

Viability Report

AVONMOUTH HOUSE, 6 AVONMOUTH STREET, SE1 6NX

October 2021



James R Brown & Company Ltd

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Important Notice

This report has been prepared for planning input purposes.

Tribe Student Housing Limited,
35 Berkeley Square,
London,
W1J 5BF.

26th October 2021

Dear Sirs,

**AVONMOUTH HOUSE, 6 AVONMOUTH STREET, SE1 6NX.
VIABILITY OF PURPOSE BUILT STUDENT ACCOMMODATION ('PBSA') AND SCOPE FOR
AFFORDABLE HOUSING PROVISION.**

1.0 EXECUTIVE SUMMARY

1.1 We understand you are proposing a scheme comprising:-

"Demolition of existing building and structures and erection of a part 2, part 7, part 14, part 16 storey plus basement mixed-use development comprising 1733sqm (GIA) of space for Class E employment use and/or community health hub and/or Class F1(a) education use and 233 purpose-built student residential rooms with associated amenity space and public realm works, car and cycle parking, and ancillary infrastructure."

1.2 We have assessed the financial viability of your proposed 233 bed student scheme (plus commercial).

1.3 We have sought to establish the extent to which it can viably sustain an affordable housing and affordable student accommodation provision - accounting for the proposed affordable student accommodation provision (35%).

1.4 The RLV driven by the proposed scheme is £4.84m.

1.5 As this is below our assumed BLV, we conclude that the proposed scheme cannot viably sustain any affordable housing provision (by way of commuted sum or other) in addition to proposed affordable student accommodation provision (35%).

2.0 INSTRUCTIONS & COVID 19

- 2.1 We understand that you require a financial viability assessment of your proposed scheme to assess the extent to which it can viably sustain an affordable housing and affordable student accommodation provision - accounting for the affordable student accommodation provision proposed (35%).
- 2.2 We have agreed a fixed fee for this piece of work split between viability report and further discussions with the London Borough of Southwark ('LBS') and their advisors. No performance related or contingent fees have been agreed.
- 2.3 In preparing this report we can confirm that we have no conflicts of interest.
- 2.4 Over the last 18 months, property markets have been negatively impacted by COVID 19.
- 2.5 Some viability consultants acting for Councils are claiming that there is no evidence to suggest that development viability has been negatively impacted. However, even 'if' one assumed the same proposed scheme values as pre-COVID, market risk has substantially increased. This justifies higher profit requirements and/or under-pins profit requirements to cover that risk.
- 2.6 As the full economic consequences of COVID 19 are not yet clear, we recommend that we are given an opportunity to update this report over the next few months.

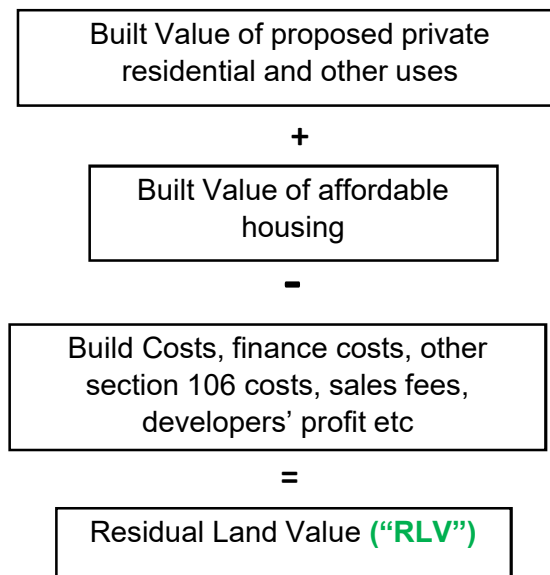
3.0 BASIS OF APPRAISALS HEREIN

- 3.1 This report is to assist planning discussions with the London Borough of Southwark ("LBS").
- 3.2 It is not an RICS (Royal Institution of Chartered Surveyors) "Red Book" compliant valuation report and the figures referred to herein are not formal valuations. However, detailed justification for the indicative values and/or component valuation inputs we have used are provided herein.
- 3.3 We are aware that you will provide LBS with a copy of this report and we are happy for this to occur. However, we do not offer LBS, their advisors and/or any third parties a professional duty of care.

4.0 VIABILITY AND PLANNING

4.1 Scheme viability is assessed using residual valuation methodology.

4.2 A summary of the residual process is:-



Residual Value is then compared to a **Benchmark Land Value ('BLV')**. If RLV is lower and/or not sufficiently higher than the BLV – project is not technically viable

4.3 If the RLV driven by a proposed scheme is reduced to significantly below an appropriate BLV, it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed.

4.4 The 'land residual' approach (as summarised above) can be inverted so that it becomes a 'profit residual' based upon the insertion of a specific land cost/value (equivalent to the viability benchmark sum) at the top. By doing this, the focus is moved onto the level of profit driven by a scheme. This is a purely presentational alternative.

5.0 APPROACH TO BENCHMARK LAND VALUE ('BLV')

5.1 We have considered guidance provided by:-

- The RICS's Guidance Note GN 94/2012, and;
- The RICS's Financial Viability in Planning: Conduct & Reporting (1st Edition – May 2019), and;
- The RICS's 'Assessing viability in planning under the National Planning Policy Framework 2019 for England' – 1st edition – March 2021), and;
- The Mayor's – Homes for Londoners – Affordable Housing & Viability SPG 2017, and;
- The London Plan (2021), and;
- National Planning Policy Guidance on Viability (September 2019), and;
- Recent Appeal cases and agreed viability positions on other PBSA schemes in LBS, and;
- Our own professionally qualified judgement and obligation to provide an opinion that is: objective, impartial, without interference and with reference to all appropriate sources of information.

5.2 Without prejudice, we have primarily considered the value of the existing property on an 'Existing Use Value plus land-owner's premium' basis ('EUV Plus').

6.0 THE SITE





6.1 Please see the site plan and photographs below:-



- 6.2 The freehold site comprises 0.297 acres (0.12 hectares) and accommodates an owner-occupied building and some car parking.
- 6.3 The existing building comprises 1,307 sq.m. (14,068 sq.ft.) GIA and is currently used as a managed business space.

7.0 BLV

7.1 We have considered the following comparables:-

	<p><u>Salisbury House, Kennington Park, SW9:-</u></p> <p>Managed business space/ B1a. 8,219 sq.ft. Let for £30 p.s.f. on 9/4/21 to Wales Trinity St David. FRI.</p>
	<p><u>Meadow Works, 86 Meadow Road, SW8:-</u></p> <p>7,200 sq.ft. B1/B2/B8. Let for £25 p.s.f. on 12/3/21. FRI.</p>
	<p><u>The Grain House, 46 Loman Street, SE1 0EH:-</u></p> <p>3,660 sq.ft., B1a. Let for £56 p.s.f. on 6/9/21. 10 year FRI lease.</p>
	<p><u>5-13 Trinity Street, SE1 1DB:-</u></p> <p><u>Letting:-</u></p> <p>1,491 sq.ft., B1a. Let for £48.50 p.s.f. in April 2021.</p> <p><u>Investment Sale:-</u></p> <p>5,834 sq.ft. Sold for £4.3m in May 2021 = £737 p.s.f. Implies NIY of circa 6%.</p>

	<p><u>3 Murphy Street, SE1 7FP:-</u></p> <p>4,764 sq.ft. Sale to owner occupier for £3.425m in 2020 = £719 p.s.f.</p>
	<p><u>Wilcox House, SE1 1LB:-</u></p> <p>15,095 sq.ft. Vacant possession sale for £9.65m on 22/12/2020 = £639 p.s.f.</p>
	<p><u>14 – 21 Rushworth Street, SE1 0RB:-</u></p> <p>Commercial site accommodating 22,000 sq.ft (as in photos to left). Producing gross rent of circa £200,000 p.a. 0.18 hectares (0.44 acres). Sold with benefit of planning consent for 91,536 sq.ft. of new B1a for £20m on 30/4/2018.</p>
	<p><u>10-18 Union Street, SE1 1SZ:-</u></p> <p>D1 training centre. 39,504 in need of complete re-fit. Bought by Royal College of Obstetricians & Gynaecologists on 5/1/18 for £35m = £886 p.s.f.</p>

Source: www.EGi.co.uk

7.2 We consider a reasonable Existing Use Valuation to be:-

- Achievable rent = £400,000 (£28.43 p.s.f. based upon net lettable).
- Y.P. into perpetuity deferred 1 year @ 6% = £6,289,320
- Less purchase costs @ 6.8% = £5.86m

7.3 An existing owner of the potential investment would not be incentivised to bring the site forward for development in return for EUV only. Using judgement, we have added a 20% 'land-owner's premium' to address this which we consider conservative as the purchase costs involved in buying a similar replacement investment would be circa £450,000 alone.

7.4 We also consider a land-owner's premium of 20% (and/or circa £1.2m) to be reasonable because a 20% premium was considered reasonable by Strettons in their review of our viability assessment (dated December 2020) for your other student accommodation proposal at KFC (671-679 Old Kent Road). NPPG guidance on viability indicates that evidence in support of BLVs/land-owner premiums can include what has been agreed between consultants in other viability assessments.

7.5 We have therefore assumed a reasonable BLV of **£7m**.

8.0 SITE CONTEXT & PRACTICAL/FINANCIAL VIABILITY OF ON-SITE AFFORDABLE HOUSING

- 8.1 For the same reasons cited within the report to Committee on 20/7/2020 regarding the Bianca Warehouse site (20/AP/0039) and the report to Committee on 21/4/21 regarding the '**KFC site**' (20/AP/2701 – where, as previously indicated, you were the applicant and we provided you with a viability assessment), on-site C3 affordable housing cannot be provided here.
- 8.2 As per the Bianca Warehouse and KFC sites (both of which secured positive resolutions), we understand that you are proposing 35% affordable student accommodation within the proposed scheme but no on-site C3 affordable housing.
- 8.3 We have tested the viability of your 35% affordable student accommodation offer.

9.0 PROPOSED SCHEME

9.1 Please refer to the proposed scheme plans in **Appendix 1**.

9.2 The scheme comprises:-

Floor Types	No. Floors	Commercial sqm	Communal amenity sqm	Ensuite	Accessible Ensuite	Studio	Accessible Studio		Total
Basement G-2	1	139.5						0	
Basement G-1	1	604	0	0	0	0	0	0	0
Level 00 (GF)	1	351.7	0	0	0	0	0	0	0
Level 01 Commercial	1	637.8	0	0	0	0	0	0	0
Level 02	1	0	0	22	0	0	1	23	23
Level 03-06	4	0	0	22	0	0	1	23	92
Levels 07	1	0	0	11	0	2	1	14	14
Levels 08-13	6	0	0	14	0	0	1	15	90
Levels 14-15	2	0	0	6	0	1	0	7	14
Total	16	1733	0	217	0	4	12		
		1733	0	217	0	4	12		233
				93%	0%	2%	5%		

Studio	7%
Accessible Units	5.2%

	No. Floors	GIA of floor sqm	GIA Commerical	GIA Accommodation	GIA Total sqm
Basement G-2	1	711.3	139.5	571.8	711.3
Basement G-1	1	683.75	604	79.75	683.75
Level 00 (GF)	1	654.4	351.7	302.7	654.4
Level 01	1	698.7	637.8	60.9	698.7
Level 02	1	570.7	0	570.7	570.7
Level 03-06	4	570.7	0	2282.8	2282.8
Levels 07	1	396.8	0	396.8	396.8
Levels 08-13	6	396.8	0	2380.8	2380.8
Levels 14-15	2	205.1	0	410.2	410.2
	16		1733	7056.45	8789.45

10.0 MAYORAL CIL, CIL, S.106 & S.278

10.1 We have assumed a combined MCIL/CIL & S.106 cost of £1.5m based upon an extrapolation of what was agreed in this regard on the KFC site and after accounting some indexation and relief associated the area of the existing building (which is currently occupied).

10.2 We reserve the right to revise our viability conclusion herein if this assumption proves to be significantly inaccurate.

11.0 APPROACH TO VIABILITY ASSESSMENT

- 11.1 We have financially appraised the proposed scheme using ARGUS, a widely used proprietary software package. We have used current day values and costs.
- 11.2 We consider that the residual land value from the proposed scheme needs to be at least **£7m** for it to be considered viable by normal measures.

12.0 BUILD COSTS

- 12.1 Schemes of this nature are often built using various types of modular construction.
- 12.2 In an appeal (APP/A5840/W/19/3228534 - St James's Road), the proposed student scheme was similar to what is proposed here and the Inspector concluded (and the parties agreed) that a reasonable modular build cost equated to £22,659,000 (as explicitly discussed in his decision dated 2/3/2020) excluding a contingency and professional fees. This was equivalent to £318.71 p.s.f. on the 71,096 sq/.ft. (GIA) scheme which contained 250 student beds (plus retail).
- 12.3 We would expect the build cost rate to be similar here pointing to circa 94,609 sq.ft. x £320 p.s.f. (reflecting a discount for comparative economies of scale but offset by some indexation) = £30.27m.
- 12.4 Strettons (via their letter to LBS dated 11/2/2021 - see **Appendix 2**) assumed a total build cost equivalent to £275 p.s.f. (plus a 5% contingency and professional fees at 10%) based upon advice from CDM for a similar student scheme proposed at the KFC site. You/we did not agree with the Strettons/CDM assumption at that time and build cost inflation has been significant since then.
- 12.5 You have also provided us with a site/scheme specific build cost assessment (see **Appendix 3**) which indicates a total build cost of £29.64m (£313.29 p.s.f.) excluding a contingency and professional fees.
- 12.6 We have assumed a total build cost of £29.64m and have added a 5% contingency and professional fees at 10%.

13.0 EXTRAORDINARY COSTS

- 13.1 We have not accounted for any extraordinary costs at this stage.

14.0 STUDENT ACCOMMODATION INCOME POTENTIAL AND VALUES

14.1 Achievable Student Rents:-

14.1.1 We have assumed the following achievable gross rents (2021/2022) which are informed by your discussions with the University of London with regard to structuring a Nomination Rights agreement:-

Room Type	Area (sq.m.)	Main Nos Rent Weeks	Net Holiday Weeks	Nos Units	Total Room Area	Gross rent	Total Gross Rent
Standard En Suites	12.5	51	0	141	1762.5	£205.70	£1,479,188.70
Standard Studio	18	51	0	4	72	£246.40	£50,265.60
Accessible Studio	23	51	0	12	276	£246.40	£150,796.80
Standard En Suites (additionally suppressed rent)	12.5	38	6	76	950	£173.83	£581,287.52
Total					3,061		£2,261,538.62

14.1.2 We have assumed the University of London will have Nomination Rights over the whole scheme.

14.1.3 We have also assumed £10,000 p.a. for net sundry income.

14.1.4 In arriving at these rents, we have considered the following (which were mainly from the 2020/21 academic year) although it is important to note that these rent are mainly direct let rents as opposed to rents suppressed by a Nominations Agreement:-

Scheme	Room Type	£ per Week	Weeks	£ p.a.
Bernard Myers House	Classic EnSuite	£198	47	£9,306
Yara East Lewisham	EnSuite	£227	43	£9,761
Yara East Lewisham	Premium EnSuite	£233	43	£10,019
Yara East Lewisham	Standard Studio	£237	43	£10,191
Yara East Lewisham	Premium Studio	£249	43	£10,707
Landale House	Classic EnSuite	£210	51	£10,710
Axo New Cross	Bronxe EnSuite	£210	51	£10,710
Axo New Cross	Classic EnSuite	£215	51	£10,965
Yara East Lewisham	Premium Plus Studio Single	£258	43	£11,094
Yara East Lewisham	EnSuite	£219	51	£11,169
Yara East Lewisham	Premium EnSuite	£224	51	£11,424
Yara East Lewisham	Standard Studio	£230	51	£11,730
Axo New Cross	EnSuite XL	£235	51	£11,985
Yara East Lewisham	Premium Studio	£238	51	£12,138
Yara East Lewisham	Premium Plus Studio Single	£249	51	£12,699
Yara East Lewisham	Premium Plus Studio Couple	£299	43	£12,857
Axo New Cross	Studio	£255	51	£13,005
Chapter Lewisham	3 Bed Apartement	£259	51	£13,209
Landale House	Premium En Suite	£260	51	£13,260
Chapter Lewisham	Bronze EnSuite	£274	51	£13,974
Chapter Lewisham	Studio	£289	51	£14,739

14.1.5 We have also considered the rents considered reasonable by Strettons in their viability assessment of the proposed student accommodation on the KFC site. The rents we have assumed (see S.14.1.1 above) are above the Nominations Agreement rents we assumed at KFC (which were broadly considered reasonable by Strettons). However, this is not necessarily because the location of the subject scheme is better than the KFC site (albeit one assumes that it is better) and/or due to general rent inflation as the rents that the University of London require as part of a Nominations Agreement now (post COVID) are what they are.

14.2 **Valuation Methodology:-**

14.2.1 We have considered the prospective built value of the proposed scheme (as at current day values) via 2 methods:-

- Consideration of the values assumed by Strettons/LBS for the student scheme on the KFC site.
- Capitalisation of net achievable income.

14.3 **Values Assumed by Strettons (KFC Site):-**

14.3.1 As can be ascertained from Appendix 4 to the Strettons letter dated 11/2/21, they valued 267 student bedrooms (average size = 14.11 sq.m.) at £42,717,307 including sundry income. This equated to £159,990 per room. The gross rent assumed by Strettons for the 267 rooms plus sundry income equated to £9,821 per room p.a.

14.3.2 As the average gross rent we have assumed for the proposed 233 student bed scheme equates to £9,749 on an average room size of 13.14 sq.m., we would not expect the values per bed for the proposed 233 bed scheme at the subject site to significantly exceed £160,000 per bed.

14.3.3 The assumed Nominations Agreement for the subject scheme suppresses otherwise achievable market rents on all of the proposed beds. Risk is reduced but so is rental growth potential. On balance, and bearing in mind a stronger long term reversionary value due to the better subject location compared to the KFC site, we would expect equivalent values per bed to be slightly higher at the subject site compared to what Strettons considered reasonable at the KFC site.

14.4 Rent Capitalisation:-

14.4.1 Based upon our commentary in S.14.1.1 and S.14.1.3 above, our valuation (excluding the commercial units) for the student accommodation element of the proposed scheme is:-

Gross rent =	£2,271,539 p.a.
OPEX costs @ £2,150 per unit p.a. =	£500,950
Net Rent =	£1,770,589
Y.P. into perpetuity @ 4% =	£44,264,725
Less purchase costs @ 6.8% =	£41.25m (£177,039 per bed)

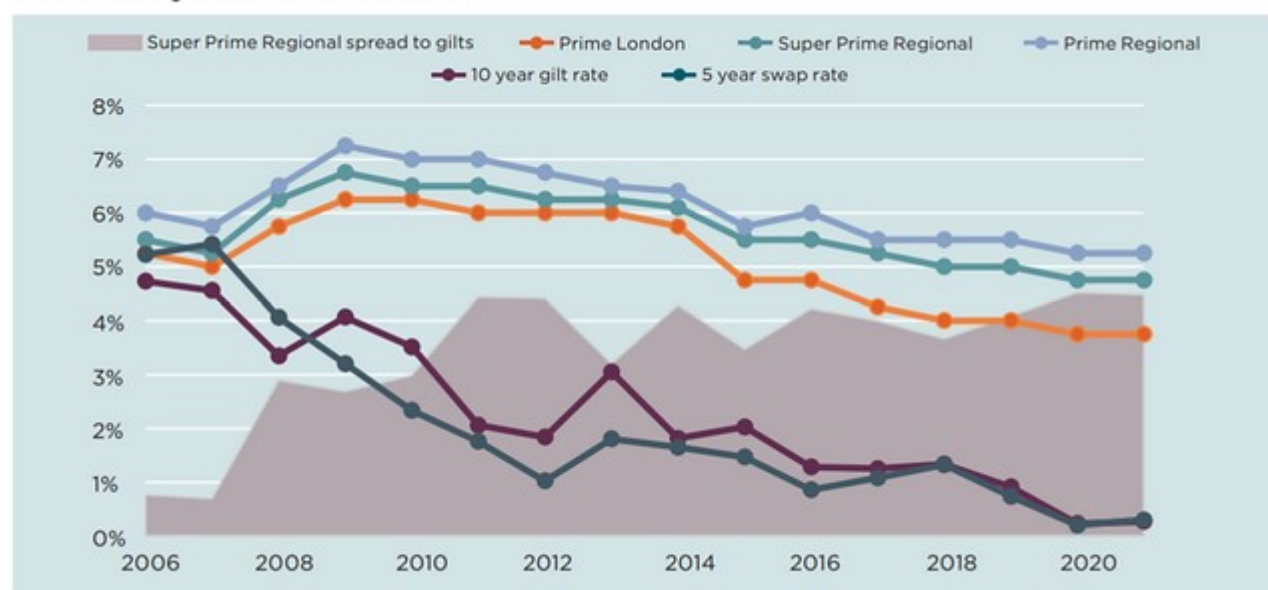
14.4.2 We have assumed a 4% yield after considering:-

- the Strettons opinion on the KFC site and the following, and;
- the assumed Nominations Agreement, and;
- the location of the subject site, and;
- rental growth prospects, and;
- risk, and;
- the approximate guidance below:-

	Q1 2019	Q1 2020	Q1 2021	MOVEMENT
PRIME LONDON	4.00%	3.75-4.00%	3.75-4.00%	STABLE
SUPER PRIME REGIONAL	4.75-5.00%	4.75-5.00%	4.75-5.00%	STABLE
PRIME REGIONAL	5.25-5.75%	5.25-5.75%	5.25-5.50%	STABLE
SECOND REGIONAL	6.00-6.75%	5.75-6.00%	6.50-7.50%	OUTWARD
TERTIARY	7.00% +	7.00% +	8.00% +	OUTWARD

Source: Cushman & Wakefield UK Student Accommodation Report 2020/21

Net initial yields for UK PBSA



Source: Savills Research, Oxford Economics, Bank of England

15.0 COMMERCIAL/COMMUNITY/EDUCATION SPACE VALUE

15.1 Our valuation is:-

Area =	18,654 sq.ft. (GIA)
Achievable rent =	£40 p.s.f. = £746,160 p.a.
Y.P deferred 1 year @ 6% =	15.7233
Gross value =	£11,732,098
Less purchase costs @ 6.8% =	£10.93m

15.2 We assume office use would drive the highest potential rent for this space and so we have considered the comparables listed in S.7.1 above in arriving at our valuation.

16.0 TOTAL GDV

16.1 Our total GDV (net of purchaser costs so NDV in effect) is therefore £41.25m (student accommodation and sundry income) plus £10.93m (commercial space) = **£52.18m**.

17.0 LAND & DEVELOPMENT FINANCE

17.1 ARGUS software works out the relevant land financing cost automatically.

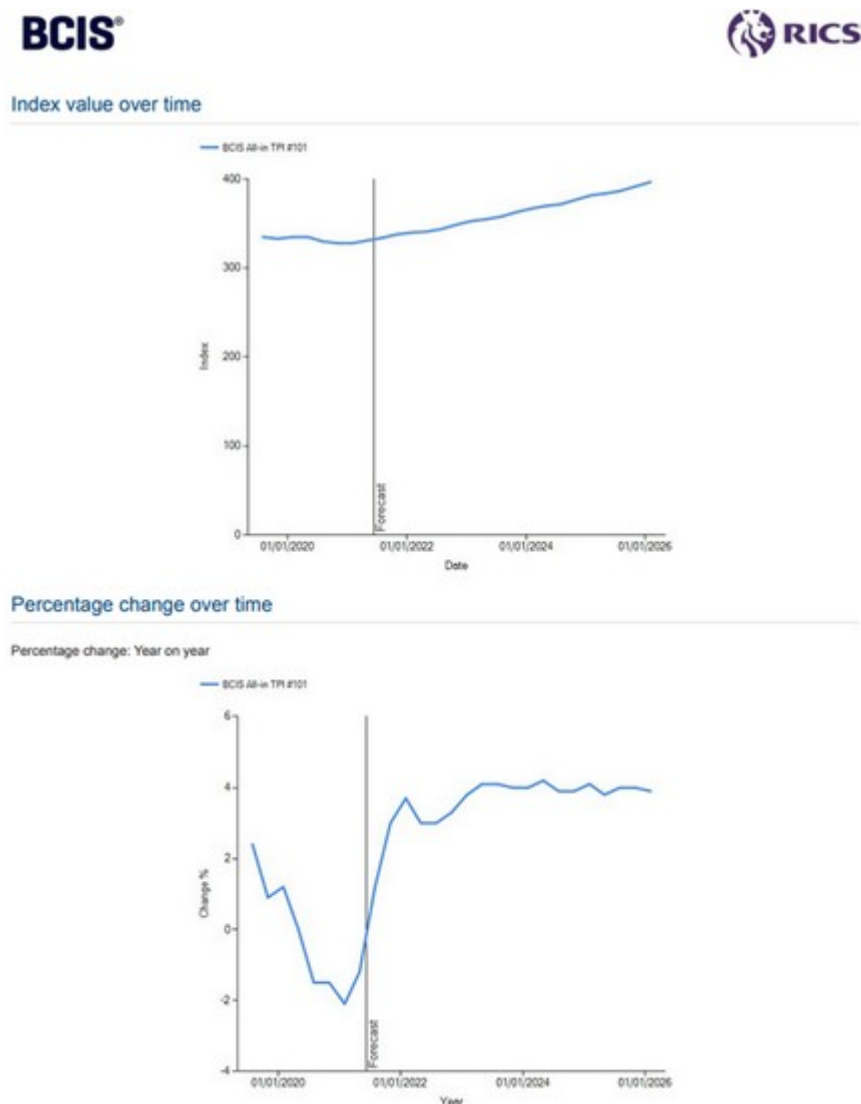
17.2 We have assumed that finance costs up to the point of vacant possession of the site will be offset by continued income.

18.0 VAT & OTHER

18.1 At this stage, we have assumed that the site is not VAT registered.

19.0 DEVELOPMENT PROFIT & FINANCE RATE

- 19.1 We have used a profit of 18% on total costs for a mixture of valuation, funding and planning precedent based reasons although we may need to revise this over the next few weeks/months to account for the impact of COVID 19.
- 19.2 This is the same profit rate considered reasonable by Strettons on the proposed student scheme on the KFC site.
- 19.3 General development risk increased throughout 2021 and into 2021 as a consequence of COVID19. However, other risk items have emerged and/or increased including:-
- Building Safety Bill. Cost increases coming.
 - The biggest National debt for decades and still growing. What tax is coming (a developer tax?).
 - Brexit aftermath – unknown but not likely to be good over next few years.
 - Exceptional build cost inflation (recent weeks).
- 19.4 Of these, general build cost inflation is particularly alarming with the BCIS predicting this:-



- 19.5 Professional media articles such as the one below have also been commonplace over recent weeks:-

Construction industry

Jewson warns of price rises amid shortage of building materials

Supply chain crisis means cement, plasterboard and insulation are being rationed by manufacturers

Richard Partington
Economics correspondent

Twitter: @RJPartington

Mon 6 Sep 2021 19:18 BST



▲ Jewson has told customers that prices for a range of goods will rise by as much as a fifth this month.
Photograph: Bloomberg via Getty Images

One of Britain's biggest builders' merchants has warned of shortages of materials as the UK construction industry struggles under mounting pressure from the deepest supply chain crisis in decades.

- 19.6 Our 18% on cost assumption equates to around 15.25% on GDV.

- 19.7 Hypothetical finance costs typically break down as follows:-

60% Bank finance at 4% =
20% equity finance at 10% =
20% mezzanine finance at 16% =

2.4% plus 1.5% finance facility fee
2%
3.2%

7.6% plus 1.5% finance facility fee on
Bank finance (and possibly the whole finance package
if arranged via an Intermediary)

- 19.8 We are aware that a number of viability consultants use an all-in finance rate of 7% albeit this seems low considering the commentary/evidence above. For example:-

3-11 Goulston Street and 4-6 and 16-22 Middlesex Street, Aldgate, London Borough of Tower

Hamlets:-

A large student accommodation development (circa 1,000 bedrooms) proposed by Unite plc in 2019 that required GLA approval. I discussed all viability aspects with the GLA who agreed with my use of an all-in finance rate of 7%. Section 106 completed.

573-585 High Road, Ilford, IG4 8EE:-

A mixed use residential led scheme where Avison Young reviewed my viability submission on behalf of the London Borough of Redbridge. Avison Young said in their June 2019 report:-

Finance

- 9.13 The Applicant has adopted an all-in finance rate of 7% which we consider is within a reasonable range within the market. Avison Young have adopted the same 7% as an all-in finance rate.

71-79 Sandy Hill Road, SE18 7BQ:-

A mixed use residential led scheme where BNP Paribas reviewed my viability submission on behalf of the Royal London Borough of Greenwich. BNPP said in their August 2019 report:-

4.7 Finance

The Applicant has adopted a 7% finance rate and we do not consider that this is unreasonable as it falls within current lending requirements. Although a bank would not provide 100% of the funding required for the proposed Development it is convention to assume finance on all costs in order to reflect the opportunity cost (or in some cases the actual cost) of committing equity to the project.

- 19.8 Strettons considered an 'all-in' finance rate of 7% to be reasonable in their review of the student accommodation scheme proposed on the KFC site.
- 19.9 We have used an all-in finance rate of 7% herein.

20.0 OTHER ASSUMPTIONS

- 20.1 Our other viability assumptions are explicitly evident from the appraisal in **Appendix 4**.
- 20.2 Please note that we have optimistically assumed that the proposed scheme is build period is 2 years. If this timescale is delayed, the start of a new academic year would be missed and the occupation of the building and its sale might be delayed for several months whereupon substantial additional holding costs would need to be accounted for.

21.0 CONCLUSION

- 21.1 The RLV driven by our appraisal in **Appendix 4** is £4.84m
- 21.2 As this is below our assumed BLV, we conclude that the proposed scheme cannot viably sustain any affordable housing provision (by way of commuted sum or other) in addition to proposed affordable student accommodation provision (35%).

22.0 SENSITIVITY TEST

- 22.1 The most recent RICS guidance mandatorily requires us to provide a sensitivity test albeit this would never change our current day value/cost viability opinion.
- 22.2 If student accommodation values (only) increase by 5% but all other appraisal assumptions remain static, the RLV increases from £4.84m to £6.27m (which remains below our BLV).

23.0 DISCLOSURE AND STATUS OF REPORT

- 23.1 We understand that you may provide a copy of this report to LBS and their advisors.

Yours faithfully,



James Brown BSc (Hons) MRICS
RICS Registered Valuer
Director

APPENDIX 1

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DRAWING NOTES

CC Cleaner's Cupboard

Riser

CP Condenser Pipework
KE Kitchen Extract

ISSUE	REASON FOR ISSUE	DATE
A	Design updates	24/06/2021
B	Design updates after structural feedback	10/06/2021
C	Design updates after fire app	10/06/2021
D	Design updates after fire app	06/06/2021
E	Accidental updates	06/06/2021
F	Accidental updates	10/06/2021

KEY PLAN

stitch.
Stitch is a digital platform for the construction industry.
Suite 6, Farnham House, 28 Regent's Place
London, W1B 5AH
www.stitch.co.uk
+44 (0)20 3417 8725

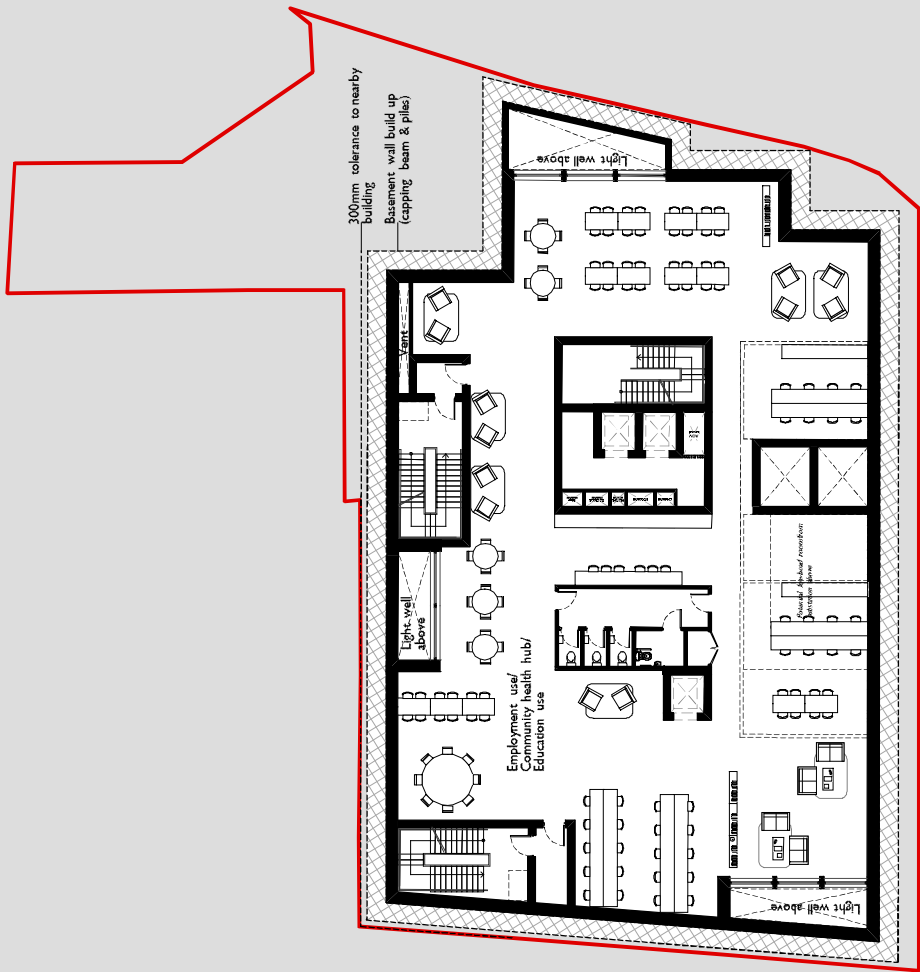
PROJECT

Avonmouth House

PROJECT CODE	CLIENT
21235	Tribe Student Housing
DRAWING TITLE	STATUS
Basement Plan	Draft

SCALE	SHEET	DATE OF FIRST ISSUE
1:250	A3	04.06.21

DRAWING NUMBER	REVISION
21235-STCH-XX-B1-DR-A-0100	F



Drawings have been prepared in accordance with the Building Regulations and the relevant standards. The drawings are for information only and do not constitute a contract. The client is responsible for ensuring that the drawings are used in accordance with the Building Regulations and the relevant standards.

Drawings Notes

CC Cleaner's Cupboard

Riser

CP Condenser Pipework

KE Kitchen Extract

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D	Design updates after fire app	06/09/2021
E	Avonmouth updates	06/09/2021
F	Avonmouth updates	10/10/2021

KEY PLAN

stitch.

Studio 6, Telford House, 28 Regent Street
www.stitchstudio.co.uk
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PROJECT

Avonmouth House

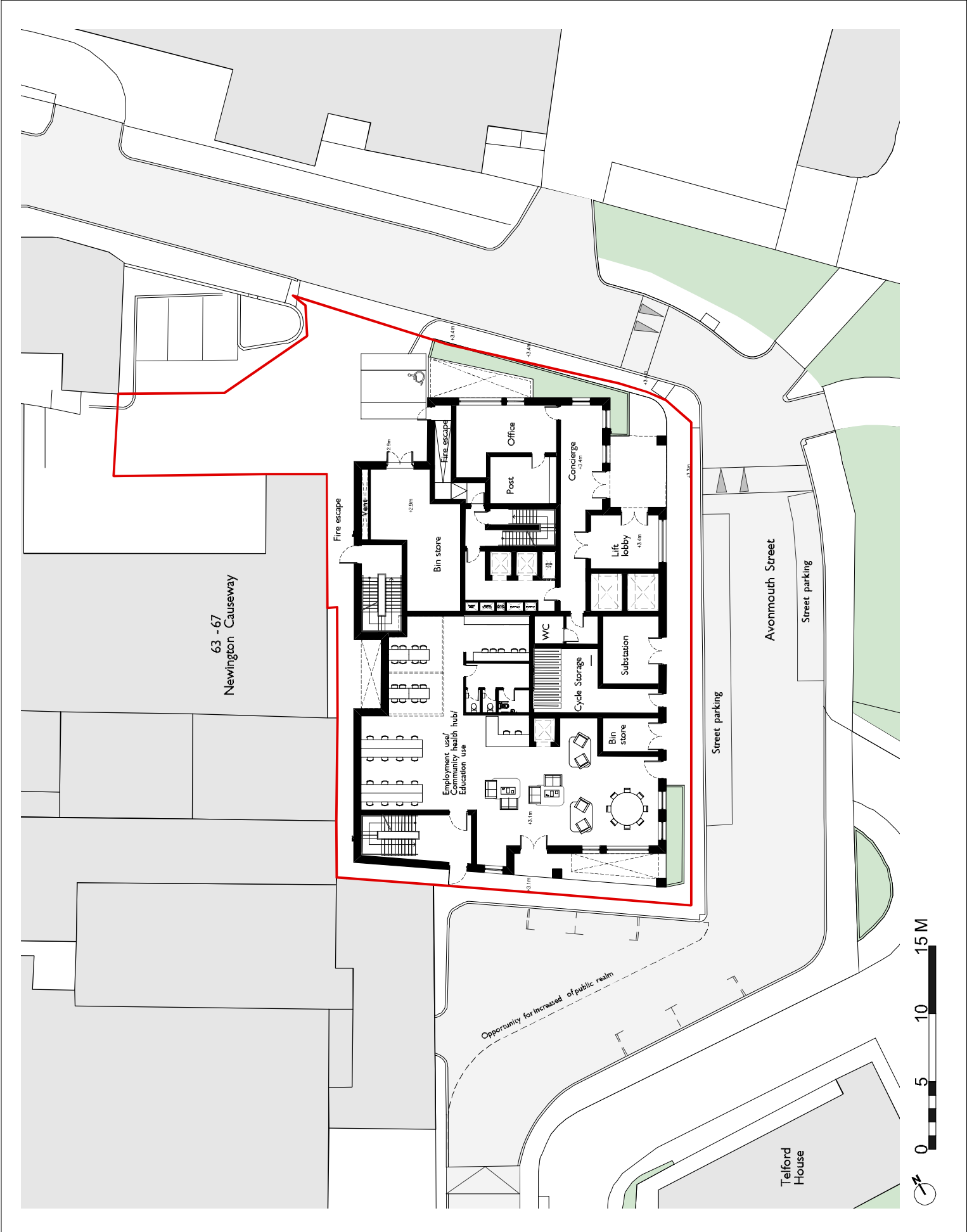
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21235	Tribe Student Housing

DRAWING TITLE	STATUS
Ground Floor	Draft

SCALE	SHEET	DATE OF FIRST ISSUE
1:250	A3	04.06.21

DRAWING NUMBER

21235-STCH-XX-00-DR-A-0101 F



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Drawings Notes

CC Cleaner's Cupboard

Riser

CP Condenser Pipework

KE Kitchen Extract

ISSUE	REASON FOR ISSUE	DATE
A	Design updates	24/06/2021
B	Design updates after structural feedback	10/08/2021
C	Design updates after fire app	10/08/2021
D	Design updates after fire app	06/09/2021
E	Acoustic updates	16/09/2021
F	Acoustic updates	16/10/2021

KEY PLAN

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PROJECT

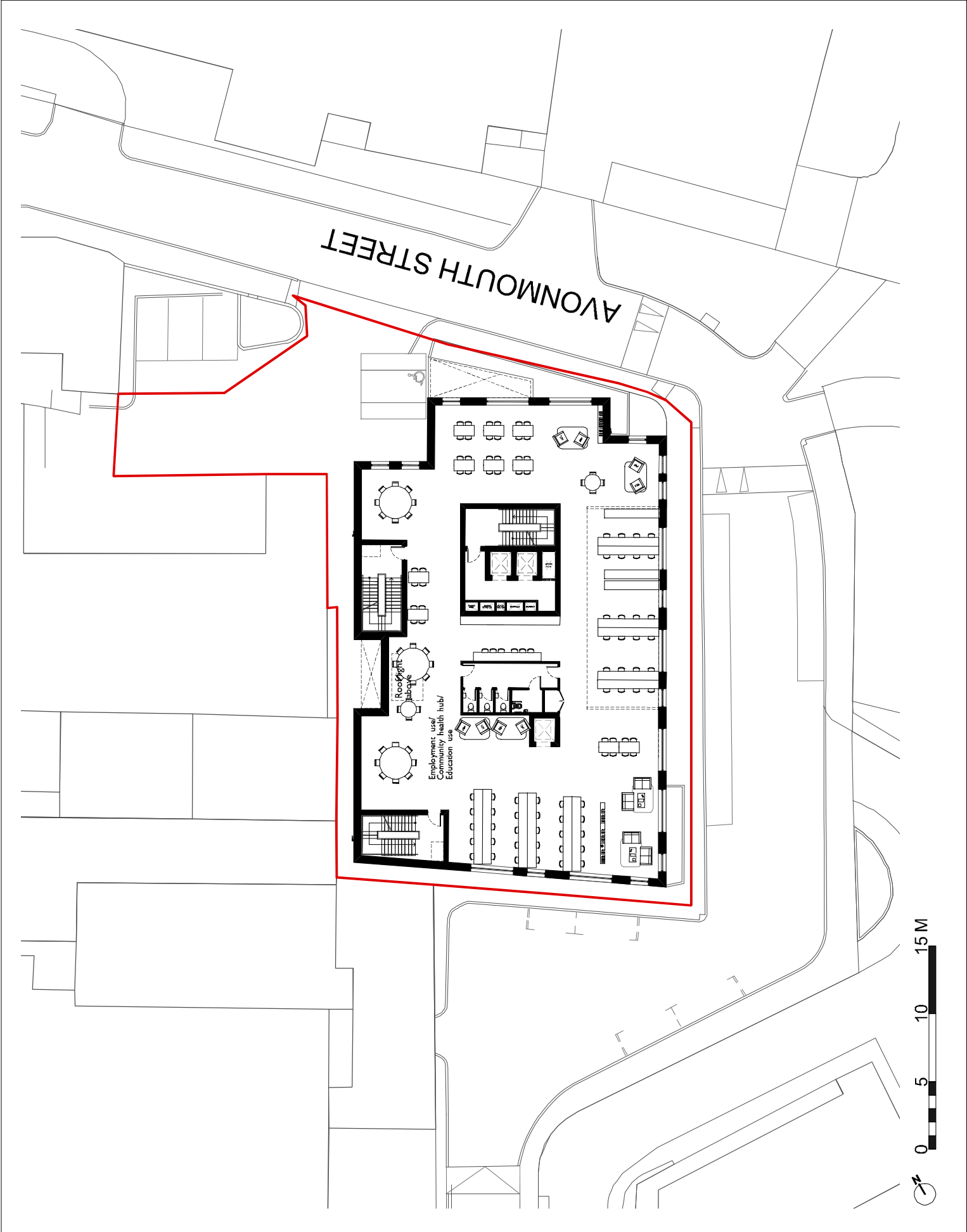
Avonmouth House

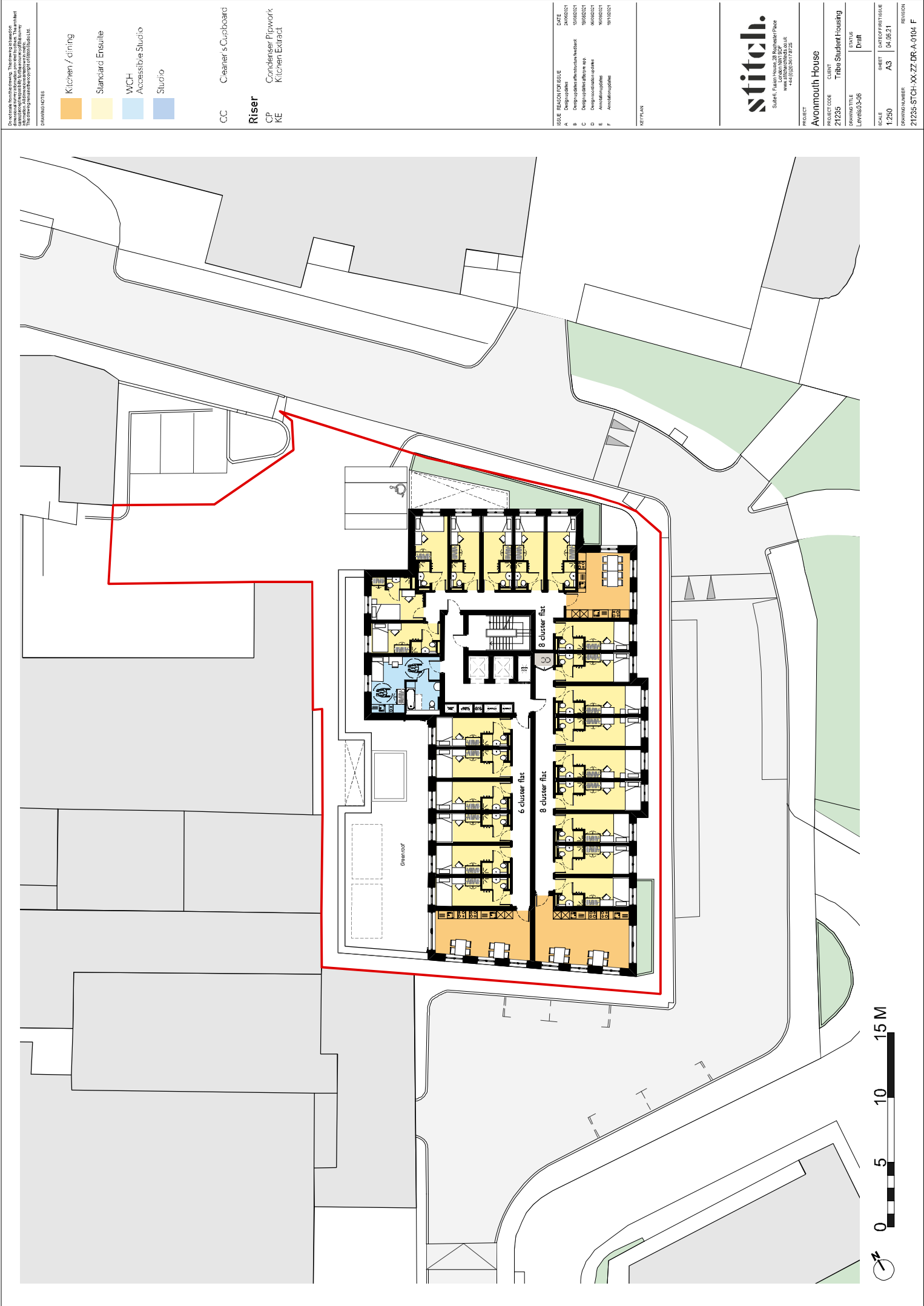
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21235	Tribe Student Housing

DRAWING TITLE	STATUS
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SCALE	SHEET	DATE OF FIRST ISSUE
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DRAWING NUMBER	REVISION
21235-STCH-XX-01	DR-A-0102 F





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- DRAWING NOTES
- Kitchen / dining
 - Standard Ensuite
 - WCH Accessible Studio
 - Studio

- CC Cleaner's Cupboard
- Riser
- CP Condenser Pigwork
- KE Kitchen Extract

ISSUE	REASON FOR ISSUE	DATE
A	Design updates	24/06/2021
B	Design updates after structural feedback	10/08/2021
C	Design updates after fire app	10/08/2021
D	Design updates after fire app	06/09/2021
E	Accession updates	16/09/2021
F	Accession updates	16/10/2021

KEY PLAN

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PROJECT	Avonmouth House
PROJECT CODE	21235
CLIENT	Tribe Student Housing
DRAWING TITLE	Level 03-06
STATUS	Draft
SCALE	1:250
SHEET	A3
DATE OF FIRST ISSUE	04.06.21
DRAWING NUMBER	21235-STCH-XX-ZZ-DR-A-0104_F
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DRAWING NOTES

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WCH Accessible Studio

Studio

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Riser

CP Condenser Pigwork

KE Kitchen Extract

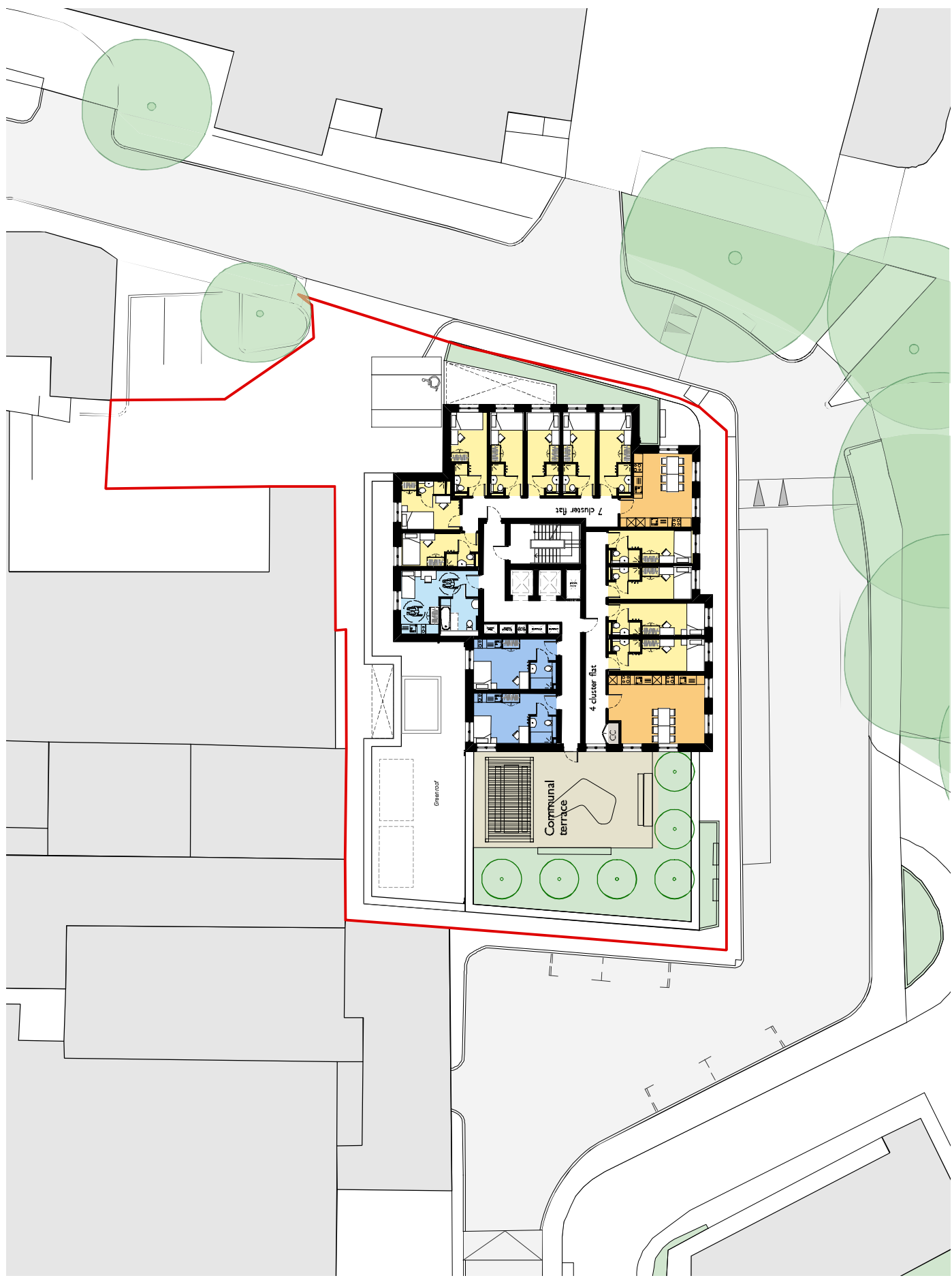
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A	Design updates	24/06/2021
B	Design updates after planning feedback	10/08/2021
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D	Design updates after time app	06/09/2021
E	Accession updates	16/09/2021
F	Accession updates	16/10/2021

KEY PLAN

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PROJECT	
PROJECT CODE	21235
CLIENT	Tribe Student Housing
DRAWING TITLE	Level 6/7
STATUS	Draft
SCALE	1:250
SHEET	A3
DATE OF FIRST ISSUE	04.06.21
DRAWING NUMBER	21235-STCH-XX-07-DR-A-0105
REVISION	F



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DRAWING NOTES

Kitchen / dining

Standard Ensuite

WCH
Accessible Studio

Studio

Studio

CC Cleaner's Cupboard

Riser

CP Condenser Pipework

Kitchen Extract

	REASON FOR ISSUE	DATE
A	Design updates	24/09/2021
B	Design updates after structure feedback	13/10/2021
C	Design updates after new app	08/03/2021
D	Design coordination updates	06/09/2021
E	Annotation updates	16/09/2021
F	Annotation updates	19/10/2021

KEY PLAN

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PROJECT

Avonmouth House

PROJECT CODE	CLIENT

21235 | Tribal Student Housing | STATICS

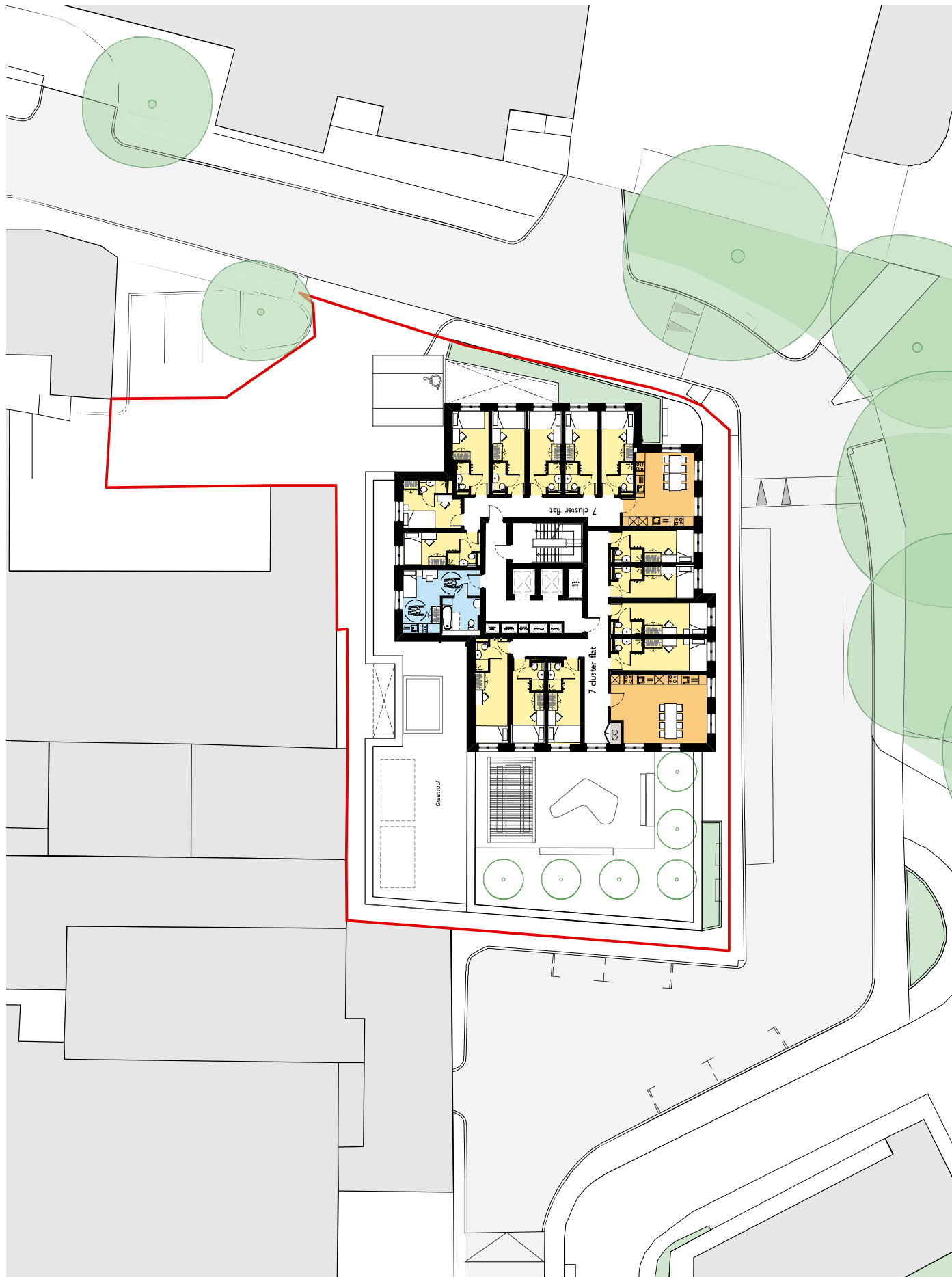
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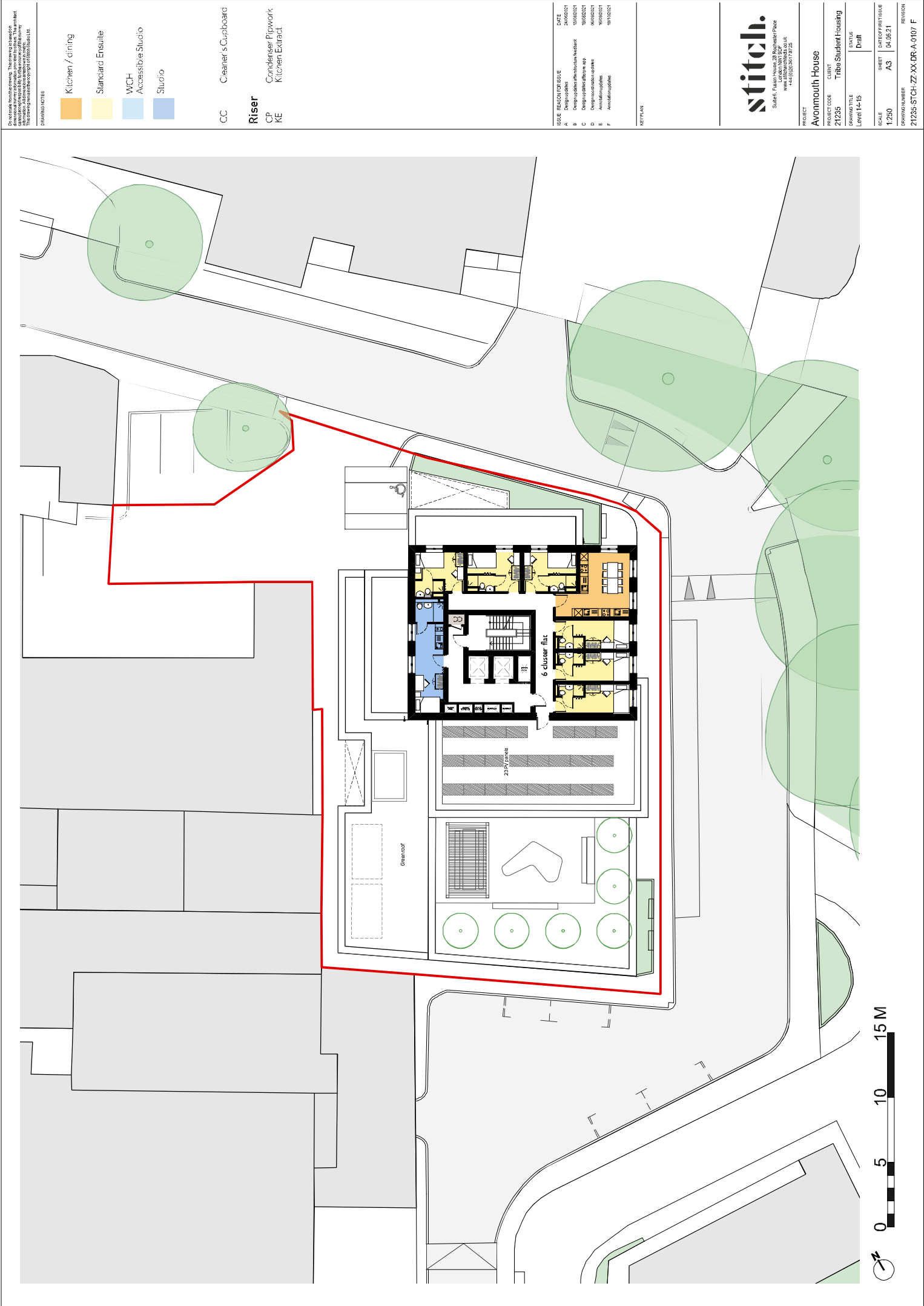
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21733-S | CH-AA-ZZ-DR-A-0106 F





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DRAWING NOTES

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	Standard Ensuite
	WCH Accessible Studio
	Studio

CC	Cleaner's Cupboard
Riser	
CP	Condenser Pigwork
KE	Kitchen Extract

ISSUE	REASON FOR ISSUE	DATE
A	Design updates	24/06/2021
B	Design updates after structural feedback	10/08/2021
C	Design updates after fire app	10/08/2021
D	Design updates after fire app	06/09/2021
E	Accession updates	16/09/2021
F	Accession updates	16/10/2021

KEY PLAN

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PROJECT	Avonmouth House
PROJECT CODE	21235
CLIENT	Tribe Student Housing
DRAWING TITLE	Level 14-15
STATUS	Draft
SCALE	1:250
SHEET	A3
DATE OF FIRST ISSUE	04.06.21
DRAWING NUMBER	21235-STCH-ZZ-XX-DR-A-0107 F
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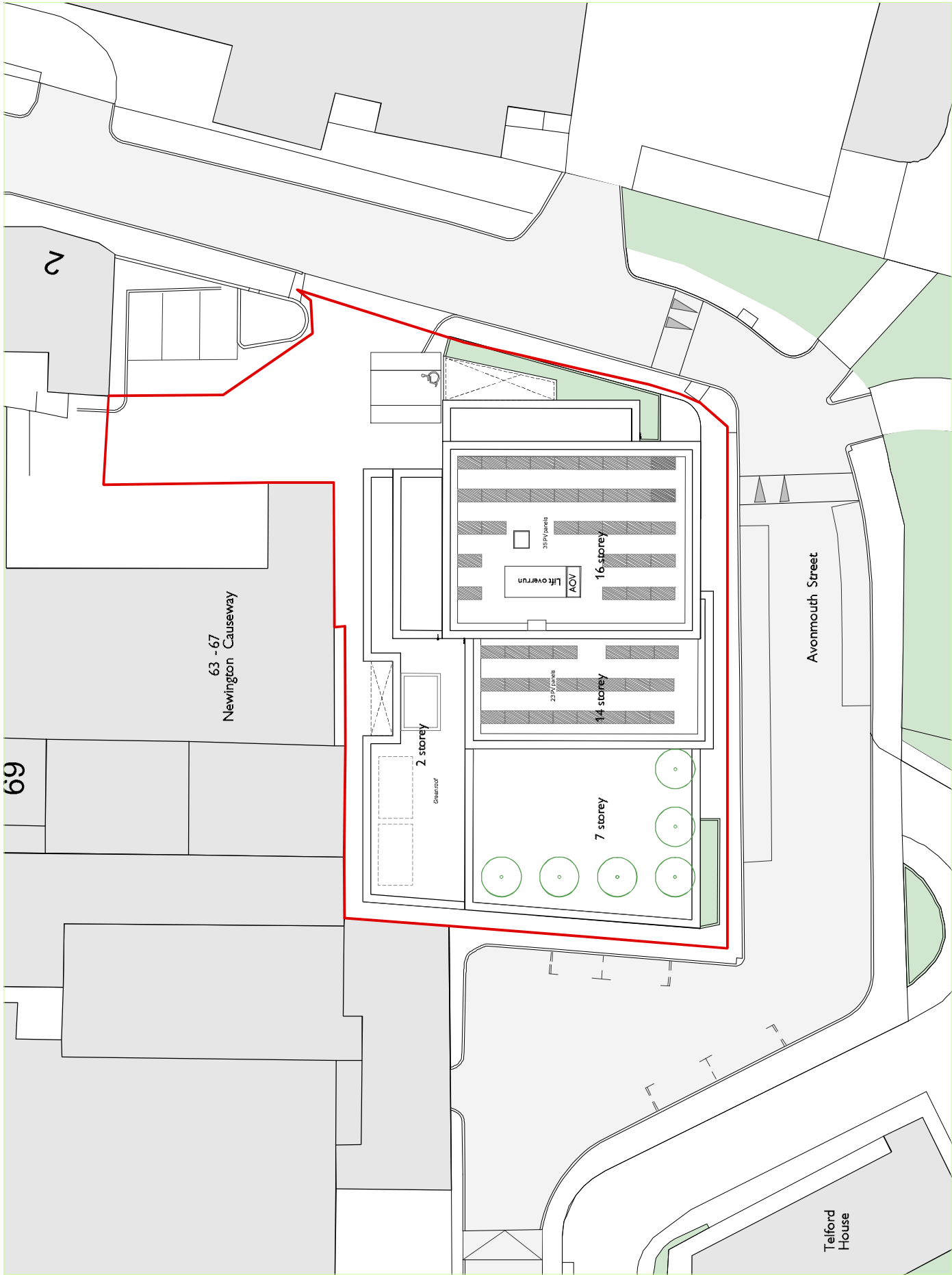
DRAWING NOTES

ISSUE	REASON FOR ISSUE	DATE
A	Design updates	24/06/2021
B	Design updates structural framework	10/08/2021
C	Design updates lift/run app	10/08/2021
D	Design updates access	06/09/2021
E	Access updates	06/09/2021
F	Access updates	10/10/2021

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PROJECT		
PROJECT CODE	CLIENT	PROJECT NAME
21235	Tribe Student Housing	Avonmouth House
DRAWING TITLE	STATUS	DATE OF FIRST ISSUE
Roof	Draft	04.06.21
SCALE	SHEET	REVISION
1:250	A3	21235-STCH-XX-RF-DR-A-0108 F



APPENDIX 2

Troy Davies
London Borough of Southwark
160 Tooley Street
London
SE1 2QH



11 February 2021

Dear Troy

Re: KFC, 671-679 Old Kent Road – Rebuttal Response

As recently instructed, I am pleased to now be able to now provide our response to James.R.Brown's letter dated the 5 January 2021, relating to the financial viability of the current planning application for the site known as KFC, 671-679 Old Kent Road.

As you know, we concluded in our initial review of the submitted FVA that, after making the adjustments outlined in our report, the scheme reflected a surplus profit of £3,405,055 above our opinion of the site's Benchmark Land Value of £2,115,000.

James.R.Brown have not accepted our proposed changes to the appraisal, though they have acknowledged that there are discrepancies in their CIL calculations and have suggested that once the wider viability position is agreed, the CIL calculations are reviewed in more detail. Therefore, James.R.Brown have maintained their position as reported in the submitted FVA.

As their response pre dated the applicant's appointed QS's feedback on CDM Project Services cost plan review, who reported substantially lower costs than those reported in the FVA, James.R.Brown did highlight that if the respective QS's were to reach agreement midway between their stated positions, this would lead to a viability surplus of around £300,000.

Since the James.R.Brown letter of the 5 January, a response on build costs from the applicant's QS Randall Simmonds was forwarded to Strettons on the 3 February. Randall Simmonds advise that based upon their client's instruction, on a Without Prejudice basis, they sought to identify the elements which could potentially be adjusted to achieve a compromise position for the purposes of reaching agreement on the viability assessment. This has led to a reduction in their estimated build costs to £24,700,000 from their original estimate of £25,550,000 in the FVA.

We have revised the submitted Argus appraisal prepared by James.R.Brown to account for these latest revised costs, and we note the appraisal now reflects a residual land value of £3,260,789, which reflects a surplus of £380,789 above the proposed BLV in the FVA. We attach a copy of the revised appraisal in **Appendix I**.

Despite being relatively far apart in our overall interpretations of the scheme's viability, as both sides agree the CIL costs require further clarification, there are actually only a few specific areas of difference between our position and that of James.R.Brown's. We outline these below:

- Benchmark Land Value
- GDV of the proposed commercial accommodation
- Construction costs
- Profit Margin

We now discuss each item in turn and James.R.Brown's response in more detail.



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Benchmark land value

In our review of the FVA, due to the lack of detail provided in the FVA on the occupational status of KFC, we took what we considered to be a pragmatic view in arriving at our opinion of the property's EUV, by adopting a rent of £34.70 per sq ft based upon the property's rateable value and capitalising the property at a yield of 4.5%.

As a large part of the value in a Drive Thru investments is based upon the strength of the tenant covenant and the existing lease terms, and as we identified, the property does not currently appear to benefit from institutional investable lease terms which are required to achieve the maximum value for a Drive Thru investment, we do not consider it appropriate to adopt what we consider to be overly aggressive yield assumptions, based upon the Colindale transaction. As firstly, this transaction reportedly reflected the lowest ever recorded yield for a Drive Thru restaurant investment, but more importantly, it had institutional investable lease terms, which the subject property does not appear to benefit from.

Based upon the comments in the FVA that *"until recently, the site was owner-occupied by KFC who now occupy by a lease. I have assumed the new owner and landlord have scope to obtain vacant possession in June 2022"*.

If KFC are currently occupying on a lease as the FVA states, we ask to see evidence that KFC are currently paying a rent of £90,000 per annum as adopted by James.R.Brown. Even if £90,000 per annum is the current market rent for the property, unless the tenant is paying this rent today, it is factually incorrect to capitalise this rent from today's date, and to do so would be to overvalue the property. As the FVA suggests the date of June 2022 is the expiry of the existing lease terms, it suggests this date would be the first opportunity to increase the rent to reflect the current market rent. Therefore, the correct valuation approach would be to value the property at its current income and defer the reversion to the property's market rent in June 2022.

We note James.R.Brown's rebuttal comment that *"It is reasonable to assume that KFC would enter into a new long term FRI lease now as the site trades well"*. However, if this were the case, we query why the site is being sold by KFC to the applicant. We also highlight the danger of making such assumptions, as we note that the Colindale Drive Thru property was previously occupied by Burger King and clearly Burger King did not enter into a new long term FRI lease at this property, but decided to vacate, leaving the property empty. This highlights the dangers of making assumptions.

We also highlight the commentary from the previous owner of the Colindale property attached in **Appendix 2**, who asset managed the property to create value by securing a pre let to KFC. It should be noted that the attached commentary highlights the difference in value between a vacant property and a long lease to KFC. In the absence of evidence that the property is let at market rent and on institutional acceptable lease terms, we do not consider it reasonable to make the comparison to the Colindale property in terms of £ per sq ft which James.R.Brown has done, or by adopting such a low yield based upon this transaction.

We also question why James.R.Brown have stated that we have not provided any evidence of our own, when we firstly provided the actual sale price of the Tunbridge Wells investment as opposed to just the asking price, and we have also provided details on the Starbucks transaction in Belvedere.

Based upon the available market evidence and the lack of evidence showing there are institutional investable lease terms in place, we maintain that our EUV is reasonable. However, on a Without Prejudice basis, we would be prepared to split the difference between our respective positions, which would result in an EUV of £2,081,295 and based upon a 20% landowner premium, a BLV of say **£2.5 million**.

GDV of the proposed commercial accommodation

The James.R.Brown letter states *“As Strettons confirm, we used 3 methods (as well as professional judgement) in arriving at our GDV for the proposed scheme whereas Strettons have only used a rent capitalisation approach.*

The Strettons approach is flawed for this reason as only using one valuation method can and has led to an unreasonable valuation”.

We disagree that our approach has led to an unreasonable valuation, as whilst we have stated that we focussed on the capitalisation of the net income, we quite clearly also considered the achieved capital value rate per room in the evidence outlined in section 8.20, as well as in our analysis of our reported GDV in section 8.23.

We also highlight that if a valuer were instructed to provide a Red Book valuation report for secured lending purposes, they would take the same approach we have undertaken, by focusing on the capitalisation of the net income, and then using a cross check approach to consider the achieved capital value rate per room and how it compares to the market evidence.

We would not expect emphasis to be placed on what was agreed in planning appeal decisions, as this information, if considered at all, would at best, be used as background information to inform the valuer's workings. It would not be acceptable to benchmark off a planning appeal decision, as it would not constitute market evidence, and there is no certainty that the findings of the appeal are correct. To rely upon a planning appeal decision to inform the value in a Red Book report, could potentially be negligent.

We therefore maintain that a rent and yield approach, based upon comparable market evidence, allows for a more accurate representation of the GDV of the proposed accommodation.

We also wish to highlight to you that despite James.R.Brown's comments, we are not actually that far apart in our respective positions, as we have both adopted the same 4.5% yield, and most of our rent assumptions are also the same. The only difference in our rental positions relate to the standard market en-suites and the sundry income, and we discuss these items in more detail below:

James.R.Brown state the following:

“On the one hand, Strettons have reflected our optimistic assumption that a Nomination Rights Agreement is in place (even though it isn't yet) in terms of their net rent capitalisation yield but they have not reflected the rents being discussed as a part of that potential Nomination Rights Agreement. This is not reasonable as Strettons should either reflect the intended Nomination Rights Agreement in full or not at all.

In their S.8.13, Strettons indicate that they have increased our assumed gross rent (for which we provided a significant amount of supporting evidence) but they do not provide any evidence to justify this”.

We find James.R.Brown's comments somewhat confusing as we have essentially accepted their position on the proposed rents, albeit, we have slightly increased the rent of the standard market en-suites from £210 per week to £215 per week, but apart from this one amendment, we have adopted the same rents and yield as them, so we have quite clearly reflected the intended Nomination Rights Agreement in full.

The reason we have increased the standard market en-suites is that, based off our analysis of the evidence in the FVA, which we considered and highlighted in the table in section 8.6 of our review, the market en-suite evidence reflected an average rent of £228 per week, so we considered £210 per week to be below the evidence outlined in the FVA. We also note that our adopted rent of £215 per

week mirrored the Montagu Evans position for the Bianca Warehouse scheme, which James.R.Brown has also outlined in the FVA.

We also highlight that the reason we have not provided new rental evidence is that the relevant comparable evidence for student rents in the vicinity had already been fully outlined in detail in the FVA. If the majority of local evidence has already been outlined, we cannot create new evidence if it does not exist, all we can do is use our professional judgement to analyse the relevant information to advise Southwark accordingly.

James.R.Brown continue to state that *“Strettons have increased our sundry income assumption from £3,000 p.a. to £33,375 p.a. In discussing APP/A5840/W/19/3228534, sundry income was never drilled into as it was relatively insignificant. However, to generate a net revenue of £100 per bed p.a., each student would need to be spending about £500 p.a. on vending machines and washing machines within the building which we consider highly un-realistic”*.

We do not see the justification for James.R.Brown’s assumption that a gross spend of £500 p.a is required for a net revenue of £100 p.a per bed. We also reiterate that our values are based off actual evidence for an operational scheme in Hackney which supports our position.

It is irrelevant if *“sundry income was never drilled into”* in APP/A5840/W/19/3228534, as evidence from an operational scheme will always be more relevant than figures adopted for planning purposes. Nevertheless, we also note that in the Bianca Warehouse scheme, the Council’s viability assessor BNPP adopted a somewhat conservative figure of £50 per bed, which we understand was also agreed by Montagu Evans.

Therefore, this means that Avison Young, Montagu Evans and BNPP have all reported sundry income in the range of £50 to £100 per bed, which suggests James.R.Brown’s estimate of £11.24 per bed is unrealistic and clearly not in accordance with either market evidence or industry convention.

Based off the above, we consider our reported net value after purchaser’s costs of £42,706,902 to be reasonable, and we highlight that it equates to a value of £159,950 per bed, as opposed to James.R.Brown’s adopted value of £41,710,000 which reflects £156,217, which is a difference of just £3,733 per bed.

On reflection, when consideration is given to both the undervaluation of the standard market en-suites in the FVA in comparison to the market evidence, as well as the low level of sundry income adopted, we consider our reported value for the student accommodation to be reasonable and we maintain it.

Construction costs

Based off the Randall Simmonds cost plan, the submitted FVA adopted a construction cost estimate of £25,550,000.

As we have already outlined, following CDM Project Services review, Randall Simmonds now advise that, based upon their client’s instructions, they sought to identify, on a Without Prejudice basis, the elements which could potentially be adjusted to achieve a compromise position for the purposes of a viability assessment, this has led to a reduction in their estimated build costs to £24,700,000

We have instructed CDM Project Services to review the latest response from Randall Simmonds and CDM Project Services advise us that, following their review of the latest response and information provided by Randall Simmonds, they consider that the amount to be used in the appraisal, on a Without Prejudice basis, should be £24,429,918 equivalent to £275/ft² or £2,965/m². We attach CDM Project Services comments in **Appendix 3**. We have updated our appraisal to take account of CDM’s revised cost estimate of £24,429,918.

Profit Margin

We disagree with many of the comments which James.R.Brown have raised in relation to profit margin, and in particular we wish to highlight that, while a more aggressive yield has been applied as a result of the nominations agreement, which is positive to the reported GDV, as we have highlighted in section 8.22 of our review, the nomination rents also harm the GDV, as less rooms are available to be let at their full market rent. As the impact on the GDV balances out, we do not consider targeting a more aggressive profit margin as we have done to be double counting as James.R.Brown have suggested.

To support their position, James.R.Brown have referenced that the GLA agreed a profit margin of 15% on GDV for a scheme in Tower Hamlets. However, we understand that this is above the profit margin of 14% on GDV which was agreed on two other Southwark schemes at 6 Paris Garden and 20-21 Hatfields.

Nevertheless, the FVA adopted a profit margin of 18% on cost which reflects 14.2% on GDV, and we adopted 16% on cost reflecting 12.86% on GDV. We do not consider our respective position to be too far apart, therefore, we are prepared to accept a profit margin of 18% on cost reflecting 14.23% on GDV.

Conclusions

We reiterate that we expect the CIL charge should potentially decrease once the affordable accommodation and nomination agreement has been taken into account in the CIL calculations, which should further improve the scheme viability. However, we continue to maintain the CIL calculation used in the FVA of £1.6 million until the revised figure is known, and we reserve the right to review.

We have updated our appraisal to take account of the comments on commercial GDV and build costs above, and as can be seen in **Appendix 4**, it now reflects a residual land value of £4,039,986 which shows a surplus profit of **£1,539,986** above our suggested compromise BLV of £2.5 million.

Yours sincerely
For STRETTONS



JAMES CARNEY
E: james.carney@strettons.co.uk
T: 020 7375 1801

APPENDIX 1

KFC Old Kent Road

APPRAISAL SUMMARY

LICENSED COPY

KFC Old Kent Road

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Student Accommodation	1	40,550	1,028.61	41,710,000	41,710,000

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	2,551	30.00	76,530	76,530	76,530

Investment Valuation

Commercial						
Market Rent	76,530	YP @	6.0000%	16.6667		
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,203,302	

GROSS DEVELOPMENT VALUE

42,913,302

Purchaser's Costs		(81,825)
Effective Purchaser's Costs Rate	6.80%	(81,825)

NET DEVELOPMENT VALUE

42,831,477

NET REALISATION

42,831,477

OUTLAY

ACQUISITION COSTS

Residualised Price		3,260,789	
			3,260,789
Stamp Duty	4.36%	142,170	
Agent Fee	1.00%	32,608	
Legal Fee	0.80%	26,086	
			200,865

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Commercial	2,766	278.47	770,261
Student Accommodation	85,936	278.46	23,929,739
Totals	88,702 ft²		24,700,000
Contingency		5.00%	1,235,000
MCIL/CIL/S.106/S.278			1,600,000
			27,535,000

PROFESSIONAL FEES

Professionals	10.00%	2,470,000	
			2,470,000

MARKETING & LETTING

Marketing		40,000	
Letting Agent Fee	10.00%	7,653	
			47,653

DISPOSAL FEES

Sales Agent Fee	1.25%	535,393	
Sales Legal Fee		40,000	
			575,393

FINANCE

Debit Rate 7.000%, Credit Rate 0.500% (Nominal)			
Land		492,577	
Construction		1,715,586	
Total Finance Cost			2,208,163

TOTAL COSTS

36,297,862

PROFIT

6,533,615

Performance Measures

Profit on Cost%	18.00%
Profit on GDV%	15.23%
Profit on NDV%	15.25%
Development Yield% (on Rent)	0.21%
Equivalent Yield% (Nominal)	6.00%
Equivalent Yield% (True)	6.23%
IRR% (without Interest)	25.38%
Rent Cover	85 yrs 4 mths
Profit Erosion (finance rate 7.000)	2 yrs 5 mths

This appraisal report does not constitute a formal valuation.

APPENDIX 2



An ideal opportunity to create value through exceptional occupier contacts; EPF acquired a vacant drive-thru site on the Edgware Road- one of London's busiest arterial roads. The site was deemed no longer suitable by fast food giant Burger King, which had owned the freehold.

EPF subsequently signed a prelet with KFC and carried out a clearance programme before handing it over to the operator.

Investment rationale and asset management:

Purchase of vacant property with opportunity to create value:

- Purchase price reflecting vacant value.
- Immediate uplift in value on letting to KFC.
- Excellent location on one of busiest and best known roads in London.
- New 20-year lease to KFC, creating very strong income stream.

- The Hyde, Colindale, Edgware, NW9 0JJ
- Tenant - Kentucky Fried Chicken (Great Britain) Ltd
- Floor Area - 3,841 SQ FT
- Annual Rent - £125,000.00
- Lease Expiry - 14-Mar-31

APPENDIX 3



Development

**671-679 Old Kent Road
London SE15 1JS**

Draft

Cost Response

February 2021

1.0 INTRODUCTION, COMMENTS AND CONCLUSION

Introduction and methodology

We were requested to carry out an independent review of the Cost Estimate Version1 dated September 2020 prepared by Randall Simmonds in the sum of £26,830,000 equivalent to £303/ft² or £3,260/m² GIA based on a GIA of 8,240 m². This included a 5% contingency

In our report dated November 2020 we stated in our opinion the amount be used in the appraisal should be £23,468,581 equivalent to £265/ft² or £2,851/m², this is a difference of £2,081,419 or 8.15% of the amount used in the appraisal. This excluded contingency

Our assessment was subject to clarifications on the Randall Simmonds's estimate

By attachment to an email dated 3rd February 2021 we received a response from Randall Simmonds dated 29th January 2021 and comment below

Letter

BCIS- we do not agree this should be based on the Upper Quartile, the site has restrictions of the type we normally expect with developments in this area and this is factored into the location weighting and we do not believe there is any significant enhanced level of quality which sets this development apart from that which we normally expect of a project of this nature in this location

Cost Estimate- our cost estimate equates to £2,851/m² excluding contingency. Randall Simmonds state this is unrealistic. We do not agree with this statement and have been involved in a project at Albion Way, Wembley- 9,362m², 283 beds, 13 to 17 storey, and Contractor's costs is £2,310/m² at 3rd Quarter 2019. Includes demolition, basement and external works

Appendix A additional clarifications

Preliminaries- We do not understand why a tier 1 contractor should be considered for a project of this size being circa £23.50m

We have not suggested a programme we have just stated what the BCIS Duration Planner indicates as a shorter programme and requested clarification

No evidence has been provided in regard to programme, only a statement that 21 months is the minimum. We understand the appraisal is based on 20 months. In the light of lack of evidence provided we have undertaken our own benchmarks and accept that 20 months is reasonable

**671-674 Old Kent Road
Cost Response**

We assume the changes to site operating procedures relates to Covid19 but this is not stated. For projects presently on site we would agree that programmes have been affected by Covid19 and Brexit due to labour and delivery issues but dependant on the form of contract there has been no increase in costs to The Employer. A majority of the TPI forecasts at 3rd Quarter 2020 show there has been deflation in the construction industry due to lack of orders being placed and our experience is that on recent contracts we have placed the cost of working with the HSE construction protocols and Brexit has had a minimal cost impact but would accept contractors are seeking slightly longer construction periods or damages holidays and the introduction of Covid19 related delay clauses. In addition the applicant has already adopted methodologies such as bathroom pods which will reduce on site working and may consider other further modular methodologies to reduce on site working which will assist in programme related issues

We benchmarked preliminaries rates against two projects where we have detailed build ups from Contractors are available, one approximately £22m and one £115m.

Imperial

Project Manager £2,000/ week

Commercial Manager £1,750/ week

Design Manager £1,750 / week

Wembley

Project Manager £1,750/ week plus £243/week for car

Commercial Manager and Design manager part of overheads

Randall Simmonds are the only organisation we are aware of that includes an allowance for a handyman. Attendant labour is included elsewhere

Randall Simmonds have not responded upon our comment that the waste management and skips allowance appears high

Defects management is an allowance we see in construction management contracts but not in lump sum contracts as in our opinion the liability for defects and their management lies with the contractor and his sub-contractors. We note in the without prejudice offer this has been included and not shown as a separate cost which we would expect

When we have reviewed the preliminaries we have benchmarked on a percentage basis which includes scaffold, we provide the following benchmarks for similar sized projects

Randall Close SW11, circa £27m 9,969m², 6 storey, preliminaries 13%, OHP 5%, 3rd Quarter 2019

Former Co-op site, E6, circa £28m, 11,818m², 11 storey, preliminaries 15.57%, OHP 4%, 4th Quarter 2019

Eagle Wharf Road, N1, circa £26m, 10,768m², 8 storey, preliminaries 14%, OHP 5%, 3rd Quarter 2020

671-674 Old Kent Road Cost Response

Parkhouse Street, SE5 £33m, 13,702m², 11 storey, preliminaries 14%, OHP 6%, 3rd Quarter 2020

Lever House, Kingston upon Thames, £25m, 9,911m², 16 storey, preliminaries 12% , OHP 5%, 4th Quarter 2020

Durning Hall, E7, £25m, 8,987m², 10 storey, preliminaries 15%, OHP 5%, 4th Quarter 2020

Glory House E15, £19m, 8,277m², 6 storey, preliminaries 11%, OHP 6%, 3rd Quarter 2020

10-13 Theydon Road E5 , £16m , 5,971m², 6 storey, preliminaries 13%, OHP 8%, 4th Quarter 2019

3-15 Barking Road E6, £28m, 9,377m², 8 storey, preliminaries 16% , OHP 5%. 3rd Quarter 2019

Albion Way, Wembley, £21m, 9,326m², 17 floors, and preliminaries 16.5%, OHP included. 3rd Quarter 2019

The highest preliminaries is 16.5% and lowest 11% with an average of 14%. This includes scaffolding

In the spirit of compromise we have adjusted our preliminaries to £3,092,000 on a without prejudice basis which is circa 15.5% excluding scaffolding

Enabling works- no evidence has been provided to support the allowances but in the spirit compromise and on a without prejudice basis we accept Randall Simmonds revised costs

Basement- we note the comments and accept the compromise position

Superstructure- staircases we note the comment and we have benchmarked against other projects on the same basis and our position does not change. We note in the compromises offer Randall Simmonds accept our adjustments

External walls- The comments are noted but our position does not change, we have benchmarked against other project and we would also draw Randall Simmonds (RS) to the external wall rates used in their cost plans for Eagle Wharf and Glengall Road. Our position does not change. We note in the without prejudice offer RS have accepted our comment on external walls and in the spirit of compromise we are willing to include the scaffold on a without prejudice basis and are willing to accept a rate of £650/m² for the windows being a reduction of £38,500

Internal fit out- we note the comments and accept Randall Simmonds adjustments

Commercial fit out- there is no comments and in the compromises offer Randall Simmonds accept our adjustments

External works and drainage- we note the comments and accept Randall Simmonds adjustments

**671-674 Old Kent Road
Cost Response**

Main contractor's overheads and profit- we do not agree with the statement, we have benchmarked against a number of projects and also refer you to the RICS article

In addition from the 10 benchmarks the highest overheads and profit is 8% and lowest 4% with an average of 5.50%

In the spirit of compromise we have increased to 6% on a without prejudice basis

Sanitary ware to commercial/ community areas not clarified

External works off site allowance has not been clarified

Conclusion

Following review of the response and information provided by Randall and Simmonds the amount to be used in the appraisal on a without prejudice basis should be £24,429,918 equivalent to £275/ft² or £2,965/m².

This is circa £270,082 difference from Randall Simmonds without prejudice position

The cost excludes contingency

The costs exclude professional fees

General and RICS Required Statements

These are the same as our previous November 2020 report

**Steve Brown
CDM Project Services
February 2021**

Appendix 1- RICS Article April 2020

Summary of adjustments Rev1

	Omission	Addition
	£	£
Disconnection	0	
Demolition	30,000	
UXO	10,000	
Basement disposal	20,000	
Basement ventilation	35,090	
Transfer slab	57,000	
Mansafe	10,000	
Staircases	12,000	
Extrenal walls	331,100	
Scaffold	0	
External windows	38,500	RS amended no adjustment
Internal doors	18,000	
Kitchens	0	
Lighting	58,570	
BWIC	1,757	
Raised floor	6,630	
Skirting	2,000	
Sanitary ware		Requires clarification
Heating and ventilation	22,000	
Lighting	13,260	
Builders work	1,900	
Removing pile arisings	20,000	
External works off site		Requires clarification
Drainage	20,000	
Drainage connection	10,000	
Attenuation	30,000	
	747,807	0 RS 709,307
	0	
Adjustment	747,807	
	20,702,000	
CDM estimate	19,954,193	
Preliminaries 15.5%	3,092,900	RS £3,200,000
CDM overall estimate	23,047,093	
Overheads and profit 6.00%	1,382,826	RS £1,510,000
CDM overall estimate	24,429,918	
Contingency 5.00%	0	Seperate in appraisal
CDM overall estimate	24,429,918	-
RS revised estimate	24,700,000	
Total difference	£270,082	1.09%
£/m2	2965	
£/ft2	275	

16 APR 2020

Latest estimate of tender price inflation

The early estimate for the BCIS All-in Tender Price Index (TPI) for 1st quarter 2020 is based on a rise of 0.35% compared with the previous quarter*.

The resultant 1st quarter figure shows a rise of 1.2% in the year from 1st quarter 2020*. The annual increase implied by the panel consensus is 1.7%.

The estimate is the consensus of the BCIS TPI Panel** based on the analysed Delphi survey results, it does not necessarily represent the views of individual participants. The average from the survey was up on the previous quarter.

The panel commented that sentiment and pricing had picked up in the New Year but this had not yet been seen in a growth in projects on site. There was more activity in consultancy rather than tenders going out and contractors still need to fill their order books.

The panel responses included positive reports from most regions, with Birmingham, Manchester, Yorkshire and Bristol all identified as buoyant with London was slow before Christmas but has picked up after that.

The Panel members were asked to provide information on the current level of main contractors' overheads and profit seen in contracts. The responses ranged from 3% to 6%, the mean was 4.74% and the median 4.90%. This is similar to the 4Q19 results when the mean was 4.8%

APPENDIX 4

KFC Site
671-679 Old Kent Road
SE15

Development Appraisal
Prepared by Ammended by Strettons
Licensed Copy
February 10, 2021

APPRAISAL SUMMARY

LICENSED COPY

KFC Site
671-679 Old Kent Road
SE15

Appraisal Summary for Phase 1

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Commercial	1	2,551	30.00	76,530	76,530	76,530	76,530
Student Accommodation	<u>267</u>			9,821	<u>2,061,425</u>	<u>2,622,125</u>	<u>2,061,425</u>
Totals	268	2,551			2,137,955	2,698,655	2,137,955

Investment Valuation

Commercial					
Market Rent	76,530	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,203,302
Student Accommodation					
Current Rent	2,061,425	YP @	4.5000%	22.2222	45,809,444
Total Investment Valuation					47,012,746

GROSS DEVELOPMENT VALUE 47,012,746

Purchaser's Costs	(3,171,867)
Effective Purchaser's Costs Rate	6.75%
	(3,171,867)

NET DEVELOPMENT VALUE 43,840,880

NET REALISATION 43,840,880

OUTLAY

ACQUISITION COSTS

Residualised Price	4,039,986
Stamp Duty	189,499
Effective Stamp Duty Rate	4.69%
Agent Fee	1.00%
Legal Fee	0.80%
	262,219

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Commercial	2,766	275.28	761,425
Student Accommodation	<u>85,936</u>	275.42	<u>23,668,493</u>
Totals	88,702 ft²		24,429,918
Contingency		5.00%	1,221,496
MCIL/CIL/S.106/S.278			1,600,000
			27,251,414

PROFESSIONAL FEES

Professionals	10.00%	2,442,992
		2,442,992

MARKETING & LETTING

Marketing		40,000
Letting Agent Fee	10.00%	213,795
Letting Legal Fee	5.00%	3,827
		257,622

DISPOSAL FEES

Sales Agent Fee	1.25%	548,011
Sales Legal Fee		40,000
		588,011

FINANCE

Debit Rate 7.000%, Credit Rate 0.500% (Nominal)	
Land	612,183
Construction	1,698,860
Total Finance Cost	2,311,043

TOTAL COSTS 37,153,287

PROFIT

6,687,593

Performance Measures

Profit on Cost%	18.00%
Profit on GDV%	14.23%
Profit on NDV%	15.25%
Development Yield% (on Rent)	5.75%
Equivalent Yield% (Nominal)	4.54%
Equivalent Yield% (True)	4.67%
IRR% (without Interest)	24.95%

This appraisal report does not constitute a formal valuation.

KFC Site**671-679 Old Kent Road****SE15**

Rent Cover	3 yrs 2 mths
Profit Erosion (finance rate 7.000)	2 yrs 5 mths

This appraisal report does not constitute a formal valuation.

APPENDIX 3

RANDALL SIMMONDS

COST ESTIMATE

at

**Avonmouth House
London, SE1 6NX**

for

Tribe Avonmouth House Ltd

September 2021

Chartered
Quantity
Surveyors

Employers
Agents

CDM Advisors

<u>Contents</u>	<u>Page</u>
1 Executive summary	3
2 Assumptions	4
3 Key Areas	5
4 Budget Estimate	
Enabling Works	6
Basement	7
Building Works	9
Commercial Fit-Out	14
External Works (On site)	16
Drainage	17
Utility Connections	17
Preliminaries	18

1.0 EXECUTIVE SUMMARY

Cost Estimate based on Architect's planning drawings and Accommodation Schedule.

See Assumptions and Exclusions overleaf.

Key Areas	Nr	Gross Internal	
		m2	ft2
Basement		1,395	15,016
Commercial/Community		990	10,651
Student Units	233	6,405	68,942
Total Areas		8,789	94,610

Total	Construction Cost	Cost Per £/m2 GIA	Notes
Enabling Works	£ 400,000		
Basement Works	£ 3,140,000	2,252	
Building Works	£ 20,840,000	2,818	
External Works (On site)	£ 330,000		
External Works (Off-site)	£ 200,000		
Drainage	£ 160,000		
Utilities	£ 550,000		
Sub-total	£ 25,620,000		
Build Preliminaries	£ 3,750,000	430	
Works Insurances etc.	£ 250,000		
Defects Management	£ 100,000		
Contingency/Risk Allowance	£ 1,490,000		
Design Fees and Expenses	Excluded		
Total Build Cost	£ 31,210,000	3,550	

2.0 BASIS OF ESTIMATE

The following items are excluded from this Cost Estimate

- 1 Value Added Tax
- 2 Professional Fees, NHBC etc.
- 3 Planning, CIL, Carbon Offset and Section 106 Costs
- 4 Rights of Light and, or Oversailing Compensation
- 5 Finance Costs
- 6 Party Wall Awards and crane oversail compensation
- 7 Contractors performance bonds;
- 8 Project Insurances
- 9 Section 38 / 104 agreements, or similar
- 10 Archaeology survey works and monitoring costs
- 11 Geotechnical and site investigation and testing
- 12 Environmental monitoring etc. and any Environmental Agency fees;
- 13 No contaminated excavation material assumed
- 14 Excludes abnormal foundation designs;
- 15 Major service diversions or utilities infrastructure upgrades
- 16 Any other works outside the site boundary; unless specifically identified;
- 17 Site security prior to construction and landscape maintenance after completion
- 18 Landfill tax, asbestos removal etc.
- 19 No cleaning cradle
- 20 Marketing Suite or marketing upgrades
- 21 Feature lighting
- 22 Artwork
- 23 Furniture and Operating Equipment
- 24 Part L or other Building Regulations Upgrades
- 25 Logistics Management Strategy
26. Carbon offset payments

3.0 KEY AREAS

As Architects Area Schedule.

Residential Areas	NIA m2	GIA m2	Comments
Basement -2		572	
Basement -1		80	
Level 0		303	
Level 1		61	
Level 2	309	571	
Level 3	309	571	
Level 4	309	571	
Level 5	309	571	
Level 6	309	571	
Level 7	205	397	
Level 8	207	397	
Level 9	207	397	
Level10	207	397	
Level 11	207	397	
Level 12	207	397	
Level 13	207	397	
Level 14	94	205	
Level 15	94	205	
Total	3,180	7,056	

Commercial/Community		GIA m2	Comments
Basement -2		140	
Basement -1		604	
Level 0		352	
Level 1		638	
Total		1,733	

ENABLING WORKS

	Description	Quantity	Units	Rate	Cost
0.00	Enabling Works				
0.01	Allowance for utility disconnections, capping, and minor service diversions at site boundary		item		20,000
0.02	Allowance for site clearance, demolition of existing buildings and removal of foundations		item		300,000
0.03	Allowance for asbestos survey (demolition and refurbishment)		item		TBC
0.04	Allowance for works associated with existing party walls, making good		item		30,000
0.05	Unexploded ordnance survey, attendance during groundworks (excluding pile probing)		item		TBC
0.05	Allowance for site hoarding and access gates; foundations etc.		item		20,000
	Main Contractors OH&P on above; including attendances and temporary works				26,000
To Executive Summary					<u>£ 400,000</u>

BASEMENT	Quantity	Unit	Rate £	Total £
1.00 Substructure				
1.01 Excavate material for Basement construction; double handling	5,600	m3	28	156,800
1.02 Disposal of material from site	5,600	m3	60	336,000
1.03 Extra over for removal of contaminated waste from site; including batching etc.		item	-	TBC
1.04 RC slab to basement; assume 450mm thick; including, joints, screed, insulation, waterproofing (level -2)	711	m2	300	213,390
1.05 Allow for temporary works for basement construction; propping; access and dewatering	1	item	200,000	200,000
1.06 Contig / Secant with RC Liner Wall or Sheet piled wall including welding; Capping beam etc.	121	m	4,000	484,000
1.07 Lining to basement walls, including cavity, waterproofing and drainage	847	m2	300	254,100
1.08 Allow for piled foundations outside residential building footprint, including mobilisation; setting out, testing etc.		m2		Included
1.09 Allow for piled caps and ground beams, outside building footprint		m2		Included
1.10 Extra for groundworkers preliminaries on basement works		5%		82,000
			£	1,726,290
2.00 Frame & upper floors				
2.01 Reinforced concrete frame	1,395	m2	180	251,109
2.01 Reinforced concrete level -1 floor slab	684	m2	250	170,938
			£	422,047
3.00 Roof				
3.01 Waterproofing to basement light well slabs	38	m2	250	9,500
			£	9,500
4.00 Stairs				
4.01 Stairs flights inc balustrade, nosings, strings etc to core	6	flights	16,000	96,000
			£	96,000
5.00 External Walls				
5.01 Walls to lightwell	80	m2	650	52,000
			£	52,000
6.00 External Windows and Doors				
6.01 Windows to light wells	30	m2	675	20,250
			£	20,250

BASEMENT	Quantity	Unit	Rate £	Total £
7.00 Internal Walls				
7.01 Core Walls etc.	895	m2	120	107,448
			£	107,448
8.00 Internal Doors				
8.01 Single fire doors; ironmongery etc.	14	nr	1,000	14,000
8.02 Double fire door; ironmongery etc.	0	nr		0
			£	14,000
9.00 Finishings				
9.01 Finishes to floor and ceiling; inc. (part in commercial fit-out)	652	m2	150	97,733
			£	97,733
10.00 Fittings (Shell & Core)				
10.01 Cycle fittings, tiered racks	176	nr	300	52,800
10.02 Cycle fittings, Sheffield stands (1.8m spacing)	16	nr	250	4,000
10.03 Allow for sundry fittings to plant and laundry etc.		item		5,000
			£	61,800
11.00 M & E Installations				
11.01 Drainage Installation; pumped	652	m2	25	16,300
11.02 Heat Source & distribution	-	m2	-	Shell & Core
11.03 Sprinkler Installation	652	m2	36	23,472
11.04 Electrical Distribution	652	m2	8	5,216
11.05 Communal areas: lighting etc.				included
11.06 Lighting, emergency etc	652	m2	70	45,609
11.07 Basement; ventilation	652	m2	175	114,021
11.08 Cycle / Refuse lifts	2	nr	40,000	80,000
11.09 Washdown etc.		item	-	5,000
11.10 AOV, fire detection and security	652	m2	35	22,820
11.11 Builders work in connection	1.5	%	436,000	7,000
11.12 Certified Fire Stopping	2.0	%	436,000	9,000
			£	328,438
Main Contractors OH&P on above			£	205,000
To Executive Summary			£	3,140,000

Detailed Estimate	Quantity	Unit	Rate £	Total £
1.00 Substructure				
1.01 Allow for piled foundations, including mobilisation; setting out, testing etc.	711	m2	250	177,825
1.02 Allow for removal of piling arisings		item		see externals
1.03 Allow for piled caps and ground beams, lift pits generally	711	m2	220	156,486
1.04 Allow for suspended slab; insulation and upstands; ground floor	711	m2	260	184,938
				519,249
2.00 Frame & upper floors				
2.01 Frame and upper floor slabs	7,394	m2	310	2,292,264
2.02 Extra for RC core walls		m2	-	included
2.03 Extra for transfer structure above commercial/community use	699	m2	200	139,800
				2,432,064
3.00 Roof				
3.01 RC roof structure; including lift overruns and upstands	0	m2		Included
3.02 Roof coverings; waterproofing, green roof finishe setc.	699	m2	295	206,117
3.03 Extra for parapets etc	120	m	300	36,000
3.04 Rainwater goods to roof and terraces	699	m2	50	34,935
3.05 Extra for roof access from cores and mansafe systems to flat roof areas		item		50,000
3.06 Plant enclosures on roof and man safe		item		25,000
3.07 Extra for upstands and copings / balustrade to roof terrace	36	m	700	25,200
3.08				
3.09 Extra for roof lights; upstands		item		10,000
				387,252
4.00 Stairs				
4.01 Stairs flights inc balustrade, nosings, strings etc:	17	levels	16,000	272,000
				£ 272,000
5.00 External Walls				
5.01 External walls; including insulation and linings; fire barriers; cavity trays etc.	3,465	m2	650	2,252,153
5.02 Extra for scaffold and temporary gantries to elevations	4,734	m2	70	331,380
5.03 Extra for finishes to projections		item		included
5.04 Extra for louvres etc		item		included

Detailed Estimate	Quantity	Unit	Rate £	Total £
5.05 Extra for building signage etc.		item		25,000
				£ 2,608,533
6.00 External Windows and Doors				
6.01 Main entrance double door to entrance and commercial	3	Nr	4,000	12,000
6.02 Doors to substation	1	Nr	4,500	4,500
6.03 Doors to plant; double	2	Nr	3,000	6,000
6.04 Doors to escape; single	4	nr	1,500	6,000
6.05 Aluminium framed double glazed windows; including ironmongery	1,269	m2	675	856,676
				£ 885,176
7.00 Internal Walls				
7.01 Internal core and circulation walls; generally	7,871	m2	120	944,520
7.02 Partitioning to student accommodation	2,695	m2	88	237,184
7.03 Extra for glazed screens to ground floor areas		item		5,000
				£ 1,186,704
8.00 Internal Doors & Joinery				
8.01 Single fire doors; ironmongery; vision panels; fire resistant	34	nr	1,050	35,700
8.02 Double fire doors; ironmongery	14	nr	1,500	21,000
8.03 Riser Doors /Panels	16	nr	1,000	16,000
8.04 Kitchen doors; fire doors; ironmongery	31	nr	1,000	31,000
8.05 Bedroom door; including ironmongery and architraves; fire rated.	233	nr	1,000	233,000
8.06 Ensuite doors	200	nr	485	97,000
8.07 Ensuite doors; disabled	33	nr	525	17,325
8.08 Built-in single wardrobe; hanging rail	233	nr	450	104,850
8.09 Window boards, noggins etc.	7,394	m2	10	73,944
8.10 Room access key system	6,405	m2	15	96,074
				£ 725,893
9.00 Wall Finishes				
9.01 External walls linings and decorations	3,465	m2	40	138,594
9.02 Decorations to internal partitions, joinery etc.	21,133	m2	10	211,326
9.03 Splashback to communal kitchens	31	nr	750	23,250
9.04 Tiling wall finishes to amenity area WC's etc.		item	Included	
9.06 Extra for feature wall finishes to ground floor areas	200	m2	100	20,000
				£ 393,170

Detailed Estimate	Quantity	Unit	Rate £	Total £
10.00 Floor Finishes				
10.01 Screed to concrete floors	6,405	m2	32	204,957
10.02 Floor finishes to bedrooms, amenity, circulation etc.	6,255	m2	50	312,745
10.03 Extra for entrance areas and enhanced		item		25,000
10.04 Sealant/finishes to plant / storage / cycle store (ground floor)	150	m2	20	3,000
10.05 Skirtings to above	6,255	m2	15	93,824
				£ 639,525
11.00 Ceiling Finishes				
11.01 Ceilings linings; Skim coat and decoration	6,405	m2	60	384,294
11.02 Enhanced ceiling finishes to entrances		item		20,000
				£ 404,294
12.00 Fittings				
12.01 Fittings to reception areas and amenity areas	1	allow	30,000	30,000
12.02 Fittings to communal kitchens	31	nr	10,000	310,000
12.03 Kitchen fittings etc. to studios	32	nr	2,000	64,000
12.04 Fittings to laundry and cleaners	1	Item	20,000	20,000
12.05 Bin Storage	1	Item	10,000	10,000
12.06 Signage generally	1	Item	30,000	30,000
12.07 Curtains, blinds etc.		Item		95,000
				£ 559,000
13.00 Sanitary Ware				
13.01 Modular ensuite; including fittings	209	Nr	4,500	940,500
13.02 Modular ensuite; including fittings	16	Nr	5,000	80,000
13.03 Modular disabled ensuite including fittings etc.	27	Nr	6,000	162,000
13.03 Sanitaryware to ground floor		item		2,500
				£ 1,185,000
14.00 Disposal Installations				
14.01 Soil and waste installation with traps; wc connectors	6,405	m2	42	269,006
				£ 269,006
15.00 Water Installations				

Detailed Estimate	Quantity	Unit	Rate £	Total £
15.01 Hot and cold water installation; distribution; storage and accessories	6,405	m2	45	288,221
				£ 288,221
16.00 Heating				
16.01 Heating plant installation; generally	6,405	m2	23	147,313
16.02 Heating distribution; radiators to bedrooms, communal areas etc.	6,405	m2	65	416,319
				£ 563,631
17.00 Ventilation				
17.01 Mechanical ventilation; including ducting; fire dampeners; generally	6,405	m2	80	512,392
17.02 Fresh air ventilation to circulation		m2		Included
17.03 Extra for enhanced ventilation to laundry,kitchen, ground floor etc.		item		Included
				£ 512,392
18.00 Electrical Installation				
18.01 Submains installation; generally	6,405	m2	25	160,123
18.02 Power spur to mechanical etc.	6,405	m2	8	51,239
18.03 Small power to bedroom etc.	3,180	m2	80	254,400
18.04 Small power to cores etc.	3,225	m2	55	177,370
18.05 Lighting and luminaires to bedrooms	3,180	m2	100	318,000
18.06 Lighting and luminaires to circulation; including emergency lighting	3,225	m2	100	322,490
18.07 Extra for feature lighting to ground floor entrances, kitchens etc.		item		45,000
				1,328,621
19.00 Lift Installation				
19.01 Lift: Basement to 15th floor	2	Nr	240,000	480,000
19.02 Lift: Basement to Level 1	1	Nr	50,000	50,000
19.03 Cycle Lifts: Basement to Ground	2	Nr	40,000	80,000
				£ 610,000
20.00 Protective Installations				
20.01 Lightning protection	1	item	50,000	50,000
20.02 Earthing and Bonding	6,405	m2	5	32,025
20.03 AOV, dry risers etc.	1	item	75,000	75,000
20.04 Sprinkler installation; generally	6,405	m2	40	256,196
				£ 413,221

Detailed Estimate	Quantity	Unit	Rate £	Total £	
21.00 Communications Installation					
21.01 Fire alarm and smoke detection	6,405	m2	40	256,196	
21.02 Satellite TV system with coaxial cable to communal areas and bedrooms	6,405	m2	30	192,147	
21.03 IT/telephone installation: cabling and outlets, wifi etc.	6,405	m2	30	192,147	
21.04 Door access control (see above)		m2		Included	
21.05 CCTV and security system generally	6,405	m2	12	76,859	
21.06 EO for Evacuation Warning System	6,405	m2	8	51,239	
					£ 768,588
22.00 Specialist Installations					
22.01 BMS installation	6,405	m2	50	320,245	
					£ 320,245
23.00 General					
23.01 Builders Work in Connection; including certified fire stopping contract	4.0	%		270,000	£ 270,000
23.02 Sparkle Clean; mastic work etc.	6,405	m2	5	32,025	£ 32,025
Main Contractors OH&P and attendance on above				£ 1,140,000	£ 1,230,000
To Executive Summary					£ 18,800,000

COMMERCIAL FIT-OUT		Quantity	Unit	Rate £	Total £	
1.00	Staircases					
1.01	Escape Stairs		nr		Shell & Core	
2.00	Internal Walls					
2.01	Allow for partitioning generally		allow		Shell & Core	
3.00	Internal Doors & Joinery					
3.01	Allow for internal doors generally		allow		Shell & Core	
4.00	Wall Finishings					
4.01	Plasterboard, emulsion paint, one mist and two top coats to walls and bulkheads	1,733	m2	43	75,000	
						75,000
5.00	Floor Finishings					
5.01	Levelling etc. under raised flooring	1,733	m ²	3	5,199	
5.02	Raised access flooring, medium grade	1,733	m ²	60	103,980	
5.03	Allowance for cavity barriers		nr	-	inc above	
5.04	Perimeter to glazed curtain walling		m		inc above	
5.05	Carpet tiles to office areas	1,733	m ²	36	62,388	
5.06	Skirting to office areas; decorated	1,733	m ²	16	27,728	
						199,295
6.00	Ceiling finish					
6.01	Suspended ceiling system to all commercial units	1,733	m ²	75	129,975	
6.02	Allowance for pattresses for ceiling mounted fittings; detectors and PL lights		nr		15,000	
						144,975
7.00	Fittings					
7.01	Allowance for fittings e.g. tea points		allow		25,000	
7.02	Cycle fittings, sheffield stands (1.0-1.2m spacing)		nr		Included	
						25,000
8.00	Sanitary Ware					
8.01	Allowance for sanitaryware installation to commercial/community areas		allow		50,000	
						50,000

COMMERCIAL FIT-OUT	Quantity	Unit	Rate £	Total £
9.00 M & E Installations				
9.01 Disposal Installation	1,733	m2	25	43,325
9.02 Water Installation	1,733	m2	35	60,655
9.03 Heating, cooling and ventilation to commercial	1,733	m2	300	519,900
9.04 Electrical distribution including supply of floor boxes	1,733	m2	75	129,975
9.05 Underfloor IT wiring etc.	1,733	m3	30	51,990
9.06 Lighting fittings and lighting control systems to commercial units	1,733	m2	160	277,280
9.07 Fire alarm, sprinklers	1,733	m2	80	138,640
9.08 Access control, security etc.	1,733	m2	35	60,655
9.09 BMS installation	1,733	m2	50	86,650
Builders work in connection, fire stopping etc.	4	%	-	51,000
				1,420,000
Main Contractors OH&P on above				130,000
				130,000
To Executive Summary				2,040,000

EXTERNAL WORKS

1.00 External Works On Site

1.01	Excavation to formation levels; including disposal (outside building)	155	m3	55	£	8,498
1.02	Clean Imported Fill as working platform and piling mat	711	m2	55	£	39,122
1.03	Removal of piling arisings		item		£	50,000
1.04	Landscape around the site; pavings; geotextile membranes; av. rate	300	m2	250	£	75,000
1.05	Extra for planters to ground floor		item		£	8,000
1.06	Extra for trees and soft landscaping generally; including imported topsoil; membranes		item		£	10,000
1.07	Extra for railings around lightwells, bollards etc.		item		£	20,000
1.08	Extra for paving/decking, planters, planting and drainage to outdoor terraces (level 7)		item		£	70,000
1.09	Allow for bird and bat boxes etc		item		£	2,000
1.10	External lighting provision; building mounted, uplighters, ducting etc.	300	m2	75	£	22,500
1.10	Main Contractors OH&P on above; including attendances and temporary works				£	21,000

To Executive Summary

£ 330,000

2.00 External Works Off-Site

2.01	Allow for making good footpaths around the site perimeter; installation of trees in car parking bays; street furniture		item		£	90,000
2.02	Extra for formation of Pocket Park; including removal of existing surfacing	100	m2	450	£	45,000
2.03	Extra for car parking suspensions, road closure licences, legal agreements etc.		item		£	50,000
2.04	Main Contractors OH&P on above; including attendances and temporary works				£	13,000

To Executive Summary

£ 200,000

EXTERNAL WORKS

3.00 Drainage

3.01 Surface water drainage; including aco drainage	1,000	m2	45	£	45,000
3.02 Foul water drainage	1,000	m2	40	£	40,000
3.03 New Drainage Connections		item		£	40,000
3.04 Extra for attenuation, restrictors, bypass interceptor etc.		item		£	25,000
3.05 Main Contractors OH&P on above; including attendances and temporary works				£	11,000

To Executive Summary

£ 160,000

4.00 Utilities/Energy Requirements

4.01 Water and sewage charges		item		£	120,000
4.02 Electrical connection		item		£	150,000
4.03 New Electrical transformer and off-site works		item		£	130,000
4.04 BT Services (including Lifts)		item		£	30,000
4.05 Photovoltaics (Roof mounted) and energy efficiency enhancements e.g. heat recovery systems		item		£	60,000
4.06 Service Ducts / BWIC		item		£	25,000
4.07 Main Contractors OH&P on above; including attendances and temporary works				£	36,000

To Executive Summary

£ 550,000

PRELIMINARIES

Description	Quantity	Units	Rate	Cost
Project Overheads				
Project Management	95	Weeks	2,500	237,500
Commercial Management	95	Weeks	2,350	223,250
Design Management	95	Weeks	1,950	185,250
Health & Safety	95	Weeks	1,000	95,000
Site Supervision & Labour				
Senior Site Manager	95	Weeks	2,000	190,000
Assistant Site Managers	95	Weeks	1,650	156,750
Foreman	95	Weeks	1,350	128,250
Administration	95	Weeks	1,000	95,000
Labourers	285	Weeks	750	213,750
Banksman	95	Weeks	775	73,625
Gateman	95	Weeks	775	73,625
Forklift Driver	95	Weeks	1,000	95,000
Handyman	95	Weeks	950	90,250
Hoist Driver	95	Weeks	950	90,250
Site Establishment				
Compound and Hoardings		item		100,000
Site Security (Full Time)	95	Weeks	2,000	190,000
Site Offices, Canteen, WC's (Hire)	95	Weeks	1,000	95,000
Temporary Services	95	Weeks	1,000	95,000
Welfare Consumables	95	Weeks	1,000	95,000
Plant				
Road Sweeper (1 visits per week)	95	Weeks	550	52,250
Cranes (including set up and driver)		item		350,000
Forklifts + Fuel + Servicing	95	Weeks	850	80,750
Hoist and mobile plant		item		200,000
Small tools and equipment	95	Weeks	800	76,000
General				
Waste Management and Skips	8,789	m2	25	219,736
Other				
Main Contractors OH&P on above				250,000

Carried to Summary

£ 3,750,000

APPENDIX 4

Avonmouth House

Development Appraisal
Prepared by JRB
James R Brown & Company Ltd
29 September 2021

APPRAISAL SUMMARY**JAMES R BROWN & COMPANY LTD****Avonmouth House****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Student Accommodation	1	75,955	543.08	41,250,000	41,250,000

Investment Valuation**Class E Space**

Manual Value					10,930,000
--------------	--	--	--	--	------------

GROSS DEVELOPMENT VALUE**52,180,000****NET REALISATION****52,180,000****OUTLAY****ACQUISITION COSTS**

Residualised Price			4,844,594		
				4,844,594	
Stamp Duty		5.00%	242,230		
Agent Fee		1.00%	48,446		
Legal Fee		0.80%	38,757		
				329,432	

CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost		
Class E Space	18,654 ft²	313.29 pf²	5,844,112		
Student Accommodation	75,955 ft²	313.29 pf²	23,795,942		
Totals	94,609 ft²		29,640,054	29,640,054	

Contingency		5.00%	1,482,003		
MCIL2/CIL/S.106/S.278			1,500,000		
				2,982,003	

PROFESSIONAL FEES

Professionals		10.00%	2,964,005		
				2,964,005	

MARKETING & LETTING

Letting Agent Fee			75,000		
				75,000	

DISPOSAL FEES

Sales Agent Fee		1.00%	521,800		
Sales Legal Fee			150,000		
				671,800	

FINANCE

Debit Rate 7.000%, Credit Rate 0.500% (Nominal)					
Land			702,356		
Construction			2,011,094		
Total Finance Cost				2,713,450	

TOTAL COSTS**44,220,338****PROFIT****7,959,662****Performance Measures**

Profit on Cost%	18.00%
Profit on GDV%	15.25%
Profit on NDV%	15.25%
IRR	25.25%
Profit Erosion (finance rate 7.000%)	2 yrs 5 mths

This appraisal report does not constitute a formal valuation.

Avonmouth House

Project Timescale

Project Start Date	Oct 2021
Project End Date	Sep 2023
Project Duration (Inc Exit Period)	24 months

Phase 1



This appraisal report does not constitute a formal valuation.

Avonmouth House

Detailed Cash flow Phase 1

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MonthlyB/F	001:Oct 2021	002:Nov 2021	003:Dec 2021	004:Jan 2022	005:Feb 2022	006:Mar 2022
	0	(5,174,026)	(5,174,026)	(5,234,390)	(7,045,425)	(7,745,311)
Revenue						
Cap - Class E Space	0	0	0	0	0	0
Sale - Student Accommodation	0	0	0	0	0	0
Disposal Costs						
Sales Agent Fee	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0
Unit Information						
Student Accommodation						
Acquisition Costs						
Residualised Price	(4,844,594)	0	0	0	0	0
Stamp Duty	(242,230)	0	0	0	0	0
Agent Fee	(48,446)	0	0	0	0	0
Legal Fee	(38,757)	0	0	0	0	0
Construction Costs						
MCIL2/CIL/S.106/S.278	0	0	0	(1,500,000)	0	0
Con. - Class E Space	0	0	0	(53,328)	(119,997)	(179,745)
Con. - Student Accommodation	0	0	0	(217,138)	(488,600)	(731,882)
Contingency	0	0	0	(13,523)	(30,430)	(45,581)
Professional Fees						
Professionals	0	0	0	(27,047)	(60,860)	(91,163)
Marketing/Letting						
Letting Agent Fee	0	0	0	0	0	0
Net Cash Flow Before Finance	(5,174,026)	0	0	(1,811,035)	(699,886)	(1,048,371)
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
Credit Rate 0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
Finance Costs (All Sets)	0	(30,182)	(30,182)	(30,534)	(41,098)	(45,181)
Net Cash Flow After Finance	(5,174,026)	(30,182)	(30,182)	(1,841,569)	(740,984)	(1,093,552)
Cumulative Net Cash Flow Monthly	(5,174,026)	(5,204,208)	(5,234,390)	(7,075,959)	(7,816,943)	(8,910,495)

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Avonmouth House

Detailed Cash flow Phase 1

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007:Apr 2022 (8,910,495)	008:May 2022 (10,266,985)	009:Jun 2022 (11,891,231)	010:Jul 2022 (13,924,101)	011:Aug 2022 (15,962,761)	012:Sep 2022 (18,148,081)	013:Oct 2022 (20,719,900)	014:Nov 2022 (23,077,445)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(232,573)	(278,480)	(317,466)	(349,532)	(374,677)	(392,901)	(404,205)	(408,588)
(946,985)	(1,133,908)	(1,292,652)	(1,423,217)	(1,525,602)	(1,599,807)	(1,645,834)	(1,663,681)
(58,978)	(70,619)	(80,506)	(88,637)	(95,014)	(99,635)	(102,502)	(103,613)
(117,956)	(141,239)	(161,012)	(177,275)	(190,028)	(199,271)	(205,004)	(207,227)
0	0	0	0	0	0	0	0
(1,356,491)	(1,624,246)	(1,851,636)	(2,038,660)	(2,185,320)	(2,291,615)	(2,357,545)	(2,383,109)
7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
(51,978)	(59,891)	(69,366)	(81,224)	(93,116)	(105,864)	(120,866)	(134,618)
(1,408,469)	(1,684,136)	(1,921,001)	(2,119,884)	(2,278,436)	(2,397,479)	(2,478,411)	(2,517,727)
(10,318,963)	(12,003,100)	(13,924,101)	(16,043,985)	(18,322,421)	(20,719,900)	(23,198,311)	(25,716,038)

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Avonmouth House

Detailed Cash flow Phase 1

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015:Dec 2022 (25,460,554)	016:Jan 2023 (28,232,867)	017:Feb 2023 (30,546,010)	018:Mar 2023 (32,763,622)	019:Apr 2023 (35,379,336)	020:May 2023 (37,284,792)	021:Jun 2023 (38,973,622)	022:Jul 2023 (41,056,681)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(406,050)	(396,592)	(380,213)	(356,914)	(326,694)	(289,553)	(245,491)	(194,509)
(1,653,348)	(1,614,836)	(1,548,145)	(1,453,275)	(1,330,224)	(1,178,995)	(999,586)	(791,998)
(102,970)	(100,571)	(96,418)	(90,509)	(82,846)	(73,427)	(62,254)	(49,325)
(205,940)	(201,143)	(192,836)	(181,019)	(165,692)	(146,855)	(124,508)	(98,651)
0	0	0	0	0	0	0	0
(2,368,309)	(2,313,143)	(2,217,612)	(2,081,717)	(1,905,456)	(1,688,830)	(1,431,839)	(1,134,483)
7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%	0.500%
(148,520)	(164,692)	(178,185)	(191,121)	(206,379)	(217,495)	(227,346)	(239,497)
(2,516,828)	(2,477,835)	(2,395,797)	(2,272,838)	(2,111,835)	(1,906,324)	(1,659,185)	(1,373,980)
(28,232,867)	(30,710,701)	(33,106,499)	(35,379,336)	(37,491,171)	(39,397,496)	(41,056,681)	(42,430,661)

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Avonmouth House

Detailed Cash flow Phase 1

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023:Aug 2023 (42,191,164)	024:Sep 2023 (42,987,925)
0	10,930,000
0	41,250,000
0	(521,800)
0	(150,000)
0	0
0	0
0	0
0	0
0	0
(136,606)	0
(556,230)	0
(34,642)	0
(69,284)	0
0	(75,000)
(796,762)	51,433,200
7.000%	7.000%
0.500%	0.500%
(246,115)	0
(1,042,877)	51,433,200
(43,473,538)	7,959,662

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