

The Greenwood Centre,
Greenwood Place & Highgate Day
Centre, 19-37 Highgate Road,
NW5 1LB



18th August 2022

- 1.1 Following our addendum report dated 14th June 2022 we have received a further response from Turner Morum dated 6th July 2022.
- 1.2 Turner Morum's response seeks to address the difference between us on private sales values for the extant scheme.
- 1.3 We have reviewed Turner Morum's position on the sales values in the extant scheme, which they have now revised upwards to £974 psf. This is above our previous pricing of £939 psf for the extant scheme but below our pricing for the proposed scheme at £992 psf.
- 1.4 We maintain our view that the pricing should be less for the extant consent due to the reasons set out in our review e.g., the inferior private and communal amenity space offering and no concierge service. However, we acknowledge that it is difficult to accurately quantify the difference that these points will make to the overall pricing.
- 1.5 Upon review of Turner Morum's addendum we have accepted their revised position of £974 psf for the extant scheme. We maintain a higher average of £992 psf for the proposed scheme.
- 1.6 As a result of this amendment to the sales values, the Alternative Use Value (AUV) increases to £7,319,625.
- 1.7 We have applied this to the proposed scheme appraisal which now generates a nominal deficit of £85,000. This is therefore effectively a breakeven viability position.
- 1.8 We have summarised the appraisal outputs below:

Scheme	Benchmark Land Value	Surplus/Deficit
Proposed Scheme	£7,319,625	-£85,000

- 1.9 We recommend that this scheme is subject to an open book Late Stage Review mechanism so that the viability of the scheme can be assessed over the lifetime of the development.

Appendix 1 - Extant Scheme Appraisal

BPS Extant Scheme Appraisal
Greenwood Centre, Highgate Road
2013/5947/P

Development Appraisal
BPS Surveyors
13 July 2022

**BPS Extant Scheme Appraisal
Greenwood Centre, Highgate Road
2013/5947/P**

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Flats	34	24,208	974.00	693,488	23,578,592
Social Rent Units	8	5,511	283.07	195,000	1,560,000
Totals	42	29,719			25,138,592

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial/Social Enterprise	1	1,076	30.00	32,280	32,280	32,280

Investment Valuation

Commercial/Social Enterprise

Market Rent	32,280	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	522,552

GROSS DEVELOPMENT VALUE

25,661,144

Purchaser's Costs			(35,534)	
Effective Purchaser's Costs Rate		6.80%		(35,534)

NET DEVELOPMENT VALUE

25,625,610

NET REALISATION

25,625,610

OUTLAY

ACQUISITION COSTS

Residualised Price			7,319,625	
				7,319,625
Purchaser's Costs		6.80%	497,735	
				497,735

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Construction Costs	1 un	9,788,730	9,788,730
Contingency		10.00%	978,873
			10,767,603

Section 106 Costs

Section106 Costs			11,729	
				11,729

PROFESSIONAL FEES

Professional Fee		10.00%	978,873	
				978,873

MARKETING & LETTING

Private Resi Fees		3.00%	707,358	
Affordable Disposal Fee		0.50%	7,800	
Commercial Disposal Fee		2.00%	10,451	
				725,609

MISCELLANEOUS FEES

Commercial Profit		15.00%	78,383	
Affordable Profit		6.00%	93,600	
Private Resi Profit		17.50%	4,126,254	
				4,298,236

**BPS Extant Scheme Appraisal
Greenwood Centre, Highgate Road
2013/5947/P****FINANCE**

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Land	610,090	
Construction	325,497	
Other	90,613	
Total Finance Cost		1,026,200

TOTAL COSTS**25,625,610****PROFIT****0****Performance Measures**

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
Development Yield% (on Rent)	0.13%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	6.12%
Profit Erosion (finance rate 6.500)	0 mths

Appendix 2 - Proposed Scheme Appraisal

BPS Proposed Scheme Appraisal
Greenwood Centre, Highgate Road
2022/1603/P

Development Appraisal
BPS Surveyors
18 August 2022

BPS Proposed Scheme Appraisal
Greenwood Centre, Highgate Road
2022/1603/P

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Flats	42	30,049	1,002.70	717,381	30,130,000
Supported Living Units	5	3,407	270.03	184,000	920,000
Totals	47	33,456			31,050,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial/Social Enterprise	1	1,021	30.00	30,630	30,630	30,630

Investment Valuation

Commercial/Social Enterprise

Market Rent	30,630	YP @	6.0000%	16.6667	
(6mths Rent Free)		PV 6mths @	6.0000%	0.9713	495,841

GROSS DEVELOPMENT VALUE

31,545,841

Purchaser's Costs			(33,717)	
Effective Purchaser's Costs Rate	6.80%			(33,717)

NET DEVELOPMENT VALUE

31,512,124

NET REALISATION

31,512,124

OUTLAY

ACQUISITION COSTS

Benchmark Land Value	7,319,625			
Benchmark Land Value			7,319,625	
				7,319,625
Purchaser's Costs	6.80%	497,735		
				497,735

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Construction Costs	1 un	12,669,875	12,669,875
Contingency		10.00%	1,266,987
			13,936,862

Section 106 Costs

Section106 Costs			13,125
CIL Costs			824,570
			837,695

PROFESSIONAL FEES

Professional Fee	10.00%	1,266,987	
			1,266,987

MARKETING & LETTING

Private Resi Fees	3.00%	903,900	
Affordable Disposal Fee	0.50%	4,600	
Commercial Disposal Fee	2.00%	9,917	
			918,417

MISCELLANEOUS FEES

Private Resi Profit	17.50%	5,272,750	
Commercial Profit	15.00%	74,376	

**BPS Proposed Scheme Appraisal
Greenwood Centre, Highgate Road
2022/1603/P**

Affordable Profit	6.00%	55,200	
			5,402,326
FINANCE			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		747,406	
Construction		577,685	
Other		92,425	
Total Finance Cost			1,417,517
TOTAL COSTS			31,597,164
PROFIT			(85,040)

Performance Measures

Profit on Cost%	-0.27%
Profit on GDV%	-0.27%
Profit on NDV%	-0.27%
Development Yield% (on Rent)	0.10%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	5.76%
Rent Cover	-2 yrs -9 mths
Profit Erosion (finance rate 6.500)	N/A