			390,000	
Insurance		0.75%	472,544	
				862,544

**PROFESSIONAL FEES**

Architect		12.00%	8,928,350	
				8,928,350

**MARKETING & LETTING**

Marketing		3.75%	6,955,875	
				6,955,875

**DISPOSAL FEES**

Sales Agent Fee		1.00%	1,901,650	
				1,901,650

**MISCELLANEOUS FEES**

FIXED PROFIT		20.00%	37,098,000	
Affordable Profit		6.00%	286,154	
				37,384,154

**FINANCE**

Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			9,191,851	



**Kidderpore Avenue - Updated Costs and Values 23.02.2016****Camden 2015/3936/P**

Construction	8,389,862	
Other	1,291,464	
Total Finance Cost		18,873,177

**TOTAL COSTS** **197,622,139**

**PROFIT** **(7,457,149)**

**Performance Measures**

Profit on Cost%	(3.77)%
Profit on GDV%	(3.92)%
Profit on NDV%	(3.92)%
Development Yield% (on Rent)	0.04%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%

IRR 4.38%

**Kidderpore Avenue - Updated Costs and Values 23.02.2016  
Camden 2015/3936/P**

**Assumptions**

**Expenditure**

- Professional Fees are based on Construction
- Purchaser's Costs are based on Gross Capitalisation
- Purchaser's Costs Deducted from Sale (Not added to Cost)
- Sales Fees are based on Net Capitalisation
- Sales Fees Added to Cost (Not deducted from Sale)

**Receipts**

- Show tenant's true income stream On
- Offset income against development costs Off
- Rent payment cycle Quarterly (Adv)
- Apply rent payment cycle to all tenants On
- Renewal Void and Rent Free apply to first renewal only Off
- Growth starts from lease start date Off
- Deduct Ground Rent from Stepped Rent, On
  
- Initial Yield Valuation Method Off
- Default Capitalisation Yield 0.0000%
- Apply Default Capitalisation to All Tenants Off
- Default stage for Sale Date Off
- Align end of income stream to Sale Date Off
- Apply align end of income stream to all tenants On
- When the Capital Value is modified in the cash flow Recalculate the Yield
- Valuation Tables are Annually in Arrears
- Deduct Post-Sale TI Costs & Lease Comm. from Cap. Value Off
- Rent Free method Defer start of Tenant's Rent

**Finance**

- Financing Method Basic (Interest Sets)
- Interest Compounding Period Quarterly
- Interest Charging Period Quarterly
- Nominal rates of interest used
- Calculate interest on Payments/Receipts in final period Off
- Include interest and Finance Fees in IRR Calculations Off
- Automatic Inter-account transfers Off
- Manual Finance Rate for Profit Erosion Off

**Calculation**

- Site Payments In Arrears
- Other Payments In Arrears
- Negative Land In Arrears
- Receipts In Advance
  
- Initial IRR Guess Rate 8.00%
- Minimum IRR -100%
- Maximum IRR 99999%
- Manual Discount Rate Off
- IRR Tolerance 0.001000
  
- Letting and Rent Review Fees are calculated on Net of Deductions
- Development Yield and Rent Cover are calculated on Rent at Sale Date(s)
- Include Tenants with no Capital Value On
- Include Turnover Rent Off
- Net of Non-Recoverable costs On
- Net of Ground Rent deductions On
- Net of Rent Additions/Costs On
- Leasing Commissions are calculated After Non-Recoverable cost deductions  
For the First Term of the lease only

**Value Added Tax**

- Global VAT Rate 0.00%
- Global Recovery Rate 0.00%
- Recovery Cycle every 2 months
- 1st Recovery Month 2 (Sep 2015)
- VAT Calculations in Cash Flow On

**Kidderpore Avenue - Updated Costs and Values 23.02.2016  
Camden 2015/3936/P****Assumptions****Residual**

Land Cost Mode Fixed Land Value

**Distribution**

Construction Payments are paid on S-Curve  
 Sales Receipts are paid on Single curve  
 Sales Deposits are paid on Monthly curve

**Interest Sets****Interest Set 1**

Debit Rate	Credit Rate	Months	Start Date
7.000%	0.000%	Perpetuity	Aug 2015

**Loan Set 1**

Debit Rate	Credit Rate	Months	Start Date
0.000%	0.000%	Perpetuity	Aug 2015

**Inflation and Growth****Growth Sets****Growth Set 1**

Inflation/Growth for this set is calculated in arrears  
 This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Aug 2015

**Inflation Sets****Inflation Set 1**

Inflation/Growth for this set is calculated in arrears  
 This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Aug 2015

**Kidderpore Avenue - Updated Costs and Values 23.02.2016  
Camden 2015/3936/P****Timescale (Duration in months)**

Project commences Aug 2015

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Aug 2015				
Pre-Construction	6	Aug 2015	Jan 2016	Purchase	End	0
Construction	30	Feb 2016	Jul 2018	Pre-Construction	End	0
Sale	12	Aug 2018	Jul 2019	(None)	Start	0
Phase End		Jul 2019				
<b>Phase Length</b>	<b>48</b>					

**Project Length 48 (Includes Exit Period)**

**Kidderpore Avenue - Updated Costs and Values 23.02.2016  
Camden 2015/3936/P**

**Detailed Cash flow Phase 1**

MonthlyB/F	001:Aug 2015	002:Sep 2015	003:Oct 2015	004:Nov 2015	005:Dec 2015	006:Jan 2016	007:Feb 2016	008:Mar 2016	009:Apr 2016	010:May 2016
	0	(40,965,650)	(40,965,650)	(41,443,583)	(41,443,583)	(41,443,583)	(42,168,845)	(49,917,205)	(50,759,390)	(52,846,945)
<b>Revenue</b>										
Cap - Ground Rent	0	0	0	0	0	0	0	0	0	0
Sale - Private Residential (156 Units)	0	0	0	0	0	0	0	0	0	0
Sale - Car Park	0	0	0	0	0	0	0	0	0	0
Sale - LCH (25 Units) AR + SR	0	0	0	0	0	0	0	0	0	0
Sale - QMH (6 Units) INT	0	0	0	0	0	0	0	0	0	0
<b>Disposal Costs</b>										
Purchaser's Costs	0	0	0	0	0	0	0	0	0	0
Sales Agent Fee	0	0	0	0	0	0	0	0	0	0
<b>Acquisition Costs</b>										
Fixed Price	(38,830,000)	0	0	0	0	0	0	0	0	0
Stamp Duty	(1,553,200)	0	0	0	0	0	0	0	0	0
Agent Fee	(388,300)	0	0	0	0	0	0	0	0	0
Legal Fee	(194,150)	0	0	0	0	0	0	0	0	0
<b>Construction Costs</b>										
Con. - Private Residential (156 Units)	0	0	0	0	0	0	(299,738)	(630,242)	(938,639)	(1,224,929)
Con. - LCH (25 Units) AR + SR	0	0	0	0	0	0	(45,844)	(96,395)	(143,563)	(187,351)
Con. - QMH (6 Units) INT	0	0	0	0	0	0	(8,375)	(17,610)	(26,227)	(34,226)
NHBC & Build Regs	0	0	0	0	0	0	(1,855)	(3,901)	(5,810)	(7,582)
Insurance	0	0	0	0	0	0	(2,248)	(4,727)	(7,040)	(9,187)
Borough CIL	0	0	0	0	0	0	(6,185,087)	0	0	0
S106	0	0	0	0	0	0	(500,000)	0	0	0
GLA CIL	0	0	0	0	0	0	(662,737)	0	0	0
<b>Professional Fees</b>										
Architect	0	0	0	0	0	0	(42,475)	(89,310)	(133,012)	(173,581)
<b>Marketing/Letting</b>										
Marketing	0	0	0	0	0	0	0	0	0	0
<b>Other Related Items (+/-)</b>										
FIXED PROFIT	0	0	0	0	0	0	0	0	0	0
Affordable Profit	0	0	0	0	0	0	0	0	0	0
<b>Period Total Before Finance</b>	<b>(40,965,650)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,748,360)</b>	<b>(842,184)</b>	<b>(1,254,291)</b>	<b>(1,636,856)</b>
Debit Rate 7.000%	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000	7.000
Credit Rate 0.000%	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Finance Costs (All Sets)	0	0	(477,933)	0	0	(725,263)	0	0	(833,265)	0
<b>Period Total After Finance</b>	<b>(40,965,650)</b>	<b>0</b>	<b>(477,933)</b>	<b>0</b>	<b>0</b>	<b>(725,263)</b>	<b>(7,748,360)</b>	<b>(842,184)</b>	<b>(2,087,556)</b>	<b>(1,636,856)</b>
Cumulative Total C/f Monthly	(40,965,650)	(40,965,650)	(41,443,583)	(41,443,583)	(41,443,583)	(42,168,845)	(49,917,205)	(50,759,390)	(52,846,945)	(54,483,801)





