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# **Grand Union House, Camden, NW1 9NX**

## **Financial Viability Assessment Report**

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## Instructions

This Financial Viability Assessment is submitted to the London Borough of Camden to accompany a detailed planning application for the proposed residential development at Grand Union House ('the Subject'). The application is made on behalf of Sellar Developments ('the Applicant').

In producing this Viability Assessment we can confirm that all those involved, including sub-consultants, have acted objectively and impartially and without interference. Additionally, all those involved have given full consideration to how the proposed development will be delivered and the associated performance metrics. The conclusions of this assessment have been made with reference to all the appropriate guidance/ policy including:

- National Planning Policy Framework (updated February 2019);
- Planning Practice Guidance (PPG) – Viability (updated September 2019);
- RICS Financial Viability in Planning 1st Edition (July 2012); and
- RICS Financial Viability in Planning: Conduct and Reporting 1st Edition (May 2019).

This Assessment has been carried out with regard to the Professional and Ethical standards set out within PS2 of the RICS Valuation – Global Standards 2020 (the Red Book), effective from January 2020.

A copy of our Terms of Engagement are attached at **Appendix 1**.

We confirm that this report and all subsequent engagement with the council and their reviewer has and will be conducted in a reasonable and transparent manner.

## Confidentiality

We understand that the report will be submitted to the London Borough of Camden as a supporting document to the planning application. The report must not be recited or referred to in any document (save the consultants instructed by the Council to review the report) without our express prior written consent.

## Report Limitations

Please note that the advice provided on values is informal and given purely as guidance. Our views on price are not intended as a formal valuation and should not be relied upon as such. No liability is given to any third party and the figures suggested are not in accordance with the RICS Valuation – Global Standards 2020 (incorporating the IVSC International Valuation Standards), together the 'Red Book', and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such.

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th 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 fully 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.

Consequently, less certainty – and a higher degree of caution – should be attached to our values 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 values of this property under frequent review.

### **Conflicts of Interest**

We can confirm that there are no conflicts of interest between Savills and either the Applicant, the Council or the Subject.

### **Declaration of Previous Involvement with Local Planning Authority**

Although we do not consider any of the below to constitute a conflict of interest we are obliged to declare that we have historically advised Local Planning Authority in relation to the following matters;

- We have provided development consultancy and sales agency services on a range of schemes including those being delivered directly by the borough.

### **Date of Appraisals**

The date of the Appraisals are the date of this FVA.

### **Confirmation of Reporting Timescales**

We can confirm that an adequate amount of time has been allowed for in the preparation of this report and the timeframes stated within our Terms of Engagement were not extended.

### **Signatures to the Report**

Prepared by: Alex Jervis RICS



Associate

Reviewed by: Gareth Turner



Director

## Contents

<b>1.</b>	<b>Executive Summary</b>	<b>4</b>
1.1.	Introduction .....	4
<b>2.</b>	<b>Introduction</b>	<b>6</b>
2.1.	Client Instruction .....	6
2.2.	Information .....	6
<b>3.</b>	<b>Subject Description</b>	<b>7</b>
3.1.	Subject Location .....	7
3.2.	Subject Description .....	7
3.3.	Proposed Development .....	7
<b>4.</b>	<b>Methodology</b>	<b>8</b>
4.1.	Financial Viability Assessments .....	8
4.2.	Residual .....	8
<b>5.</b>	<b>Site Value Benchmark</b>	<b>9</b>
5.1.	Introduction .....	9
5.2.	Adopted Site Value Benchmark .....	9
5.3.	Market Value Report .....	10
<b>6.</b>	<b>Appraisal Assumptions - Income</b>	<b>11</b>
6.1.	Residential Values .....	11
6.2.	Market Value Evidence .....	11
6.3.	Ground Rents .....	13
6.4.	Affordable Housing Values .....	14
6.5.	Commercial Values .....	14
<b>7.</b>	<b>Appraisal Modelling Assumptions – Costs</b>	<b>16</b>
7.1.	Introduction .....	16
7.2.	Build Costs .....	16
7.3.	Contingences .....	16
7.4.	Professional Fees .....	16
7.5.	Sales/ Letting Fees .....	16
7.6.	Purchaser's Cost .....	16
7.7.	Planning Obligations .....	16
7.8.	Profit .....	17
7.9.	Finance .....	17
7.10.	Timescales .....	17
<b>8.</b>	<b>Conclusions</b>	<b>18</b>
8.1.	Results .....	18
8.2.	Sensitivity Analysis .....	18

### Appendices

Appendix 1 Terms of Engagement

Appendix 2 Site Location Plan

Appendix 3 Existing Floorplans

Appendix 4 Proposed Floorplans & Accommodation Schedule

Appendix 5 Commercial Comparables Report

Appendix 6 Commercial EUV - Term and Reversion Appraisal

Appendix 7 RLV 100% Affordable Scheme

Appendix 8 RLV 100% Market Sale Scheme

# 1. Executive Summary

## 1.1. Introduction

- 1.1.1. The existing building at Grand Union House provides a total of 21,806 sq ft (2,024 sq m) of accommodation over ground, mezzanine, first and first mezzanine floors which comprises of 18,406 sq ft of office and office ancillary accommodation and 3,400 sq ft of retail accommodation. The Subject also includes 12 parking spaces at ground level under Grand Union House, which Grand Union Walk residents have a right to park in.
- 1.1.2. The proposed scheme is organised over two buildings. The office building comprises 57,006 sq ft of office accommodation arranged over 5 storeys and a mezzanine level whilst the residential building extends to a 3<sup>rd</sup> floor comprising 6 apartments totalling 4,101 sq ft. The two buildings contain 2,540 sq ft of ground floor retail space between them, split into 3 units.
- 1.1.3. We have assessed the development economics of the proposed scheme in order to identify the level of planning obligations the scheme can sustain. We have appraised the Residual Land Value (RLV) of the proposed scheme using Argus Developer (Version 8) and have based our appraisal upon the plans and schedule of accommodation shown in **Appendix 4** respectively. The RLV is calculated by subtracting all associated development costs and a suitable level of developer profit from the Gross Development Value (GDV) of the proposed development, which is assessed by calculating all revenues and capital receipts realised by the developer. The assumptions adopted within our appraisal have been informed by market evidence and input from independent third party experts, where appropriate.
- 1.1.4. We have compared the RLV to our Site Value Benchmark (SVB) to ascertain whether there is a deficit or surplus against our Benchmark. In this case our SVB has been determined by giving consideration to the Existing Use Value (EUV) of the Subject plus a suitable landowner premium. The EUV has been calculated through a traditional investment valuation methodology, which includes capitalising a rental income by a suitable capitalisation rate and deducting associated costs.
- 1.1.5. We have not investigated the Alternative Use Value (AUV) of the Subject as we do not deem it appropriate in this instance.
- 1.1.6. We have appraised the proposed scheme and summarise the results in the table below. Please see **Appendix 7&8** for the full appraisals.

**Table 1 – Viability Appraisal Results**

Scenario	Residual Land Value	Site Value Benchmark	Surplus/Deficit Against Benchmark
100% Affordable Scheme	£9.73m	£10.63m	-£0.90m
100% Market Sale	£10.08m	£10.63m	-£0.55m

- 1.1.7. The key issue facing the proposed development is the relatively good existing use value and the current balance of costs and values.

- 1.1.8. Given that both scheme generate a deficit against the SVB, neither scheme is considered commercially viable in development viability terms, therefore, we consider the scheme is unable to contribute to affordable housing.

## 2. Introduction

### 2.1. Client Instruction

- 2.1.1. We have been instructed by the Applicant to examine the economic viability of this office led scheme with associated retail and residential elements, to determine the level of planning obligations that the proposed development can support whilst remaining viable. A copy of our signed Terms of Engagement can be found attached at **Appendix 1**.

### 2.2. Information

- 2.2.1. We have been provided with, and have relied upon, the following information from the Applicant:
- Site location plan as attached at **Appendix 2**;
  - Floorplans (ref: 120\_SK104 and dated 28/11/2017) of the existing accommodation (ref: 32929-003 and dated 01/03/2019) produced by Andrew Phillips as attached at **Appendix 3**;
  - Floorplans (ref: 531 and dated 09.12.20) and area schedule of proposed accommodation (ref: 531 and dated 10.02.21) produced by 6a Architects as attached at **Appendix 4**; and
  - Build costs as advised by Core Five;

### 3. Subject Description

#### 3.1. Subject Location

- 3.1.1. The Subject is located on Kentish Town Road, approximately 0.2 miles north of Camden Town London Underground station which provides Northern line services and 0.3 miles to the south west of Camden Road National Rail station.
- 3.1.2. The surrounding area is mixed use in nature. The site is bound by Hawley Crescent to the north, a Sainsbury's to the east, a commercial building to the south and Kentish Town Road to the west.
- 3.1.3. The Subject is located just off Camden High Street which has a mix of independent and established retailers. Regent's Canal is located at the north end of Camden High Street and is home to Camden Market and several office buildings.
- 3.1.4. A location plan is attached at **Appendix 2**.

#### 3.2. Subject Description

- 3.2.1. The existing building provides a total of 21,806 sq ft (2,024 sq m) of accommodation over ground, mezzanine, first and first mezzanine floors which comprises of 18,406 sq ft of office and ancillary office accommodation and 3,400 sq ft of retail accommodation. The Subject also includes 12 parking spaces at ground level under Grand Union House, which Grand Union Walk residents have a right to park in.

#### 3.3. Proposed Development

- 3.3.1. The proposed development comprises the following accommodation;
- An office building comprising 57,006 sq ft of office space arranged over five storeys with an additional 2,540 sq ft of retail accommodation on the ground floor.
  - A residential building arranged over 4 storeys comprising 3 one bedroom and 3 two bedroom apartments.
- 3.3.2. A summary of the proposed scheme is provided below;

**Table 2 – Proposed Development Areas**

NIA	Office Building		Residential Building
Level	Office NIA	Retail NIA	Residential NIA sqft
0	7,750	2,540	-
Mezz	4,015		-
1	13,132		1,367
2	13,100		1,367
3	11,302		1,367
4	7,707		-
<b>Total Sq ft</b>	<b>57,006</b>	<b>2,540</b>	<b>4,101</b>

- 3.3.3. A detailed accommodation schedule and plans are provided at **Appendix 4**, and further detail of the proposals is contained within our Commercial Comparables report, attached at **Appendix 5**.



## 4. Methodology

### 4.1. Financial Viability Assessments

- 4.1.1. In line with the NPPF, and the Greater London Authority's (GLA's) strategic planning guidance for London, site-specific financial viabilities may be a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.
- 4.1.2. As such, viability appraisals can and should be used to analyse and justify planning obligations to ensure that Section 106 requirements do not make a scheme unviable.
- 4.1.3. The RICS define financial appraisals for planning purposes as:

*“An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to a developer in delivering a project.”*

- 4.1.4. The GLA's logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate viability benchmark sum, it follows that it is unviable to pursue such a scheme, and the scheme is unlikely to proceed.
- 4.1.5. If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

### 4.2. Residual

- 4.2.1. The financial viability of development proposals is determined using the residual land valuation method. A summary of this valuation process can be seen below;

Built value of proposed private residential and other uses	+	Built value of Affordable Housing	=	GDV
GDV	-	Build costs, Finance costs, Section 106, costs, CIL, sales fees, Developers Profit, etc	=	Residual Land Value

- 4.2.2. The RLV is then compared to a SVB. If the RLV is lower and/or not sufficiently higher than the SVB the project is not technically viable.

## 5. Site Value Benchmark

### 5.1. Introduction

- 5.1.1. Identifying an appropriate SVB requires judgement bearing in mind that national planning guidance indicates that appropriate land for housing should be 'encouraged' to come forward for development.
- 5.1.2. In line with the latest RICS Professional Statement 'Financial Viability in Planning: Conduct and Reporting (May 2019) and the latest PPG we have assessed the Site Value Benchmark using the Existing Use Value (EUV) of the Subject, plus a suitable landowner premium. Existing Use Value is sometimes referred to as Current Use Value (CUV), and these two terms are interchangeable when used for Financial Viability in planning. The latest guidance also requires us to investigate the Alternative Use Value (AUV) of the Subject where an existing planning consent may already exist or where the Subject may benefit from being converted to an alternative lawful planning use.
- 5.1.3. We are not aware that the Subject benefits from an existing planning consent or potential conversion to an alternative lawful planning use. As such, we have not appraised the AUV of the Subject.
- 5.1.4. Given the available guidance, and our own professional experience, our views on what constitutes an appropriate viability benchmark is detailed below.

### 5.2. Adopted Site Value Benchmark

- 5.2.1. In identifying an appropriate viability benchmark sum, we have given consideration to policy guidance, appeal precedent, and our own professional experience. In this instance we regard an EUV Plus Premium as the most suitable approach. Our consideration of the EUV plus premium is set out below;
- 5.2.2. We have identified comparable evidence (attached at **Appendix 5**) and sought specialist advice from Savills West End Office Agency department, West End Office Investment department and Retail Investment department.
- 5.2.3. Based on our research provided at **Appendix 5** we have calculated the Existing Use Value of the Office and Retail element of the Subject to be £8,380,821 (say £8,380,000), reflecting **£384psf**. A copy of our valuation is provided at **Appendix 6**.
- 5.2.4. There is a distinct lack of evidence for the sales of car parking space in the surrounding area as surrounding residential schemes do not tend to offer parking. We have regard to garages being marketed in local area which range between £40,000 - £60,000. We have conducted conversations with local agents who have advised that they consider car parking spaces to achieve approximately £40,000 due to the low supply in the area and increased demand due to its location outside the Congestion Charge zone. We have adopted a value of £40,000 per space, totalling **£480,000** for the 12 spaces. The total EUV is **£8,860,000**.
- 5.2.5. In line with NPPF and RICS guidance it is appropriate to apply a premium to reflect the redevelopment potential of the Subject for residential use, and the RICS suggest that the premium should be between 10% and 40%, the GLA guidance reflects a typical range of 10% to 30%.

- 5.2.6. The Subject is prominently located in a mixed use area, being situated within the heart of Camden which is one of London's most vibrant and diverse commercial sub-markets. The area has been dramatically enhanced by the delivery of the King's Cross Central – one of Europe's most successful urban regeneration projects. The accommodation has been underutilised for a number of years pending potential redevelopment and as such lends itself to a number of asset management initiatives; thus resulting in the Subject providing an attractive investment opportunity for a range on investors.
- 5.2.7. On that basis we have applied a premium of 20% to the EUV. We therefore consider that the EUV plus premium of the Subject to be **£10,632,000 (say £10.63M)**.
- 5.2.8. This compares favourably to other assets that have transacted with high levels of vacancy and short WAULT periods within the local vicinity.

### 5.3. Market Value Report

- 5.3.1. The Applicant has confirmed that a recent Market Value report does not exist for the Subject.

## 6. Appraisal Assumptions - Income

### 6.1. Residential Values

- 6.1.1. We have undertaken two appraisals – the first including London Living Rented homes and also the impact of the homes being provided as market sale. This section sets out our evidence and conclusions.
- 6.1.2. The development will comprise a mix of 3 one bedroom and 3 two bedroom apartments. We have assessed a number of comparable transactions in the area to form an opinion of market value for the proposed units at the Subject, taking into account the location, size, aspect, provision of outside space, proposed accommodation and parking provision.

### 6.2. Market Value Evidence

- 6.2.1. We have considered a new build development, Mode, to compare with the Subject. Mode is a new build development by Fairview New Homes comprising 76 units of which 49 are for private sale. The scheme is of 7 storeys and comprises approximately 15,000 sq ft of commercial accommodation too. Mode is located on Centric Close on Oval Road 0.5 km to the West of the Subject, located equidistant from Regents Canal and Park. The scheme completed in February 2020 and we understand that the scheme sold out in Q4 2020.
- 6.2.2. The table below provides a summary of the remaining achieved sale prices that we have been able to identify:

**Table 3 – Mode Achieved Prices**

Unit Ref	Beds	Sq m	Sq ft	Achieved Price	Price/Sq ft	Date
Flat 6	1	56	603	£600,000	£995	Dec-19
Flat 31	1	51	549	£640,000	£1,166	Dec-19
<b>Average 1 Bed</b>		<b>53.5</b>	<b>576</b>	<b>£620,000</b>	<b>£1,076</b>	
Flat 44	2	73	786	£820,000	£1,043	May-20
Flat 48	2	67	721	£800,000	£1,109	Mar-20
Flat 11	2	81	872	£900,000	£1,032	Mar-20
Flat 29	2	81	872	£859,000	£985	Feb-20
Flat 42	2	81	872	£920,000	£1,055	Feb-20
Flat 20	2	81	872	£852,000	£977	Nov-19
Flat 10	2	73	786	£800,000	£1,018	Oct-19
<b>Average 2 Bed</b>		<b>76.7</b>	<b>826</b>	<b>£850,143</b>	<b>£1,029</b>	

- 6.2.3. The table below provides a summary of the asking sale prices that we were unable to confirm:

**Table 4 – Mode Asking Prices**

Unit Ref	Beds	Sq m	Sq ft	Asking Price	Price/Sq ft
Unit 51	1	55.6	598	£672,500	£1,125
Unit 31	1	50.9	548	£649,000	£1,184

Unit Ref	Beds	Sq m	Sq ft	Asking Price	Price/Sq ft
Unit 41	1	56.9	612	£675,000	£1,103
Unit 42	1	55.6	598	£640,000	£1,070
Unit 33	1	55.6	598	£665,000	£1,112
<b>Average 1 Bed</b>		<b>54.9</b>	<b>591</b>	<b>£660,300</b>	<b>£1,118</b>
Unit 28	2	74.7	804	£775,000	£964
Unit 34	2	75.6	814	£695,000	£854
Unit 35	2	81.5	877	£699,000	£797
Unit 36	2	81.2	874	£725,000	£830
Unit 45	2	81.2	874	£730,000	£825
Unit 43	2	75.5	813	£845,000	£1,039
<b>Average 2 Bed</b>		<b>78.3</b>	<b>843</b>	<b>£744,833</b>	<b>£884</b>

6.2.4. The development at Mode has achieved an average of £1,076 psf and £1,029 psf for one and two bedroom apartments respectively, according to the obtained information. Though the scheme at Mode is further from Camden Town London Underground station it still benefits from a superior location, close to Camden Lock and Market as well as Regent's Park and is situated by high quality offices and luxury townhouses on Regent's Park Terrace and Gloucester Avenue. The development by Fairview New Homes is completed to a high specification and has a private gated entrance with a courtyard for parking. Many of the apartments benefit from outdoor space in the form of a terrace or balcony. We consider that the Subject will achieve inferior prices to those achieved at the comparable.

6.2.5. We have reviewed further comparable evidence from a mix of new build and second hand apartments as provided below;

**Table 5 – Second Hand Sales Evidence**

Address	Beds	Sq ft	Achieved Price	Price/ Sq ft	Date	Distance from Subject (km)	Comments
Plender Street, Camden	1	565	Q.£499,995	Q.£885	Available	0.7	New build development. Second floor
7 The Hush, 5 Iverness Street, Camden	1	690	£509,000	£738	Dec-20	0.2	2 <sup>nd</sup> floor. Average building on top of Camden Market.
9, 5 Inverness Street, Camden	1	500	£440,000	£880	Nov-20	0.2	3 <sup>rd</sup> floor with large balcony. Average building on top of Camden Market
Flat 3, 18 Delancey Street, Camden	1	460	£460,000	£1,000	Aug-20	0.5	2 <sup>nd</sup> floor of a period conversion. Reasonable condition.
40 Gilbey House, 38 Jamestown Road, Camden	1	668	£530,000	£793	Jul-20	0.5	Third floor apartment in a purpose built block. Good condition.
Flat 5, Durdans House, Kentish Town Road, Camden	1	-	£380,000	-	Feb-20	0.5	Poor condition. Same road as Subject.
<b>1 Bed Average</b>		<b>577</b>	<b>£469,833</b>	<b>£846</b>			
Plender Street, Camden	2	743	Q.£695,000	Q.£935	Available	0.7	New build development. Third floor
Camden Road	2	616	Q.£450,000	Q.£731	Available	0.1	Split level apartment located above retail

Address	Beds	Sq ft	Achieved Price	Price/ Sq ft	Date	Distance from Subject (km)	Comments
6 Hartland, Royal College Street, Camden	2	679	£575,000	£847	Oct-20	0.3	Ground floor. Private garden. Inferior block.
106 Camden Street	2	1,034	£840,000	£812	Sep-20	0.2	Arranged over 1 <sup>st</sup> / 2 <sup>nd</sup> . Period conversion.
Flat C, 17 Lyme Street, Camden	2	721	£635,000	£881	May-20	0.2	Arranged over 1 <sup>st</sup> / 2 <sup>nd</sup> floor. Quoted £700,000. Roof terrace.
Flat 7, 24-25 Rousden Street	2	765	£660,000	£863	Jan-20	0.5	3 <sup>rd</sup> floor. Two south-facing balconies.
<b>2 Bed Average</b>		<b>760</b>	<b>£642,500</b>	<b>£846</b>			

6.2.6. The one bedroom evidence provides a good foundation for open market values for the Subject. The one bedroom flat at Plender Street provides a good new build comparison in a similar situation to the Subject, surround by a mix of uses and has good communications.. The apartments on Iverness Street are the most closely located, however, are situated on top of the Camden Market attracting a specific type of investor. The apartment at Gilbey House is located on the river in an attractive purpose built block, however, we consider that the Subject will achieve a new build premium closer in line to Plender Street.

6.2.7. The two bedroom evidence is all nearby to the Subject allowing appropriate comparisons to be made. 106 Camden Street is located on a luxury road of townhouses, whilst still benefitting from the same local amenities as the Subject, therefore achieving a premium price. 17 Lyme Street is also in a superior location on a quiet street of townhouses, just off Camden Road and close to Camden High Street. We consider that the Subject will achieve a premium over the average price due to it being a new build development.

6.2.8. Following analysis of the comparables and advice from Savills Primrose Hill residential office who cover the Camden area, we have adopted the following market values for our appraisal;

**Table 6 – Residential Pricing Breakdown**

Unit No.	Beds	Floor	Sq Ft	Av. Market Value	Av. £psf
1	1	G	574	£510,000	£889
2	2	G	793	£695,000	£876
3	1	1	574	£520,000	£906
4	2	1	793	£710,000	£895
5	1	2	574	£530,000	£923
6	2	2	793	£725,000	£914
<b>Total</b>			<b>4,101</b>	<b>£3,690,000</b>	<b>£900</b>

6.2.9. Based on our research and advice from Savills New Homes Team we have adopted a Gross Development Value (GDV) for the market sale of the proposed scheme of **£3,690,000** equating to **£900/sq ft**.

### 6.3. Ground Rents

- 6.3.1. In light of the news published on 27th June 2019 that the Government has confirmed all new-build houses will be sold on a freehold basis and ground rents on new flats will be removed, we have not included ground rents in our appraisal.

- 6.3.2. The House of Commons Library Briefing Paper No 8047, 31 December 2019 notes the following:

*“In “Implementing reforms to the leasehold system in England” (June 2019) the Government [reverted] to the commitment to set ground rents at zero financial value (£0) in future leases. Some leasehold properties will be exempt from the reduction, e.g. retirement properties, community-led developments and financial lease products. Mixed-use leases will be excluded from the legislation – ground rent will still be payable where a single lease covers residential and commercial property. When a lease is replaced, the ground rent reduction will apply only to the newly extended part of the lease”.*

- 6.3.3. In January 2021, The Ministry of Housing, Communities and Local Government announced that leaseholders of both flats and houses were given the right to extend their lease by up to 990 years at zero ground rent. This has been formerly introduced by the Government to make home ownership more “fairer and more secure”. We therefore maintain our view that ground rent income should not be included.

#### 6.4. Affordable Housing Values

- 6.4.1. We have appraised the GDV of the affordable housing units using Savills Discounted Cash Flow appraisal, reflecting the way in which RPs appraise the 'Market Value' of affordable units as a design and build 'package'.
- 6.4.2. We have assumed that the affordable housing units will be provided as London Living Rent, an Immediate Rent tenure, given the viability constraints of the site, and the fact that there is only one residential core. From the GDV of the affordable housing units, we have deducted on costs at 8%, to account for the costs incurred by an RP in operating the proposed affordable housing units.

##### London Living Rent

- 6.4.3. The Mayor has introduced London Living Rents as an intermediate affordable housing product with locally specified rents. It is a Rent to Buy product with sub-market rents on time-limited tenancies.
- 6.4.4. The Subject is located in Camden Town within the Primrose Hill Ward, and the set rents are as follows:

Table 7 – London Living Rent Rates

No. Bedrooms	2021/2022 Benchmark Rents
1	£259.43
2	£288.26

- 6.4.5. Overall we have assumed a GDV for the affordable units of **£1,182,320**, equating to **£288 psf**.

#### 6.5. Commercial Values

6.5.1. Commercial values have been assessed based on recent comparable transactions and agents active in the market. We have relied on a mix of Savills specialist Investment & Leasing teams alongside data from CoStar which is a database to which a paid subscription is required. A copy of our research and a breakdown of our assumptions is provided at **Appendix 5**.

6.5.2. Based on the evidence we have adopted the following assumptions for the proposed development;

**Table 8 – Proposed Letting Assumptions**

Use/Unit	Total Sq ft	Rent/Sq ft	Rent/Annum	Rent Free Period	Void Period	Yield
<b>Retail / Office (Class E)</b>	2,540	£30.00	£76,200	12	-	6.00%
<b>Office</b>	57,006	£55.00	£3,135,330	24	-	5.00%

6.5.3. These assumptions provide a **GDV** of **£56.88m** for the office element and a **GDV** of **£1.20m** for the retail element of the scheme.



## **7. Appraisal Modelling Assumptions – Costs**

### **7.1. Introduction**

- 7.1.1. The following assumptions have been adopted in assessing the costs of the proposed scheme.

### **7.2. Build Costs**

- 7.2.1. We have adopted the build costs as advised by Core Five. The costs include an allowance for demolition, preliminaries, contingencies, contractor's OH&P, and inflation up to start-on-site.

### **7.3. Contingences**

- 7.3.1. The provided cost plan includes a contingency of 7.5%. However, we have adopted a contingency of 5% in line with other assessment in the borough, though we reserve the right to review this assumption in the future.

### **7.4. Professional Fees**

- 7.4.1. In this instance we have adopted professional fees of 12%. We have not been provided with a detailed breakdown of anticipated professional fees and therefore reserve the right to review our approach in the future.

### **7.5. Sales/ Letting Fees**

- Affordable / Commercial Sales Agent: 1.0%
- Affordable / Commercial Sales Legal: 0.5%
- Residential Private Sale Agent: 1.5%
- Residential Private Sale Legal: 0.25%
- Commercial lettings agent: 10%
- Commercial lettings legal: 5%
- Residential marketing: 1.5%

### **7.6. Purchaser's Cost**

- 7.6.1. We have deducted acquisition costs at a rate of 6.80%.

### **7.7. Planning Obligations**

- 7.7.1. We have included the following estimated payments as advised by RPS Group;

- Borough CIL Affordable - £126,144
- Mayoral CIL Affordable - £315,260
- Borough CIL Private – £319,344
- Mayoral CIL Private – £339,360
- Section 106 financial contributions – TBC.

## 7.8. Profit

7.8.1. In assessing what constitutes an acceptable level of developer's return in the current market we have consulted with specialist colleagues within the Loan Security Valuation and Capital Markets departments of Savills, as well as applying our own development experience. In the current market if a developer was buying a site such as the Subject they would normally seek a return of at least 20% Profit on GDV (broadly equivalent to 25% Profit on Cost) in order to justify the risk of delivering the scheme.

7.8.2. Based on our experience and research we have included the following developer's return;

- 15% of Commercial GDV;
- 20% of Private Residual GDV (broadly equivalent to 25% Profit on Cost);
- 6% of Affordable GDV.

7.8.3. This produces a blended profit on GDV of 14.82% on the scenario with affordable residential scheme.

7.8.4. This produces a blended profit on GDV of 15.30% on the scenario with market sale residential.

## 7.9. Finance

7.9.1. In accordance with RICS guidance we have assumed that the development will be 100% debt financed. We have assumed a debit rate of 6.75% and a credit rate of 0.1%.

## 7.10. Timescales

7.10.1. We have not been provided with a development programme and so have made assumptions for appraising the scheme on the following basis:

- Purchase, planning and pre-construction: 6 months
- Construction: 24 months
- Letting: We have assumed that the site is let on completion with a 24 & 12 month rent free period on the office and retail respectively.
- Sales: We have assumed sale upon completion.
- Sales Residential Affordable: We have assumed that the residential element will be sold on a turnkey at practical completion.
- Sales Residential Private: We have allowed a 4 month sales period for the residential element. We have assumed that 50% of the units will be sold off plan with receipt at PC, and that 1 units will be sold per month thereafter.

## 8. Conclusions

### 8.1. Results

8.1.1. We have appraised the proposed scheme against our SVB in order to fully understand the economics of the development and to establish the maximum level of planning obligations, including affordable housing, that the scheme can reasonably support.

8.1.2. A summary of our appraisal results is set out below. Please see **Appendix 7 & 8** for the full appraisals.

**Table 9 – Viability Appraisal Results**

Scenario	RLV	Site Value Benchmark	Surplus/Deficit Against Benchmark
100% Affordable Scheme	£9.73m	£10.63m	-£0.90m
100% Market Sale	£10.15m	£10.63m	-£0.48m

8.1.3. Given that the 100% Affordable Scheme RLV generates a deficit against the SVB, the scheme is not considered commercially viable in planning viability terms.

### 8.2. Sensitivity Analysis

8.2.1. The value of development sites can be volatile and the residual approach adopted within this report is sensitive to changes in key variables. It is therefore useful to provide a sensitivity analysis, showing the effect on the RLV through small changes in key variables such as private sales values and build cost. We set out below a sensitivity analysis on the 100% Affordable scheme showing the effect of increasing and decreasing the private sales price and the build costs by 2.5% increments.

**Table 10 – 100% Affordable Scheme Sensitivity Analysis Results**

Sensitivity Analysis		Commercial Rents				
		-5%	-2.5%	0%	+2.5%	+5%
Build Cost	-5%	£9,260,000	£10,145,000	£11,025,000	£11,905,000	£12,785,000
	-2.5%	£8,615,000	£9,495,000	£10,375,000	£11,255,000	£12,135,000
	0%	£7,970,000	£8,850,000	<b>£9,730,000</b>	£10,610,000	£11,490,000
	+2.5%	£7,320,000	£8,200,000	£9,080,000	£9,960,000	£10,845,000
	+5%	£6,675,000	£7,555,000	£8,435,000	£9,315,000	£10,195,000

- 8.2.2. The above table demonstrates that for the scheme to become economically viable in planning terms, where the RLV generates a surplus against the SVB, there would need to be more than an increase in commercial rents of over 2.5% or a decrease in build cost of greater than 2.5%. Conversely, if there were either a decrease in private sales values or an increase in build cost the RLV would decrease making the development even less commercially viable in planning terms.
- 8.2.3. Notwithstanding the above, we are of the opinion that both the 100% Affordable and Market Sale schemes of the proposed development create a deficit against the SVB and are therefore, under planning terms, unable to contribute towards an affordable housing provision.

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## Appendices

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## Appendix 1 Terms of Engagement

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17<sup>th</sup> December 2020



Mr J. Cohen  
Sellar Developments  
42-44 Bermondsey Street  
Bermondsey  
London  
SE1 3UD

Gareth Turner  
E: gturner@savills.com  
DL: +44 (0) 20 7016 3771

33 Margaret Street  
London W1G 0JD  
T: +44 (0) 20 7499 8644  
savills.com

Dear Mr. Cohen,

### **Confirmation of Terms of Engagement**

**Site: Grand Union House, Kentish Town Road, NW1 9NX**

### **Introduction**

Following on from our recent correspondence, we are grateful to you for your kind instructions. We now write to you to confirm the terms upon which Savills (UK) Limited (Savills, we or us) will provide Sellar Developments (you) with a Financial Viability Assessment (FVA) to support your planning application in respect of the development of the above site (the Subject).

### **Scope of Services**

As confirmed please see below our agreed scope of services for providing a Financial Viability Assessment to accompany your planning application.

### **Viability Assessment**

In light of the potential planning obligations being sought in relation to the proposed redevelopment of the site, you require Savills to provide a Financial Viability Assessment on the following bases:

- a) Site Assessment** – to examine the development economics of the proposed scheme via the preparation of a Financial Viability Assessment Report using Argus Developer so that the level of planning obligations can be considered, including;
  - Establishing the Site Value Benchmark;
  - Assessment of residential values and pricing (including input from wider Savills departments where appropriate/required) to be included within an individual Residential Comparables report; and
  - Economic modelling, including appraisals using Argus Developer software.
- b) Post Submission Advice** – to agree the final planning obligations with the Council/their appointed assessor.

The above includes engagement with the project team including attendance at project team meetings where required.

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills UK Limited, Chartered Surveyors, Regulated by RICS. A subsidiary of Savills plc. Registered in England No. 2605138.  
Registered office: 20 Grosvenor Hill, London W1K 3HQ

**Timescales**

We would expect to be able to issue a draft report 15 working days from receipt of the required information.

Any extensions to these agreed timeframes will be communicated and agreed with you prior to the issuance of our report and highlighted within, along with the reasons for why such an extension was required.

**Conflicts of Interest**

We can confirm that there are no conflicts of interest between Savills and either the Applicant, the Council or the Subject.

**Fee Statement**

We can confirm that in-line with the latest RICS Guidance our agreed fee for undertaking the above work is not performance related nor do we have any contingent fees agreed between Savills (UK) Limited and Sellar Developments.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Gareth Turner".

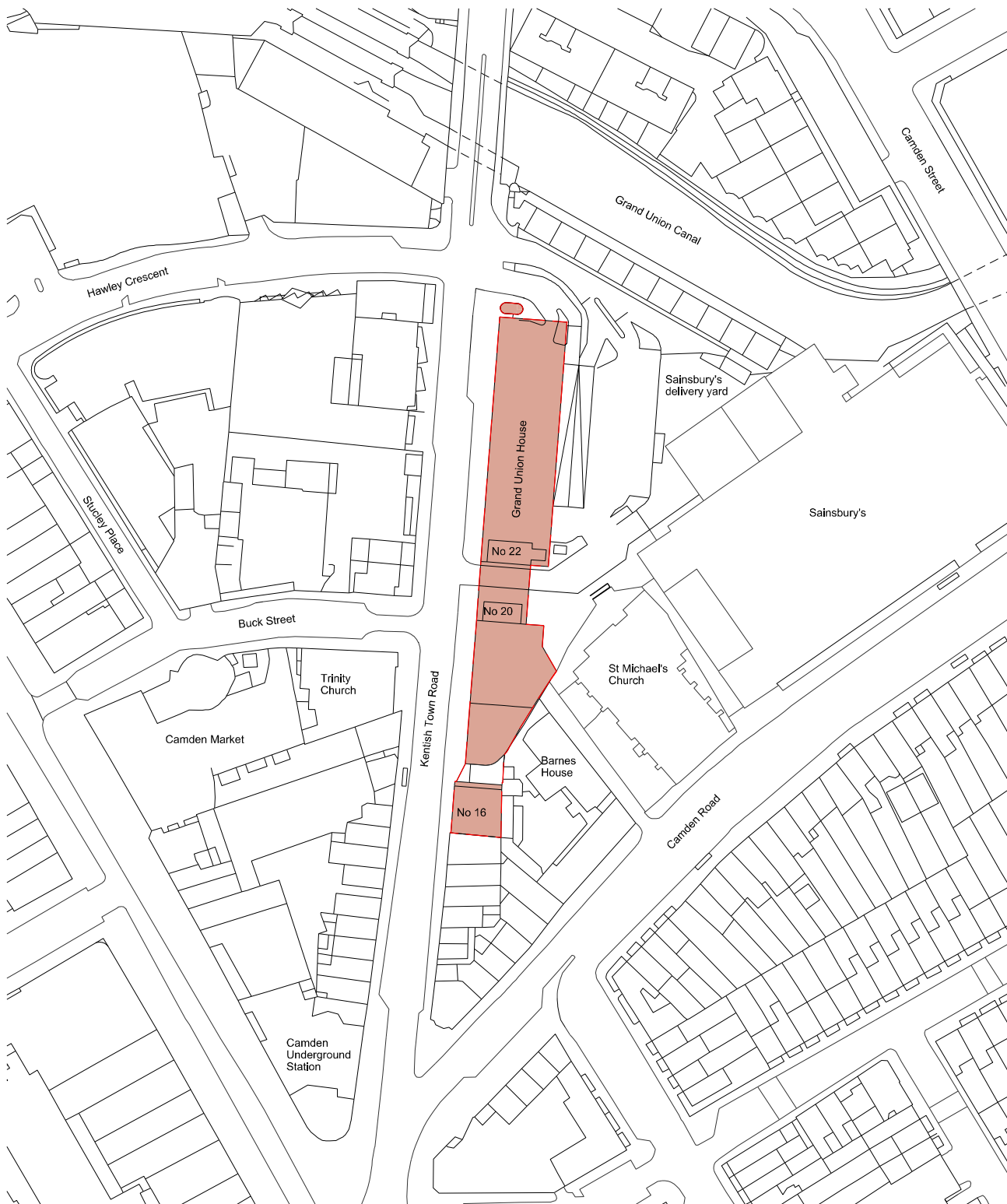
Gareth Turner  
Director



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## Appendix 2 Site Location Plan

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# AP

Andrew Phillips  
40 Bermondsey Street  
London SE1 7UD  
Tel: +44 (0)203 102 1676  
www.andrewphillips.co

Key

— Seller site boundary



5 20 50m

Project

Grand Union House, London

Project number

120

Title

Location Plan - 1:1250 @ A4

Drawing number

00\_00

Client

Sellar Developments

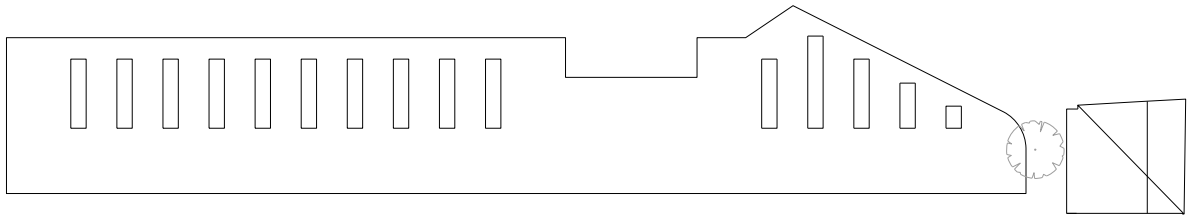
Revision/Issue date

13/08/2018

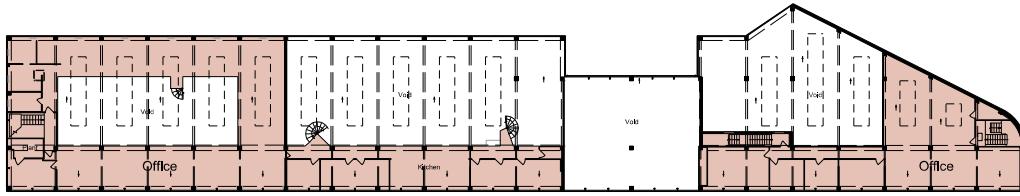
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## Appendix 3 Existing Floorplans

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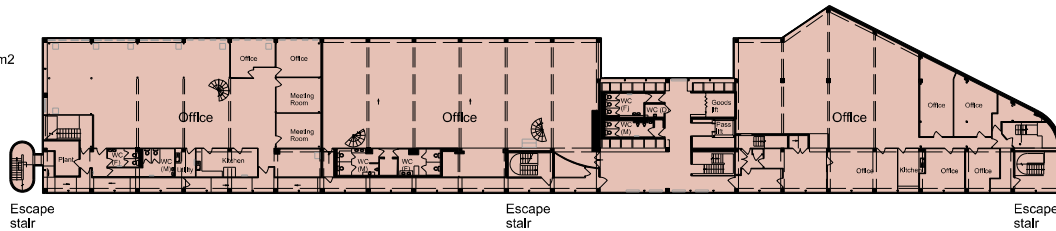


GUH Level 03  
GIA = 720.67m<sup>2</sup>



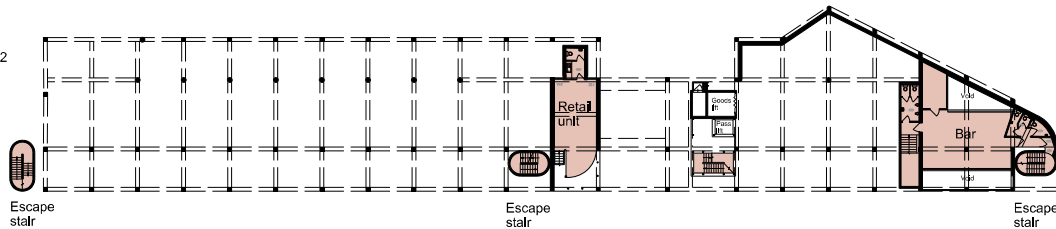
06 Roof floor 04  
SK104 GA plans

GUH Level 02  
GIA = 1577.57m<sup>2</sup>



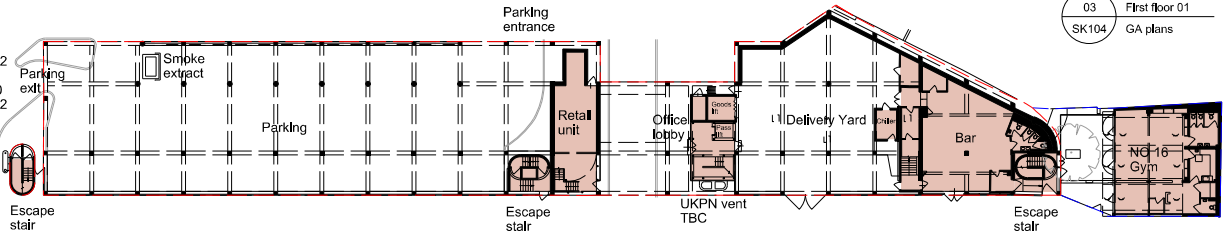
05 Third floor 03  
SK104 GA plans

GUH Level 01  
GIA = 181.31m<sup>2</sup>

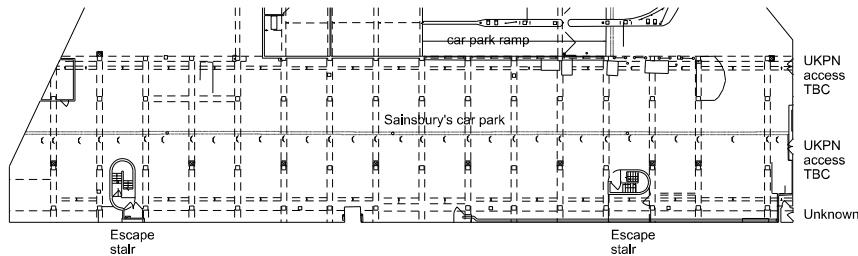


04 Second floor 02  
SK104 GA plans

GUH Level 00  
GIA = 284.72m<sup>2</sup>  
NO 16 Level 00  
GIA = 116.09m<sup>2</sup>



03 First floor 01  
SK104 GA plans



02 Ground floor 00  
SK104 GA plans

GIA Areas	GUH	NO16
Level	m <sup>2</sup>	m <sup>2</sup>
-01	-	-
00	284.72	116.09
01	181.31	-
02	1577.57	-
03	720.67	-
Total	2764.27	116.09

01 Basement -01  
SK104 GA plans

07 Short section (1:1000)  
SK104 GA section

AP

Key  
Grand Union House Site  
Number 16

5 25 50m

Project  
Grand Union House  
London

Client  
Sellar Developments

Project number  
120

Drawing name  
Grand Union House  
Existing plans

Drawing number  
SK104

Andrew Phillips  
40 Bermondsey Street  
London SE1 7UD  
Tel: +44 (0)203 102 1676  
www.andrewphillips.co



Date 28/11/2017  
Scale / Format 1:500/ A3  
Drawn / Checked JC/JC  
Approved AP  
CAD Reference 120\_SK104

Issue  
SKETCH

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Appendix 4  
Proposed Floorplans & Accommodation Schedule

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Grand Union House  
Functional Area Schedule (R3)

Office																				
	Office NIA	Retail NIA	Total NIA	Circulation	Lobby	WCs	Showers	Stairs	Cycle Parking	Greenhouse planting	Refuse	Plant Room	UKPN Room	Other	GIA	Net: Gross	External Plant Room	External Bike Store	External Refuse & Recycling	External Terrace
	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	%	m2	m2	m2	m2
GF	720	149	869	66	98	26	9	31	52			160	9	98	1,258	69%		75	42	
GF Mezz	373		373	12		20	8	52						9	634	59%				
L01	1,220		1,220	17		51		49		126				20	1,483	82%				61
L02	1,217		1,217	17		51		46						72	1,403	87%				
L03	1,050		1,050	15		51		52						65	1,233	85%				168
L04	716		716	23		16		16						32	803	89%	96			324
<b>Total (m2)</b>	<b>5,296</b>	<b>149</b>	<b>5,445</b>	<b>150</b>	<b>98</b>	<b>215</b>	<b>17</b>	<b>246</b>	<b>52</b>	<b>126</b>	<b>0</b>	<b>160</b>	<b>9</b>	<b>296</b>	<b>6,814</b>	<b>79.9%</b>	<b>96</b>	<b>75</b>	<b>42</b>	<b>553</b>
<b>Total (ft2)</b>	<b>57,006</b>	<b>1,604</b>	<b>58,610</b>	<b>1,615</b>	<b>1,055</b>	<b>2,314</b>	<b>183</b>	<b>2,648</b>	<b>560</b>	<b>1,356</b>	<b>0</b>	<b>1,722</b>	<b>97</b>	<b>3,186</b>	<b>73,346</b>	<b>79.9%</b>	<b>1,033</b>	<b>807</b>	<b>452</b>	<b>5,952</b>

	Residential															
	Residential NSA	Retail NIA	Total NIA/NSA	Circulation	Lobby	WCs	Showers	Stairs	Cycle Parking	Greenhouse planting	Refuse	Plant Room	UKPN Room	Other	GIA	Net: Gross
	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	m2	%
GF		87	87	12				6	19		15	15		20	174	50%
L01	127		127					12						8	147	86%
L02	127		127					12						8	147	86%
L03	127		127					12						8	147	86%
L04			N/A												N/A	N/A
L05			N/A												N/A	N/A
Total (m2)	381	87	468	12	0	0	0	42	19	0	15	15	0	44	615	76.1%
Total (ft2)	4,101	936	5,038	129	0	0	0	452	205	0	161	161	0	474	6,620	76.1%

Overall		
NIA/NSA	GIA	Net: Gross
m2	m2	%
856	1,432	67%
500	781	64%
1,347	1,630	83%
1,344	1,550	87%
1,050	1,233	85%
716	803	89%
<b>5,913</b>	<b>7,429</b>	<b>79.6%</b>
<b>63,648</b>	<b>79,966</b>	<b>79.6%</b>

Notes

- 1) Areas as per 6a GAs, dated 21/01/2021 (GF Mez & L01 update dated 02/02/2021 and GF updated 09/02/2021). Note awaiting coordination with structures as per correspondence.
- 2) Generally areas referred to in this document are measured in accordance with the RICS Code of Measuring Practice, 6th Edition.
- 3) The areas are intended for the production of the Cost Plan only and should not be relied upon for any other purpose.
- 4) The conversion factor that has been used to adjust from sq meters to sq feet is 10.764.
- 5) No contingency has been included for future loss of NIA.
- 6) Net Internal Area (NIA) are approximate and rounded to the nearest sqm.
- 7) Residential retail includes space under stairs
- 8) Façade measured to mullion line
- 9) Office NIA includes areas within greenhouse walkways, no deductions for circulation (i.e., as normal floorplate)
- 10) External measures not included in GIA as they are outside the thermal line.

Income generating NIA sqft:		
Retail	2,540	
Office	57,006	
<b>Total</b>	<b>59,546</b>	





NOTES:

DRAFT

Rev. Cate	Desa. J. J. J.
On 2nd March 40 Lavele Church, 5th St. Los Angeles, CA 90012 T +44(0)20 7242 2642 F +44(0)20 7242 2642 post@post.com www.post.com	

PROJECT: GRAND UNION HOUSE

JOE 531

STATUS: STAGE 2

DATE: 05.11.20      SCALE: 1:250(A1)  
1:500(A3)

REV: 1	NO. MINER: 1100
DO NOT SCALE FROM THIS DRAWING. ALL DIMENSIONS ARE TO BE	

CR-6000-01 INSPECTOR'S MARK



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t +44(0)20 7262 5422  
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PROJECT: GRAND UNION HOUSE

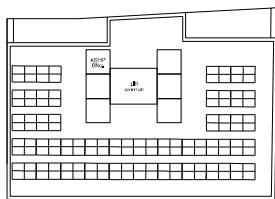
JOB 531

**TITLE:** PROPOSED FOURTH FLOOR &  
ROOF PLAN

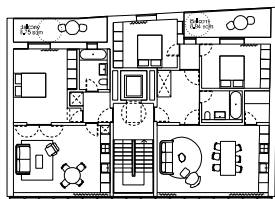
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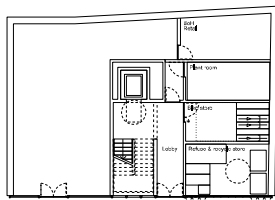
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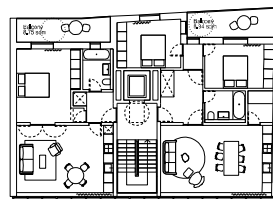
PROPOSED REGIMENTAL ROOF PLAN



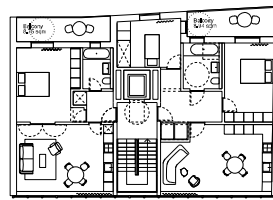
5 PROPOSED REINFORCEMENT SECOND FLOOR



1 PROJECTED RESIDENTIAL GROUND FLOOR



PROPOSED RESIDENTIAL THIRD FLOOR



PROPOSED RESIDENTIAL FIRST FLOOR

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## Appendix 5 Commercial Comparables Report

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February 2021

# **Grand Union House, Camden, NW1**

## **Commercial Comparables Report**



## Contents

1.	Introduction .....	3
2.	Office Comparables .....	5
3.	Retail Comparables.....	12
4.	Summary .....	16

# 1. Introduction

---

## 1.1. Overview

- 1.1.1. This statement has been prepared by the specialist Development Viability Team within the London Residential Development Department of Savills (UK) Ltd. It is by way of an addendum to the viability report provided for the proposed development at Grand Union House, Camden Town NW1 (the Subject), and focuses on establishing the value of the existing commercial accommodation.

## 1.2. Statement Limitations

- 1.2.1. This statement does not constitute part of a formal valuation report, therefore the opinions and values provided herein should not be relied upon for RICS 'Red Book' purposes.
- 1.2.2. Our advice is based on market evidence which has come into our possession from numerous sources. We cannot accept liability for any errors or omissions in third party information. That from other agents and valuers is given in good faith but without liability; it is often provided in verbal form, or taken from data bases such as the Land Registry or to organisations to which we subscribe. In all cases, other than where we have had a direct involvement in the transaction, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.
- 1.2.3. The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th 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 fully 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.
- 1.2.4. Consequently, less certainty – and a higher degree of caution – should be attached to our values 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 values of this property under frequent review.

## 1.3. Methodology

- 1.3.1. In undertaking our comparable research for the commercial units, we have given consideration to recent market transactions and agents comments. The results of this research are set out within this report.

## 1.4. Proposed Development

- 1.4.1. The commercial element of the proposed development is as below;
- An office building comprising 57,006 sq ft of office space arranged over five storeys with an additional 2,540 sq ft of retail accommodation on the ground floor.
- 1.4.2. The full commercial accommodation table is below;

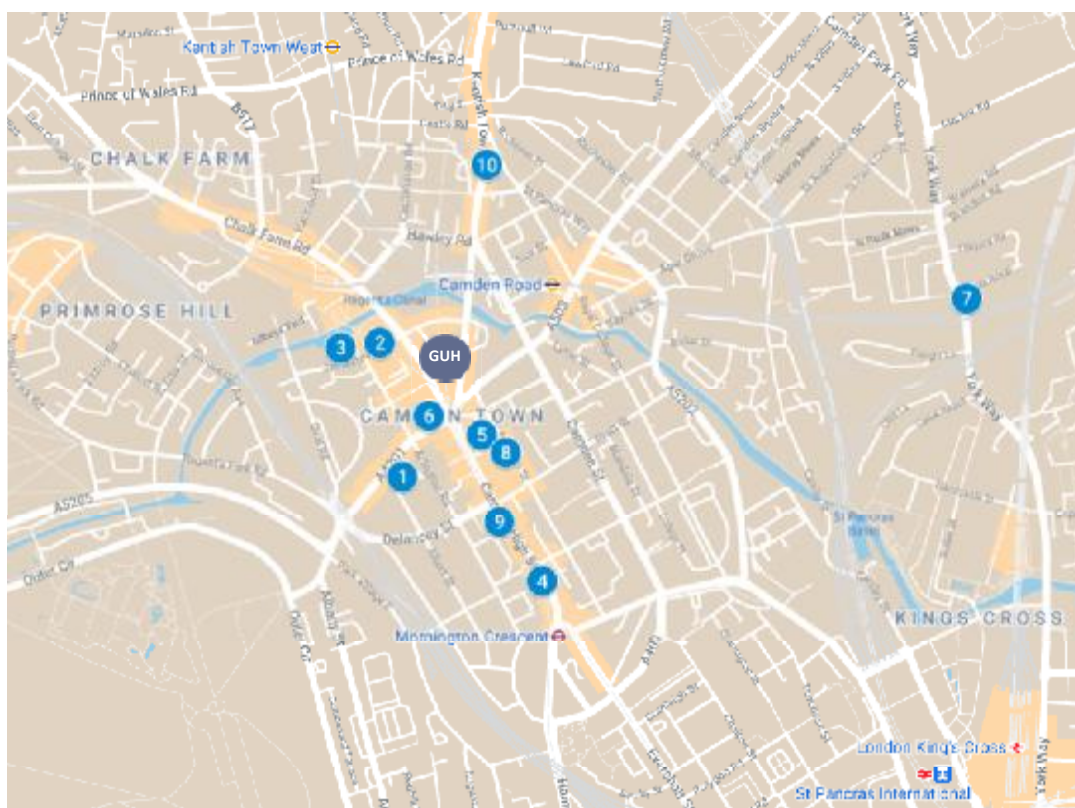
Level	Office Building	
	Office NIA	Retail NIA
0	7,750	2,540
Mezz	4,015	
1	13,132	
2	13,100	
3	11,302	
4	7,707	
<b>Total Sq ft</b>	<b>57,006</b>	<b>2,540</b>



## 2. Office Comparables

### 2.1. Office Rental Comparables

2.1.1. The map below illustrates the locations of the comparable office units detailed within this report;



2.1.2. Detailed below are the comparables that we deem to be of the most relevance to the existing and proposed office units at the Subject. They comprise both newly refurbished and second hand office accommodation.

**Table 1 – Office Rental Comparables**

Ref	Address	Date	Term (yrs)	Rent (p.a.)	Rent Free (mths)	Size	Rent/ Sq ft	Distance to Subject (km)
1	128 Albert Street, NW1	Available	-	Q.£807,875	-	12,926	Q.£62.50	0.3
2	10 Jamestown Road, NW1	Available	-	Q.£658,500	-	13,865	Q.£47.50	0.3
3	Jamestown Wharf, NW1	Available	-	Q.£355,000	-	5,481	Q.£65.00	0.4

Ref	Address	Date	Term (yrs)	Rent (p.a.)	Rent Free (mths)	Size	Rent/ Sq ft	Distance to Subject (km)
4	15 Symes Mews, NW1	Available	-	Q.£560,000	-	9,734	Q.£57.50	0.5
5	6 Greenland Place, NW1	Oct-20	10	£45,500	-	1,138	£40.00	0.2
6	6-12 Parkway, NW1	Jul-20	7	£290,800	-	5,539	£52.50	0.2
7	Rolling Stock Yard, 188 York Way, N7	Jul-20	12	£1,560,000	-	24,000	£65.00	1.2
		Mar-20	10	£750,000	22	10,650	£70.50	1.2
8	101 Bayham Street, NW1	May-20	1.5	£1,000,000	0	23,646	£42.50	0.3
9	97-99 Camden High Street, NW1	Mar-20	10	£393,500	9	9,261	£42.50	0.3
10	Dunn's Hat Factory, 106-110 Kentish Town Road, NW1	Mar-20	-	£118,500	-	2,231	£53.20	0.6

## 2.2. Comparison to Proposed Scheme

- 2.2.1. Although only a quoting price, the available accommodation at 128 Albert Street is comparable to the Subject in terms of floor plate size, location and specification. The property is arranged over two storeys with a pub on the ground floor and a single floor of office accommodation on the first floor, though the office is self-contained and benefits from a dedicated entrance comprising an additional 413 sq ft on the ground floor. The space was previously let on a lease for an 18 month term from February 2018 at £55.00psf and we consider it likely that there will be a discount on the quoting rent. We regard this property to be very comparable to the Subject.
- 2.2.2. 10 Jamestown Road is being marketed in its entirety over 3 floors of office accommodation. The property is comparable in terms of location, however, has considerably smaller floorplates and was most recently renovated in 2009. We expect that, when developed, the Subject will provide an improved specification. Therefore, we consider the Subject will achieve higher rental values.
- 2.2.3. Jamestown Wharf provides one of Camden's Landmark developments, located on the southern edge of Camden Lock benefitting from views of Regent's Canal. The development is comparable located close to public transport communication and also benefits from its situation next to Camden Market. The property completed is redevelopment in 2017 and the 5<sup>th</sup> floor currently being marketed is the only remaining vacant space. The fifth floor benefits from 2 private roof terraces and is to be let fitted out. Marketing of the floor commenced in April 2019. It is understood that Jamestown Wharf provides ceiling prices for Camden and as such we consider that the Subject will achieve lower values than this development.

- 2.2.4. Symes Mews provides an industrial conversion arranged over ground and two upper floors. The property is in a mildly inferior location further from Camden Road station and towards Mornington Crescent. However, the refurbishment has completed to a high standard and its quirky appearance helps the property to stand out. We consider that the asking rent on a per sq ft basis is inflated due to the small floor plates, c.1,800 sq ft on ground floor and c.4,000 sq ft of upper floors.
- 2.2.5. 6 Greenland Place is located to the south of Camden Town London Underground station on a quiet back road. The property is in good condition having been recently refurbished. It is understood that a cheaper rent was achieved by the tenant due to the adverse market conditions as a result of the COVID-19 pandemic.
- 2.2.6. 6-12 Parkway is comparable in terms of its setting, being located a similar distance from Camden Town Underground station and Camden High Street which provides a large variety of cafes and shops. The comparable comprises of recently refurbished Grade A office accommodation, which sits behind an attractive brick façade, that benefits from shower facilities, metal tiled raised floors, average floor to ceiling heights of 3.4 meters and excellent levels of natural light. However, the comparable does not benefit from roof terraces provided at the Subject and comprises of smaller floor plates of circa 5,500 sq ft. Overall we consider that the Subject will achieve a higher level of rent to this comparable.
- 2.2.7. The development at Rolling Stock Yard demonstrates the rental level that can be achieved by new build Grade A stock in the King's Cross area. The development has been completed to an exceptional standard and whilst off-pitch, located to the north of the King's Cross estate, we consider the location to still command superior rents than the Subject. We consider that the Subject location will achieve a 15% discount on these rental levels.
- 2.2.8. The lease at 101 Bayham Street in its entirety to Getty was a lease extension and is therefore considered to be less comparable to the Subject. 97-99 Camden High Street is located above retail on the main road and provides inferior accommodation to the Subject. The leasing evidence at Dun's Hat Factory was on the ground floor and provides good comparable evidence to the Subject given its close proximity, floorplan layout and high quality fit-out. We consider that this accurately reflects what can be achieved at the Subject in addition to an allowance for a new build premium.
- 2.2.9. After analysing the above and consulting with Savills West End Office Agency team we consider that rents within the property will achieve between £52.50psf on ground to £60.00 on the upper floor benefitting from a roof terrae. Overall, we roof have adopted a blended rent of £55.00 psf across the proposed office accommodation with a 24 month rent free period on a 10 year lease term.

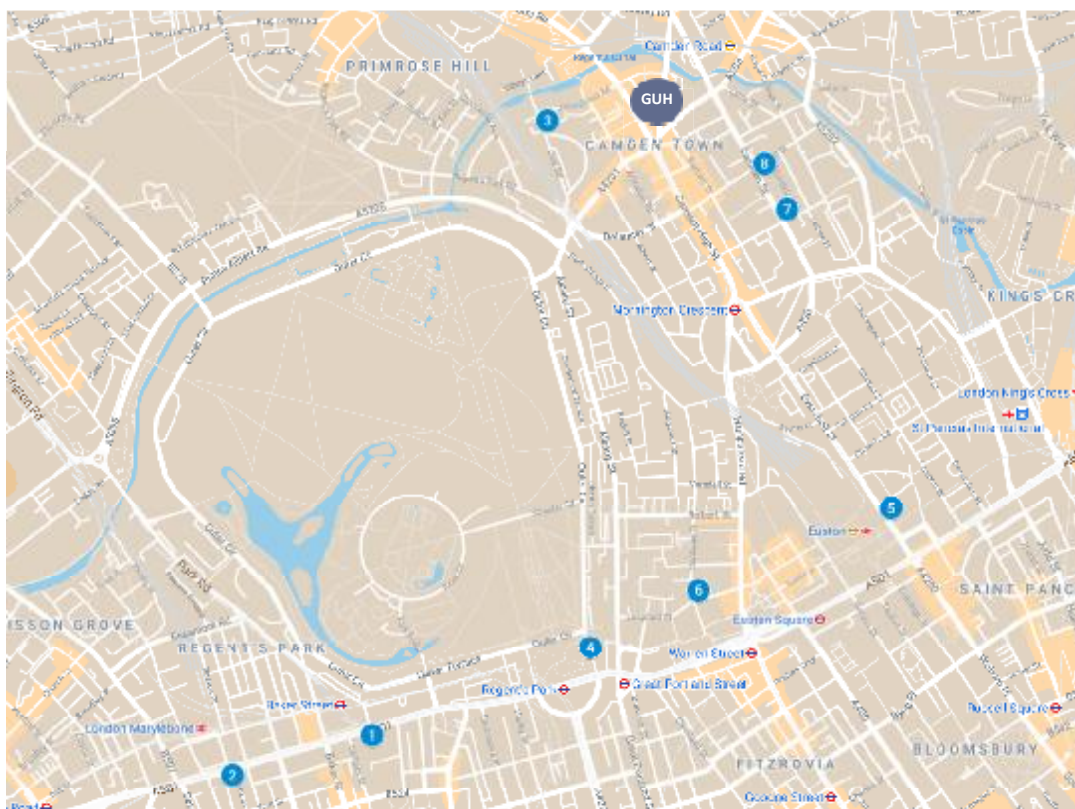
### **2.3. Comparison to Existing Building**

- 2.3.1. The existing building at the Subject consists of 17,151 sq ft of office accommodation provided over 3 suites and 1,255 sq ft of ancillary office accommodation.
- 2.3.2. The current office accommodation at the Subject has been partly stripped out and provides a poorer specification to that of all the above comparables.
- 2.3.3. We consider the comparables all to be of a superior specification to that on offer at the Subject but consider 6 Greenland Place to be the most comparable in terms of accommodation size and layout.

2.3.4. Due to this we consider that the existing office space at the Subject will achieve a lower rent than that achieved of these comparables. After consultation with the Savills West End Office Agency team we have adopted a rate of £30.00 psf on the office accommodation and £10.00 psf on the ancillary office accommodation within our existing use value appraisals.

## 2.4. Office Investment Comparables

2.4.1. The map below illustrates the locations of the comparable office units detailed within this report;



2.4.2. Detailed below are the investment comparables that we deem to be of the most relevance to the existing and proposed office units at the Subject:

**Table 2 – Office Investment Comparables**

Ref	Address	Date	Price	NIY	WAULT	Cap Val psf	Comments
1	The Grove, 248 Marylebone Road, NW1	U/O	£29.5M	5.01%	4.8	£1,180	Fully occupied and multi-let to 7 tenants including The Embassy of Latvia, Prism Financial and Sephira Investment.

Ref	Address	Date	Price	NIY	WAULT	Cap Val psf	Comments
2	129 Marylebone Road, NW1	Apr-20	£48.5M	-	VP	£778	Off market transaction for a 62,000 sq ft, 9 storey vacant building on Marylebone Road.
3	Camden Works, Oval Road.	Feb-20	£43.5M	4.98%	4.7	£967	Collection of warehouse style office buildings. Multi-let to 6 tenants. Significant asset management potential including additional future massive / redevelopment potential.
4	The Diorama, 17-19 Park Square East, NW1	Jul-19	£22.0M	-	VP	£993	Vacant long leasehold building at a peppercorn rent. Constructed in 1823, the property includes 3 parts which form part of a detailed and uniform stucco façade.
5	Euston House, 24 Eversholt Street, NW1	Jan-19	£95.0M	4.64%	3.0	£844	Freehold virtual island site opposite Euston station, let to 6 tenants including a rental top-up. Block expiry in 2022 with potential to increase massing.
6	184-192 Drummond Street, NW1	Dec-18	£38.3M	5.30%	2.7	£893	Multi-let to 3 tenants with a rental guarantee on the vacant ground floor. Completed to a high specification.
7	The Centro Building, 39 Plender Street NW1	Apr-18	£76.5M	4.90%	8.7	£901	84,855 sq ft of office space let to tenants including Hugo Boss, French Connection and F45 Fitness. Very good specification and condition. Vacant floor space totalled 12,286 sq ft. The average current passing rent equates to £53.70 psf.
8	Atelier House, Selous House & Centro 3,4 & 5, 64 Pratt Street NW1	Jan-18	£109M	4.20%	-	£831	131,000 sq ft of multi-let office space. 21,000 sq ft of space is currently vacant and undergoing refurbishment. The average current passing rent equates to £44.70 psf.

## 2.5. Comparison to Proposed Building

- 2.5.1. There has been a lack of office transactional evidence in the immediate vicinity of the Subject, however, Camden works on Oval Road provides good comparable evidence to the Subject. The development is located within close proximity to the Subject, further from the underground station, though on a quieter road. The property provides 44,241 sq ft of office accommodation arranged over 5 buildings and is multi-let for 4.98 years to expiries and 4.03 years to breaks of an average rent of £51.04psf. There is potential to increase massing by up to 2,900 sq ft by way of reconfiguring 57 Jamestown Road. Oval Works had 2 vacant floors at the time of sale, however, these were topped up by the vendor for 12 months and we consider that the proposed building will achieve a similar net initial yield.



- 2.5.2. Whilst historic The Centro Building still provides good local evidence. The property comprises of 84,855 sq ft of Grade A, converted warehouse office accommodation that is located 0.65 km south east of Camden Town London Underground station. It is situated in a predominately residential area that is formed mainly of ex council housing and is located further away from the commercial hub of Camden High Street and Camden Lock. We, therefore, consider the Subject to hold a superior position in comparison to this comparable albeit, that The Centro Building is located closer to the Kings Cross regeneration area. Current occupiers at the comparable included international fashion brands Hugo Boss and French Connection and as such we consider that it is unlikely the Subject would attract companies of similar covenant strength. At the time of the sale the comparable had 12,286 sq ft of vacant floor space which equated to 14.5% and the average passing rent on the remaining space equated to £53.70 psf. The property traded at a net initial yield of 4.90% however, due to the vacant space and potential reversion on the existing tenanted space there will be a reversionary yield in excess of this. We therefore, expect the Subject to trade at an all risks yield higher than the net initial yield of this comparable.
- 2.5.3. Further historic evidence is provided by Atelier House, Selous House and Centro Blocks 3,4 & 5 which comprise five multi-let freehold buildings totalling 131,000 sq ft. The buildings are situated adjacent to The Centro Building and 0.65 km south east of Camden Town London Underground station. The properties consist of modernised, converted warehouse office accommodation based within an attractive building that is positioned in a predominately residential area away from the commercial hub that surrounds Camden High Street and Camden Lock. We would expect the Subject to attract companies of similar financial and covenant strength to that of this comparable. At the time the properties transacted there was 21,000 sq ft of vacant accommodation that reflects 16% of the total lettable floor space. Additionally, the average passing rent equated to £44.70 psf. The properties traded at a net initial yield of 4.20% however, the buildings were not fully let at the time of sale and the average passing rent can be considered as reversionary. Due to this, we consider the Subject to trade at a higher all risks yield than the net initial yield of this comparable.
- 2.5.4. The two most recent transactions have taken place on Marylebone Road, located approximately 1.6 miles south west of the Subject. The buildings both benefit from a superior location to the Subject located within 200 metres of Marylebone rail and London Underground station. The Grove has a traditional façade and was comprehensively refurbished to Grade A specification in 2012. The Grove was fully let at the time of sale with a WAULT of 4.8 years to expiry. Whilst the Grove has a superior location we believe that the Subject will achieve a similar NIY since the improved location has been accounted for by higher rental levels.
- 2.5.5. After consulting Savills specialist West End Office Investment team we understand that the net capital value for offices in Camden needs to be circa £1,000 psf so that it reflects a suitable discount to similar properties located within the King's Cross and North Oxford Street sub markets. Based on this advice we have therefore assumed that the office element of the Subject will achieve an all risks yield of 5.00% which would reflect a net capital value of £1,030 psf.

## 2.6. Comparison to Existing Building

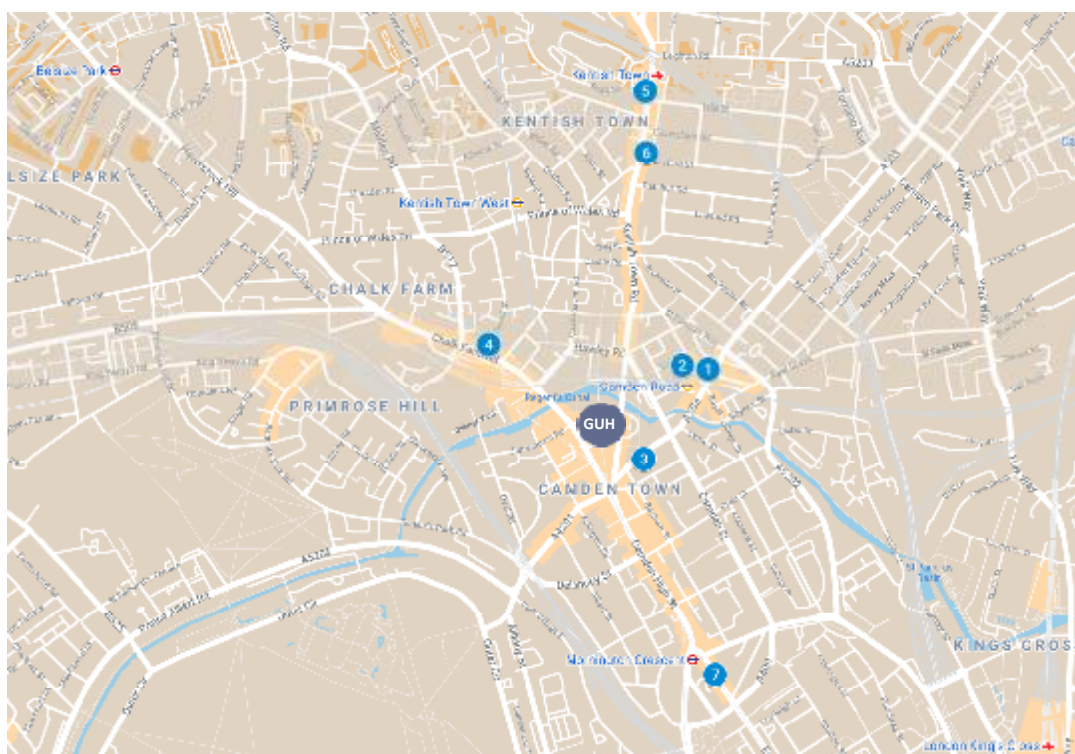
- 2.6.1. All of the above comparables are of superior quality to that of the Subject.

- 2.6.2. We have therefore adopted a yield of 5.75% on the existing office accommodation which reflects a 75 basis point increase to reflect the existing accommodation's age and condition in addition to the likely weaker covenant strengths that the current office accommodation will attract in comparison to that of the proposed.

### 3. Retail Comparables

#### 3.1. Retail Rental Comparables

3.1.1. The map below illustrates the locations of the comparable retail units detailed within this report;



3.1.2. Detailed below are the comparables that we deem to be of the most relevance to the proposed retail unit at the Subject:

**Table 3 – Retail Rental Comparables**

Ref	Address	Date	Rent (p.a.)	Rent Free (mths)	Size (sq ft)	Rent/ Sq ft	Distance to Subject (km)
1	61 Camden Road	Available	£35,000	-	856	£40.88	0.3
2	Royal College Street	Available	£27,000	-	807	£33.46	0.3
3	24 Camden Road	Nov-20	£30,000	-	500	£60.00	0.1
4	37 Chalk Farm Road	Oct-20	£60,000	-	1,255	£47.81	0.6
5	315 Kentish Town Road	Sep-20	£37,500	-	1,733	£21.64	1.1
6	206-208 Kentish Town Road	Feb-20	£36,000	7	830	£43.37	0.9
7	257 Eversholt Street	Feb-20	£22,000	-	1,019	£21.59	0.8



### **3.2. Comparison to Proposed Scheme**

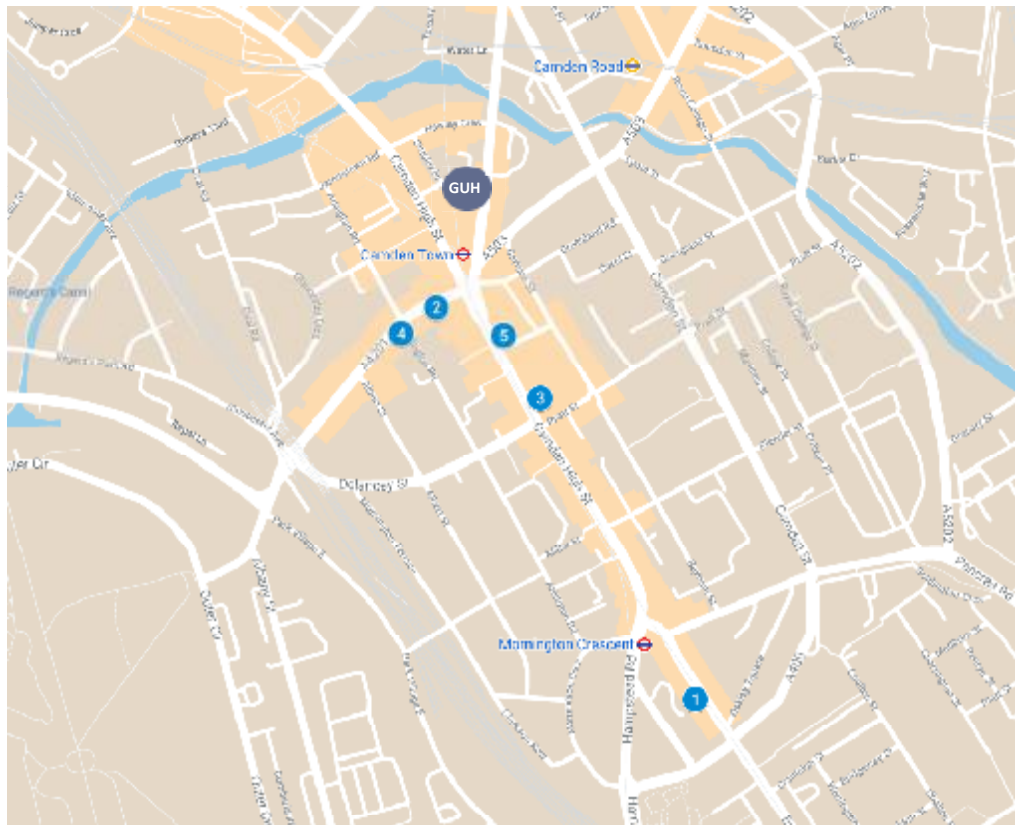
- 3.2.1. 24 Camden Road is the most closely located to the Subject, situated immediately to the south. Camden Road is comparable to Kentish Town Road in that it generally trades at a significant discount to Camden High Street due to lower levels of footfall. 24 Camden Road has an inflated rent per sq ft due to the small area of the property, therefore we consider that the Subject will earn a lower rental level on a £ per sq ft basis. 61 Camden Road is located further east on the same road next to Camden Road London Overground station providing a larger unit. The unit is let to a salon and is in average condition. We note this is a quoting price which may not be achieved. We expect the proposed development to be of a higher quality, however, we consider it to achieve a lower £ per sq ft rental figure due to the larger size of units at the proposed development.
- 3.2.2. Royal College Street also provides good comparable evidence despite the property being available. The property is in good condition and is located just off Camden Road. The property is available on assignment which makes the rental evidence less reliable, nonetheless it is a good indication of rental level and we consider the Subject to achieve a similar rental value on a £ per sq ft basis.
- 3.2.3. The best comparable evidence comes from the lettings on Kentish Town Road, which is the street on which the Subject lies. The evidence ranges from £21.64 psf to £43.37 psf as the retail pitch along the street deteriorates significantly moving away from the main High Street. The Subject is better located close to Camden Town station and Camden High Street therefore we consider that the Subject would achieve higher rental values based on location. 206-208 Kentish Town Road provides a comparable size unit and is in good repair, therefore, we consider the Subject will achieve a higher rental value given its superior location and a new build premium.
- 3.2.4. The retail units have the benefit of Class E use class and may be used as ground floor offices. We consider the retail units will achieve circa £30.00 psf. Since the proposed scheme at the Subject is bringing 3 retail units to the market, we have been advised by Savills Retail team that it is imperative that competitive rents are adopted to establish and maintain an acceptable lettings rate.

### **3.3. Comparison to Existing Building**

- 3.3.1. All of the above comparables consist of superior quality to that of the existing retail accommodation at the Subject. The two transactions furthest from Camden Town London Underground station on Eversholt Street and at 315 Kentish Town Road command the lowest rents due to their inferior location.
- 3.3.2. Due to this we have adopted a rent of £20.00 psf on the existing retail accommodation.

### 3.4. Retail Investment Comparables

3.4.1. The map below illustrates the locations of the comparable retail units detailed within this report;



3.4.2. Detailed below are the comparables that we deem to be of the most relevance to the proposed retail unit at the Subject:

**Table 4 – Retail Investment Comparables**

Ref	Address	Date	Size	Price	NIY	Cap Val £psf	Tenant	Distance from Subject (km)
1	245 Eversholt Street	Available	4,050	£1.5M	5.98%	£370	Lost Boys Pizza	1.5
2	9 Parkway	Jul-20	2,926	£1.8M	-	£615	Bento Cafe	0.1
3	106 Camden High Street	Feb-20	1,617	£1.5M	5.05%	£927	Boots Optician	0.4
4	11-13 Parkway	Dec-19	3,436	£7.4M	-	£3,025	Caffe Nero	0.1
5	140-142 Camden High Street	Jul-19	8,283	£6.0M	4.31%	£724	Lloyd's Bank + 4*ASTs	0.3

- 3.4.3. 140-142 Camden High Street is situated along the primary retailing pitch in Camden which benefits from a greater number of shops, bars and restaurants in the immediate vicinity than that of the Subject. This in turn leads to increased levels of footfall. The comparable is also located in close proximity to Camden Town London Underground station. This unit is let to Lloyd's Bank who possess an excellent covenant and offer secure income for a further 3.5 years. The property's situation on the primary retail pitch means the site should have reduced voids compared to other units, leading to a tightened yield. Furthermore, the property benefits from 4 residential units on the upper floors. The apartments are in good condition in a desirable location.
- 3.4.4. 106 Camden High Street is situated to the south of 140-142 in a mildly inferior location away from Camden Town London Underground station and further from the prime retail pitch, Camden Market and Regent's Canal. The investment solely comprises the retail element of the store. Boots provide a strong covenant and had 4.5 years remaining on the lease. The tenant had an outstanding rent review which would increase the reversionary yield above current the net initial of 5.05%.
- 3.4.5. Eversholt Street is an extension of Camden High Street to its south. 245 Eversholt Street provides a period terrace property arranged over 5 storeys where the lower ground and ground are let to a restaurant, first floor comprises a one bedroom flat and the second and third floor are sold off on long leases. The tenant is an independent firm and the property is being sold with 18 years remaining on the tenants lease with a 4 month rent deposit. The property has an inferior location to the Subject near Mornington Crescent London Underground station. However, we do not anticipate that the Subject will achieve a lease of the same length as at 245 Eversholt Street and the first floor apartment is vacant which provides a reversionary opportunity to increase the yield. Therefore, we consider that a NIY at the Subject will be similar to that quoted at 245 Eversholt Street.
- 3.4.6. After reviewing comparable evidence and consulting Savills specialist Retail Investment team we have assumed that the retail element of the Subject will achieve an all risks yield of 6.00%.

### **3.5. Comparison to Existing Building**

- 3.5.1. All of the above comparables consist of superior quality to that of the existing retail accommodation at the Subject.
- 3.5.2. We have therefore, adopted a yield of 6.50% which reflects a 50 basis point increase to reflect the existing accommodation's age, condition and obsolescence in comparison to that of the proposed.

## 4. Summary

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### 4.1. Existing Use Value Assumptions

- 4.1.1. Based on the evidence contained within this report, we have adopted the following assumptions for our assessment of the Existing Use Value:

Use/Unit	Rent/Sq ft	Rent/Annum	Rent Free Period	Void Period	Yield
Retail Suite 1	£20.00	£47,100	12	12	6.50%
Retail Suite 2	£20.00	£21,100	12	12	6.50%
Office Suite 1	£30.00	£190,410	18	12	5.75%
Office Suite 2	£30.00	£165,420	18	12	5.75%
Office Suite 3	£30.00	£158,700	18	12	5.75%
Office Ancillary	£10.00	£12,550	18	12	5.75%

## 4.2. Proposed Development Value Assumptions

4.2.1. Based on the evidence contained within this report, we have adopted the following assumptions for our Residual Land Value appraisal of the proposed development:

Use/Unit	Total Sq ft	Rent/Sq ft	Rent/Annum	Rent Free Period	Void Period	Yield
Retail / Office	2,540	£30.00	£76,200	12	-	6.00%
Office	57,006	£55.00	£3,135,330	24	-	5.00%

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Appendix 6  
Commercial EUV - Term and Reversion Appraisal

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Term and Reversion  
Vacant Possession

Retail Suite 1		
Lease Length Calculator		
Valuation Date	01/03/2021	
Lease End Date	01/03/2021	
Remaining Term	0.00	

Inputs Table (Unit A)		
Current Rent	£0	Per annum
Term	0.00	Yrs
Market Rent	£47,100	Per annum
Yield	6.50%	Equiv
Void	1	Yrs
Rent Free	1	Yrs

Term and Reversion		
YP 0 Yrs @ 6.5%	0.00	
Term	£0	
YP in Perp @ 6.5%	15.38	
PV 2 Yrs @ 6.5%	0.88	
Reversion	£638,864	
Gross Cap Val	£638,864	
Costs		
Letting @ 10%	£4,710	
Legal @ 5%	£2,355	
Total Costs	£7,065	

Property Value	
Total Gross Capital Value	£9,008,162
Costs	£89,292
Gross Cap Val after Costs	£8,918,870
Purchasers Costs	6.42%
Net Capital Value	£8,380,871
Say	£8,380,000

Retail Suite 2 - Channel Films Ltd		
Lease Length Calculator		
Valuation Date	01/03/2021	
Lease End Date	01/03/2021	
Remaining Term	0.00	

Inputs Table (Unit A1)		
Current Rent	£0	Per annum
Term	0.00	Yrs
Market Rent	£21,100	Per annum
Yield	6.50%	Equiv
Void	3	Yrs
Rent Free	3	Yrs

Term and Reversion		
YP 0 Yrs @ 6.5%	0.00	
Term	£0	
YP in Perp @ 6.5%	15.38	
PV 2 Yrs @ 6.5%	0.88	
Reversion	£286,200	
Gross Cap Val	£286,200	
Costs		
Letting @ 10%	£2,110	
Legal @ 5%	£1,055	
Total Costs	£3,165	

Office Suite 1		
Lease Length Calculator		
Valuation Date	01/03/2021	
Lease End Date	01/03/2021	
Remaining Term	0.00	

Inputs Table (Unit A1.1)		
Current Rent	£0	Per annum
Term	0.00	Yrs
Market Rent	£190,410	Per annum
Yield	5.75%	Equiv
Void	0.75	Yrs
Rent Free	1.5	Yrs

Term and Reversion		
YP 0 Yrs @ 5.75%	0.00	
Term	£0	
YP in Perp @ 5.75%	17.39	
PV 2.5 Yrs @ 5.75%	0.88	
Reversion	£2,920,055	
Gross Cap Val	£2,920,055	
Costs		
Letting @ 10%	£19,041	
Legal @ 5%	£9,521	
Total Costs	£28,562	

Office Suite 2		
Lease Length Calculator		
Valuation Date	01/03/2021	
Lease End Date	01/03/2021	
Remaining Term	0.00	

Inputs Table (Unit A1.2)		
Current Rent	£0	Per annum
Term	0.00	Yrs
Market Rent	£165,420	Per annum
Yield	5.75%	Equiv
Void	0.75	Yrs
Rent Free	1.5	Yrs

Term and Reversion		
YP 0 Yrs @ 5.75%	0.00	
Term	£0	
YP in Perp @ 5.75%	17.39	
PV 2.5 Yrs @ 5.75%	0.88	
Reversion	£2,536,818	
Gross Cap Val	£2,536,818	
Costs		
Letting @ 10%	£16,542	
Legal @ 5%	£8,271	
Total Costs	£24,813	

Office Suite 3		
Lease Length Calculator		
Valuation Date	01/03/2021	
Lease End Date	01/03/2021	
Remaining Term	0.00	

Inputs Table (Unit A1.4-6)		
Current Rent	£0	Per annum
Term	0.00	Yrs
Market Rent	£158,700	Per annum
Yield	5.75%	Equiv
Void	0.75	Yrs
Rent Free	1.5	Yrs

Term and Reversion		
YP 0 Yrs @ 5.75%	0.00	
Term	£0	
YP in Perp @ 5.75%	17.39	
PV 2.5 Yrs @ 5.75%	0.88	
Reversion	£2,433,763	
Gross Cap Val	£2,433,763	
Costs		
Letting @ 10%	£15,870	
Legal @ 5%	£7,935	
Total Costs	£23,805	

Office Ancillary		
Lease Length Calculator		
Valuation Date	01/03/2021	
Lease End Date	01/03/2021	
Remaining Term	0.00	

Inputs Table (Unit B1)		
Current Rent	£0	Per annum
Term	0.00	Yrs
Market Rent	£12,550	Per annum
Yield	5.75%	Equiv
Void	0.75	Yrs
Rent Free	1.5	Yrs

Term and Reversion		
YP 0 Yrs @ 5.75%	0	
Term	£0	
YP in Perp @ 5.75%	17.39	
PV 2.5 Yrs @ 5.75%	0.88	
Reversion	£192,463	
Gross Cap Val	£192,462	
Costs		
Letting @ 10%	£1,255	
Legal @ 5%	£628	
Total Costs	£1,883	

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Appendix 7  
RLV 100% Affordable Residential Scheme

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Grand Union House  
Camden  
Commercial + Affordable Homes

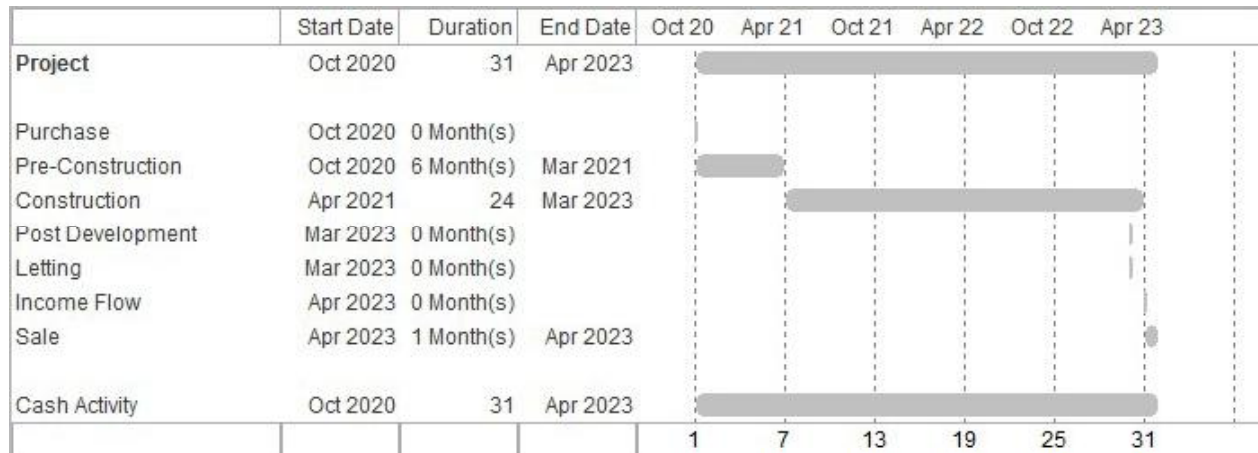
Development Appraisal  
Savills (UK) Limited  
26 February 2021

**Grand Union House**  
**Camden**  
**Commercial + Affordable Homes**

**Project Timescale**

Project Start Date	Oct 2020
Project End Date	Apr 2023
Project Duration (Inc Exit Period)	31 months

**Phase 1**



**APPRAISAL SUMMARY****SAVILLS (UK) LIMITED**

**Grand Union House**  
**Camden**  
**Commercial + Affordable Homes**

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft²</b>	<b>Sales Rate ft²</b>	<b>Unit Price</b>	<b>Gross Sales</b>
Affordable Residential	6	4,101	288.30	197,053	1,182,320

**Rental Area Summary**

	<b>Units</b>	<b>ft²</b>	<b>Rent Rate ft²</b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>
Office	1	57,006	55.00	3,135,330	3,135,330	3,135,330
Retail	3	2,540	30.00	25,400	76,200	76,200
<b>Totals</b>	<b>4</b>	<b>59,546</b>			<b>3,211,530</b>	<b>3,211,530</b>

**Investment Valuation**

<b>Office</b>						
Market Rent	3,135,330	YP @	5.0000%	20.0000		
(2yrs Rent Free)		PV 2yrs @	5.0000%	0.9070	56,876,735	
<b>Retail</b>						
Market Rent	76,200	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,198,113	
<b>Total Investment Valuation</b>					<b>58,074,848</b>	

**GROSS DEVELOPMENT VALUE****59,257,168**

Purchaser's Costs		(3,949,090)
Effective Purchaser's Costs Rate	6.80%	(3,949,090)

**NET DEVELOPMENT VALUE****55,308,078****NET REALISATION****55,308,078****OUTLAY****ACQUISITION COSTS**

Residualised Price		9,728,843
		9,728,843
Stamp Duty		475,942
Effective Stamp Duty Rate	4.89%	
Agent Fee	1.00%	97,288
Legal Fee	0.80%	77,831
		651,061

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft²</b>	<b>Build Rate ft²</b>	<b>Cost</b>
Construction Costs	79,966	325.14	26,000,000
Contingency		5.00%	1,300,000
			27,300,000

**Section 106 Costs**

Borough CIL		126,144
Mayoral CIL		315,360
S106		1
		441,505

**PROFESSIONAL FEES**

Professional Fees	12.00%	3,276,000
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**APPRAISAL SUMMARY****SAVILLS (UK) LIMITED****Grand Union House****Camden****Commercial + Affordable Homes**

3,276,000

**MARKETING & LETTING**

Letting Agent Fee 10.00% 321,153

Letting Legal Fee 5.00% 160,577

481,730

**DISPOSAL FEES**

Sales Agent Fee 1.00% 553,081

Sales Legal Fee 0.50% 276,540

829,621

**FINANCE**

Debit Rate 6.750%, Credit Rate 0.100% (Nominal)

Land 1,822,910

Construction 1,994,495

Total Finance Cost 3,817,406

**TOTAL COSTS****46,526,166****PROFIT****8,781,912****Performance Measures**

Profit on Cost% 18.88%

Profit on GDV% 14.82%

Profit on NDV% 15.88%

Development Yield% (on Rent) 6.90%

Equivalent Yield% (Nominal) 5.02%

Equivalent Yield% (True) 5.18%

IRR% (without Interest) 20.32%

Rent Cover 2 yrs 9 mths

Profit Erosion (finance rate 6.750) 2 yrs 7 mths

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## Appendix 8

### RLV 100% Market Sale Scheme

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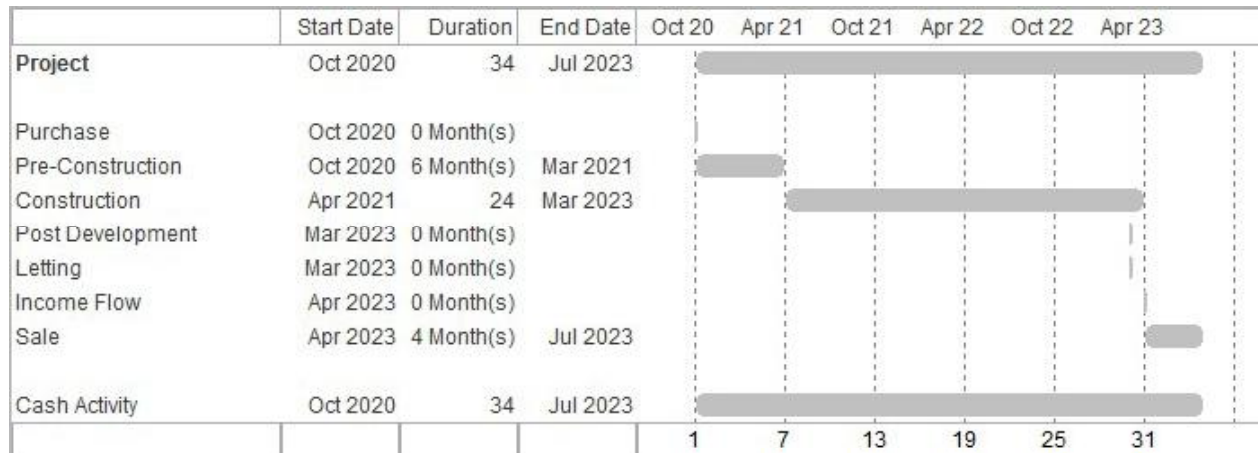
Grand Union House  
Camden  
Commercial + Private Homes

Development Appraisal  
Savills (UK) Limited  
26 February 2021

**Grand Union House  
Camden  
Commercial + Private Homes**

Project Timescale	
Project Start Date	Oct 2020
Project End Date	Jul 2023
Project Duration (Inc Exit Period)	34 months

**Phase 1**



**APPRAISAL SUMMARY****SAVILLS (UK) LIMITED**

**Grand Union House**  
**Camden**  
**Commercial + Private Homes**

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft²</b>	<b>Sales Rate ft²</b>	<b>Unit Price</b>	<b>Gross Sales</b>
1 Bed Flats	3	1,722	905.92	520,000	1,560,000
2 Bed Flats	<u>3</u>	<u>2,379</u>	895.33	710,000	<u>2,130,000</u>
<b>Totals</b>	<b>6</b>	<b>4,101</b>			<b>3,690,000</b>

**Rental Area Summary**

	<b>Units</b>	<b>ft²</b>	<b>Rent Rate ft²</b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>
Office	1	57,006	55.00	3,135,330	3,135,330	3,135,330
Retail	<u>3</u>	<u>2,540</u>	30.00	25,400	<u>76,200</u>	<u>76,200</u>
<b>Totals</b>	<b>4</b>	<b>59,546</b>			<b>3,211,530</b>	<b>3,211,530</b>

**Investment Valuation****Office**

Market Rent	3,135,330	YP @	5.0000%	20.0000	
(2yrs Rent Free)		PV 2yrs @	5.0000%	0.9070	56,876,735

**Retail**

Market Rent	76,200	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,198,113

**Total Investment Valuation****58,074,848****GROSS DEVELOPMENT VALUE****61,764,848**

Purchaser's Costs		(3,949,090)
Effective Purchaser's Costs Rate	6.80%	
		(3,949,090)

**NET DEVELOPMENT VALUE****57,815,758****NET REALISATION****57,815,758****OUTLAY****ACQUISITION COSTS**

Residualised Price		10,147,967
		10,147,967
Stamp Duty		496,898
Effective Stamp Duty Rate	4.90%	
Agent Fee	1.00%	101,480
Legal Fee	0.80%	81,184
		679,562

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft²</b>	<b>Build Rate ft²</b>	<b>Cost</b>
Construction Costs	79,966	325.14	26,000,000
Contingency		5.00%	1,300,000
Third Party Payment			850,000
			28,150,000

**Section 106 Costs**

Borough CIL		319,344
Mayoral CIL		339,360
S106		1
		658,705



**APPRAISAL SUMMARY****SAVILLS (UK) LIMITED**

**Grand Union House**  
**Camden**  
**Commercial + Private Homes**

**PROFESSIONAL FEES**

Professional Fees	12.00%	3,276,000	3,276,000
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**MARKETING & LETTING**

Marketing	1.50%	55,350	
Letting Agent Fee	10.00%	321,153	
Letting Legal Fee	5.00%	160,577	537,080

**DISPOSAL FEES**

Sales Agent Fee - Commercial	1.00%	541,258	
Sales Agent Fee - Residential	1.50%	55,350	
Sales Legal Fee - Commercial	0.50%	270,629	
Sales Legal Fee - Residential	0.25%	9,225	876,461

**FINANCE**

Debit Rate 6.750%, Credit Rate 0.100% (Nominal)			
Land		1,901,522	
Construction		2,140,621	
Other		(2,181)	
Total Finance Cost			4,039,962

**TOTAL COSTS****48,365,737****PROFIT****9,450,022****Performance Measures**

Profit on Cost%	19.54%
Profit on GDV%	15.30%
Profit on NDV%	16.35%
Development Yield% (on Rent)	6.64%
Equivalent Yield% (Nominal)	5.02%
Equivalent Yield% (True)	5.18%
IRR% (without Interest)	20.45%
Rent Cover	2 yrs 11 mths
Profit Erosion (finance rate 6.750)	2 yrs 8 mths

