

The Bermondsey Project

September 2019

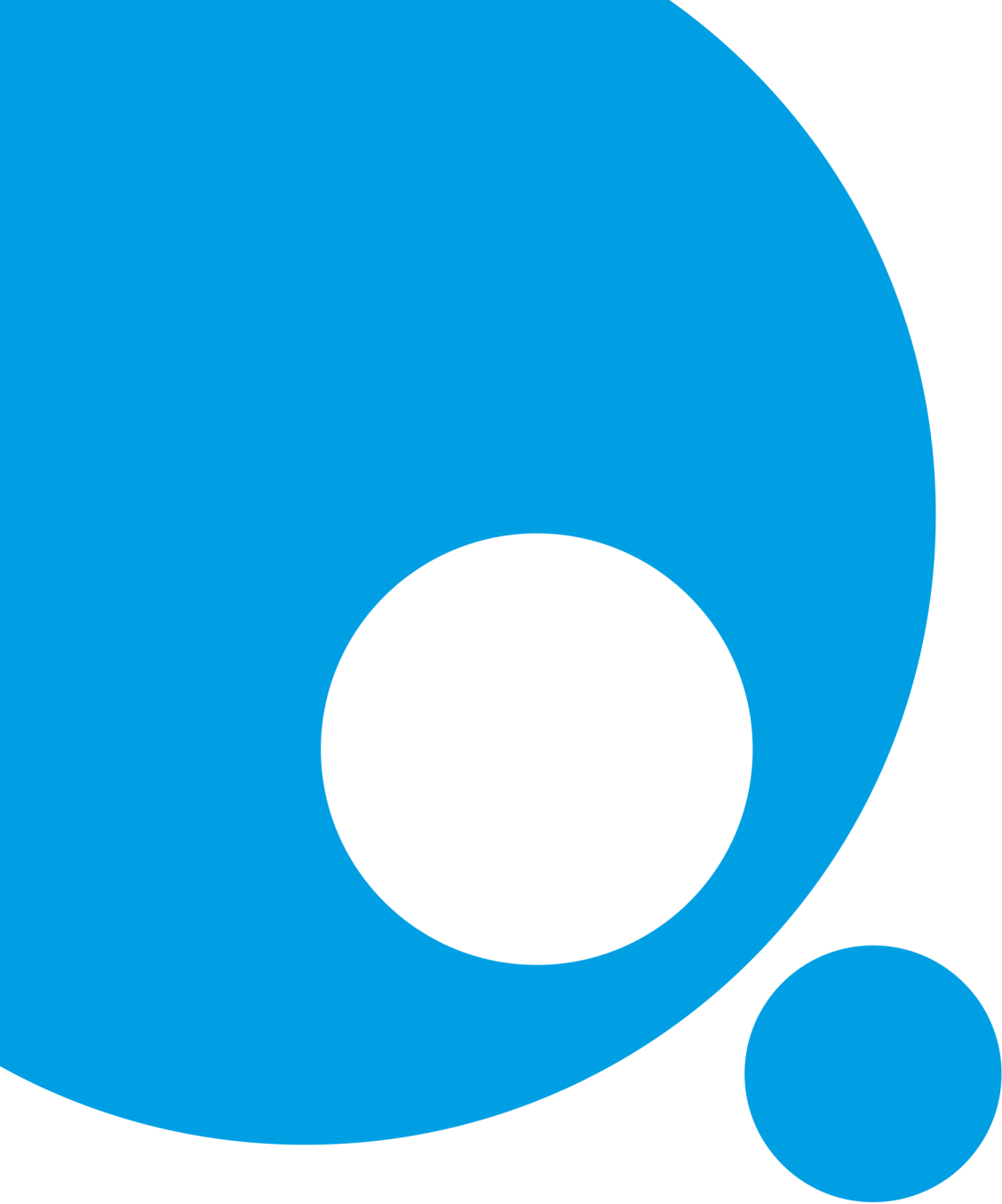
Financial Viability Assessment



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FINANCIAL VIABILITY ASSESSMENT

THE FORMER PEEK FREAN BISCUIT FACTORY AND THE
BERMONDSEY CAMPUS SITES SE16

SEPTEMBER 2019

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Executive Summary

This Financial Viability Assessment has been submitted to support amendments to hybrid planning application (“the Masterplan Application”) 17/AP/4088 for the redevelopment of the Former Peek Frean Biscuit Factory Site and the Bermondsey Campus Site (“the Site”). It has been prepared by Quod on behalf of Southwark GP Nominee 1 Ltd and Southwark GP Nominee 2 Ltd (a subsidiary of Grosvenor Britain and Ireland) (hereafter referred to as ‘Grosvenor’).

The proposals will provide up to 1,548 residential units and secures the delivery of c.482 affordable homes enabling delivery of 35% habitable rooms as affordable housing. The residential accommodation is provided as entirely Build to Rent – details of this are included in the Planning Statement and the Affordable Housing Statement. In addition a variety of non residential uses are provided to include a new school for 600 pupils.

This Assessment provides an overview of the approach taken and evidence base which has informed the scheme viability. The methodology that underlies the appraisal follows normal conventions and is appropriate for the scale and nature of the development, specifically being a Build to Rent scheme. The structure provides a sound basis on which to assess scheme viability.

A summary of the key findings of the Statement are set out in table below. This demonstrates that the proposed affordable housing offer of 35%, 30:70 Social Rent Equivalent: DMR derives a 6.53% Ungearred IRR, which is below the Applicant’s targeted return and evidences the affordable housing proposals, along with the wider package of benefits, is in excess of the maximum reasonable amount that can be justified on the basis of viability alone.

Summary of Financial Appraisal

Scheme Revenue	
Total Net Revenue (NDV)	£927,390,764
Scheme Costs	
Total Development Costs	£914,096,991
Appraisal Outcome	
Residual Profit	£13,293,773
IRR	6.53%

1 Introduction

- 1.1 This Financial Viability Assessment (“FVA”) is submitted to support amendments to hybrid planning application (“the Masterplan Application”) 17/AP/4088 for the redevelopment of the Former Peek Frean Biscuit Factory Site and the Bermondsey Campus Site (“the Site”). It has been prepared by Quod on behalf of Southwark GP Nominee 1 Ltd and Southwark GP Nominee 2 Ltd (a subsidiary of Grosvenor Britain and Ireland) (hereafter referred to as ‘Grosvenor’).
- 1.2 Grosvenor has developed amendments to the Masterplan Application following the Mayor’s direction that he will act as the Local Planning Authority for the purposes of determining the Masterplan Application. This followed the resolution to be minded to refuse the Masterplan Application by London Borough of Southwark’s (LBS’s) Planning Committee on 6 February 2019. Four reasons for refusal were cited, one of which was the failure to provide maximum reasonable amount of affordable housing.
- 1.3 On 7 May 2019 the Mayor directed that he would act as the local planning authority for the purpose of determining the Application. Discussions have since taken place with the Mayor and explored options to further increase the provision of affordable housing through amendments to the scheme in response to his comments. Grosvenor’s main objectives have been to revisit the Masterplan Application and explore options for increasing the quantum of affordable housing with the aim of seeking to meet the policy requirements of the London Plan but at the same time deliver a viable development. However, as the proposed affordable housing does not fully meet the tenure split sought by LBS in their emerging draft Policy P4 of the New Southwark Plan, a FVA has been prepared to demonstrate that the affordable housing offer is the maximum reasonable amount.
- 1.4 Quod were appointed to advise on the Masterplan Application following recovery by the Mayor and have prepared this FVA and the Affordable Housing Statement (AHS). Quod have looked at matters afresh. This FVA and the AHS replace the AHS and FVA submitted to support the Original Masterplan Application and it is intended to support the amendments to the scheme which are described in more detail in Section 3 of the FVA and referred to as the “2019 Amended Proposed Development”.

Scope of FVA

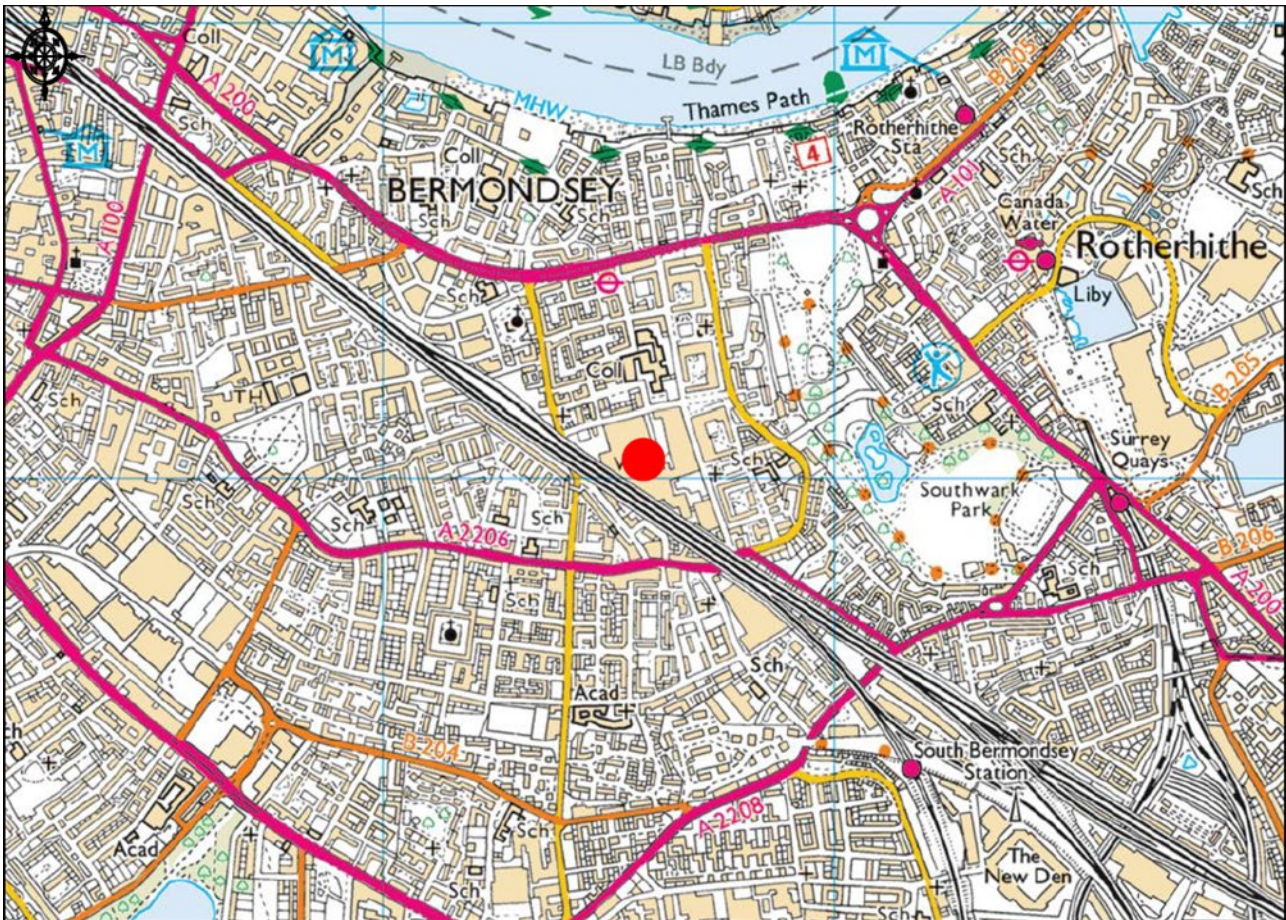
- 1.5 This Assessment is structured as follows:
 - Section 2: Application Overview
 - Section 3: Policy and Guidance Considerations
 - Section 4: Approach to Viability Application Overview
 - Section 5: Modelling Outcomes
 - Section 6: Conclusions
- 1.6 The FVA should be read alongside the other documents which are submitted in support of the amendments to the Masterplan Application, of particular relevance is the Planning Statement and AHS.

2 Overview

The Site

2.1 The Planning Statement and the accompanying Environmental Statement provides a detailed description of the Site and the relevant planning history. By way of brief summary, the Site is located in Bermondsey, in the London Borough of Southwark, situated c. 0.3 miles south of Bermondsey Underground Station. The Site measures 5.4 ha and comprises two parts, the Existing former Peek Frean Biscuit Factory and the Existing Bermondsey Campus.

Figure 2.1 Site Location Plan



- 2.2 There are 13 existing buildings on the Site, a number of which are interconnected and linked. The total combined area of the existing buildings is 42,518sqm (GIA) comprising a mix of uses including office, light industrial (B1); general industrial (B2); storage and distribution (B8); education and community (D1) including an existing Compass School; along with some sui generis and meanwhile uses.
- 2.3 The Site benefits from Extant Planning Permission for the redevelopment of the former Peek Frean Biscuit Factory (12/AP/2737) granted in October 2013 for up to 800 residential units. The Site is allocated within the New Southwark Plan with an indicative capacity of at least 1,500 homes.

The Original 2017 Masterplan Application

- 2.4 The Original Masterplan Application was submitted to LBS in October 2017. This included up to 1,342 build to rent dwellings comprising 1,021 units at private market rent levels and 322 Discount Market Rent (DMR) units.
- 2.5 The affordable housing equated to 27% by habitable room and 24% by unit. The DMR units were proposed at a blended average market discount of 25%. A FVA accompanied the Original Masterplan application. This evidenced the proposed affordable housing offer exceeded the maximum reasonable amount that could be justified by viability. It was explained that the scheme Internal Rate of Return (IRR) was affected by the relatively high costs in the first phase due to the frontloaded provision of infrastructure and new secondary school as well as costs associated with the retention, refurbishment and mixed-use conversion of the existing factory building.
- 2.6 The viability was reviewed by GVA on behalf of LBS. Whilst agreement was reached on many of the underlying inputs and assumptions agreement was failed to be reached on some key inputs, including residential rents. The inputs reported as being in disagreement at Table 6 of LBS's committee report are summarised below.

Table 2-1 Inputs Identified as Being in Disagreement by LBS (Informed by Table 6 Southwark Committee Report)

Input	Applicant Position	LB Southwark Position	Agreed or Disagreed
Benchmark Land Vale	£38m	£33m	Disagree
Construction Costs	£465m	£455m	Marginal Difference
Operating Costs	30% private 40% DMR	25% private 23% DMR	Disagree
Residential Market Rents	£37.81psf	£40psf	Disagree
Yield	3.5% private 3.75% DMR	3.25% private 3% DMR	Disagree
Professional Fees	12% (£64m)	10% (£51m)	Disagree
Other Costs	£15.6m	Not included	Disagree

- 2.7 Against this background and without LBS and the Applicant being able to agree the scheme viability LBS's Planning Committee resolved to refuse the Masterplan Application citing the failure to provide the maximum reasonable amount of affordable housing with significant weight being given to draft Policy P4, noting that:

"the development does not comply with the specific requirements for Private Rented Housing set out in the Submission Version (2018) of the New Southwark Plan policy P4 'Private rented homes' in terms of the tenure split or the period for which the PRS housing is secured".

- 2.8 It should be noted that through the Original FVA submitted with the Masterplan Application, Grosvenor have demonstrated that LBS's preferred tenure split as expressed in draft Policy P4 is not viable or deliverable, and does not recognise the trade-off between the quantum of affordable units deliverable and the depth to which rents can be discounted. In their assessment of the Masterplan Application to date, LBS's own external advisors on viability acknowledged that the discount levels and tenure split sought by draft Policy P4 were not achievable on this Site.

The 2019 Amended Proposed Development

- 2.9 Following the direction from the Mayor to take over the Masterplan Application and act as the local planning authority in its determination, discussions with the GLA and the Applicant have taken place resulting in proposed amendments that seek to address LBS's reasons for refusal.
- 2.10 In the context of LBS's concern that the scheme failed to deliver the maximum reasonable affordable housing the proposed affordable housing has evolved resulting in an increased quantum of affordable housing along with improvements to the affordability including homes at Social Rent Equivalent levels.
- 2.11 The 2019 Amended Proposed Development is described as:

"A hybrid planning application comprising:

Full Planning Permission for demolition, alternations and extension of existing buildings and erection of new buildings comprising a mixed use scheme providing up to 1,418 residential units, up to 3,436 sqm GEA of flexible A1/A3/A4 floorspace, up to 14,666 sqm GEA of flexible Class D1/D2 and up to 3,311 sqm GEA of multi-use floorspace (A1/A3/A4/D1) within Building BF-F, a new secondary school, in buildings ranging from 5 to 35 storeys in height as well as the creation of a single storey basement. The development also includes communal amenity space, landscaping, children's playspace, car and cycle parking, installation of plant, new pedestrian vehicular and servicing routes, the creation of two new pedestrian routes through the Railway Arches and other associated works; and

Outline planning permission (with all matters reserved) for the part demolition and part retention of existing buildings and erection of two new buildings comprising a mixed use scheme providing up to 130 residential units and up to 780 sqm GEA of flexible A1/A3/A4/D1/Sui Generis Uses and other associated works."

- 2.12 The amendments are set out in full in the Planning Statement prepared by Gerald Eve. The primary amendment is the increase in the overall quantum of residential accommodation by 206 units and securing the delivery of 1,397 habitable rooms as affordable housing whilst retaining the design principles and significant public benefits of the development. As set out in the Planning Statement and the AHS the 2019 Amended Proposed Development delivers a quantum of affordable housing 35% by habitable rooms. This is in line the Mayor's New London Plan Policy H13 and therefore accords with the London Plan and Draft London Plan policies regarding affordable housing and Build-to-Rent development, as well as the Mayor's Affordable Housing and Viability SPG. However, as the proposed affordable housing does not fully meet the tenure split sought by LBS in their emerging draft Policy P4 of the New Southwark Plan, an updated FVA has been prepared to demonstrate that the affordable housing offer is the maximum reasonable amount.
- 2.13 A site plan illustrating the 2019 Amended Proposed Development building naming conventions is provided in Appendix 1. The 2019 Amended Proposed Development includes a level of flexibility of uses and floorspace. The FVA appraisal is based on an indicative area schedule where there are outline elements and assuming a realistic case of uses. A summary of the principle land use components across both detailed and outline components of the 2019 Amended Proposed Development is provided in the table below and a full residential tenure schedule is provided in Appendix 2.

Table 2-2 2019 Amended Proposed Development Uses and Floorspace

Land Use	GEA (sq.m)	GEA (sq.ft)	GIA (sqm)	GIA (sq.ft)	NIA (sqm)	NIA (sq.ft)
Residential Class (C3)	160,176	1,724,134	141,320	1,521,168	94,409	1,016,218
Retail (Class A1/A3/A4)	3,436	36,985	3,095	33,315	2,447	26,340
Multi Use Floorspace – building BF-F only (Class A1/A3/A4/D1)	3,311	35,640	3,151	33,917	2,656	28,589
Commercial (Class B1)	14,666	157,865	14,206	152,913	10,548	113,539
School (Class D1)	6,973	75,057	5,250	56,511	3,786	40,753
Community and Leisure (Class D1/D2)	869	9,354	816	8,783	659	7,093
Detailed Sub-Total	189,430	2,039,035	167,837	1,806,608	114,506	1,232,532
Residential (Class C3)	13,103	141,041	11,783	126,832	8,484	91,322
Flexible (Class A1/A3/A4/D1/Sui-Generis)	780	8,396	710	7,642	627	6,749
Outline Sub-Total	13,884	149,437	12,493	134,475	9,111	98,071
Overall Total	203,314	2,188,472	180,330	1,941,083	123,617	1,330,603

2.14 In total the 2019 Amended Proposed Development will provide 1,548 residential units, comprising a mix of unit sizes summarised below and enables the delivery of c.482 affordable homes enabling delivery of 35% habitable rooms as affordable housing. The residential accommodation is provided as entirely Build to Rent – details of this are included in the Planning Statement and the AHS. In addition a variety of non residential uses are provided to include a new school for 600 pupils.

Table 2-3 2019 Amended Proposed Development Residential Unit Mix

Unit Type	Number of Units	Habitable Rooms (GLA measure)	% Units	% hab rooms
Studio	132	132	8.5%	3.3%
1 bed	598	1,196	38.6%	30.0%
2 bed	615	1,845	39.7%	46.3%
3 bed	199	796	12.9%	19.9%
4 bed	4	20	0.3%	0.5%
Total	1,548	3,989	100%	100%

- 2.15 The 2019 Amended Proposed Development secures a significant increase in both the number of affordable homes and the depth of discount, including homes which are provided at social rent equivalent. Details of the affordable housing offer are set out in the AHS.

3 Planning Policy Overview

- 3.1 National, regional and local policy explains the affordable housing requirements and the circumstances where viability evidence is to be provided in support of a planning application. This section is structured to provide an overview of the policy that is adopted and emerging at the time of the FVA being prepared.

National

- 3.2 The National Planning Policy Framework (NPPF) provides the national context for planning in England, including Central Government's housing policy objectives. The NPPF was last updated in May 2019.
- 3.3 The NPPF is an important material consideration in the determination of all planning applications. The NPPF establishes that plans and decision-taking should ensure delivery of a wide choice of high-quality homes for a range of needs for today and in the future (paragraph 8(b)). An aim of the NPPF is to reduce reliance on scheme-specific viability evidence, however it is recognised that there will be circumstances where this is necessary and that the decision maker should have regard to the circumstances in the case (paragraph 57).
- 3.4 The NPPF sets out that planning authorities may give weight to relevant policies in emerging plans according to the stage of preparation of the emerging plan, the extent to which there are unresolved objections to relevant policies and the degree of consistency between the relevant policies and the NPPF (paragraph 48).
- 3.5 The National Planning Policy Guidance (NPPG) contains guidance on viability, updated in July 2018 and most recently in May 2019. The Viability section Paragraphs 10-19 set out the Government's recommended approach to standardised inputs to viability assessments albeit specific guidance is provided in relation to the Build to Rent sector as outlined below.
- 3.6 National Policy recognises the importance of Built to Rent housing to contribute to local housing needs. The NPPF defines Built to Rent as a distinct asset class as follows:

Purpose Built housing that is typically 100% rented out. It can form part of a wider multi-tenure development either flats or houses but should be on the same site and or continuous within the main development. Schemes will usually offer longer tenancy agreements of three years or more and will typically be professionally managed stock in single ownership and management control.

- 3.7 The NPPG sets 20% affordable housing as generally a suitable benchmark for the level of affordable housing to be provided (and maintained in perpetuity) in any build to rent scheme. The guidance allows local authorities to set their own proportions subject to local housing need.
- 3.8 Paragraph 19 of the Viability section of the NPPG sets out the approach to viability assessments for the build to rent sector.

The economics of build to rent schemes differ from build to sale as they depend on a long-term income stream. For build to rent it is expected that the normal form of affordable housing provision will be affordable private rent.... Developers will be expected to fully comply with build to rent policy requirements. For individual schemes developers may propose alternatives to the policy, such as variations to the discount and proportions of private rent units across a development, and the ability to review the value of a scheme (rent levels) over the duration of its life.

Regional

- 3.9 The adopted London Plan (2016) contains Policy 3.12 which seeks to secure the maximum reasonable amount of affordable housing, subject to viability on individual private residential and mixed use schemes, providing flexibility to take into account individual circumstances including development viability.
- 3.10 The Affordable Housing SPG 2017 introduces the Threshold Approach to Viability whereby the necessity to provide viability information differs depending on the amount of affordable housing being provided onsite. Schemes providing 35% affordable housing (calculated by habitable rooms) onsite, without public subsidy and that meet the specified tenure mix along with other requirements are required to submit viability evidence.
- 3.11 The preferred tenure mix is for at least 30% low cost rent, 30% intermediate and the remaining to be determined in partnership with the Local Planning Authority and the GLA. Schemes that do not meet the 35% onsite threshold, or require public subsidy, are required to submit detailed viability information which will be scrutinised by the LPA, and where relevant the Mayor.
- 3.12 Part 3 of the GLA SPG provides guidance on the preparation of viability assessments, this includes advice on the approach to development values (para 3.13-3.20), costs including developer profit (3.21-3.36) and benchmark land value (3.37-3.52) where the advice is that Existing Use Value plus premium is usually the most appropriate approach for planning purposes (para 3.47).
- 3.13 Paragraphs 3.53 onwards of the GLA SPG set out that schemes progressing through the viability route are subject to an early and late stage review mechanism. Footnote 29 also notes that if a scheme provides a higher proportion of affordable housing than what is demonstrated as viable, then this deficit will need to be overcome before surplus value is used to provide additional affordable housing. Paragraph 3.64 identifies that template formulas for review mechanisms are provided, but that while boroughs are encouraged to use these it is not a requirement.
- 3.14 Section 4 of the Affordable Housing SPG also recognises the distinct economics of Build to Rent schemes. The Mayor believes that Built to Rent development can make a particular contribution to increasing housing support through:
- Attracting investment into London's housing market that otherwise would not be there, particularly since Build to Rent is attractive to institutional investors seeking long term, inflation tracking returns
 - Accelerate delivery on individual sites as they are less prone to absorption constraints that affect the build out rates for market sale properties
 - More easily deliver across the housing market cycle as they are less impacted by house price downturns
 - Provide a more consistent and at-scale demand for off-site manufacture
 - Ensure a commitment to and investment in place making through single ownership
 - Provide better management standards and higher quality homes than other parts of the private rented sector
- 3.15 The SPG states that for Build to Rent schemes viability assessments should recognise the different starting point for example by taking into account different approaches to profit, sales and marketing and rate of sale/disposal.

- 3.16 The Draft London Plan reinforces the Threshold Approach to Viability (Draft Policy H6), with schemes being tested under the Viability Tested Route if not meeting the required threshold. The London Plan has recently been through examination, with the Inspectors Report is awaited.
- 3.17 The Draft London Plan Policy H5 Part A sets the Mayor's strategic target for 50% affordable housing across London. With specific measures in place to achieve this including requiring residential and mixed use development to provide affordable housing through the threshold approach (H6).
- 3.18 Parts C and D of Draft Policy H13 (Build to Rent) includes specific guidance for Build-to-Rent developments and the application of the 'threshold approach'. It states

"C. To follow the Fast Track Route, Build to Rent schemes must deliver at least 35 per cent affordable housing, or 50 per cent where the development is on public sector land or industrial land appropriate for residential uses in accordance with Policy E7 Industrial Intensification, co-location and substitution. The Mayor expects at least 30 per cent of DMR homes to be provided at an equivalent rent to London Living Rent, with the remaining 70 per cent at a range of genuinely affordable rents. Schemes must also meet all other requirements of Part C of Policy H6 Threshold approach to applications.

D. Where the requirements of C above are not met, schemes must follow the Viability Tested Route set out in Policy H6. Viability assessments on such schemes should take account of the differences between Build to Rent and Build for Sale development and be undertaken in line with the Affordable Housing and Viability SPG."

Local

- 3.19 The adopted Southwark Plan sets a minimum 35% affordable housing requirement on developments with 10 or more units. All outputs are subject to a viability assessment where the headline policy cannot be met. The Affordable Housing and Viability SPG identifies a tenure mix of 70% affordable housing as social rent and 30% intermediate accommodation.
- 3.20 Southwark's emerging New Southwark Plan is currently being prepared for submission for Examination. Formal Consultation on the Proposed Submission version ended in May 2019. It is anticipated it will be submitted to the Secretary of State for Examination in Autumn 2019, with an examination in public to follow early in 2020. Therefore adoption is now likely to be in the Summer 2020.
- 3.21 At present the Proposed Submission version includes maintaining the 35% affordable housing target in Draft Policy P1. Developments that provide 40% affordable housing with a policy compliant tenure mix (minimum of 35% social rent and 10% intermediate housing) can follow the Fast Track Route and will not be subject to a viability appraisal. Paragraph 1 of Policy 1 acknowledges the need to consider scheme viability when delivering affordable housing in line with national and strategic policy, stating that 35% is subject to viability.
- 3.22 Draft Policy P4 sets out LBS's policy for Built to Rent schemes. This includes providing affordable housing as Discount Market Rent (DMR) with a minimum of 35% of which 15% are to be provided at social rent equivalent and 20% at affordable rent capped at London Living rent equivalent. DMR at Social Rent Equivalent must be allocated on Southwark's housing waiting list. All other DMR homes must be allocated to households on Southwark's Intermediate Rent Housing List.

- 3.23 Viability appraisals and reviews are required for all developments that do not follow the Fast Track Route. All other development that does not meet affordable housing requirements for viability reasons will be subject to review mechanisms.
- 3.24 Southwark's Development Viability SPD (March 2016) sets out what LBS aspires to in terms of affordable housing provision and endorses the policy positions in adopted policy. The Development Viability SPD sets out the process for assessing the financial viability of a development proposal and its requirements for financial viability appraisals to be made public.
- 3.25 The SPD sets out that development proposals that trigger a planning policy requirement to provide affordable housing to provide the homes at social rent not affordable rent. Where a proposed development is not viable Southwark may apply their planning policy requirements flexibly to ensure that the development can take place. For example they may accept less affordable housing than the minimum required through policy.
- 3.26 The SPD sets out the requirements for a financial viability assessment that shows:
- The existing use value of a site, excluding hope value (its current use)
 - The value of a site assuming planning permission has been granted for a new development (the market value)
 - Whether a competitive return for the landowner and developer can be achieved, relative to the risk of development; and
 - The costs of building the proposed development that includes meeting planning policy requirements, and whether these requirements can be met, such as securing affordable housing.
- 3.27 The SPD defines a financial viability appraisal as an assessment of a scheme financial viability. It can be used to assess whether a proposed scheme of development will proceed and whether planning obligations may need to be applied flexibly to enable a marginally viable proposed scheme of development to proceed.
- 3.28 Section 6 sets out the viability appraisal inputs with the level of detail required with inputs clear, justified and in line with market norms supported with appropriate comparables or other supporting evidence. The assessment of viability is a calculation based on market assumptions, it should not take into account any specific inputs or assumptions peculiar to the applicant. Appendix 2 of the SPD details the breakdown of appraisal inputs for Financial Viability.

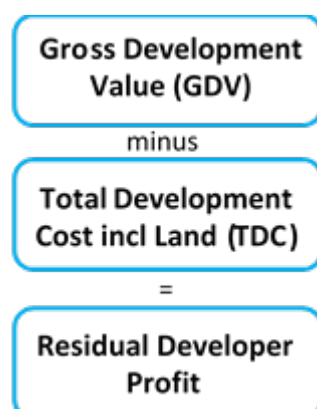
4 Approach to Viability

- 4.1 In the context of ongoing discussions regarding the scheme's eligibility for Fast Track updated viability information is provided. This ensures that in determining the 2019 Amended Development Proposals the Affordable Housing Offer can be evidenced to be the maximum reasonable.
- 4.2 This viability assessment of the scheme has been prepared on the basis of current day costs and values informed by an up to date evidence base using an approach that is consistent with guidance.

Approach

- 4.3 The Applicant has always approached viability transparently, engaging with LBS, its advisors and the GLA throughout.
- 4.4 The methodology relied upon by the Applicant is a residual appraisal methodology. The model output in this case is a profit measured as an Internal Rate of Return (IRR), referred to as Residual Developer Profit. The Residual Developer Profit is derived through the scheme Gross Development Value (GDV) minus the Total Development Costs (TDC) including Land Cost.

Figure 4.1 Approach to Viability Appraisal



- 4.5 The Residual Developer Profit is compared to a Target Profit Threshold to identify whether the proposal is a viable proposition. This is consistent with advice contained in the NPPG and the approach advocated by the GLA. Given the long-term nature of the Proposed Development and the mix of uses an IRR is considered appropriate.

The Financial Model

- 4.6 A financial appraisal of the 2019 Amended Proposed Development has been prepared using Argus Developer Software. This development appraisal package is widely used throughout the development industry and is appropriate for presenting the viable position of the type proposed.
- 4.7 Argus uses a residual appraisal methodology. The value of the completed development, development costs (including either the profit margin required or land costs) is cash-flowed over the development period and the difference between the total development value and total costs are compared.
- 4.8 The model structure provides a sound basis on which to test scheme viability and to determine the developer subsidy available from the development.

Development Timings

4.9 The development timings encompass both the construction costs and the value of the residential and non residential components.

4.10 A master programme has been prepared by Gardiner and Theobald and is provided at Appendix 3. In summary the development is split into three Phases and has been modelled to reflect this. The Buildings within each of these phases and the associated timings are summarised in the table below:

Table 4-1 Development Timing

Development Phase	Build Duration	Building/ Use
Phase 1	Demolition Commences March 2020 Construction start in December 2020 Completion in November 2023	Building 6 – School Building F – B2R Building F – Retail (A1) Building F – Retail (A3/A4) Building F – Office (B1) Building OPQ – B2R Building OPQ – DMR Building OPQ – SR Building OPQ – Retail (A1) Building OPQ – Retail (A3/A4) Building OPQ – Community (D1)
Phase 2	Demolition commences in March 2020 Construction starts in June 2022 Completion in September 2025	Building RST – BTR Building RST – Retail (A1) Building RST – Retail (A3/A4) Building U – DMR Building U (Retail A1) Building U (Retail A3/A4) Building V – DMR Building V – Community (D1) Building V – Sui Generis Building W – DMR Building W - SR Building W – Office (B1)
Development Phase	Build Duration	Building/ Use
Phase 3	Demolition commences in September 2022 Construction starts in July 2023 Completion May 2027	Building 1234 – B2R Building 1234- DMR Building 1234- Retail (A1) Building 1234 – Retail (A3/A4) Building 1234 - Office (B1) Building 1234 (Leisure D2)

Building 5 – DMR
Building 5 - SE
Building 5 – Retail (A1)
Building DE – B2R
Building DE – Retail (A3/A4)
Building DE – Office (B1)
Building DE – Leisure (D2)
Building DE – Office (B1)

- 4.11 The timing of residential value reflects that this is a Build to Rent scheme. This means it is modelled differently to a for sale scheme. Savills have advised on the timings. Marketing of the homes available to let commences 24 months prior to practical completion of each phase, this includes operational set up and an upfront marketing period, followed by a period of 12 months prior to practical completion of each phase.
- 4.12 Whilst the site has good access to public transport, it does not benefit from an established residential Build to Rent market. The investment in placemaking and the introduction of a mix of uses will be central to changing perceptions of renters and this will take time. Against this background Savills advise investors will require a period of rent stabilisation of at least one year prior to investment. To reflect this the Build to Rent rental income is capitalised one year post practical completion.
- 4.13 Critically the approach taken to rental values, yield and timing is all consistent. For example, the Build to Rent yield advised by Savills assumes rents are stabilised for a year and changes to the stabilisation period would require the yield to be revisited.
- 4.14 The affordable housing units including Discounted Market Rents and Social Rent Equivalent are assumed to be transferred to a Registered Provider. To reflect this staged payments are assumed throughout construction period of each building on the basis of 25% payment at golden brick and the remainder spread across the build programme.
- 4.15 The marketing of the commercial units commences 24 months prior to practical completion of each phase. The commercial rental income is capitalised at practical completion. There are also allowances for tenant incentives and voids, informed by the advice provided by Savills and BGP.

Build to Rent

- 4.16 The distinct economic characteristics of Build to Rent is acknowledged at all levels of planning policy, requiring adjustments to aspects of the traditional for sale viability approaches. The approach taken in the FVA reflects that this is a Build to Rent scheme.
- 4.17 The approach taken to establishing the net investment value of the completed Build to Rent asset is:
- Savills value gross rent per week per unit – this is further detailed below.
 - Translate gross rent into a £/sq.ft per annum value per block
 - Deduct Operational Expenditure (OPEX) to include voids and bad debts, management, repairs and maintenance, letting and marketing – this is further detailed below
 - Capitalised net income calculated using an appropriate yield – this is further detailed below.

- Purchaser costs and reasonable legal fees deducted from the capitalised net income to residualise a net investment value or Net Development Value.

4.18 This receipt is realised one year post practical completion of the relevant phase. This allows for stabilisation of the asset, as set out above. Individual inputs to each element of the build to rent valuation i.e. rent, operational costs and yield are set out below.

Market Rents

- 4.19 Savills have been advising on the Built to Rent values throughout. They have taken a consistent and thorough appraisal whereby the rent of each individual unit is priced having regard to its location, amenity and other attributes such as outlook. The focus is on established achievable weekly rents for each unit type rather than simply having regard to £ psq ft. In approaching pricing a critical consideration is the scale of the development proposed. Savills note there is no precedent for this quantum of bespoke rental units delivered at the price point that is being assumed which will affect absorption rates.
- 4.20 The pricing is informed by Build to Rent evidence, focusing on achieved rents, from across London based on rental value per week/ month. The resultant £ sq.ft/pa average are provided as a means of summary and comparison but do not underpin the valuation, as they are skewed by unit type, size etc.
- 4.21 The comparables and the scheme pricing have been continually updated. In coming to their opinion on values Savills have applied different weight to different schemes depending on the unit being priced, rather than a generic site wide approach which would not be appropriate for a scheme of the scale and variance in unit type, outlook, location etc.
- 4.22 Savills have identified a value hierarchy for the scheme reflecting the individual block circumstances for example Buildings BF-RST are valued at the highest rents, translating into a higher £ sq.ft given their location within the heart of the masterplan and proposed height and design; whilst Building BF-F is considered to be a higher value plot than Building BF-OQ due to the unique architecture, heritage and aspect and amenity space. A rent pricing map has been prepared which illustrates this variance across the scheme.
- 4.23 When considering the Original 2017 Masterplan Application LBS' advisors concluded that higher rents should be assumed for the purposes of the viability assessment. At the time Savills reviewed GVA's comments and expressed concerns regarding the approach being taken. Most notably the use of a flat rate £ sq.ft/pa across the tenure build to rent area. This is considered an inappropriate approach particularly as GVA's justification was on the basis of aligning with rents at the higher end of the rental spectrum (for example One Tower Bridge and Pan Peninsula). The implications of the approach taken by GVA is to overstate rents because:
- GVA relied on asking rents rather than achieved rents.
 - Variances were not made to allow for the individual attributes of the units and the assumed weekly/monthly rents were not provided.
 - Application of an average £ sq.ft pa instead of pricing on an individual unit basis is overly simplistic for a scheme of the scale being proposed, failing to reflect the nature of the rental market and how tenants compare properties.
- 4.24 In the context of preparing the viability to support the 2019 Amended Proposed Development Savills have further reviewed their approach having regard to GVA's previous comments. They have drawn

on up to date comparable and priced the amended scheme. A copy of their pricing and comparable evidence is included in Appendix 4.

4.25 The annual rent is calculated by applying the £sqft for each Build to Rent unit resulting in an average of £37.93 sqft/pa. Of note:

- Rents are at stabilisation – as set out above Savills have advised rents would be reduced during the initial let up period. Therefore the rents are assumed post a one year stabilisation period.
- Strong market conditions are assumed
- Pricing assumes a high-quality internal specification and quality of finish in accordance with market expectations which included certain floor to ceiling heights, layouts and a warehouse style aesthetic
- Onsite amenities and services commensurate with the pricing.

4.26 A summary of the residential pricing is provided below:

Table 4-2 Summary of Residential Pricing

Unit Type	No. of Units	Gross Rent (p/w)			Gross Rent (£/sq.ft pa)		
		Min.	Av.	Max.	Min.	Av.	Max.
Studio	132	£29.76	£41.41	£53.41	£320	£392	£570
1 bed	598	£31.98	£42.50	£54.86	£390	£474	£630
2 bed	615	£26.81	£36.10	£46.12	£470	£564	£725
3 bed	199	£28.93	£34.84	£42.51	£620	£685	£830
4 bed	4	£28.64	£28.64	£28.64	£680	£680	£680
Total	1,548			£37.93			£522

4.27 The average gross rent equates to £37.93 per sq.ft per annum. A summary of the average £/sq.ft/pa rate applied to the BTR floorspace in each block as follows:

- Building RST - £41.91 £psf pa
- Building Q - £35.87 £psf pa
- Building F - £38.25 £psf pa
- Building 1234 -£35.08 £psf pa
- Building DE - £38.75 £psf pa

OPEX Costs

4.28 The operational costs of Build to Rent have been the subject of protracted discussions between the Applicant and the LBS's advisor. This cost includes an allowance for voids and bad debts, management, repair and maintenance, letting and insurance amongst other costs. Previously a 30% discount was applied to the Build to Rent units and 40% to the DMR units by the Applicant supported by evidence that demonstrates that a £sq ft approach is more robust and accurate compared to applying a percentage. Critical to the approach is that many of the costs associated with the operation of Build to Rent are fixed and not proportionate to rent. GVA assumed 25% of gross rents.

- 4.29 With the objective of providing an assessment of viability with least areas of dispute to LBS's advisors operational costs have been modelled on the basis of 25% for both the Build to Rent and Affordable Homes. This does not reflect the Applicant's view of the costs of operating the scheme and this should be taken into account when interpreting the appraisal outputs.

Yield

- 4.30 A net yield of 3.5% has been applied to the Build to Rent net operating income for the investment sale in line with current market expectations.
- 4.31 There is limited publicly available data for transactional exchanges and current bidding on residential market deals. Supporting evidence was provided by Knight Frank and CBRE to support the original 3.5% representing the keenest forecast for Zone 2 prime assets and the South East.
- 4.32 The Site has good access to public transport, in parts, but the underlying rental market is not yet established. For this reason, Grosvenor consider it is not appropriate to apply a prime yield in line with the CBRE prime forecast.

Car Parking Value

- 4.33 The 2019 Amended Proposed Development comprises 46 car parking spaces, all of these spaces will be used for Blue Badge holders to meet policy requirements, therefore there is no revenue generated from these spaces.

Affordable Housing Values

- 4.34 The affordable housing proposals are set out in Affordable Housing Statement. This details that the Social Rent Equivalent units are to be provided at Target Rent levels and Discount Market Rent units provided on maximum household incomes of £60,000 pa in line with GLA requirements.
- 4.35 The approach to valuing the affordable housing units has been to maintain the approach taken by GVA in the 2017 Original Masterplan Application by applying a rent psf and capitalising with a yield.
- 4.36 On this basis the Social Rent Equivalent units provided at Target Rent Levels equates to a rent per sq.ft over annum of £11.91. The DMR units rent levels equates to a rent per sq.ft per annum of £26.86.
- 4.37 A net yield of 3.5% has been applied to these homes, consistent with the approach taken to the Build to Rent homes. We consider that this approach is overstating the value that a Registered Provider would pay for these units based on our experience, but at this stage we have maintained this approach to narrow the areas of difference.

School Valuation

- 4.38 Assumptions relating to the school are consistent with 2017 Original Masterplan given this element of scheme is unchanged. An adopted rent of £25.77psf per NIA (40,752sqft) is capitalised using a net initial yield of 4.25% reflecting the security and covenant strength associated with education partners. The capitalised rent generates a GDV of £24.7m for the New School.

Commercial Values

- 4.39 The assumptions adopted in this FVA are consistent with those assumed by GVA with the intention of minimising areas of difference for the purpose of this viability assessment. These are considerably

higher than those previously evidenced by Grosvenor's advisors within the 2017 Original Application and as such risk over stating the value of this component of the scheme. This should be taken into consideration when reviewing the outputs of the viability.

4.40 A summary of the commercial values adopted in the appraisal is set out below:

Table 4-3 Commercial Floorspace Values (GVA)

Use Class	NIA (sq.ft)	Rent (£/sq.ft pa)	Rent Free/Void	Yield
Retail (A1)	31,948	£45	12	4.75%
Retail (A3/A4)	32,541	£45	12	4.75%
Office (B1)	126,878	£40	24	5.75%
Ground floor Office (B1)	7,718	£25	12	6%
Community (D1)	4,316	£25	12	6%
Community (D2)	6,114	£45	12	6%
Sui Generis	1,469	£17.50	12	6.25%
Total	211,011*	Annual Rent £8.5m	Capitalised Value £145m	

*excludes School area

4.41 Valuation advice has been provided by Savills and BGP on a current day basis who confirm in their opinion values that are achievable in this location having regard to the type of space available would be significantly less in terms of rent and yield for all floorspace with the exception of B1.

4.42 BGP recognise that the retail market in Central London and the London suburbs is currently undergoing a significant change in terms of supply and demand and rental growth. Over the last two years, uncertainty surrounding the impact of Brexit and general occupational pressure on retailers has resulted in rents either declining or plateauing in all but a very few central locations. BGP consider there to be no reason why Bermondsey would offer an exception to the trends seen across London in respect of the retail market. They consider the following values to be appropriate and a copy of the advice provided by Savills and BGP is provided in Appendix 5.

Table 4-4 Commercial Value Assumptions (BGP/ Savills)

Use Class	NIA (sq.ft)	Rent (£/sq.ft pa)	Rent Free/Void	Yield
Retail (A1)	31,948	£23.50	12	6%
Retail (A3/A4)	32,541	£27	12	6.25-6.5%
Office (B1)	126,878	£40	24	6.25%
Ground floor Office (B1)	7,718	£20	12	6%
Community (D1)	4,316	£10	12	6%
Community (D2)	6,114	£20	12	6.5%
Sui Generis	1,469	£15	12	6.75%
Total	211,011*	Annual Rent £7m	Capitalised Value of £103m	

* excludes School area

- 4.43 The tables above summarise the areas of difference which equates to c£1.5m difference in annual rent and c£42m difference in capitalised value. However for the purposes of reaching agreement on matters, Quod have modelled the higher values set out by GVA.

Build Costs

- 4.44 To inform the 2017 Original Masterplan an elemental cost plan has been prepared by Tower Eight. This was reviewed on behalf of LBS and costs were accepted within a small margin of tolerance. Base build cost variance was 1.7% and Additional Costs 0.6% differential. Given the design stage at RIBA Stage 2 and 3 Tower Eight would anticipate their estimate or any other estimate prepared by a competent quantity surveying practice to have a margin of error. It would be normal to expect this margin to range between 1.0% to 3.0% given this early stage of design. To take into account the changes in the 2019 Amended Proposed Development which include the additional density proposed an addendum to the full cost plan has been prepared. The additional 206 units proposed increases the total build cost from £447m to £527m, with a 1.7% variance this would be £518m.
- 4.45 A copy of the addendum is attached which evidences total build cost of £527m and £67m of other costs in Appendix 6.

School Build Costs

- 4.46 An elemental cost plan for the new secondary school was prepared for the 2017 Masterplan Application by Stockdale. Total build costs are £17.9m, this assumption has been maintained for the 2019 Masterplan Application, a copy of the cost plan previously provided is attached in Appendix 7.

CIL & S106

- 4.47 To reflect the 2019 Amended Proposed Development revised Mayoral and Borough CIL calculations have been provided. These include taking into account the increased floorspace proposed across the scheme and new Mayoral CIL rates to reflect MCIL2 that was adopted in April 2019.
- 4.48 Estimated total costs are:
- Mayoral CIL - £19,145,393
 - Borough CIL - £5,618,912
- 4.49 S106 costs within the appraisal have been maintained at £5,000 per unit and therefore have increased proportionally to reflect the 206 additional units proposed on a without prejudice basis. Total S106 is estimated at £7,740,000. These costs would allow for such items as:
- Connection to a District Heating Network
 - Children's Playspace Contribution (11+ only)
 - Employment and Enterprise
 - Provision of Open Space onsite
 - Site specific transport measures
 - Strategic transport

Professional Fees

- 4.50 Professional fees have been assumed at 10% of total build costs reflecting the assumption previously assumed by GVA. This is below the 12% rate applied by the Applicant within the 2017 Original Masterplan and therefore risks these costs being understated. The Applicant is however seeking to provide an assessment of viability which reflects the comments of GVA previously with the intention of minimising areas of difference to assist with the determination of the application.

Contingency

- 4.51 The original cost plan prepared by Tower Eight did not include an allowance for design development and construction contingency, or developer risk or contingency.
- 4.52 An allowance of 7.5% of the total construction costs has been included within the appraisals for a design development and construction contingency, and an allowance of 2.5% total construction contingency has been included within the appraisal for developer risk and contingency. This is considered appropriate given the scale and complexity of the scheme proposed. GVA reviewed and accepted this contingency level.
- 4.53 It is important to note that for the purposes of reaching agreement the 3% development management fees and Other Development costs totalling £15.7m (non-recoverable VAT, NHBC/warranties and neighbourly matters) that were included in the 2017 Original Masterplan application have been removed as part of this 2019 Amended Proposed Development appraisal.

Sales Marketing & Disposals & Purchaser Costs

- 4.54 The following assumptions have been assumed consistent with current market assumptions and reflect the previous agreed position:
- Build to Rent and DMR Pre-Marketing Budget – 0.5% of GDV
 - Commercial Marketing Budget – £2psf
 - Commercial Letting and Agent Fees – 10% and 5% of annual rent received
 - Sales Agent Fee – 1% of GDV
 - Sales Agent Fee – 0.5% of GDV
- 4.55 Purchaser costs of 6.8% have been assumed on the investment sale of the build to rent affordable and commercial units. This assumption comprises 5% stamp duty, 1% agency fees and 0.8% legal fees.

Benchmark Land Value

- 4.56 To support the Original 2017 Masterplan Application detailed evidence base was provided to evidence the Site Benchmark Land Value in accordance with planning policy and best practice guidance, considering the sites Existing Use value, Alternative Use and Market Value.
- 4.57 The agreed approach is to utilise the income from the Existing Uses on the Site as the basis of the Existing Use Value. The applicant adopted a benchmark of £38m, with no premium applied given existing values derived on the basis of letting vacant or non-income producing units and renegotiating leases.
- 4.58 The LBS's assessor agreed with the approach made by DS2 but made minor adjustments to rents and yield to a number of buildings resulting in a EUV of £33m.

- 4.59 While the Applicant does not agree with the reduction made by the LBS's assessor, for the purposes of reaching agreement on viability the lower benchmark of £33m has been assumed.

Target Return Threshold

- 4.60 In the 2017 Original Masterplan Application the use of an Internal Rate of Return was agreed as the most appropriate measure for development profit given the type of development proposed. The expected cashflow, including land price, can be discounted at a discount rate which gives a zero Net Present Value which can be compared with the developer's required rate of return or a market risk adjusted rate of return. The IRR is a commonly used and accepted form of target return for development projects.
- 4.61 The Applicant's target profit threshold of 12% Ungeared IRR was set out in the 2017 Original Masterplan Application. This profit threshold remains the Applicant's targeted return.

5 Modelling Outcomes

- 5.1 This section of the FVA summarises the outputs of the viability appraisal.
- 5.2 On the basis of the approach taken informed by the previous section assuming 35% affordable housing on a 30:70 social rent equivalent: DMR the scheme IRR is 6.53%. A copy of this appraisal is provided at Appendix 8. This is below the Applicants targeted IRR of 12% evidencing that the affordable housing offer is in excess of what is the maximum reasonable requirement.

Table 5-1 Summary of Scheme Viability

Scheme Revenue	
Total Revenue	£927,390,764
Scheme Costs	
Total Development Costs	£914,096,991
Appraisal Outcome	
Profit	£13,293,773
IRR	6.53%

- 5.3 In considering the IRR of 6.53% it is important to consider the approach that has been taken, which is to minimise areas of difference between the Applicant and the position previously reported by LBS.
- 5.4 These differences in inputs have been reviewed for this updated FVA to accompany the 2019 Proposed Amended Scheme. It is evident that the approach taken is to provide a viability position which seeks to align with the LBS approach in respect of key areas namely:
- Benchmark Land value
 - Operational Costs
 - Professional Fees
 - Other Costs

Table 5-2 Comparison of Outputs

Input	2017 Applicant Position	2017 LB Southwark Position	2019 Applicant Position	Agree or Disagree
Benchmark Land Value	£38m	£33m	£33m	Agree
Construction Costs	£465m	£455m	£527m	Marginal Difference
Operating Costs	30% private 40% DMR	25% private 23% for DMR	25% private 25% for AH	Agree
Residential Market Rents	£37.81psf	£40psf	£37.93psf	Disagree

Yield	3.5% private 3.75% DMR	3.25% private 3% for DMR	3.5% private 3.5% for DMR	Disagree
Professional Fees	12%	10%	10%	Agree
Other Costs	£15.6m	not included	not included	Agree
Profit Surplus/Deficit	-£189m	£101m	£13m	
Output (IRR)	-1.94%	10.01%	6.53%	

- 5.5 The areas of difference relate to the rent levels assumed for the private Build to Rent units and yield. The basis for this differential has been explained in the preceding sections. The approach taken by Savills is considered to be robust and provides an accurate basis on which to assess the scheme viability. It should be noted that the outputs of the appraisal should have regard to Applicant's approach which has been to align with the LBS position even where this is not considered to be robustly evidenced, for example OPEX and commercial values.

6 Conclusions

- 6.1 This Financial Viability Assessment has been submitted to support amendments to the Masterplan Application for the redevelopment of the Former Peek Frean Biscuit Factory Site and the Bermondsey Campus Site. It has been prepared by Quod on behalf of Grosvenor.
- 6.2 Quod were appointed to advise on the Masterplan Application following recovery by the Mayor and have looked at matters afresh, particularly focusing on the previous areas of disagreement between the Applicant and the Council. These areas have been reviewed and LBS position has been accepted in relation to Benchmark Land value, Operational Costs, Professional Fees and Other Costs. There were marginal differences with regard to build costs. The key areas of difference related to the rent levels for the private Build to Rent units and yield. These have been revisited and up to date assumptions provided by Savills. The approach taken by Savills to establishing the rents has been reviewed and is considered to be robust in the approach, scheme specific, detailed informed by appropriately adjusted comparable market evidence.
- 6.3 Against this background the financial appraisal demonstrates that the proposed affordable housing offer of 35%, 30:70 Social Rent Equivalent: DMR derives a 6.53% Ungeared IRR. This is below the Applicant's targeted return of 12%. This evidences that the affordable housing proposals, along with the wider package of benefits, is in excess of the maximum reasonable amount that can be justified on the basis of viability alone.
- 6.4 A summary of the key findings of the Statement are set out in Table 6.1 below:

Table 6-1 Summary of Financial Appraisal

Scheme Revenue	
Total Net Revenue (NDV)	£927,390,764
Scheme Costs	
Total Development Costs	£914,096,991
Appraisal Outcome	
Residual Profit	£13,293,773
IRR	6.53%
Target IRR	12%



APPENDIX 1

2019 AMENDED PROPOSED DEVELOPMENT SITE PLAN

Existing Building Naming & Zoning

*for illustrative purposes only



APPENDIX 2

2019 AMENDED PROPOSED DEVELOPMENT USES AND FLOORSPACES

Unit Number (by Component / Tenure)							
Component	Tenure	Studio	1 bed	2 bed	3 bed	4 bed	Total
Detailed	Private	132	432	412	90	0	1,066
	DMR	0	60	96	56	0	212
	Social Rent Equivalent	0	43	57	36	4	140
	Total	132	535	565	182	4	1,418
Outline	Private	0	0	0	0	0	0
	DMR	0	63	50	17	0	130
	Social Rent Equivalent	0	0	0	0	0	0
	Total	0	63	50	17		130
Total by tenure	Private	132	432	412	90	0	1,066
	DMR	0	123	146	73	0	342
	Social Rent Equivalent	0	43	57	36	4	140
Total by unit		132	598	615	199	4	1,548
		8.5%	38.6%	39.7%	12.9%	0.3%	100%

Table 2 - Masterplan Planning Application Areas (ALL USE CLASSES)
09/08/19 - GLA SCHEME - DESIGN FREEZE 3

Area Measurement	Component	Proposed Land Use "up to" sqm							Total (by component)	Total Area of Hybrid Application
		Class C3 - Residential	Class B1 Office	Class A1/A3/A4 - Retail	Class A1/A3/A4/D1 - Multi Use Floorspace (BF-F retail)	Class D1/D2 - Community and Leisure	Class D1 - School	Class A1/A3/A4/D1/SG - (Outline Component only)		
GROSS EXTERNAL AREA sqm	Detailed	160,176	14,666	3,436	3,311	869	6,973	0	189,430	203,314
	Outline	13,103	0	0	0	0	0	780	13,884	
	Total	173,279	14,666	3,436	3,311	869	6,973	780	203,314	
GROSS INTERNAL AREA sqm	Detailed	141,320	14,206	3,095	3,151	816	5,250	0	167,837	180,330
	Outline	11,783	0	0	0	0	0	710	12493.195	
	Total	153,103	14,206	3,095	3,151	816	5,250	710	180,330	
NET INTERNAL AREA sqm	Detailed	94,409	10,548	2,447	2,656	659	3,786	0	114,506	123,617
	Outline	8,484	0	0	0	0	0	627	9,111	
	Total	102,893	10,548	2,447	2,656	659	3,786	627	123,617	

Note: Net Internal area for School is approximate only.

Note: GIA and GEA areas include ancillary spaces

Note: No change to BC-1234 or the School

BUILDING BY BUILDING TABLES

		Proposed Land Use "up to" sqm								
Area Measurement	Building	Class C3 - Residential	Class B1 Office	Class A1(A3/A4 - Retail	Class A1(A3/A4/D1 - Multi Use Floorspace (BF-F retail	Class D1/D2 - Community and Leisure	Class D1 - School	Class A1(A3/A4/D1/ SG - (Outline Component only)	Total (each building)	Total Area of Each Phase
Phase 1										
GROSS EXTERNAL AREA sqm	School	0	0	0	0	0	6,973	0	6,973	59,196
	BF-F	20,046	8,155	0	3,311	0	0	0	31,512	
	BF-OQ	13,483	0	205	0	204	0	0	13,893	
	BF-P	6,530	0	289	0	0	0	0	6,818	
Phase 2										
GROSS EXTERNAL AREA sqm	BF-RST	58,612	0	1,422	0	0	0	0	60,034	82,005
	BF-W	7,719	369	0	0	0	0	0	8,088	
	BF-U	5,638	0	0	0	0	0	351	5,989	
	BF-V	7,465	0	0	0	0	0	429	7,895	
Phase 3										
GROSS EXTERNAL AREA sqm	BF-DE	20,196	5,788	154	0	206	0	0	26,343	62,112
	BC-1234	29,020	354	982	0	459	0	0	30,815	
	BC-5	4,570	0	384	0	0	0	0	4,954	
Total by land use (GEA)		173,279	14,666	3,436	3,311	869	6,973	780	203,314	203,314

Note: Net Internal area for School is approximate only.

Note: GIA and GEA areas include ancillary spaces

Note: No change to BC-1234 or the School

		Proposed Land Use "up to" sqm								
Area Measurement	Building	Class C3 - Residential	Class B1 - Office	Class A1(A3/A4 - Retail	Class A1(A3/A4/D1 - Multi Use Floorspace (BF-F retail	Class D1/D2 - Community and Leisure	Class D1 - School	Class A1(A3/A4/D1/ SG - (Outline Component only)	Total (each building)	Total Area of Each Phase
Phase 1										
GROSS INTERNAL AREA sqm	School	0	0	0	0	0	5,250	0	5,250	53,372
	BF-F	18,462	8,019	0	3,151	0	0	0	29,631	
	BF-OQ	11,992	0	180	0	180	0	0	12,352	
	BF-P	5,881	0	258	0	0	0	0	6,139	
Phase 2										
GROSS INTERNAL AREA sqm	BF-RST	50,081	0	1,252	0	0	0	0	51,333	70,733
	BF-W	6,594	312	0	0	0	0	0	6,907	
	BF-U	5,125	0	0	0	0	0	322	5,446	
	BF-V	6,659	0	0	0	0	0	388	7,047	
Phase 3										
GROSS INTERNAL AREA sqm	BF-DE	17,405	5,546	138	0	187	0	0	23,276	56,225
	BC-1234	26,751	329	921	0	449	0	0	28,450	
	BC-5	4,153	0	347	0	0	0	0	4,500	
Total by land use (GIA)		153,103	14,206	3,095	3,151	816	5,250	710	180,330	180,330

Note: Net Internal area for School is approximate only.

Note: GIA and GEA areas include ancillary spaces

Note: No change to BC-1234 or the School

		Proposed Land Use "up to" sqm									
Area Measurement	Building	Class C3 - Residential	Class B1 Office	Class A1/A3/A4 - Retail	Class A1/A3/A4/D1 - Multi Use Floorspace (BF-F retail)	Class D1/D2 - Community and Leisure	Class D1 - School	Class A1/A3/A4/D1/SG - (Outline Component only)	Total (each building)	Total Area of Each Phase	
Phase 1											
NET INTERNAL AREA sqm	School	0	0	0	0	0	3,786	0	3,786	37,938	
	BF-F	12,183	6,272	0	2,656	0	0	0	21,111		
	BF-OQ	8,378	0	148	0	148	0	0	8,673		
	BF-P	4,156	0	212	0	0	0	0	4,368		
Phase 2											
NET INTERNAL AREA sqm	BF-RST	31,971	0	938	0	0	0	0	32,909	47,071	
	BF-W	4,781	270	0	0	0	0	0	5,051		
	BF-U	3,526	0	0	0	0	0	289	3,815		
	BF-V	4,958	0	0	0	0	0	338	5,296		
Phase 3											
NET INTERNAL AREA sqm	BF-DE	12,111	3,736	104	0	142	0	0	16,094	38,607	
	BC-1234	17,922	271	757	0	369	0	0	19,319		
	BC-5	2,908	0	287	0	0	0	0	3,195		
Total by land use (NIA)		102,893	10,548	2,447	2,656	659	3,786	627	123,617	123,617	

Note: Net Internal area for School is approximate only.

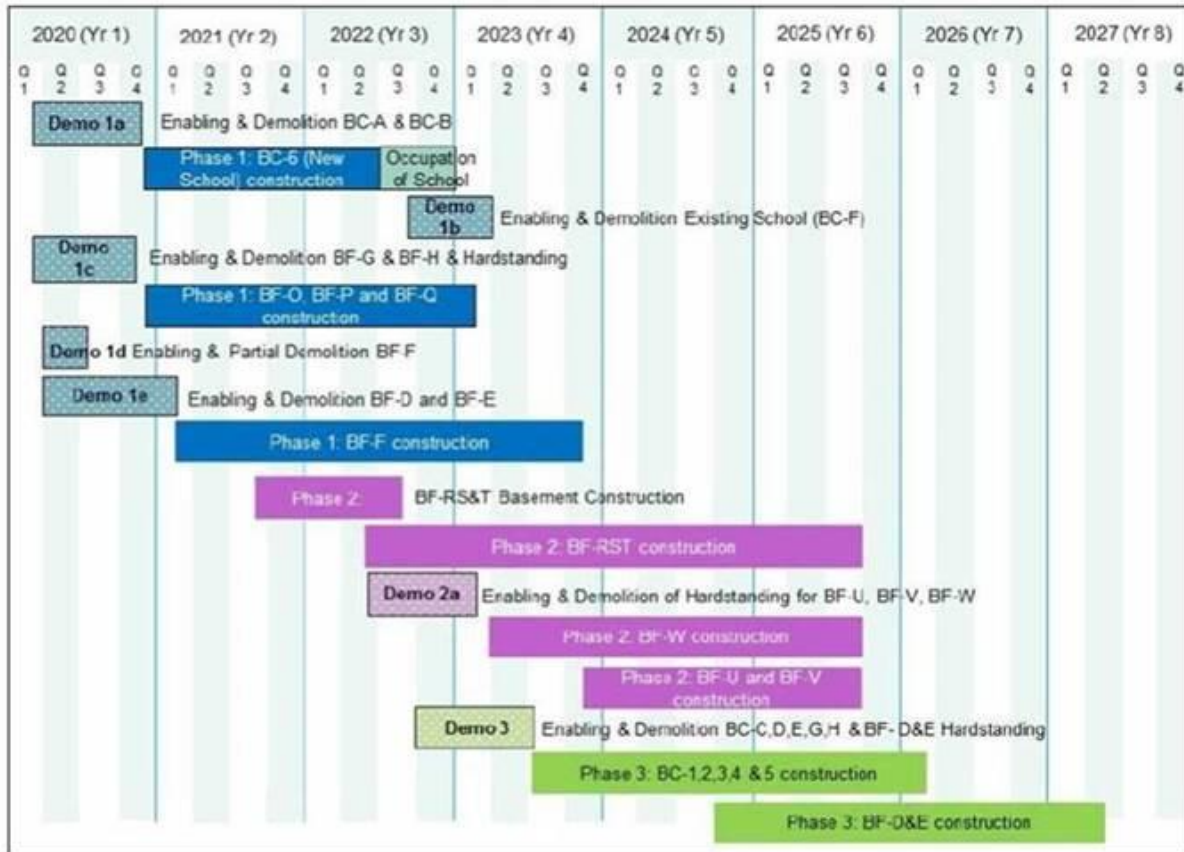
Note: GIA and GEA areas include ancillary spaces

Note: No change to BC-1234 or the School

APPENDIX 3

MASTER PROGRAMME

Appendix 4 - Bermondsey – Programme



Building Breakdown

Building	Demo Start	Demo End	Construction Start	Construction End
F	01/03/20	28/02/21	01/03/21	30/11/23
OPQ	01/03/20	30/11/20	01/12/20	28/02/23
School	01/03/20	30/11/20	01/12/20	23/12/22
RST	Inc.	Inc.	01/06/22	30/09/25
U+V	Inc.	Inc.	01/11/23	30/09/25
W	Inc.	Inc.	01/04/23	30/09/25
D+E	Inc.	Inc.	01/10/24	31/05/27
Campus	01/09/22	30/06/23	01/07/23	28/02/26

APPENDIX 4

SAVILLS PRICING AND COMPARABLES

The Bermondsey Project Residential Rental Value Assumptions

Summary of and Update to FVA Evidence Base

PRIVATE AND CONFIDENTIAL

The Bermondsey Project – Residential Rental Value Assumptions

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The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with the 's' in a darker shade than the 'avills'.

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1. Introduction

1.1. Purpose of Report

This report has been prepared by the specialist Consultancy team within the London Residential Development Department of Savills UK Ltd. This report is an addendum to our original report produced for the Financial Viability Assessment (FVA) for The Bermondsey Project, and provides an update to our residential rental value assumptions and evidence base.

Following the direction by the Mayor to take over the Masterplan Application and act as local planning authority in its determination, a series of discussions the GLA and the Applicant have taken place. These have resulted in proposed amendments to the Original Masterplan Application, which seek to address LB Southwark's reasons for refusal.

These include an increase in the quantum of affordable housing through an increase in the number of homes (c.1,548, c.206 additional homes to the original application) in appropriate locations on the Site and resultant changes to other aspects of the Masterplan including residential quality, townscape, landscaping and public realm and transport and servicing are also proposed.

In this report we will set out our approach in coming to our residential rental value assumptions, including:

- Selection and considered hierarchy of the evidence base
- Analysis of the evidence base
- Approach to values

1.2. Savills Role

Our team are currently advising on the delivery of over 50,000 residential units across London, with extensive knowledge of the London residential sales and rental market. We are also the appointed residential development advisors for this project and as a result have an in-depth knowledge of the masterplan and the local market.

Please note any advice contained or attached in this report is informal and given purely as guidance unless otherwise explicitly stated. Our views on price are not intended as a formal valuation and should not be relied upon as such. They are given in the course of our estate agency role.

No liability is given to any third party and the figures suggested are in accordance with Professional Standards PS 1 and PS 2 of the RICS Valuation – Professional Standards (PS 1.5 - VPS 1-5 exceptions), effective from 1st July 2017. Any advice attached is not a formal ("Red Book") valuation, and neither Savills nor the author can accept any responsibility to any third party who may seek to rely upon it, as a whole or any part as such. If formal advice is required this will be explicitly stated along with our understanding of limitations and purpose.

2. Market Context

2.1. London Rental Market Context

Rents have been softening since the introduction of the 3% stamp duty surcharge which came into effect on the 1st April 2016, with the EU Referendum causing additional uncertainty. This has partly been exacerbated by an increase in competing rental supply, given the level of international investment buying activity seen across both the second hand and new build sectors. There has also been an increase in accidental landlords in markets most affected by price falls. With more rental product on the market, tenants have had more choice to find properties of the best value and best condition. Whilst rents are still falling, they are doing so at a slower pace compared to quarterly numbers in 2016 and 2017. This may be as a result of more buyers opting to rent given the high costs of stamp duty and underlying political and economic uncertainty.

Whilst demand for the private rental sector (PRS) remains strong due to tightening access to mortgage finance, changing lifestyles, and changing demographics, these high levels of supply in the Prime London market means that tenants are focused on finding value and best-in-class properties. Tenants are now likely to prioritise the specification and price of the property over its location and there has been a noticeable trend of prime tenants moving to neighbouring boroughs in search of value.

Demand for prime rentals and the spending power potential will be largely dictated by the impact of Brexit on employment and earnings in key industries such as finance, technology and professional services. The pressure on the buy to let market, with stamp duty and cuts to interest rate relief could mean less secondhand stock coming to the market. This may help balance the supply demand dynamic. However, the large new build pipeline in London is likely to limit any significant rental growth.

2.2. London BTR Market Context

The build to rent market only really emerged in the UK after 2012, stimulated by the Montague Review (2012) and the raft of measures that were introduced following the review.

Since the original FVA in October 2017, The Build to Rent (BTR) sector has continued to grow; the total number of new BTR units completed, under construction, or in the planning pipeline in the UK stood at just under 143,000 as at Q2 2019, a 17% increase on Q2 2018. This rapid growth highlights the momentum of the sector which continues to attract significant investment, from both overseas and domestic institutional investors. In London, there are now over 17,000 completed BTR homes, with a further 16,000 under construction, and 41,000 in various stages of the planning process. The majority of these are still in developments of under 250 units.

Earnings fell in real terms in 2017 and 2018, as inflation ran above the Bank of England's target of 2%. In the past, rental growth in London has been able to outperform earnings, as renters formed larger households with friends to split their rental bill. This trend seems to have reached its limit. London rents continued to soften in Q2 2019, with Prime London rents falling by -0.1% in the year to Q2 2019. With rental affordability in London stretched, weaker growth is likely in the short term.

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3. Summary of FVA Value Position

Below is a detailed summary of our October 2017 FVA pricing for reference, broken down by unit type and by development plot. Each unit has been individually priced according to its attributes. We note that the 'average' position for the masterplan as a whole and the individual plots then have been derived by taking the sum of these individual unit rental values to get a total rent, then dividing this by the total number of units and total area respectively.

Unit Type	Av Size (Sq Ft)	Av Rent (PW)	Av Rent (PCM)	Av £psf pa
Studio	490	£384	£1,665	£40.75
1B	580	£469	£2,032	£42.03
2B	775	£526	£2,280	£35.30
3B	1,021	£695	£3,014	£35.41
ALL	702	£510	£2,211	£37.81

Plot	No. Units	Av Size Sq Ft				Av Rent (PW)				Av £psf pa
		S	1	2	3	S	1	2	3	
R, S & T	390	504	581	774	1,189	£411	£514	£576	£769	£42.02
U	56	414	572	763	974	£300	£425	£492	£643	£35.68
V	69	-	558	763	1,027	-	£420	£468	£700	£35.32
W	45	-	564	733	1,213	-	£403	£466	£717	£32.87
D & E	131	459	581	814	1,053	£380	£470	£535	£732	£36.97
F	177	592	608	802	1,074	£438	£493	£568	£793	£39.12
P	49	433	562	768	959	£322	£444	£508	£667	£36.33
O & Q	126	441	571	774	970	£334	£435	£487	£653	£35.94
1 – 4	263	432	564	793	953	£328	£432	£501	£640	£35.47
5	37	436	572	779	1,085	£312	£407	£475	£679	£34.07
	1,343	490	580	775	1,021	£384	£469	£526	£695	£37.81

This results in an overall average rent of £510 per week (equating to £37.81 per sq ft per annum) across the masterplan.

4. Savills Value Approach

4.1. Overview of Value Approach

When coming to our opinion of value for the proposed units, we adopted the following approach:

1. Collection of comparable evidence

Data assembly of achieved and asking rental values from suitable value benchmarks, including operational PRS schemes as well as relevant individual buy-to-let units in local new build schemes.

2. Analysis of comparable evidence

Analysis of the evidence base on a rental value per week basis, taking into account factors including the scheme tenure, scale, location, transport links, local amenity provision, unit typologies, residents' amenity provision, specification, transaction date and completion date.

3. Unit by unit pricing

Unit by unit pricing of the proposed scheme adopting a consistent approach to 'base weekly rents' for each unit type and size, with adjustments added for that unit's position within the scheme, aspect, floor level and private amenity provision. We have used our extensive knowledge and understanding of the site and the scheme proposals to come to suitable adjustments depending on each of these factors.

Common to all schemes of scale, there will be a range of values across the site. We have analysed each plot based on its position within the masterplan, the nature of the proposed buildings, and the likely aspects. This has contributed to what we consider to be an appropriate resulting hierarchy of value across the site. A brief summary of the respective value drivers and constraints of each individual plot is outlined below:

Block	Value Hierarchy	Rationale
R, S & T	+++	Centre of the masterplan, access to in-building residents' amenities, prestige of being the tallest buildings in the masterplan, potential for iconic and far reaching views from the upper floors of S & T
F	+++	Centre of the masterplan, heritage features, impressive ground floor lobby, in-building residents' amenities, unique unit types on the retained floors
D & E	++	Close to the centre of the masterplan, potential for some iconic and far reaching views from the upper floors, but some units will be negatively impacted by outlooks over the railway line
P	+	Close to the centre of the masterplan, no constrained outlooks but no potential for far reaching views
O & Q	+	Close to the centre of the masterplan, no constrained outlooks but no potential for far reaching views
Campus	+	Closest to the underground station, scale to create its own sense of community
5	-	Close to the underground station, but slightly isolated and small scale
U	-	Outlooks constrained by surrounding existing buildings, small scale, removed from the centre of the masterplan
V	-	Outlooks constrained by surrounding existing buildings, small scale, removed from the centre of the masterplan
W	--	Furthest from the underground station and the centre of the masterplan, outlooks constrained by the railway line, isolated position

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4.2. Basis of Valuation

It is important to note that prospective tenants consider rents on a weekly or monthly basis rather than on a value per sq ft basis, and therefore it is best practice to value the proposed units off this same basis, simply using the value per sq ft as a means of summary and comparison.

Looking at the value per sq ft in isolation can be misleading as it will vary enormously according to the unit size, whereas the actual rent per week paid is less sensitive. The value per sq ft will be inflated in the case of undersized units that may not meet current minimum space standards.

It is also important to note that tenants are not willing to pay for an environment or amenities which are due to be delivered in the future, but are not currently in place. They will not buy into the 'regeneration effect' as they are not benefitting from future value uplift once the place is established. This must be kept in mind when considering early phases of the proposed development.

4.3. Absorption

The proposed scheme will comprise c. 1,550 units for the rental market, operated by a single landlord (Grosvenor). A purpose designed and built rental product of this scale is currently unprecedented in London, with the closest example in the form of East Village in Stratford which comprises 1,439 units and was initially let up at circa £27 psf pa. Given the unique nature of this asset, the required let up rate, both initially and long-term as a result of turnover, must be considered.

4.4. Affordability Analysis

Rental values are closely linked with earnings. As such we had reference to affordability when coming to our opinion of value. By assessing the likely tenant profile in each unit type, and their corresponding likely household income, we are able to identify the proportion of household earnings that would be required to be spent on rent based on our overall masterplan average for each unit type. Our analysis is based on the average earnings of an Inner London Worker, according to ASHE data.

The market assumption is that a household is able to spend 30% of gross income on rent. Our analysis shows that, based on our likely tenant profile, households would be spending in excess of this 30% figure across all unit types based on the masterplan average. This affordability measure is significantly more stretched when the rental levels of the higher value buildings in the masterplan are adopted. As a result, we believe that our FVA rents are at the maximum level that is affordable for the anticipated target market.

Unit Type	Average Monthly Rent (Savills)	Assumed Household Profile	Resulting Monthly Household Income	Annual Household Income	% of Gross Household Income
Studio	£1,700	1 x UQ earner	£4,840	£58,077	35%
1 Bed	£2,055	2 x Median earner	£6,309	£75,712	33%
2 Bed	£2,319	2 x Median earner	£6,309	£75,712	37%
3 Bed	£3,016	3 x Median earner	£9,464	£113,568	32%

The ability to fully let up this scheme and minimise voids over the long-term is dependent on the proposed units being affordable to a significant number of potential tenants. The scheme comprises a mix of building and unit typologies, reflecting the breadth of tenant demand and household types. Our pricing reflects this variation as well as the availability of alternatives to potential tenants and the corresponding need to price for appropriate levels of absorption.

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4.5. Local Context

Importantly, we also had regard to the local market context and current local rental values in our assessment of value. Below we compare the currently achieved average monthly rents for the SE16 postcode against our adopted monthly rents for each unit type. This is based on Rightmove data for the whole of the SE16 postcode, which we acknowledge will include lower quality housing stock than that proposed, therefore we have referenced both the median and upper quartile rents.

	Studio	1 Bed	2 Bed	3 Bed
Median	£1,183	£1,495	£1,872	£2,322
UQ	£1,333	£1,689	£2,090	£2,613
Savills Average	£1,700	£2,055	£2,319	£3,016

Source: Rightmove Q2 2019

This demonstrates that our pricing already reflects a substantial premium over the current local area rental value benchmark, taking into account the quality of product proposed. Whilst the quality of the proposed units and public realm will be above the majority of what is currently on offer in the local area, the proposed units will be competing with the local second hand rental market for tenants. As a result we consider this pricing differential to be the maximum that is appropriate.

5. Evidence Base

5.1. Overview of Approach to Evidence Base

An update of our Rental Comparables Report is provided at **Appendix One** which provides a detailed breakdown of recent rental evidence, including a selection of new schemes that have launched since our original update in February 2018, or were previously not considered due to lack of available evidence.

5.1.1. Hierarchy of Evidence

Our approach to the selection of the comparable evidence is fundamentally based on the unique nature of the subject scheme, in that it will consist of circa 1,550 units all offered to the rental market and operated by a single landlord. Whilst units in private sale schemes which are offered to the rental market by individual buy to let investors do provide a useful benchmark for achievable rents in the local area, they do not take into account the level of absorption and tenant retention required for a large scale, purpose built rental scheme.

The required let up rate, both initially and long-term as a result of turnover, and the level of risk involved in an asset such as this must be considered. Whilst there is no precedent for a rental scheme of this scale at this price point, the operational private rented developments cited provide useful benchmarks in this respect. As a result, we consider having reference to operational rental schemes in a slightly wider geographic area to be important for understanding the impact that rental levels have on absorption rates.

We would therefore consider the hierarchy of evidence to be firstly operational large-scale and professionally managed rental schemes, followed by individual rental transactions in local new build developments.

5.1.2. Analysis of Evidence

We primarily assessed the comparable evidence with reference to the average weekly rents for each unit type, rather than simply having regard to values on a per sq ft per annum basis, which is included for ease of comparison. This approach is reflective the nature of the rental market, where tenants will compare and choose properties based on a total weekly / monthly budget. A number of the developments also contain units which are below Southwark's current minimum space standards, and as a result in some circumstances have achieved higher values on a per sq ft basis despite having achieved a significantly lower rent per month when compared to an equivalent unit within the subject scheme. Therefore having regard to the total rent per week / month is crucial to avoid a skewed assessment of the evidence.

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5.2. Summary of Evidence Base

An update of our Rental Comparables Report is provided at **Appendix One** which provides a detailed breakdown of rental evidence at benchmark schemes in the local area and across wider London. A summary of these schemes is provided below. We note that we had consideration of the individual unit transactions provided which feed into averages for a more simplistic method of benchmarking.



	Scheme	Av. £psf pa	Av Unit Size	Average Weekly Rent			
				Studio	1 Bed	2 Bed	3 Bed
	<i>The Bermondsey Project – Savills Rent</i>	£37.93	715	£408	£474	£535	£696
1	Water Yards, SE16	£36.91	706	£383	£432	£556	£635
2	Vida, SE8	£26.33	645	-	£300	£353	-
3	Sovereign Court, E1	£35.80	522	£267	£357	£417	-
4	Elephant Central, SE1	£41.83	657	-	£437	£550	£820
5	Uncle Elephant & Castle, SE1	£41.92	605	-	£478	£508	-
6	Aberfeldy New Village, E14	£26.66	700	£254	£336	£377	-
7	Argo, E16	£33.61	593	-	£371	£443	-
8	Fizzy Stepney Green, E1	£33.01	772	-	£375	£434	£576
9	Dressage Court, E2	£39.34	661	-	£450	£580	£848
10	Sailmakers, E14	£44.34	738	-	£520	£737	-
11	Vantage Point, N19	£43.15	599	£413	£474	£653	-

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5.3. Analysis of Key Value Benchmarks

Below we will focus on those schemes that we consider to be the most relevant when coming to our opinion of value for each of the different plots within the development, providing a detailed analysis of how these schemes compare to the plot in question.

Blocks R, S & T

	Scheme	Av. £psf pa	Av Unit Size	Average Weekly Rent			
				Studio	1 Bed	2 Bed	3 Bed
	<i>Block R, S & T – Savills Rent</i>	<i>£41.91</i>	<i>666</i>	<i>£421</i>	<i>£523</i>	<i>£574</i>	<i>£754</i>
1	Elephant Central, SE1	£41.83	657	-	£437	£550	£820
2	Uncle Elephant & Castle, SE1	£41.92	605	-	£478	£508	-
3	Sailmakers, E14	£44.34	738	-	£520	£737	-
4	Vantage Point, N19	£43.15	599	£413	£474	£653	-

Elephant Central

This is a tower development located next to Elephant & Castle underground station in Zone 1. Tenants at the scheme benefit from discounted Gymbox membership, a concierge service and an on-site maintenance team, as well as podium communal gardens. Tenants also benefit from the improved local amenity offering as a result of the wider regeneration of the local area. Due to the tower nature of the scheme, many of the units benefit from far-reaching views. As residents in R, S & T will benefit from larger average unit sizes, more communal amenity space and a superior public realm, we consider that the R, S & T will be able to achieve slightly higher weekly rental values than those achievable at Elephant Central, despite the superior connectivity of Elephant & Castle.

Uncle Elephant & Castle

This is another tower development located close to Elephant & Castle station. Amenities at the scheme include a gym, residents' lounge, concierge and communal gardens. Tenants will benefit from views across London. Whilst we consider the position of this scheme, adjacent to a Zone 1 station, is superior to the subject, the unit sizes are significantly smaller than those proposed at R, S & T. We also believe that the proposed units will be delivered to a higher specification. Therefore we consider that the proposed units at R, S & T will be able to achieve higher weekly rental values.

Sailmakers

Sailmakers is a new large tower BTR scheme in Canary Wharf, which is a significantly higher value location than Bermondsey given the proximity to employment and high quality local amenities. It has been built to a high specification and benefits from a wide range of amenities, including a 24/7 concierge as well as an on-site management team, a gym, cinema room, club room and business suite. Given the high quality of the scheme and its prime location we would expect it to achieve significantly higher rents than the proposed units at R, S & T, which we have reflected in our pricing.

Vantage Point

Whilst this scheme is situated in a very different location to the subject scheme, we consider it to be relevant as it is an operational purpose built rental development with far reaching views. This building has an exceptional amenity and service offer, including two roof terraces, gym, lounge and dining room, and is located immediately adjacent to the underground station. The majority of units benefit from far reaching views, and it is finished to a high specification. Rental values here have been significantly reduced over the last year in order to address high tenant turnover and resulting high void rates. However, as a result of the exceptional amenity and service offer and access to transport, we consider that the units at R, S & T will achieve weekly rents below this comparable once adjusted for size.

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Blocks F and D & E

	Scheme	Av. £psf pa	Av Unit Size	Average Weekly Rent			
				Studio	1 Bed	2 Bed	3 Bed
	<i>Block F – Savills Rent</i>	£38.25	741	£430	£488	£566	£785
	<i>Block D & E – Savills Rent</i>	£38.75	712	£355	£470	£562	£746
1	Sovereign Court, E1	£35.80	522	£267	£357	£417	-
2	Dressage Court, E2	£39.34	661	-	£450	£580	£848

Sovereign Court

This is a permitted development scheme in Shadwell that benefits from a 24 hour concierge and a large, landscaped, communal courtyard garden. We note that as this is a PD scheme some of the units, particularly the studios, are smaller than the minimum standards for a new build scheme, which artificially inflates the average £psf pa value. The subject scheme will offer a higher quality public realm and local amenity offer, and will be finished to a higher specification than at Sovereign Court. Whilst Sovereign Court does also have some unique heritage features, it does not benefit from the same high quality aesthetic as offered by Block F. As a result we expect the proposed units in both F and D&E to achieve higher weekly rental values than this comparable.

Dressage Court

This is an Essential Living scheme situated in close proximity to Bethnal Green station. It benefits from a concierge, on-site management team, high quality rooftop terrace and a library/study area. It is located close to a number of open green spaces and is well served by a range of local amenities. It is finished to a high specification, however does not benefit from far reaching views. Given its amenity provision and transport connectivity, we would still expect the rental values in Blocks F and D&E at the site to achieve weekly rental values broadly in line with those at Dressage Court, with suitable adjustments for unit sizes.

Blocks P, O&Q and the Campus

	Scheme	Av. £psf pa	Av Unit Size	Average Weekly Rent			
				Studio	1 Bed	2 Bed	3 Bed
	<i>Block P – Savills Rent</i>	£36.05	828	-	£437	£500	£674
	<i>Blocks O & Q – Savills Rent</i>	£35.87	704	-	£434	£498	£644
	<i>Blocks 1 – 4 (Campus) – Savills Rent</i>	£35.08	733	£328	£432	£501	£640
1	Water Yards, SE16	£36.91	706	£383	£432	£556	£635
2	Argo, E16	£33.61	593	-	£371	£443	-
3	Fizzy Stepney Green, E1	£33.01	772	-	£375	£434	£576

Water Yards

This scheme is located next to Canada Water station. The scheme benefits from a gym, lounge, rooftop gardens, 24 hour concierge, on-site management team and a car club. As the development was originally built for private sale it has been completed to a high level of specification. In terms of the product, we believe that this is a good comparable for the units in Blocks P, O and Q at the subject scheme. However our pricing reflects the preferable location of the subject scheme, closer to central London, and the benefits associated with being positioned within the wider masterplan, including improved local amenity offering and public realm.

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Argo

This scheme is located in Canning Town, in close proximity to the station but also adjacent to a large interchange between a number of busy main roads. Tenants at the development benefit from a concierge, handyman, roof terrace, gym, lounge, guest suite, dining room and meeting room. Units on the upper floors will benefit from far reaching views, but not of any iconic London landmarks. There is a good quality local amenity offer, but limited high quality open space in the vicinity. We would therefore expect the units in Blocks P, O & Q, and the Campus (Blocks 1-4) to achieve weekly rental values above those achieved at Argo, and this has been reflected in our pricing.

Fizzy Stepney Green

This development is located a 10 minute walk from Stepney Green station in a residential area with access to limited local amenities. It benefits from an on-site management team, communal gardens and a library. We acknowledge that the development is now a number of years old and will have experienced some wear and tear and so have taken this into consideration in our analysis. Blocks P, O & Q and the Campus (Blocks 1-4) are positioned closest to Bermondsey station at the subject scheme and so we would expect them to achieve higher rental values as a result of this, and the superior local amenity offering.

Blocks 5, U, V and W

	Scheme	Av. £psf pa	Av Unit Size	Average Weekly Rent			
				Studio	1 Bed	2 Bed	3 Bed
	<i>Block 5 – Savills Rent</i>	£32.36	824	-	£410	£482	£667
	<i>Block U – Savills Rent</i>	£34.77	690	-	£421	£475	£628
	<i>Block V – Savills Rent</i>	£34.80	712	-	£417	£459	£687
	<i>Block W – Savills Rent</i>	£33.35	887	-	£414	£495	£699
1	Vida, SE8	£26.33	645	-	£300	£353	-
2	Aberfeldy New Village, E14	£26.66	700	£254	£336	£377	-

Vida

This is a low-rise scheme that was originally built to sell and then retained for rental on completion. It is situated half a mile from Surrey Quays overground station and the closest high quality local amenity offering is found in Canada Water. The scheme does not benefit from any on-site amenities. Consequently we would expect all of the units at the subject scheme to achieve higher values than those achieved at this development and this is reflected in our pricing.

Alberfeldy New Village

The BTR units at Alberfeldy Village were first released to the market in 2015 and do not benefit from the on-site amenities that are now usually found at purpose built schemes. The local amenity offering is improving as the development of Aberfeldy Village continues but the units are situated a 15 minute walk from the station (similar to Block W), which includes crossing a busy main road, and are not in close proximity to any open green space. We would therefore expect the units in the lowest value blocks at the subject scheme to achieve higher values than at Alberfeldy.

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6. Updated Opinion of Value

We have provided unit by unit pricing for the 2019 Amended Masterplan Proposals, having reference to current market conditions and our updated evidence base for the scheme. Overall, we consider that our original position of achievable residential rental values for the proposed units remains appropriate in the current market context with a clear evidence base to support our rationale and detailed unit by unit pricing on a plot by plot basis to ensure that the complex and varied nature of the masterplan is fairly reflected.

We have included the summary of our unit by unit pricing schedule below for reference:

Plot	No. Units	Av Size					Av Rent (PW)					Av £psf pa
		S	1	2	3	4	S	1	2	3	4	
R, S & T	517	515	583	767	1,205	-	£421	£523	£574	£754	-	£41.91
U	55	-	586	758	974	-	-	£421	£475	£628	-	£34.77
V	75	-	563	761	1,027	-	-	£417	£459	£687	-	£34.80
W	58	-	578	778	1,124	-	-	£414	£495	£699	-	£33.35
D & E	183	433	586	794	1,045	-	£355	£470	£562	£746	-	£38.75
F	177	592	604	803	1,105	-	£430	£488	£566	£785	-	£38.25
P	54	-	579	744	980	-	-	£437	£500	£674	-	£36.05
O & Q	128	-	574	773	984	-	-	£434	£498	£644	-	£35.87
1 – 4	263	432	564	793	953	-	£328	£432	£501	£640	-	£35.08
5	38	-	563	813	1,094	1,235	-	£410	£482	£667	£680	£32.36
	1,548	520	580	780	1,042	1,235	£408	£474	£535	£696	£680	£37.93

As discussed in this report, this opinion of value is based on extensive research into the local and wider London rental market, detailed analysis of a wide range of benchmark schemes, and a thorough understanding of the scheme proposals. A visual representation of the hierarchy of rental values across the masterplan is included at **Appendix Two**.

The Bermondsey Project Rental Comparables

Aug-19

Introduction

This report provides an overview of the schemes that we have benchmarked the proposed units at The Bermondsey Project to come to our opinion of value.

We have focused our analysis on operational private rental schemes. Whilst units in private sale schemes which are offered to the rental market by individual buy to let investors do provide a useful benchmark for achievable rents in the local area, they do not take into account the level of absorption and tenant retention required for a large scale, purpose built rental scheme.

As a result, we consider having reference to operational rental schemes in a slightly wider geographic area to be important for understanding the impact that rental levels have on absorption rates. As a result we favour these schemes as key value benchmarks in coming to our opinion of value for the proposed units.

The main factors we have considered when benchmarking these schemes against the proposed units include location, access to public transport, service and amenity offering, scale and specification.

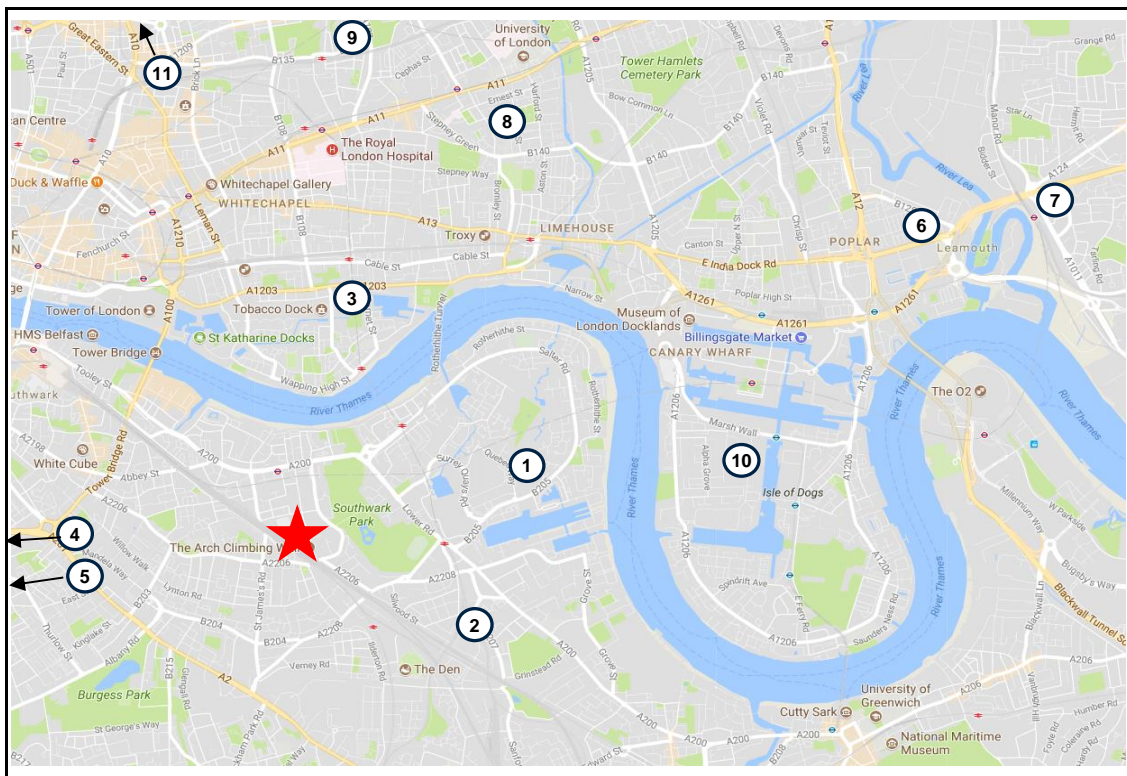
We note that whilst these schemes are useful to benchmark against, there is no precedent for this quantum of bespoke rental units delivered at this price point. It will therefore also be necessary to consider the required absorption rates and tenant retention when coming to an opinion of value.

We have primarily assessed the comparable evidence with reference to the average weekly rents for each unit type, rather than simply having regard to values on a per sq ft per annum basis. This is considered to be best practice as when prospective tenants look to rent a flat they will search on a total rent per week or month basis, with reference to what they can afford based on their salary. The average rate per sq ft is provided for ease of comparison only. When considering achievable values for the proposed units we have analysed the comparables using average weekly rental values for each unit type.

Finally, we note that given the scale of the subject site and the variety of product proposed, there will be a wide range of values across the site. When coming to our opinion of values, we have given more weight to different schemes depending on the subject plot.

For example, we consider R, S and T to be higher value plots than W given their location within the heart of masterplan and proposed height and design. Similarly, we consider Building F to be a higher value plot than O and Q due to the unique architecture, heritage aspect and amenity space.

Rental Comparables Map



Map Ref	Scheme	Av £/sqft p.a
1	Water Yards, SE16	£37
2	Vida, SE8	£26
3	Sovereign Court, E1W	£36
4	Elephant Central, SE17	£42
5	Uncle Elephant & Castle, SE17	£42
6	Aberfeldy New Village, E14	£27
7	Argo, E16	£34
8	Fizzy Stepney Green, E1	£33
9	Dressage Court, E2	£39
10	Sailmakers, E14	£44
11	Vantage Point, N19	£43

Comparable Schemes Analysis

Water Yards, SE16

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	550	550	550	£432	£432	£432	£40.80	£40.80	£40.80
2 Bed	825	825	825	£556	£556	£556	£35.05	£35.05	£35.05
3 Bed	1,000	1,000	1,000	£635	£635	£635	£33.00	£33.00	£33.00
Total	450	706	1,000	£383	£501	£635	£33.00	£36.91	£44.27

Vida, SE8

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	515	515	515	£300	£300	£300	£30.29	£30.29	£30.29
2 Bed	775	775	775	£353	£353	£353	£23.69	£23.69	£23.69
Total	515	645	775	£300	£327	£353	£23.69	£26.33	£30.29

Sovereign Court, E1W

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
Studio	280	309	355	£250	£267	£275	£40.26	£44.94	£49.20
1 Bed	474	505	538	£350	£357	£365	£34.78	£36.78	£39.53
2 Bed	581	667	775	£400	£417	£450	£29.69	£32.51	£35.78
Total	280	522	775	£250	£359	£450	£29.69	£35.80	£49.20

Elephant Central, SE17

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	474	510	560	£385	£437	£505	£38.83	£44.56	£53.04
2 Bed	634	715	861	£495	£550	£640	£35.56	£40.01	£50.65
3 Bed	1,001	1,044	1,076	£740	£820	£890	£38.44	£40.84	£43.87
Total	474	657	1,076	£385	£529	£890	£35.56	£41.83	£53.04

Uncle Elephant & Castle, SE17

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	527	539	570	£442	£478	£542	£42.60	£46.11	£53.48
2 Bed	743	749	753	£452	£508	£565	£31.63	£35.28	£39.54
Total	527	605	753	£442	£487	£565	£31.63	£41.92	£53.48

Aberfeldy New Village, E14

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
Studio	398	398	398	£254	£254	£254	£33.19	£33.19	£33.19
1 Bed	538	546	549	£330	£336	£338	£31.90	£31.99	£32.01
2 Bed	549	784	893	£363	£377	£398	£21.49	£25.00	£36.21
Total	398	700	893	£254	£359	£398	£21.49	£26.66	£36.21

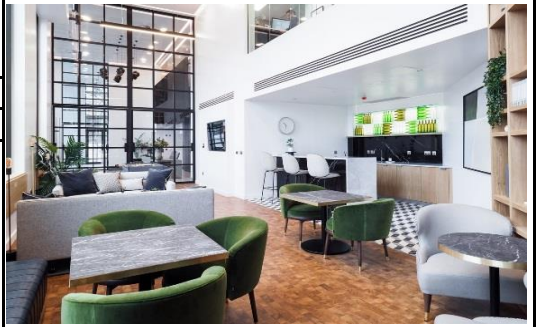
Argo, E16

Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	549	553	564	£352	£371	£383	£33.34	£34.94	£36.28
2 Bed	794	794	794	£430	£443	£455	£28.16	£28.98	£29.80
Total	549	593	794	£352	£383	£455	£28.16	£33.61	£36.28

Fizzy Stepney Green, E1									
Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	495	495	495	£375	£375	£375	£39.39	£39.39	£39.39
2 Bed	723	723	723	£434	£434	£434	£31.21	£31.21	£31.21
3 Bed	920	936	951	£576	£576	£576	£31.50	£32.02	£32.56
Total	495	772	951	£375	£490	£576	£31.21	£33.01	£39.39
Dressage Court, E2									
Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
Studio	-	-	-	£0	-	£0	£0.00	-	£0.00
1 Bed	394	591	704	£400	£450	£555	£32.84	£40.05	£59.51
2 Bed	698	775	883	£530	£580	£685	£32.39	£39.17	£46.62
Total	394	661	1,130	£400	£500	£895	£32.39	£39.34	£59.51
Sailmakers, E14									
Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
1 Bed	575	575	575	£520	£520	£520	£47.06	£47.06	£47.06
2 Bed	900	900	900	£737	£737	£737	£42.60	£42.60	£42.60
Total	575	738	900	£520	£629	£737	£42.60	£44.34	£47.06
Vantage Point, N19									
Unit Type	Min Size	Av Size	Max Size	Min Price per week	Av Price per week	Max Price per week	Min £/sqft p.a	Av £/sqft p.a	Max £/sqft p.a
Studio	415	424	495	£360	£413	£450	£41.81	£50.66	£56.32
1 Bed	566	590	612	£399	£474	£582	£33.95	£41.81	£49.64
2 Bed	759	839	917	£547	£653	£868	£35.79	£40.47	£49.49
Total	415	599	917	£360	£497	£868	£33.95	£43.15	£56.32

Water Yards, SE16

Developer:	Sellar / Notting Hill Genesis
Operator:	L&Q PRS / Woodland Views Ltd
Overall Av £/sq ft p.a:	c. £37 psf pa (based on typical asking prices)
Total Units:	112
Unit Mix:	NKN
Max No. Storeys:	6
Completion Date:	Sep-17
Transport Links:	0.5 miles to Canada Water
Local Authority:	Southwark
Tenure:	PRS
Amenity Provision:	Gym, lounge, rooftop gardens, 24 hour concierge, on-site management team, car club
Furnished:	Yes
Info Source:	Molior
Comment:	Originally designed for private sale, 42 units have been retained for rent by Woodland Views and a further 70 have been retained by L&Q. The units were released in June 2017. A couple of units are currently available.



Plot	Floor	Unit Type	Area Sq Ft	Asking Rent pw	Asking £/sqft pa	Date Let
Typical Studio	N/A	Studio	450	£383	£44.27	N/A
Typical 1 Bed	N/A	1 Bed	550	£432	£40.80	N/A
Typical 2 Bed	N/A	2 Bed	825	£556	£35.05	N/A
Typical 3 Bed	N/A	3 Bed	1000	£635	£33.00	N/A

Vida, SE8

Developer:	Criterion Capital
Operator:	Long Harbour
Overall Av £/sq ft p.a:	c. £26 psf pa (based on typical asking prices)
Total Units:	138
Unit Mix:	126 x 1 bed, 12 x 2 bed
Max No. Storeys:	4
Completion Date:	Mar-12
Transport Links:	0.5 miles to Surrey Quays
Local Authority:	Lewisham
Tenure:	PRS
Amenity Provision:	None
Furnished:	No
Info Source:	Molior

Comment:	Originally designed as a private sale scheme, the units were retained for rent at completion. The units were first released in summer 2013, and let within four months.
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Plot	Floor	Unit Type	Area Sq Ft	Asking Rent pw	Asking £/sqft pa	Date Let
Typical 1 Bed	N/A	1 Bed	515	£300	£30.29	N/A
Typical 2 Bed	N/A	2 Bed	775	£353	£23.69	N/A

Sovereign Court, E1W

Developer:	Al Mubarakia / Messila House
Operator:	Al Mubarakia Ltd
Overall Av £/sq ft p.a:	c. £36 psf pa (based on 13 achieved prices)
Total Units:	124
Unit Mix:	27 x studio, 53 x 1 bed, 44 x 2 bed
Max No. Storeys:	3
Completion Date:	Mar-17
Transport Links:	0.2 miles to Shadwell
Local Authority:	Tower Hamlets
Tenure:	PRS
Amenity Provision:	Daytime concierge
Furnished:	Yes
Info Source:	Lonres



Comment: A permitted development conversion of an office into residential, retained by the developer for rental on completion. The scheme is now fully let.

Plot	Floor	Unit Type	Area Sq Ft	Achieved Rent pw	Achieved £/sqft pa	Date Let
204	1	Studio	291	£275	£49.20	Apr-19
104	1	Studio	280	£250	£46.45	May-18
112	2	Studio	355	£275	£40.26	Mar-18
303	3	1 Bed	474	£360	£39.53	May-19
114	2	1 Bed	538	£360	£34.78	Oct-18
209	2	1 Bed	489	£350	£37.22	Jun-18
305	G	1 Bed	527	£365	£35.99	May-18
6	G	1 Bed	495	£350	£36.76	Mar-18
306	1	2 Bed	581	£400	£35.78	Apr-19
201	2	2 Bed	614	£400	£33.90	Dec-18
211	1	2 Bed	775	£450	£30.19	Sep-18
107	G	2 Bed	603	£400	£34.51	Jul-18
208	2	2 Bed	762	£435	£29.69	Jun-18

Elephant Central, SE17

Developer:	Delancey / Oakmayne
Operator:	Get Living
Overall Av £/sq ft p.a:	c. £42 psf pa (based on 34 achieved prices)
Total Units:	373
Unit Mix:	146 x 1 bed, 190 x 2 bed, 37 x 3 bed
Max No. Storeys:	37
Completion Date:	Sep-17
Transport Links:	0.2 miles to Elephant and Castle
Local Authority:	Southwark
Tenure:	PRS
Amenity Provision:	Daytime concierge, residents lounge, on-site maintenance team, discounted Gymbox membership, communal gardens
Furnished:	Yes
Info Source:	Savills Intel/Get Living

Comment: The flats were released to the market in August 2017, and the scheme was reportedly fully let by late November 2018. Tenants do not need to pay any upfront fees or a deposit.



Plot	Floor	Unit Type	Area Sq Ft	Achieved Rent pw	Achieved £/sqft pa	Date Let
Tantallon	4	1 Bed	474	£385	£42.24	NKN
Tantallon	11	1 Bed	474	£399	£43.77	NKN
Mawes	4	1 Bed	549	£410	£38.83	NKN
Mawes	8	1 Bed	549	£415	£39.31	NKN
903 Raglan	9	1 Bed	474	£445	£48.81	Oct-18
2403 Raglan	24	1 Bed	474	£460	£50.46	Oct-18
302 Raglan	3	1 Bed	506	£415	£42.64	Oct-18
604 Mawes	6	1 Bed	506	£430	£44.18	Oct-18
2505 Raglan	25	1 Bed	506	£505	£51.89	Oct-18
404 Raglan	4	1 Bed	506	£420	£43.16	Oct-18
1501 Regan	15	1 Bed	560	£440	£40.88	Sep-18
1203 Regan	12	1 Bed	560	£430	£39.95	Sep-18
2001 Regan	20	1 Bed	560	£460	£42.74	Sep-18
2505 Regan	25	1 Bed	495	£505	£53.04	Sep-18
1104 Regan	11	1 Bed	495	£430	£45.16	Sep-18
2106 Tantallon	21	1 Bed	474	£445	£48.86	Sep-18
Tantallon	10	2 Bed	667	£495	£38.59	NKN
Mawes	14	2 Bed	634	£535	£43.88	NKN
Mawes	11	2 Bed	775	£540	£36.23	NKN
Mawes	14	2 Bed	646	£550	£44.27	NKN
403 Raglan	4	2 Bed	667	£515	£40.14	Oct-18
1805 Raglan	18	2 Bed	667	£550	£42.87	Oct-18
2401 Tantallon	24	2 Bed	657	£640	£50.65	Oct-18
2106 Raglan	21	2 Bed	667	£540	£42.10	Oct-18
1801 Tantallon	18	2 Bed	667	£555	£43.27	Sep-18
2302 Tantallon	23	2 Bed	861	£630	£38.05	Sep-18
1208 Mawes	12	2 Bed	775	£550	£36.90	Sep-18
405 Mawes	4	2 Bed	775	£530	£35.56	Sep-18
308 Mawes	3	2 Bed	775	£530	£35.56	Sep-18
808 Mawes	8	2 Bed	775	£540	£36.23	Sep-18
Mawes	15	3 Bed	1001	£740	£38.44	NKN
Mawes	16	3 Bed	1044	£800	£39.85	NKN
2405 Tantallon	24	3 Bed	1076	£850	£41.07	Oct-18
2505 Tantallon	25	3 Bed	1055	£890	£43.87	Sep-18

Uncle Elephant & Castle, SE17

Developer:	Mace
Operator:	Realstar Living
Overall Av £/sq ft p.a:	c. £42 psf pa (based on 16 achieved prices)
Total Units:	279
Unit Mix:	142 x 1 bed, 126 x 2 bed, 14 x 3 bed
Max No. Storeys:	44
Completion Date:	Feb-18
Transport Links:	0.3 miles to Elephant and Castle
Local Authority:	Southwark
Tenure:	PRS
Amenity Provision:	Concierge, gym, lounge and gardens
Furnished:	No - furniture package for £125 pcm
Info Source:	Rightmove Plus

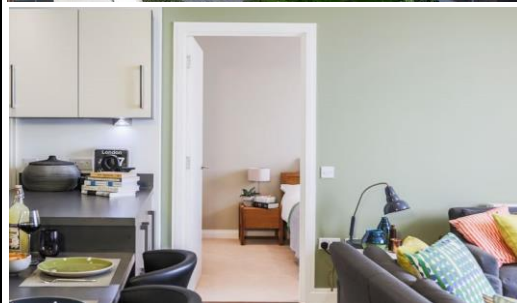


Comment:	The units were released in January 2018 and the scheme is reportedly 90% let.
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Plot	Floor	Unit Type	Area Sq Ft	Achieved Rent pw	Achieved £/sqft pa	Date Let
1205	12	1 Bed	570	£467	£42.60	Aug-19
1903	19	1 Bed	570	£467	£42.60	Aug-19
3803	38	1 Bed	527	£442	£43.61	Feb-19
1003	10	1 Bed	538	£473	£45.72	Feb-19
1503	15	1 Bed	527	£542	£53.48	Jan-19
1605	16	1 Bed	538	£452	£43.69	Jan-19
1305	13	1 Bed	538	£462	£44.65	Nov-18
1603	16	1 Bed	527	£462	£45.59	Nov-18
4105	41	1 Bed	538	£508	£49.10	Nov-18
3603	36	1 Bed	527	£508	£50.13	Nov-18
4405	44	1 Bed	527	£473	£46.67	Nov-18
3802	38	2 Bed	753	£485	£33.49	Oct-18
1004	10	2 Bed	743	£565	£39.54	Jan-19
3407	34	2 Bed	753	£508	£35.08	Nov-18
1304	13	2 Bed	743	£452	£31.63	Nov-18
3402	34	2 Bed	753	£531	£36.67	Nov-18

Aberfeldy New Village, E14

Developer:	EcoWorld London
Operator:	M&G Real Estate
Overall Av £/sq ft p.a:	c. £27 psf pa (based on 15 achieved prices)
Total Units:	158
Unit Mix:	8 x studio, 58 x 1 bed, 97 x 2 bed
Max No. Storeys:	10
Completion Date:	Aug-15
Transport Links:	0.5 miles to Canning Town
Local Authority:	Tower Hamlets
Tenure:	PRS
Amenity Provision:	Daytime concierge and on-site management
Furnished:	Yes
Info Source:	Rightmove Plus



Comment: The scheme was first released to the market in May 2015, with 34 pre-let prior to completion. The scheme was fully let by July 2016.

Plot	Floor	Unit Type	Area Sq Ft	Achieved Rent pw	Achieved £/sqft pa	Date Let
NKN	NKN	Studio	398	£254	£33.19	NKN
WH708	7	1 Bed	549	£338	£32.01	NKN
WH605	6	1 Bed	538	£330	£31.90	NKN
WH813	8	1 Bed	549	£338	£32.01	NKN
WH808	8	1 Bed	549	£338	£32.01	NKN
201	NKN	2 Bed	893	£369	£21.49	Jun-18
207	NKN	2 Bed	797	£363	£23.68	Dec-18
805	NKN	2 Bed	850	£368	£22.51	Jan-19
411	NKN	2 Bed	560	£390	£36.21	Jan-18
103	NKN	2 Bed	549	£370	£35.05	Apr-18
510	NKN	2 Bed	807	£378	£24.36	Nov-18
310	NKN	2 Bed	807	£398	£25.65	Jan-19
107	NKN	2 Bed	883	£369	£21.73	Oct-18
102	NKN	2 Bed	818	£385	£24.47	May-18
407	NKN	2 Bed	883	£381	£22.44	May-18
608	NKN	2 Bed	775	£375	£25.16	Jun-18

Argo, E16

Developer:	Linkcity
Operator:	Linkcity with Grainger
Overall Av £/sq ft p.a:	c. £34 psf pa (based on 12 asking prices)
Total Units:	134
Unit Mix:	66 x 1 bed, 68 x 2 bed
Max No. Storeys:	18
Completion Date:	Jan-18
Transport Links:	0.1 miles to Canning Town
Local Authority:	Newham
Tenure:	PRS
Amenity Provision:	Concierge, handyman, roof terrace, gym, lounge, guest suite, dining room, meeting room
Furnished:	Yes
Info Source:	Rightmove



Comment: The scheme was launched in January 2018, and was fully let by early June 2018. Rents have been increased since the initial let up.

Plot	Floor	Unit Type	Area Sq Ft	Asking Rent pw	Asking £/sqft pa	Date Let
NKN	11	1 Bed	564	£380	£35.04	OTM
88	NKN	1 Bed	549	£366	£34.67	OTM
119	NKN	1 Bed	549	£383	£36.28	OTM
107	NKN	1 Bed	560	£368	£34.17	OTM
129	NKN	1 Bed	549	£381	£36.09	OTM
29	NKN	1 Bed	549	£352	£33.34	OTM
87	NKN	1 Bed	549	£366	£34.67	OTM
97	NKN	1 Bed	560	£368	£34.17	OTM
118	NKN	1 Bed	549	£382	£36.18	OTM
99	NKN	1 Bed	549	£368	£34.86	OTM
NKN	12	2 Bed	794	£455	£29.80	OTM
NKN	NKN	2 Bed	794	£430	£28.16	OTM

Fizzy Stepney Green, E1

Developer:	First Base
Operator:	Fizzy Living
Overall Av £/sq ft p.a:	c. £33 psf pa (based on 4 asking prices)
Total Units:	63
Unit Mix:	26 x 1 bed, 28 x 2 bed, 8 x 3 bed
Max No. Storeys:	7
Completion Date:	Dec-13
Transport Links:	0.3 miles to Stepney Green
Local Authority:	Tower Hamlets
Tenure:	PRS
Amenity Provision:	Library, on site management, communal garden
Furnished:	Yes
Info Source:	Fizzy Living
Comment:	Fizzy released the units in February 2014 and the scheme was fully let by the end of October that year. The rents have not increased significantly over the last three years.



Plot	Floor	Unit Type	Area Sq Ft	Asking Rent pw	Asking £/sqft pa	Date Let
403	4	1 Bed	495	£375	£39.39	OTM
210	2	2 Bed	723	£434	£31.21	OTM
303	3	3 Bed	920	£576	£32.56	OTM
502	5	3 Bed	951	£576	£31.50	OTM

Dressage Court, E2

Developer:	Essential Living
Operator:	Essential Living
Overall Av £/sq ft p.a:	c. £39 psf pa (based on 104 achieved prices)
Total Units:	104
Unit Mix:	44 x 1 bed, 50 x 2 bed, 10 x 3 bed
Max No. Storeys:	8
Completion Date:	May-17
Transport Links:	<0.1 miles to Bethnal Green
Local Authority:	Tower Hamlets
Tenure:	PRS
Amenity Provision:	Concierge, on-site management team, rooftop terrace, library/study area, guest suite
Furnished:	Yes
Info Source:	Savills Intel
Comment:	The scheme was launched in April 2017 and was fully let by November of that year.



Plot	Floor	Unit Type	Area Sq Ft	Achieved Rent pw	Achieved £/sqft pa	Date Let
403	4	1 Bed	665	£440	£34.41	Oct-18
702	7	1 Bed	626	£475	£39.45	Oct-18
307	3	1 Bed	576	£436	£39.35	Oct-18
106	1	1 Bed	644	£450	£36.34	Sep-18
604	6	1 Bed	596	£475	£41.44	Sep-18
110	1	1 Bed	502	£425	£44.06	Sep-18
612	6	1 Bed	587	£460	£40.74	Sep-18
615	6	1 Bed	555	£460	£43.09	Sep-18
115	1	1 Bed	555	£430	£40.28	Sep-18
215	2	1 Bed	555	£430	£40.28	Sep-18
602	6	1 Bed	590	£485	£42.75	Sep-18
103	1	1 Bed	665	£425	£33.24	Sep-18
510	5	1 Bed	502	£440	£45.59	Sep-18
102	1	1 Bed	590	£420	£37.02	Sep-18
105	1	1 Bed	552	£420	£39.57	Sep-18
104	1	1 Bed	643	£420	£33.97	Sep-18
502	5	1 Bed	590	£441	£38.89	Sep-18
505	5	1 Bed	552	£440	£41.46	Sep-18
401	4	1 Bed	641	£440	£35.70	Sep-18
703	7	1 Bed	553	£485	£45.61	Sep-18
503	5	1 Bed	665	£440	£34.41	Sep-18
415	4	1 Bed	555	£440	£41.23	Sep-18
605	6	1 Bed	415	£475	£59.51	Sep-18
407	4	1 Bed	576	£420	£37.92	Sep-18
601	6	1 Bed	641	£443	£35.94	Sep-18
610	6	1 Bed	615	£450	£38.05	Sep-18
303	3	1 Bed	665	£420	£32.84	Aug-18
410	4	1 Bed	502	£440	£45.59	Aug-18
302	3	1 Bed	590	£420	£37.02	Aug-18
306	3	1 Bed	644	£420	£33.91	Aug-18
511	5	1 Bed	610	£440	£37.51	Aug-18
304	3	1 Bed	643	£447	£36.15	Aug-18
507	5	1 Bed	576	£450	£40.63	Aug-18
301	3	1 Bed	641	£420	£34.07	Aug-18
603	6	1 Bed	665	£450	£35.19	Aug-18
506	5	1 Bed	644	£505	£40.77	Aug-18

Private and Confidential

608	6	1 Bed	555	£459	£43.03	Aug-18
606	6	1 Bed	394	£400	£52.78	Aug-18
111	1	1 Bed	610	£420	£35.80	Jul-18
515	5	1 Bed	555	£440	£41.23	Jul-18
101	1	1 Bed	641	£405	£32.85	Jul-18
305	3	1 Bed	552	£515	£48.50	Jul-18
614	6	1 Bed	698	£465	£34.64	Jul-18
706	7	1 Bed	609	£540	£46.11	Jul-18
613	6	1 Bed	427	£420	£51.15	Jul-18
205	2	1 Bed	552	£420	£39.57	Jun-18
206	2	1 Bed	644	£500	£40.38	Jun-18
404	4	1 Bed	643	£551	£44.57	Jun-18
207	2	1 Bed	576	£438	£39.58	Jun-18
107	1	1 Bed	576	£450	£40.63	Jun-18
211	2	1 Bed	610	£430	£36.65	Jun-18
210	2	1 Bed	502	£450	£46.61	Jun-18
204	2	1 Bed	643	£510	£41.23	May-18
402	4	1 Bed	590	£460	£40.54	May-18
504	5	1 Bed	643	£555	£44.88	May-18
315	3	1 Bed	555	£430	£40.28	May-18
406	4	1 Bed	644	£485	£39.13	May-18
203	2	1 Bed	665	£450	£35.19	May-18
607	6	1 Bed	542	£450	£43.17	May-18
201	2	1 Bed	641	£430	£34.88	May-18
611	6	1 Bed	527	£460	£45.38	Mar-18
310	3	1 Bed	502	£420	£43.51	Mar-18
411	4	1 Bed	610	£438	£37.38	Jan-18
202	2	1 Bed	590	£430	£37.89	Jan-18
501	5	1 Bed	641	£492	£39.88	Sep-17
311	3	1 Bed	610	£420	£35.80	Sep-17
707	7	1 Bed	704	£450	£33.24	Aug-17
405	4	1 Bed	552	£456	£43.00	Aug-17
108	1	2 Bed	723	£585	£42.07	Oct-18
705	7	2 Bed	794	£625	£40.93	Sep-18
316	3	2 Bed	764	£685	£46.62	Sep-18
412	4	2 Bed	848	£585	£35.87	Sep-18
413	4	2 Bed	730	£595	£42.38	Sep-18
113	1	2 Bed	730	£575	£40.96	Sep-18
408	4	2 Bed	723	£595	£42.79	Sep-18
313	3	2 Bed	730	£575	£40.96	Sep-18
509	5	2 Bed	698	£575	£42.84	Sep-18
308	3	2 Bed	723	£575	£41.36	Sep-18
704	7	2 Bed	866	£625	£37.52	Sep-18
116	1	2 Bed	764	£565	£38.45	Aug-18
114	1	2 Bed	883	£550	£32.39	Aug-18
216	2	2 Bed	764	£530	£36.08	Aug-18
312	3	2 Bed	848	£531	£32.55	Aug-18
109	1	2 Bed	698	£580	£43.20	Jul-18
314	3	2 Bed	883	£575	£33.87	Jul-18
208	2	2 Bed	723	£575	£41.36	Jul-18
212	2	2 Bed	848	£550	£33.72	Jul-18
213	2	2 Bed	730	£575	£40.96	Jul-18
508	5	2 Bed	723	£575	£41.36	Jul-18
409	4	2 Bed	698	£575	£42.84	Jul-18
616	6	2 Bed	764	£595	£40.49	Jul-18
309	3	2 Bed	698	£575	£42.84	Jul-18
513	5	2 Bed	730	£530	£37.76	Jun-18
416	4	2 Bed	764	£603	£41.01	Jun-18
414	4	2 Bed	883	£575	£33.87	Jun-18
214	2	2 Bed	883	£632	£37.22	Jun-18

Private and Confidential

112	1	2 Bed	848	£550	£33.72	Apr-18
516	5	2 Bed	764	£600	£40.84	Mar-18
209	2	2 Bed	698	£540	£40.23	Mar-18
609	6	2 Bed	698	£577	£42.98	Feb-18
514	5	2 Bed	883	£595	£35.04	Sep-17
512	5	2 Bed	848	£568	£34.84	Jul-17
708	7	3 Bed	1130	£800	£36.82	Sep-18
701	7	3 Bed	1095	£895	£42.50	May-18

Sailmakers, E14

Developer:	Galliard
Operator:	Greystar
Overall Av £/sq ft p.a:	c. £44 psf pa (based on typical asking prices)
Total Units:	327
Unit Mix:	38 x studio, 98 x 1 bed, 131 x 2 bed, 46 x 3 bed, 14 x 4 bed
Max No. Storeys:	42
Completion Date:	Dec-18
Transport Links:	0.4 miles to Canary Wharf
Local Authority:	Tower Hamlets
Tenure:	PRS
Amenity Provision:	24/7 concierge, on-site management team, fitness classes, lounge, business suite, gym, cinema, club room, treatment room
Furnished:	Yes
Info Source:	Molior
Comment:	The units were released in November 2018, but it is not known how many units have let to date.



Plot	Floor	Unit Type	Area Sq Ft	Asking Rent pw	Asking £/sqft pa	Status
Typical 1 Bed	N/A	1 Bed	575	£520	£47.06	N/A
Typical 2 Bed	N/A	2 Bed	900	£737	£42.60	N/A

Vantage Point, N19

Developer:	Essential Living
Operator:	Essential Living
Overall Av £/sq ft p.a:	c. £43 psf pa (based on 118 achieved prices)
Total Units:	118
Unit Mix:	30 x studio, 59 x 1 bed, 29 x 2 bed
Max No. Storeys:	18
Completion Date:	Sep-16
Transport Links:	Adjacent to Archway Station
Local Authority:	Islington
Tenure:	PRS
Amenity Provision:	24 hour concierge, roof terrace with communal BBQ and pizza oven, bookable dining room, library, gym
Furnished:	Yes
Info Source:	Savills Intel
Comment:	The scheme was launched in November 2016 and all units were let 12 months later.



Plot	Floor	Unit Type	Area Sq Ft	Achieved Rent pw	Achieved £/sqft pa	Date Let
101	1	Studio	448	£360	£41.81	Nov-17
707	7	Studio	426	£450	£54.97	Nov-17
906	9	Studio	415	£385	£48.17	Jan-18
1505	15	Studio	426	£430	£52.45	Feb-18
1207	12	Studio	426	£450	£54.97	Feb-18
406	4	Studio	415	£400	£50.05	Apr-18
307	3	Studio	426	£395	£48.26	Apr-18
207	2	Studio	426	£393	£48.06	Apr-18
907	9	Studio	426	£425	£51.92	Apr-18
1007	10	Studio	426	£405	£49.47	May-18
606	6	Studio	415	£440	£55.08	Jun-18
106	1	Studio	415	£369	£46.27	Jun-18
807	8	Studio	426	£400	£48.85	Jun-18
1407	14	Studio	426	£396	£48.43	Jun-18
1006	10	Studio	415	£400	£50.05	Jun-18
1206	12	Studio	415	£400	£50.05	Jul-18
507	5	Studio	426	£385	£47.02	Jul-18
1504	15	Studio	415	£415	£51.93	Jul-18
407	4	Studio	426	£440	£53.75	Aug-18
506	5	Studio	415	£440	£55.08	Aug-18
1106	11	Studio	415	£450	£56.32	Aug-18
806	8	Studio	415	£430	£53.81	Aug-18
1406	14	Studio	415	£420	£52.56	Aug-18
103	1	Studio	442	£450	£52.96	Aug-18
607	6	Studio	426	£420	£51.30	Aug-18
1306	13	Studio	415	£420	£52.56	Aug-18
206	2	Studio	415	£410	£51.32	Aug-18
107	1	Studio	425	£375	£45.86	Sep-18
706	7	Studio	415	£420	£52.56	Sep-18
306	3	Studio	415	£410	£51.32	Sep-18
1307	13	Studio	426	£430	£52.51	Sep-18
1107	11	Studio	426	£430	£52.51	Sep-18
102	1	Studio	424	£393	£48.13	Oct-18
108	1	Studio	495	£400	£42.05	Oct-18
1105	11	1 Bed	612	£582	£49.42	Mar-17
1308	13	1 Bed	600	£507	£43.89	May-17

Private and Confidential

1003	10	1 Bed	566	£477	£43.81	Jul-17
1203	12	1 Bed	566	£477	£43.81	Aug-17
1305	13	1 Bed	612	£507	£43.04	Sep-17
1404	14	1 Bed	580	£545	£48.90	Oct-17
708	7	1 Bed	600	£512	£44.33	Oct-17
408	4	1 Bed	600	£520	£45.05	Nov-17
604	6	1 Bed	580	£499	£44.78	Nov-17
805	8	1 Bed	612	£535	£45.46	Dec-17
1103	11	1 Bed	566	£540	£49.64	Jan-18
403	4	1 Bed	566	£500	£45.97	Jan-18
1403	14	1 Bed	566	£540	£49.64	Jan-18
1104	11	1 Bed	580	£462	£41.41	Jan-18
504	5	1 Bed	580	£530	£47.55	Apr-18
1303	13	1 Bed	566	£475	£43.66	Apr-18
203	2	1 Bed	566	£440	£40.46	May-18
1205	12	1 Bed	612	£450	£38.24	May-18
405	4	1 Bed	612	£450	£38.24	Jun-18
505	5	1 Bed	612	£440	£37.40	Jun-18
1108	11	1 Bed	600	£530	£45.93	Jun-18
305	3	1 Bed	612	£440	£37.40	Jun-18
1204	12	1 Bed	580	£430	£38.57	Jun-18
304	3	1 Bed	580	£462	£41.41	Jul-18
903	9	1 Bed	566	£450	£41.37	Jul-18
803	8	1 Bed	566	£465	£42.75	Jul-18
1008	10	1 Bed	600	£510	£44.19	Jul-18
1005	10	1 Bed	612	£486	£41.34	Jul-18
503	5	1 Bed	566	£460	£42.28	Jul-18
204	2	1 Bed	580	£450	£40.37	Aug-18
1304	13	1 Bed	580	£470	£42.17	Aug-18
404	4	1 Bed	580	£440	£39.48	Aug-18
704	7	1 Bed	580	£450	£40.37	Aug-18
904	9	1 Bed	580	£495	£44.41	Aug-18
905	9	1 Bed	612	£440	£37.40	Aug-18
308	3	1 Bed	600	£450	£38.99	Aug-18
1503	15	1 Bed	612	£490	£41.60	Aug-18
1405	14	1 Bed	612	£490	£41.63	Aug-18
605	6	1 Bed	612	£435	£36.97	Aug-18
1408	14	1 Bed	600	£504	£43.69	Aug-18
303	3	1 Bed	566	£425	£39.08	Aug-18
808	8	1 Bed	600	£450	£38.99	Aug-18
208	2	1 Bed	600	£440	£38.13	Sep-18
804	8	1 Bed	580	£450	£40.37	Sep-18
1502	15	1 Bed	576	£485	£43.76	Sep-18
703	7	1 Bed	566	£475	£43.66	Sep-18
705	7	1 Bed	612	£440	£37.40	Sep-18
508	5	1 Bed	600	£450	£38.99	Sep-18
105	1	1 Bed	611	£399	£33.95	Sep-18
205	2	1 Bed	612	£440	£37.40	Sep-18
908	9	1 Bed	600	£500	£43.33	Oct-18
608	6	1 Bed	600	£440	£38.13	Oct-18
1004	10	1 Bed	580	£460	£41.26	Oct-18
1208	12	1 Bed	600	£460	£39.85	Oct-18
1506	15	1 Bed	600	£490	£42.45	Oct-18
603	6	1 Bed	566	£450	£41.37	Oct-18
104	1	1 Bed	578	£420	£37.78	Oct-18
1301	13	2 Bed	912	£868	£49.49	Mar-17
1402	14	2 Bed	759	£600	£41.09	Nov-17
1202	12	2 Bed	759	£675	£46.22	Dec-17
1401	14	2 Bed	912	£750	£42.75	Dec-17
1101	11	2 Bed	912	£745	£42.46	Dec-17

Private and Confidential

301	3	2 Bed	912	£675	£38.48	Jan-18
1201	12	2 Bed	912	£675	£38.48	Mar-18
501	5	2 Bed	912	£740	£42.19	Mar-18
201	2	2 Bed	912	£660	£37.62	Mar-18
401	4	2 Bed	912	£650	£37.06	Apr-18
402	4	2 Bed	759	£615	£42.11	May-18
502	5	2 Bed	759	£580	£39.71	May-18
302	3	2 Bed	759	£550	£37.66	May-18
1001	10	2 Bed	912	£730	£41.61	Jun-18
601	6	2 Bed	912	£630	£35.91	Jun-18
1501	15	2 Bed	917	£658	£37.29	Jul-18
802	8	2 Bed	759	£620	£42.46	Jul-18
801	8	2 Bed	912	£628	£35.79	Jul-18
602	6	2 Bed	759	£577	£39.50	Aug-18
1002	10	2 Bed	759	£650	£44.51	Aug-18
901	9	2 Bed	912	£650	£37.06	Aug-18
1302	13	2 Bed	759	£585	£40.06	Aug-18
702	7	2 Bed	759	£615	£42.11	Aug-18
902	9	2 Bed	759	£555	£38.00	Sep-18
202	2	2 Bed	759	£547	£37.48	Sep-18
1102	11	2 Bed	759	£565	£38.68	Sep-18
701	7	2 Bed	912	£825	£47.03	Sep-18

APPENDIX 5

NON-RESIDENTIAL VALUES (SAVILLS & BGP)



The Bermondsey Project: Workspace Market Report

1.0 Introduction

This report has been prepared by the consultancy team within the London Commercial Development Department of Savills UK Ltd. This note is in response to the requirement to refresh our views of commercial values previously reported in 2017 in relation to the Former Biscuit Factory site and Campus, ahead of the public hearing later this year.

The summary of values is listed below.

	Savills view
Headline Rental Value	£40.00 per sq ft
Net Initial Yield	Building D/E: 6.0% Building F: 6.5%

These rents and yields remain the same as previously reported. Whilst there has been much market activity in the Southbank over the past two years, there has not been any deals of note around the subject site as it is not a commercially established market. Also with the design for Building F i.e. residential wrapping around the commercial space, we would expect a slightly discount to market rent for this product.

1.1 Southbank Office Market Update

1.1.1 Take-up

At the end of H1 this year, there have only been 15 deals in SE1, amounting to 176,520 sq ft, which is down on this point last year by 28%, and down on the 10-year average for the first half by 33%. So far this year, grade A take-up has only accounted for 42% of total take-up, which is more likely due to a lack of available grade A office space, as opposed to an emerging trend.

Notable deals from 2019 so far include:

- Duff & Phelps sub-let part level 6 at The News Building (30,994 sq ft) at £65.00/sq ft on a lease until 2028 with 19 months' rent free
- The Body shop acquired the whole of Tooley Street Terrace (24,003 sq ft) on a 10-year lease at £55.00/sq ft

The Tech & Media sector have accounted for the greatest proportion of take-up over the last 10 years, equating to 30%. This sector has continued to be the source for the majority of demand over the last year and a half accounting for 28% of take-up. The Serviced Office Provider sector has accounted for the second largest amount of take-up over the last 10 years at 14%, while they have accounted for 18% since 2018. This is largely due to WeWork's pre-letting of Friars Bridge Court (99,824 sq ft) and the acquisition of 25,000 sq ft at Southbank Alto.

1.1.2 Supply

The Southbank has been undersupplied for the last few years as new developments continue to let well, and there has been a lull in new supply being added to the market over the recent years. At the end of Q2, there was 640,051 sq ft of available supply, which equates to a low vacancy rate of 4.4%, which is up on the end of last year by 30 basis points but significantly down on the 10-year average of 5.4%. This is also considerably lower than the whole City market, which has a vacancy rate of 5.2%. It is important to note that these figures do not include supply from serviced office providers, who as previously mentioned, have continued to take space along the Southbank, therefore the available supply, and ultimately competition will be fiercer than these vacancy rates make it appear.

1.1.3 Rents

The Southbank has seen limited supply for the last three years yet the average grade A rent has remained around circa £60.00/sq ft for that entire time seeing no evidence of actual rental growth. However, RealFor are forecasting average annual rental growth of 2.0% per annum for 2019 – 2023. It is important to note that these forecasts are an average across all grades.

1.1.4 Pipeline

The future supply on the Southbank is very limited currently, especially since both One and Two Southbank Place have already been let, which are both completing in 2019. There is just 152,000 sq ft of new space expected for 2019, although all of this is already included in current supply figures, and then just 150,000 sq ft in 2020 and 185 Park Street (65,000 sq ft) in 2021. There is a substantial amount of space currently scheduled to arrive in 2022 with 685,000 sq ft across three schemes including 133 Park Street & 105 Sumner Street (135,000 sq ft), 220 Blackfriars Road (200,000 sq ft) and 25 Lavington Street (350,000 sq ft). With Elizabeth House scheduled for completion in 2023 accounting for circa 970,000 sq ft, we are expecting there to be 1.1m sq ft of new space arriving to the market with the addition of 150,000 sq ft at 135 Park Street.

It is important to note however that there are a number of schemes either awaiting planning or under demolition, notable schemes include:

- 1-5 Paris Garden & 16-19 Hatfields – Overcourt scheme providing an estimated 650,000 sq ft of offices
- Sampson House & Ludgate House, Blackfriars Road – Native Land scheme providing a combined 290,000 sq ft of offices
- 18 Blackfriars Road – 300,000 sq ft of offices
- Colechurch House – 200,000 sq ft of offices
- ITV Studios – 381,000 sq ft of offices

1.2 Bermondsey Office Market

As there is a lack of existing commercial offering in this area Savills do not track commercial activity and therefore we have used online databases to source information. CoStar combine Bermondsey and Surrey Quays as there is not a large enough commercial offering to analyse these two areas in their own right.

1.2.1 Bermondsey Occupational Market

Due to the lack in supply of workspace in Bermondsey and the surrounding location (SE16) there are very few directly comparable transactions. The market rent in SE16 currently stands at £29.53 per sq ft (source: CoStar). However, there has been very limited rental activity with only 3,000 sq ft of space having been recorded as being let in the last 12 months (source: CoStar). In addition, vacancy rates are at 2.9% with no schemes currently under construction (source: CoStar). Looking further afield a schedule of comparable evidence within a 1.5 mile radius of the Site is provided below.

Address	Start Date	Term	Sq ft leased	Rent (psf)	Savills Comments
90 Union Street, London, SE1	April-19	7 years	3,784 sq ft	£62.50	Multi-let office building refurbished in 2017. Stronger location Proximity to Borough underground station and London Bridge.
South Bank Vivo, Stamford Street, London, SE1 9LS	Sept-18	7 years	17,446 sq ft	£58.25	Multi-let office building refurbished in 2016. Similar floorplate sizes Stronger location Proximity to Southwark and Waterloo East Stations

Palace House, 3 Cathedral Street, London, SE1 9DE	June-18	14 years	22,281 sq ft	£58.00	Single-let office building refurbished in 2018. Stronger location Proximity to Borough Market and London Bridge Station.
Hundred House, 100 Union Street, London, SE1 0NL	May-18	10 years	11,216 sq ft	£58.50	Multi-let office building built in 2017. Stronger location Proximity to Southwark and Waterloo East Stations
3 Marshalsea Road, London, SE1 1EP	May-18	10 years	5,820 sq ft	£57.50	Single-let office building refurbished in 2017. Stronger location Close proximity to Borough Station.

The comparable transactions indicate a range of rental values between £57.50-£62.00 per sq ft. However, they are located closer to the core SE1/Southbank submarket and in more established office locations and therefore will command higher rental values.

Taking this into account, we believe that an achievable rent for Grade A office accommodation with larger floorplates in the location of the subject Site would achieve in the realm of £40.00 psf.

Lastly, the product will be more affordable than neighboring areas which will attract occupiers who are driven less by location. Office rents at £40.00 psf are considered affordable in comparison to rental levels being achieved in other regeneration areas (eg. Vauxhall, Battersea and Nine Elms between £55 - £60 per sq ft, White City currently achieving £55 per sq ft and King's Cross/Euston approx. £80 per sq ft.)

We also draw attention to Elephant & Castle and Canada Water as emerging office markets. Although Elephant & Castle is still yet to mature as an office location, and Canada Water is still at the proposal stages; the comparable nature and proximity of locations should be noted as future competition in the marketplace for affordable office space in the areas surrounding Southbank. The rental tones proposed should be slightly less than what we understand is likely to be proposed at Canada Water and Elephant & Castle. Primarily because of the critical mass proposed at Canada Water and therefore the new commercial campus being proposed, and that Elephant and Castle has much greater connectivity i.e. Zone 1. We understand Canada Water will pitch its new-build rental values around £45 - £50 per sq ft and Elephant & Castle will offer space for circa £50 - £55 per sq ft, reflecting the superior locations. However please note these figures are yet to be confirmed as it is too early in the process and the marketing campaign has not begun and therefore cannot be treated as hard evidence.

1.3 Bermondsey Investment Market

Again, there is a still lack of comparable evidence in Bermondsey for a similar product to what is being proposed at the Site. We have therefore analysed the Southbank and SE1 submarket as a benchmark and discounted accordingly.

We have also provided analysis comparing the transactions to the subject Site in the right-hand column.

Property	Size (sq ft)	Tenure	Tenant(s)	UXT	Date	Net Rent	Price £M NIY £ per sq ft	Savills Comments
5-7 Marshalsea Road, SE1	23,212	FH	To be sold by way of a sale and leaseback from The Restaurant Group for a term of 10 years.	10	Jun-19	£52.99	£25.70M 4.44% £1,107	- Prime location (proximity to Borough) - PTAL rating: 6b (Best); - Income for 10 years

Property	Size (sq ft)	Tenure	Tenant(s)	UXT	Date	Net Rent	Price £M NIY £ per sq ft	Savills Comments
Palace House, 3 Cathedral Street, SE1	45,012	FH	The office accommodation is single let to Kaplan Estates Ltd, guaranteed by Kaplan UK Limited for a term of 15 years. The retail unit is let to Nero Holdings.	9.36	May-19	£57.83	£48.75M 5.00% £1,083	- Prime location (proximity to London Bridge) - PTAL rating: 6b (Best); - Income for 9.36 years
169 Union Street, SE1	117,392	FH	Single let to London Fire & Emergency Planning Authority on a lease until March 2027.	8	Feb-19	£38.76	£100.00M 4.26% £852	- Prime location (proximity to Soutwark) - PTAL rating: 6b (Best); - Income for 8 years
Courage Yard, Shad Thames, SE1	85,844	FH	2.2 acre mixed-use scheme comprising 7 buildings. Multi-let to 16 office and retail tenants with 73% of the income derived from the principal office tenant ZPG Plc until June 2031.	11	Dec-18	£55.32	£89.00M 5.00% £1,036	- Prime location (proximity to London Bridge) - PTAL rating: 6b; - Income for 11 years

*Covenant strength source: Dun & Bradstreet

The comparable evidence outlined above demonstrates that SE1 cap rates have ranged between 4.25% and 5.50% since the end of last year. We would expect to see a softening of this yield for a comparable building (i.e. a traditional standalone office building) within the Bermondsey market of between 50 and 100 bps.

We would expect investors to apply a discount compared to the above transactions for the followings reasons:

- **Proximity to public transport:** The site has a PTAL rating of 3, compared to the comparables outlined above which all have the strongest PTAL rating – 6b.
- **Unestablished office market:** Bermondsey is not yet an established office market and we would expect investors to apply a discount compared to the SE1/Southbank market.
- **Lack of critical mass:** Institutional occupiers tend to want to be located in areas where there is a critical mass of other occupiers, either in the same sector or complimentary;
- **Weaker covenant strengths:** As a result of the above, the occupiers we would expect to be attracted to the Site are the more footloose occupiers currently located within the City, SE1 and Southbank markets who are looking for more affordable space. Such companies are likely to have weaker covenant strengths.
- **More flexible lease terms:** In addition, this type of occupier is likely to require more flexible lease terms compared with institutional tenants.
- **Rental growth prospects:** The Southbank/SE1 market has seen a migration of tenants from both the West End and City in recent years, attracted by more affordable office accommodation. As a result of the increase in demand for space, rents are likely to rise over the next 5 years.

For the above reasons we remain of the view that the yield stands at 6.0% for Building D/E and 6.5% for Building F.

Retail and Leisure Update – August 2019

The retail market in Central London and the London suburbs is currently undergoing a significant change in terms of supply and demand and rental growth. Historically these areas have seen steady rental growth with central locations witnessing 13% growth over the last 10 years, and 32% over the last five years. This can be attributed to relatively strong demand, particularly when compared to the rest of the UK and limited supply. However, over the course of the last two years, uncertainty surrounding the impact of Brexit and general occupational pressure on retailers has resulted in rents either declining or plateauing in all but a very few central locations. There will likely be further Company Voluntary Arrangements and insolvencies, reflecting issues including supply and cost of labor, inflation and business rates.

Those retailers who are to acquire new sites are highly selective with locations with strong transport links and architecturally interesting flagship buildings more protected from the downturn. Further to this, there has also been more demand for smaller retail units as a way of minimising occupancy costs. Where rental growth has been particularly strong over the last five years, some retailers are now looking to consolidate store numbers. Parts of central London such as Covent Garden, particularly Long Acre are experiencing increased availability for this reason and Oxford Street and Regent Street are seeing increases in supply.

As a matter of course retailers are seeking certainty on costs to be controlled with increasing requests seen for linked RPI rent review clauses and incentives towards fit out, even in prime locations. Demand for restaurant accommodation remains subdued; operators have more choice, due to more stock on the market from closures including fully fitted units, and quoting rentals are being reduced and large incentive packages are being demanded by a number of those operators still expanding and being achieved.

Of particular impact on acquisitions has been external cost pressures of which are difficult to pass back in full to the consumer, meaning occupational expenses have reached unsustainable levels. This trend is not isolated to the A3 market with the A1 retail market also impacted. That said, those assets that are well located, in high footfall locations, and priced sensibly, considering turnover top ups are still attracting good levels of interest.

Estate Landlords across the board are now looking at overall occupational cost when considering ERVs and the impact on limiting rental growth in tandem with additional rent-free periods, in order to maintain occupancy and reduce voids. As well as dampening demand, supply is increasing, putting further downward pressure on achieving rental growth. Market uncertainties have resulted in transactions taking longer and an increased level number of abortive transactions in comparison to previous years.

The continued uncertainty within the retail market is exemplified by Arcadia's CVA which was approved in mid June by many of their creditors. A stalwart of British fashion, Arcadia Group, includes Topshop, Dorothy Perkins, and Miss Selfridge, and the CVA has resulted in the closure of 23 stores and rent cuts in almost 200 stores. Debenhams CVA was also approved this quarter, which will result in the close of 22 stores early next year. Whilst these two epic collapses can be put down in part to the emergence of online retailing and fast fashion, both of these giants failed to adapt and evolve to the changing retail winds and suffered because of it.

On the other side of the coin, the homeware retail sector has continued to be identified as a resilient market in the UK and London landscape, experiencing a 5.6% increase in sales. Poised against the lack

of consumer confidence in retail, the poignancy for homeware interest among shoppers is demonstrated no more than H&M Home's opening of a 7,500 sq. ft store on Regent Street, with further expansion of the brand planned.

With regards to e-commerce it's true that sales from shops are declining but cursing the growth of online for killing the retail store is missing the point. Consumers don't shop channels, they shop brands and often the way they discover and grow affinity with brands is by visiting their store. High street sales fell by 0.8% in June according to BDO's latest data thanks to bad weather and another fall in consumer confidence, but this is of course not the full picture. Many retailers within the fashion sector looked to combat this by introducing summer sales towards the end of May, though, this failed to have a noticeable effect within this sector. It is however not as simple as digital vs bricks and mortar; there is in fact a symbiotic relationship between these two retailing channels.

Theatrical dining and food markets are both growing trends in London with a lot of new occupiers being demonstrating this, including Market Halls (recently receiving a £20m cash injection) and Harrods new 'Dining Hall'. Arcade Food Theatre have continued this trend this quarter with the launch of a 12,500 sq. ft. debut site at Centre Point. This is made up of three concept bars; six independent ground-floor kitchens; a coffee and bakery counter; an outdoor terrace; and 'The Loft', which the company says will be an "incubator-focused mezzanine kitchen space".

Alongside this, the fitness market remains strong – especially in London where fitness has become a way of life. The private health and fitness club market in the UK continues to grow and is estimated to be worth £3.2 billion in market value. Much of this can be attributed to the booming studio gyms sector which incorporates a range of class-based concepts, while the premium market is expanding through offering a diverse range of facilities for users. With wellbeing and health so high on the current agenda, many fitness operators have sought to diversify, collaborate and increase the space provision for secondary spend within their gyms. This has resulted in many partnerships with groups such as Joe & the Juice, as well as ancillary food, merchandise and other retail offerings.

Impact on the Bermondsey Project

In light of this overview, we see no reason why Bermondsey would offer an exception to the trends we have seen across London. Rents have stabilised and even fallen in certain areas; however we do believe the rents provided in 2017 were of a sustainable level and as such should not have decreased. Furthermore, we believe that the development has the scale and catchment to ensure there is enough demand to sustain rents equivalent to those proposed in 2017.

With regards to investment values, we have highlighted a softening of yields across several the use classes within the development. Investor appetite for retail and leisure has declined due to the uncertainty in the sector that has derived from Brexit, increased business rates, the growth of e-commerce and lowered consumer confidence. This has led to decreased liquidity in the investment market as investors seek more stable income in alternative sectors.

Rents

If the accommodation were available to let today, we would advise the headline rents seen in Figure 1. The rents found in Figure 1 represent this is on the assumption that the retail and restaurant units have sufficient head height, service provision, extract and configuration.

Use class	Headline rents (£ psf)
A1 – Retail	General: £23.50 Campus Buildings: £11.75
A3/4 – Retail	General: £25.00 BF-RST & BF-F: £27.00
B1– Office/Industrial	£20.00
D1 - Community	£10.00
D2 - Leisure	£20.00
Sui Generis	£15.00

Figure 1

Yields

If the accommodation were available to let today, we would apply the yields as detailed in Figure 2. The softening of yields over the past two years has also been reflected within the table.

Use class	2017 Yields (%)	2019 Yields (%)
A1	5.75%	6.00%
A3	6.00%	6.25%
A4	6.00%	6.50%
D1	6.00%	6.00%
D2	6.25%	6.5%
B1	6.25%	6.25%
Sui Generis	6.25%	6.75%

Figure 2

Comparable Evidence

With no local comparable existing pitch surrounding the subject Site, we have gathered a range of retail, restaurant and leisure leasing comparables from sites with similar fundamental characteristics, including size, location and age. We have included comparables based on locations with a large proportion of residential developments with ancillary retail and restaurants, and which offer a range of unit sizes.

Operator	Use	Location	Date	Area (sq ft)	Rent (£psf)	Agreed rent (£pax)	Comments
Retail/restaurants							
Independent restaurant	A3	Ram Quarter, Wandsworth	Aug 19	2,333	£28.07	£65,500	Unestablished retail/leisure destination. Lack of critical mass. Would expect rents to be slightly lower at subject location.
N/A (under offer)	A3	Filmworks, Ealing Broadway	July 19	3,510	£30.00	£105,300	Greater critical mass of retail and leisure. More established and affluent location. Would expect a lower rent at subject location.
Megan's (under offer)	A3	Dulwich Village	July 19	3,218	£24.80	£80,000	Independent tenant. Residential focused area. Would expect similar rents at subject site.
The Alchemist	A4	Embassy Gardens	Jan 19	5,512	£32.70	£180,000	More established location. National tenant. Would expect rents at the subject site to be significantly lower.
Sambrooks Brewery (under offer)		Ram Quarter	Jan 19	10,429	£22.05	£230,000	Unestablished retail/leisure destination. Lack of critical mass. Worse transport links to Central London. Would expect rents to be similar for a space of this size.

	A4						
Pizza Street	A3	Media Works, White City Place	Aug 17	2,295	£30.00	£68,850	More established location with a strong retail and leisure presence already in the area. Benefits of offices above for 7-day trade. Would expect rents at the subject site to be significantly lower.
Coco Di Mama	A1	Media Works, White City Place	Apr 17	1,340	£29.85	£40,000	More established location with a strong retail and leisure presence already in the area. Benefits of offices above for 7 day trade. National brand. Would expect rents at the subject site to be significantly lower.
Nuture	A1	Media Works, White City Place	Apr 17	1,188	£31.57	£37,500	More established location with a strong retail and leisure presence already in the area. Benefits of offices above for 7 day trade. Would expect rents at the subject site to be significantly lower.
Gyms/Leisure							
Yoga Operator (under offer)	D2	Ram Quarter, Wandsworth	Jun - 19	1,011	£24.72	£25,000	Stronger surrounding residential catchment, would expect lower rents at subject site.
CityHub	D2	London Dock, Wapping	Mar-19	22,540	£22.00	£495,900	Stronger location with excellent proximity o the City. Large unit size. Likely to be lower at subject site.
Hotpod Yoga	D2	Victoria	July 18	1,429	£34.90	£50,000	Far stronger location. Central London, close to a

						busy transport hub. Similar type of user. Would expect rents at subject site to be significantly lower.
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Yield comps

Date	Address	Tenant	Use	Price (£m)	NIY	Comments
On market	Fulham Reach	The Fitness Space	D2	£1.30	6.50%	Franchise covenant
On market	Battersea Reach	The Fitness Space	D2	£1.10	6.50%	Franchise covenant
On market	Merano, Albert Embankment	Independent Office	B1	£6.50	5.90%	
Dec-18	Imperial Wharf	Independent Restaurant	A3	£1.20	6.60%	
Jun-17	Fulham Reach	Brasseries Blanc	A3	£2.66	5.12%	
Apr-17	Coldharbour Lane, Brixton	Marsh and Parsons	A2	£1.50	5.34%	
Jan-17	Goodmans Field	Urban Fitness	D2	£1.65	6.85%	Franchise covenant

APPENDIX 6

TOWER EIGHT BUILD COST ADDENDUM



The Bermondsey Project Viability Update | GLA Addendum

Grosvenor Major Projects

GLA Addendum | 08th August 2019

TowerEight

Project and Cost
Management

Trusted to Deliver a
Commercial Difference

Baseline Summary / Reconciliation					
Cost History			Total		
LBS Submission		July 2018	£446,997,000		
Change Report 1		May 2019	£518,100,000		
GLA Addendum		July 2019	£526,580,000		
Reconcile With LBS Submission (Base)			Forecast	Variation	
Change Report 2 (July 2019)			£446,997,000		
F	Add 6 number 1B2P units at Ground Floor Level		£1,287,000	<div></div>	£1,287,000
F	Remove 2 residential units and add additional amenity space		(£159,000)	<div></div>	(£159,000)
F	Add additional Floor Level 08, which replicates level 07		£3,825,000	<div></div>	£3,825,000
F	Main Contractor On Cost Change		£430,000	<div></div>	£430,000
F	Re - Base Inflation 2Q 2019		£870,000	<div></div>	£870,000
F	Total Change		£6,253,000		
RST	S - Addition of floors: FL 29 - 35 (6 Stories S&C only)		£5,490,000	<div></div>	£5,490,000
RST	T - Addition of floors: (S&C only), 7 Stories		£7,430,000	<div></div>	£7,430,000
RST	R - Addition of floors (S&C only), 1 storey		£750,000	<div></div>	£750,000
RST	Add additional lift / riser and upgrade lift car - Building T		£1,500,000	<div></div>	£1,500,000
RST	Increase lift speeds / riser and upgrade lift car - Building S		£900,000	<div></div>	£900,000
RST	Fit out cost for 113nr additional units, change in unit mix and uplift for 100% BTR		£8,000,000	<div></div>	£8,000,000
RST	Reduction of Building R and Link from R to T		(£1,200,000)	<div></div>	(£1,200,000)
RST	Increase in building GIA (non - residential)		£3,850,000	<div></div>	£3,850,000
RST	Uplift for unitised façade system to Buildings S & T based on £1,200sqm		£11,400,000	<div></div>	£11,400,000
RST	Add saving for reduction in base main contractor prelims i.e scaffolding for use of unitised system		(£500,000)	<div></div>	(£500,000)
RST	Additional balconies to units		£1,200,000	<div></div>	£1,200,000
RST	Main Contractor On Cost Change		£10,240,000	<div></div>	£10,240,000
RST	Re - Base Inflation 2Q 2019		£1,660,000	<div></div>	£1,660,000
RST	Total Change		£50,720,000		
W	Addition of 3 x upper Floors (Shell & Core cost only)		£1,982,000	<div></div>	£1,982,000
W	Add revised unit mix + Affordable target specification		£850,000	<div></div>	£850,000
W	Add revised Affordable specification to common areas		(£163,000)	<div></div>	(£163,000)
W	Overall building GIA increase		£675,000	<div></div>	£675,000
W	Omit Base Balcony cost		(£827,000)	<div></div>	(£827,000)
W	Add back revised bolt on balcony proposal incl additional 3 floors		£840,000	<div></div>	£840,000
W	Omit saving for façade area per floor		(£181,000)	<div></div>	(£181,000)
W	Remove glazing to core and add brickwork		(£32,000)	<div></div>	(£32,000)
W	Addition of 'coloured' brick to façade based on £600 per 1,000		£50,000	<div></div>	£50,000
W	Main Contractor On Cost Change		£900,000	<div></div>	£900,000
W	Re - Base Inflation 2Q 2019		£220,000	<div></div>	£220,000
W	Total Change		£4,314,000		
DE	Add 7 Floors to Building E (Shell & Core Only)		£6,020,000	<div></div>	£6,020,000
DE	Deduct 4 Floors to Building D		(£3,240,000)	<div></div>	(£3,240,000)
DE	Factor for change in unit mix & additional units		£2,830,000	<div></div>	£2,830,000
DE	Increase in overall Building GIA		£1,550,000	<div></div>	£1,550,000
DE	Add provision for Structural Columns to form arcade		£220,000	<div></div>	£220,000
DE	Add Additional amenity space on podium		£140,000	<div></div>	£140,000
DE	Add faster lift		£150,000	<div></div>	£150,000
DE	Deduct residential podium link at level 03		(£300,000)	<div></div>	(£300,000)
DE	Revised number of bolt on balconies		£490,000	<div></div>	£490,000
DE	Omit previous Inset balconies		(£2,310,000)	<div></div>	(£2,310,000)
DE	Add revised inset balconies		£4,190,000	<div></div>	£4,190,000
DE	E/O allowance for curved / faceted glazing to facade (as CGI)		£315,000	<div></div>	£315,000
DE	Changes to façade treatment (TBC)		£0	<div></div>	£0
DE	Main Contractor On Cost Change		£2,836,000	<div></div>	£2,836,000
DE	Re - Base Inflation 2Q 2019		£720,000	<div></div>	£720,000
DE	Total Change		£13,611,000		
Campus	Add allowance for privacy screens based on 193nr balconies		£190,000	<div></div>	£190,000
Campus	Change units to Affordable tenure and change mix		(£510,000)	<div></div>	(£510,000)
Campus	Main Contractor On Cost Change		(£28,000)	<div></div>	(£28,000)
Campus	Re - Base Inflation 2Q 2019		£800,000	<div></div>	£800,000
Campus	Total Change		£452,000		
5	Add 3 x 2 Bed Duplex Units based on 2BED unit cost		£200,000	<div></div>	£200,000
5	Add duplex uplift to include stairs		£75,000	<div></div>	£75,000
5	Add additional façade		£100,000	<div></div>	£100,000
5	Add 1 x Floor		£640,000	<div></div>	£640,000
5	Change units to Affordable tenure and change mix		£80,000	<div></div>	£80,000
5	Add Affordable specification to common areas		(£120,000)	<div></div>	(£120,000)
5	Main Contractor On Cost Change		£85,000	<div></div>	£85,000
5	Re - Base Inflation 2Q 2019		£140,000	<div></div>	£140,000
5	Total Change		£1,200,000		
OQ	Creation of Mezzanine (S&C Cost only)		£950,000	<div></div>	£950,000
OQ	Add revised Mix and Affordable target specification		(£80,000)	<div></div>	(£80,000)
OQ	Add Affordable common parts specification		(£310,000)	<div></div>	(£310,000)
OQ	Main Contractor On Cost Change		£49,000	<div></div>	£49,000
OQ	Re - Base Inflation 2Q 2019		£330,000	<div></div>	£330,000
OQ	Total Change		£940,000		
P	Add 1 X part floor		£1,740,000	<div></div>	£1,740,000
P	Mezz units in P + 4 units		£780,000	<div></div>	£780,000
P	Add revised Mix and Affordable target specification		£90,000	<div></div>	£90,000
P	Add Affordable common parts specification		(£100,000)	<div></div>	(£100,000)
P	Main Contractor On Cost Change		£218,000	<div></div>	£218,000
P	Re - Base Inflation 2Q 2019		£170,000	<div></div>	£170,000
P	Total Change		£2,898,000		
U	Add revised Mix and Affordable target specification		(£580,000)	<div></div>	(£580,000)
U	Main Contractor On Cost Change		(£49,000)	<div></div>	(£49,000)
U	Re - Base Inflation 2Q 2019		£140,000	<div></div>	£140,000
U	Total Change		(£489,000)		
V	Add revised Mix and Affordable target specification		(£447,000)	<div></div>	(£447,000)
V	Main Contractor On Cost Change		(£38,000)	<div></div>	(£38,000)
V	Re - Base Inflation 2Q 2019		£170,000	<div></div>	£170,000
V	Total Change		(£315,000)		
Total			£526,580,000	£79,580,000	

		LBS Submission	GLA Addendum	Change	Comments
No. of Units		1342 nr	1548 nr	206 nr	
1.00	Building Works				
1.01	Building F	£81,390,000	£87,640,000	£6,250,000	
1.02	Building RST	£116,901,000	£167,620,000	£50,720,000	
1.03	Buildings DE	£58,707,000	£72,320,000	£13,610,000	
1.04	Building U	£15,091,000	£14,600,000	(£490,000)	
1.05	Building V	£17,648,000	£17,330,000	(£320,000)	
1.06	Building OQ	£32,687,000	£33,630,000	£940,000	
1.07	Building P	£14,000,000	£16,900,000	£2,900,000	
1.08	Building 1 - 4	£80,220,000	£80,670,000	£450,000	
1.09	Building 5	£12,483,000	£13,680,000	£1,200,000	
1.10	Building W	£17,870,000	£22,190,000	£4,320,000	
	Sub Total	£446,997,000	£526,580,000	£79,580,000	
2.00	Non Resi. Building Works				
2.01	Landscaping	£9,841,000	£13,899,000	£4,060,000	
2.02	Arches Walkthrough	£4,417,000	£1,010,000	(£3,407,000)	
2.03	Site Wide Services & Utilities	£14,740,000	£12,848,000	(£1,890,000)	
2.04	District Heating	£5,093,000	£4,216,000	(£877,000)	
2.05	Demolition & Enabling Works	£13,935,000	£12,000,000	(£1,935,000)	
2.06	Asbestos Clearance and Ground Contamination	£17,000,000	£17,000,000	-	
2.07	Loose Furniture, FF&E and Window Blinds	£6,160,000	£6,160,000	-	
	Sub Total	£518,183,000	£593,710,000	£75,527,000	
4.00	Main Contractor On Costs				
4.01	Preliminaries	Incl	Incl	-	
4.02	Overheads & Profit	Incl	Incl	-	
4.03	Main Contractor's D&B Risk	Incl	Incl	-	
	Works Cost Estimate Total	£518,183,000	£593,710,000	£75,527,000	
5.00	Other Development Costs				
5.01	Inflation to Update Base Date	Incl	Incl	-	
5.01	Inflation to Mid Point & Start on Site	Incl	Incl	-	
5.02	Project/Design Team Fees	Excl	Excl	-	
5.03	Other Development/Project Costs	Excl	Excl	-	
	All Phase Total	£518,183,000	£593,710,000	£75,527,000	

The following cost assessments have been based upon use of the following key documents, measurements for cost estimation have been limited:

- Baseline building costs are based upon the LBS Submission
- Costs exclude any provision for contingency or design development allowances

LBS / Baseline Cost Position			£	£/ft² (GIA)	£/ft² (NIA)	GLA Addendum Update			£	£/ft² (GIA)	£/ft² (NIA)	Comments
Assessed ✓	Building RST	Residential Building Works	£88,710,000				Building RST	Residential Building Works	£127,530,000			Cost option based upon the following: - Addition of 1 storey to Building R - Addition of 7 storeys to Building S - Addition of 7 storeys to Building T - Change in unit mix
		Non Residential Building Works	£2,471,000					Non Residential Building Works	£2,471,000			
		Preliminaries @ 17.5%	£16,413,000					Preliminaries @ 17.5%	£22,750,000			
		OH&P @ 6%	£6,456,000					OH&P @ 6%	£9,165,000			
		D&B Risk @ 2.5%	£2,851,000					D&B Risk @ 2.5%	£4,048,000			
		Inflation to Base Date 2Q19						Inflation to Base Date 2Q19	£1,660,000			
Building Total		£116,901,000	£283	£436	Building Total		£167,620,000	£303	£473			
Total GIA (ft²)				413,151	Total GIA (ft²)				552,548			
Total NIA (ft²)				267,818	Total NIA (ft²)				354,232			
Total No. Units				390	Total No. Units				517			
Total £/Unit Ave Residential				£227,000	Total £/Unit Ave Residential				£247,000			
Assessed ✓	Building F	Residential Building Works	£43,584,000				Building F	Residential Building Works	£48,540,000			Cost option based upon the following: - Addition of 6 1B2P at ground floor - Removal of 2 residential units + increase in amenity to level 03 - Addition of floor to replicate level 07
		Non Residential Building Works	£21,555,000					Non Residential Building Works	£21,555,000			
		Preliminaries @ 15%	£9,771,000					Preliminaries @ 15%	£9,771,000	(Prelims not increased)		
		OH&P @ 6%	£4,495,000					OH&P @ 6%	£4,792,000			
		D&B Risk @ 2.5%	£1,985,000					D&B Risk @ 2.5%	£2,116,000			
		Inflation to Base Date 2Q19						Inflation to Base Date 2Q19	£870,000			
Building Total		£81,390,000	£269	£384	Building Total		£87,640,000	£275	£386			
Total GIA (ft²)				302,019	Total GIA (ft²)				318,948			
Total NIA (ft²)				212,229	Total NIA (ft²)				227,239			
Total No. Units				177	Total No. Units				177			
Total £/Unit Ave Residential				£246,000	Total £/Unit Ave Residential				£274,000			
Assessed ✓	Building DE	Residential Building Works	£32,584,000				Building DE	Residential Building Works	£42,640,000			Cost option based upon the following: - Addition of 7 storeys to E - Deduction of 3 storeys to D - No additional lifts / lift speed increased as advised by HM - Floorplate and GIA increased - Additional area included for communal terrace
		Non Residential Building Works	£13,207,000					Non Residential Building Works	£13,207,000			
		Preliminaries @ 18%	£8,242,000					Preliminaries @ 18%	£10,052,000			
		OH&P @ 6%	£3,242,000					OH&P @ 6%	£3,954,000			
		D&B Risk @ 2.5%	£1,432,000					D&B Risk @ 2.5%	£1,746,000			
		Inflation to Base Date						Inflation to Base Date 2Q19	£720,000			
Building Total		£58,707,000	£289	£411	Building Total		£72,320,000	£289	£417			
Total GIA (ft²)				203,428	Total GIA (ft²)				250,543			
Total NIA (ft²)				142,933	Total NIA (ft²)				173,236			
Total No. Units				131	Total No. Units				183			
Total £/Unit Ave Residential				£249,000	Total £/Unit Ave Residential				£233,000			

The following cost assessments have been based upon use of the following key documents, measurements for cost estimation have been limited:

- Baseline building costs are based upon the LBS Submission
- Costs exclude any provision for contingency or design development allowances

LBS / Baseline Cost Position				GLA Addendum Update				Comments	
Building U Assessed ✓	Residential Building Works	£11,005,000		Building U	Residential Building Works	£10,425,000		Cost option based upon the following: - 100% Affordable Block	
	Non Residential Building Works	£1,073,000			Non Residential Building Works	£1,073,000			
	Preliminaries @ 15%	£1,812,000			Preliminaries @ 15%	£1,812,000	(Prelims not increased)		
	OH&P @ 6%	£833,000			OH&P @ 6%	£799,000			
	D&B Risk @ 2.5%	£368,000			D&B Risk @ 2.5%	£353,000			
	Inflation to Base Date				Inflation to Base Date 2Q19	£140,000			
	Building Total	£15,091,000	£254		Building Total	£14,600,000	£249		
	Total GIA (ft²)		59,407		Total GIA (ft²)		58,621		
	Total NIA (ft²)		41,413		Total NIA (ft²)		41,065		
	Total No. Units		56		Total No. Units		55		
Total £/Unit Ave Residential				Total £/Unit Ave Residential					
Building V Assessed ✓	Residential Building Works	£12,540,000		Building V	Residential Building Works	£12,093,000		Cost option based upon the following: - 100% Affordable Block - Additional Units	
	Non Residential Building Works	£1,584,000			Non Residential Building Works	£1,584,000			
	Preliminaries @ 15%	£2,119,000			Preliminaries @ 15%	£2,119,000	(Prelims not increased)		
	OH&P @ 6%	£975,000			OH&P @ 6%	£948,000			
	D&B Risk @ 2.5%	£430,000			D&B Risk @ 2.5%	£419,000			
	Inflation to Base Date				Inflation to Base Date 2Q19	£170,000			
	Building Total	£17,648,000	£250		Building Total	£17,330,000	£228		
	Total GIA (ft²)		70,700		Total GIA (ft²)		75,854		
	Total NIA (ft²)		53,492		Total NIA (ft²)		57,006		
	Total No. Units		69		Total No. Units		75		
Total £/Unit Ave Residential				Total £/Unit Ave Residential					
Building OQ Assessed ✓	Residential Building Works	£23,631,000		Building OQ	Residential Building Works	£24,190,000		Cost option based upon the following: - 10 Additional Mezz - lateral/ duplex GF units	
	Non Residential Building Works	£2,530,000			Non Residential Building Works	£2,530,000			
	Preliminaries @ 15%	£3,924,000			Preliminaries @ 15%	£3,924,000	(Prelims not increased)		
	OH&P @ 6%	£1,805,000			OH&P @ 6%	£1,839,000			
	D&B Risk @ 2.5%	£797,000			D&B Risk @ 2.5%	£812,000			
	Inflation to Base Date				Inflation to Base Date 2Q19	£330,000			
	Building Total	£32,687,000	£261		Building Total	£33,630,000	£253		
	Total GIA (ft²)		125,192		Total GIA (ft²)		132,957		
	Total NIA (ft²)		90,123		Total NIA (ft²)		93,356		
	Total No. Units		126		Total No. Units		128		
Total £/Unit Ave Residential				Total £/Unit Ave Residential					

The following cost assessments have been based upon use of the following key documents, measurements for cost estimation have been limited:

- Baseline building costs are based upon the LBS Submission
- Costs exclude any provision for contingency or design development allowances

LBS / Baseline Cost Position			£	£/ft² (GIA)	£/ft² (NIA)	GLA Addendum Update			£	£/ft² (GIA)	£/ft² (NIA)	Comments
Building P Assessed ✓	Residential Building Works	£9,696,000				Building P	Residential Building Works	£12,210,000				Cost option based upon the following: - 4 additional units to Mezzanine - 1 additional part floor - Additional units estimated - total units not split between OPQ - Affordable Mix added
	Non Residential Building Works	£1,509,000				Non Residential Building Works	£1,509,000					
	Preliminaries @ 15%	£1,681,000				Preliminaries @ 15%	£1,681,000	(Prelims not increased)				
	OH&P @ 6%	£773,000				OH&P @ 6%	£924,000					
	D&B Risk @ 2.5%	£341,000				D&B Risk @ 2.5%	£408,000					
	Inflation to Base Date					Inflation to Base Date 2Q19	£170,000					
	Building Total	£14,000,000	£267	£365	Building Total	£16,900,000	£256	£359				
	Total GIA (ft²)			52,386	Total GIA (ft²)			66,080				
	Total NIA (ft²)			38,318	Total NIA (ft²)			47,017				
	Total No. Units			49	Total No. Units			54				
Total £/Unit Ave Residential			£198,000	Total £/Unit Ave Residential			£226,000					
Campus (1 - 4) Assessed ✓	Residential Building Works	£54,969,000				Campus (1 - 4)	Residential Building Works	£54,649,000				Cost option based upon the following: - Minor Tweaks with the addition of privacy screening - Unit mix to stay the same
	Non Residential Building Works	£9,234,000				Non Residential Building Works	£9,234,000					
	Preliminaries @ 15%	£9,630,000				Preliminaries @ 15%	£9,630,000	(Prelims not increased)				
	OH&P @ 6%	£4,430,000				OH&P @ 6%	£4,411,000					
	D&B Risk @ 2.5%	£1,957,000				D&B Risk @ 2.5%	£1,948,000					
	Inflation to Base Date					Inflation to Base Date 2Q19	£800,000					
	Building Total	£80,220,000	£260	£390	Building Total	£80,670,000	£263	£388				
	Total GIA (ft²)			308,618	Total GIA (ft²)			306,236				
	Total NIA (ft²)			205,674	Total NIA (ft²)			207,950				
	Total No. Units			263	Total No. Units			263				
Total £/Unit Ave Residential			£209,000	Total £/Unit Ave Residential			£208,000					
Building 5 Assessed ✓	Residential Building Works	£8,272,000				Building 5	Residential Building Works	£9,247,000				Cost option based upon the following: - Additional 5nr 2Bed duplexes on GF - Additional cost of façade / glazing to GF for residential use - Assume Total GIA remains the same / NIA update TBC - Additional Storey to include 5 additional units
	Non Residential Building Works	£1,719,000				Non Residential Building Works	£1,719,000					
	Preliminaries @ 15%	£1,499,000				Preliminaries @ 15%	£1,499,000	(Prelims not increased)				
	OH&P @ 6%	£689,000				OH&P @ 6%	£748,000					
	D&B Risk @ 2.5%	£304,000				D&B Risk @ 2.5%	£330,000					
	Inflation to Base Date					Inflation to Base Date 2Q19	£140,000					
	Building Total	£12,483,000	£288	£424	Building Total	£13,680,000	£282	£398				
	Total GIA (ft²)			43,306	Total GIA (ft²)			48,438				
	Total NIA (ft²)			29,435	Total NIA (ft²)			34,391				
	Total No. Units			37	Total No. Units			38				
Total £/Unit Ave Residential			£224,000	Total £/Unit Ave Residential			£243,000					

The following cost assessments have been based upon use of the following key documents, measurements for cost estimation have been limited:

- Baseline building costs are based upon the LBS Submission
- Costs exclude any provision for contingency or design development allowances

LBS / Baseline Cost Position				GLA Addendum Update				Comments	

APPENDIX 7

STOCKDALES COST PLAN (ORIGINAL 2017 MASTERPLAN)



ELEMENTAL COST PLAN
RIBA STAGE 2

Compass School
Bermondsey

8-Aug-17
Rev 1

STOCKDALE
58 Streatham High Road
London
SW16 1DA
Tel: 020 8664 6373

Compass School

ELEMENTAL COST PLAN

Introduction

Introduction:

This cost plan is the first elemental exercise for the new site on Drummond Road.

The Project comprises the construction of a new multi-storey school building in Bermondsey, London. The building will be for secondary and sixth form students. The works are part of a master plan to redevelop the wider area.

Information:

The information and specification on which this cost plan has been prepared is as follows: -

Cottrell and Vermeulen Stage 2 Report.

Assumptions

The costs are an approximation and cannot at this very early stage of the design process be expected to represent the precise cost of the works. The figures should be viewed as target figures for the development of the design.

The costs will be subject to the development of the design by the architect and the input of structural engineers and services engineer and tenders received.

Cost per m² of GIFA represents the cost of each element divided by the gross internal floor area measured in square metres. The GIFA is the area of the building measured to the internal face of the perimeter walls at each floor level.

Main exclusions

This Elemental Cost Plan excludes the following key items:-

VAT

Site decontamination (£150,000 has been included for asbestos removal only)

Construction of shared adjoining wall structures

Tax fluctuations

Inflation in forecasted tender prices beyond 2Q 2020 (mid-point of construction as planned)

Costs for performance bonds (the Project will aim to avoid bonds via diligent contractor selection)

this is not quantifiable without a contractor on board as each will have different risk profiles and different bond sources

The effect of detailed design input from a Structural Engineer and M&E Services Engineer

Effects of party wall agreements, building control and planning conditions.

Resultant effects on design following site investigations and surveys

Costs associated with delays

Relocation expenses, storage, cleaning etc.

Extraordinary site investigation works

Furniture, furnishings and equipment (FF&E) as defined within the cost plan.

Audio visual equipment

Cooling other than server room.

Works to any adjoining buildings

Temporary services diversions

Traffic control and pedestrian road safety e.g. road crossing and footpath barriers

Soft landscaping beyond modest planting as shown in the cost plan.

Please refer to the Elemental Cost Plan breakdown for further exclusions

This costing has been prepared for the sole use of Grosvenor and Cottrell & Vermeulen Architecture.

Compass School

ELEMENTAL COST PLAN

MAIN SUMMARY

GIFA 5,250 m²

RIBA STAGE 2 COST PLAN JULY 2017

1	Facilitating Works	944,900	180	5.3%
2	Substructures	928,500	177	5.2%
3	Superstructures	5,444,750	1,037	30.4%
4	Internal finishes	813,300	155	4.5%
5	Fittings, furnishings and equipment	365,500	70	2.0%
6	Services	3,889,900	741	21.7%
7	External works	1,117,900	213	6.2%
8	Main Contractor's preliminaries	1,681,360	320	9.4%

9 NET SUB-TOTAL **15,186,110**

10	Main contractor's overheads	Say 5.0%	759,306
11	Main contractor's profit	Say 2.5%	379,653
12	Inflation BCIS (284 vs 314) (approx mid-point of construction)	Say 9.8%	1,598,258

13 SUB-TOTAL: **17,923,327** 3,414 /m²

13	Design Contingency	Say 5.0%	896,166
14	Construction Contingency (see Master Plan budget) (see Minutes of School Consultation Workshop 5 - design contingency to be inc)		excluded

15 CONSTRUCTION TOTAL: **18,819,000** 3,585 /m²

16	Project/design team fees:			
	Project Manager	G&T		
	Employer's Agent	tbc		
	Architecture and school landscape	CVA		
	Principle Designer	CVA		
	Structural Engineer	WSP		
	Transport - contribution	WSP		
	Quantity Surveyor	SD		
	Services and sustainability	HM		
	Acoustics	HM		
	Fire	JGA		
	Infrastructure and utilities	Arup		
	Access	Arup		
	Landscape - masterplan interface	Arup		
	External lighting	Arup		
	Arboriculturalist	Moyer		
	Construction Consultant	Mace		
	Approved Inspector	AIS		
	Surveys - contribution			
	Expenses			
			Contribution, say	
			8.0%	1,505,520

17 Other development costs excluded

18 VAT on construction and fees

19 TOTAL OF ELEMENTAL COST PLAN : **20,325,000** 3,871 /m²

ITEMS OF NOTE:

	net	all-in inc fees
Sprinklers	406,300	572,535
Group 2 FF&E	360,500	507,996

KEY RISK ITEMS/COMMENTS TO NOTE WITH REGARD TO ALL ABOVE:**Asbestos Removal**

We understand that substantial asbestos has been identified by non-invasive survey in both Block A and the underground ducts serving it. Block A houses a large plantroom which would be expected to contain asbestos unless it has been re-fitted. A notional allowance has been made within this cost plan.

Cost mitigation will take place during Stages 3 and 4.

Ground Clearance

The demolition quotation received excludes removal of the basement, the foundations, the underground ducts etc. Details of the extent of these obstacles is as yet unclear. A notional allowance has been made within this cost plan.

Cost mitigation will take place during Stages 3 and 4.

The effect of separation from Masterplan scheme ie potential reduction in economies of scale

It is still the intention that the School team and the Masterplan team will work together to identify any common specification and approach the supply chain accordingly. However, the School is no longer directly linked to any residential block (as it was previously).

Review inflation

Prices are at current levels with forecasted inflation now at from now until 2Q 2020 (approx mid-point of construction)

Costs have been adjusted in line with the Gardiner and Theobald estimate used for the Masterplan scheme.

The BCIS published forecast for the period from now to 2Q 2020 (mid point construction) is an index of 314 .

However, the BCIS do not publish London forecasts, only historic data

for London. In historic terms London and the rest of the UK are very different. Caution is still recommended with regard to London weighting and the effect of Brexit.

Photovoltaic panels

May be required to meet 20% CO2 reduction target if imposed at planning. Currently not included. **Accommodating Plant**

The accommodation of substantial plant in a number of sensitive locations represents a substantial cost but will need review based on plant selection, planning response, acoustic performance etc as the cost may still rise.

Temporary Utilities

Temporary utilities solution to the School is included within the masterplan budget.

Please refer to previous notes and exclusions which still apply in full.

Notably VAT, and construction contingency are excluded.

Compass School
ELEMENTAL COST PLAN
DETAILED SUMMARY

		£ ECP RIBA STAGE 2	
1	Facilitating Works		
	Asbestos removal	150,000	
	Demolition	694,900	
	Ground Clearance	100,000	
	Temporary utilities solution to School	excluded	944,900
2	Substructures		
	Foundations	609,600	
	Ground floor construction	318,900	928,500
3	Superstructures		
	Frame and Upper Floors	2,245,500	
	Roof	743,300	
	Stairs and ramps	299,550	
	External walls	1,373,900	
	Windows and External Doors	351,500	
	Internal walls and partitions	243,700	
	Internal doors	187,300	5,444,750
4	Internal finishes		
	Wall finishes	208,100	
	Floor finishes	463,800	
	Ceiling finishes	66,100	
	Acoustics	75,300	813,300
5	Fittings, furnishings and equipment		
	Group 1	excluded	
	Group 2	360,500	
	Group 3	0	
	Group 4	5,000	365,500
6	Services		
	Sanitary fittings	158,100	
	Services equipment	75,000	
	Disposal Installations	53,600	
	Water Installations	161,100	
	Heat sources	103,000	
	Space heating and air conditioning	279,700	
	Ventilation systems	619,900	
	Electrical installations	1,364,400	
	Gas and other fuel installations	excluded	
	Lift and conveyor installations	49,300	
	Fire and lightning protection	444,300	
	Communications, security & control systems	417,500	
	Builder's Work in connection with services	149,000	
	Testing & commissioning of services	15,000	3,889,900
7	External works, drainage and incoming services		
	Roads, paths and pavings	473,300	
	Planting	28,000	
	Fencing, railings & walls	189,900	
	Site / street furniture & equipment	24,500	
	External drainage	222,100	
	External services	180,100	1,117,900
8	Main Contractor's preliminaries	1,681,360	1,681,360
9	Sub-total	15,186,110	15,186,110

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
1.0 FACILITATING WORKS						
Asbestos removal						
within building, say	1	item	100,000	100,000	100,000	
within underground ducts on School site, say	1	item	50,000	50,000	50,000	
Demolition apportioned from JF Hunt quote	1	item	694,928	694,928	694,900	
Ground Clearance						
GF slab, founds/basement, tarmac, ducts, backfill etc, say	1	item	100,000	100,000	100,000	
Temporary utilities solution to School					excluded	
See Master Plan budget re:						
temporary plantroom for heating and hot water to affected Blocks						
ditto mains water (though this appears to be unaffected)						
temporary submain and duct from new substation position on School site to						
temporary distribution boards serving the affected blocks						
This cost plan includes for the new substation (Section 7.7)						
Removal of underground obstacles		excluded				
						944,900
2.0 SUBSTRUCTURES						
2.1 Foundations						
Piled foundations:						
Pile design	1	item	2,000	2,000	2,000	
Piling / mats / platforms	1,500	m²	15	22,500	22,500	
Establishment charge by piling company	1	item	6,422	6,422	6,400	
Foundation piling (CFA):						
Moving piling rig to pile positions	172	nr	21	3,629	3,600	
Piles 450mm diameter, assumed 23m deep	1,610	m	50	80,500	80,500	
Reinforcement	1,610	m	6	9,660	9,700	
Piles 600 diameter, assumed 23m deep	2,346	m	83	193,545	193,500	
Reinforcement	2,346	m	12	28,152	28,200	
Disposal of excavated material arising from piling	919	m³	40	36,756	36,800	
Cutting off tops of concrete piles	172	nr	50	8,600	8,600	
Pile tests	172	nr	8	1,290	1,300	
Attendance on piling rig (days)	60	days	300	18,000	18,000	
Breakout underground obstacles/standing time etc			-	excluded	excluded	
Pile caps, assumed 600x600x600						
Excavate and cart away	309	m³	60	18,510	18,500	
Concrete	309	m³	173	53,216	53,200	
Reinforcement to last, assumed 185kg/m³	43	t	1,188	51,288	51,300	
Formwork	617	m²	41	25,545	25,500	
Ground beams, assumed 600x600						
Excavate and cart away	19	m³	60	1,123	1,100	
Concrete	19	m³	173	3,229	3,200	
Reinforcement to last, assumed 185kg/m³	4	t	1,188	5,335	5,300	
Formwork	62	m²	41	2,583	2,600	
Extra over paving build up for bin store slab	20	m²	100	2,000	2,000	
Ditto to stair 1	10	m²	180	1,800	1,800	
Slab to substation block, plus say strip founds	110	m²	200	22,000	22,000	
Work in connection with underground tanks - see Section 7						
Interface between Sports Hall and Learning stack - see Section 3						
Adjustment to Superstructure cost to reflect possible uplift once the fabric has been designed up to the maximum GIFA of 5250m2, say	2%		597,684	11,954	12,000	
Underpinning:					excluded	
						609,600

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
2.2 Ground floor construction						
Reduce dig inc working space, EWS	681	m³	15	10,215	10,200	
Compaction/blinding	1,362	m²	5	6,810	6,800	
Disposal of excavated material - inert	681	m³	40	27,240	27,200	
RC ground floor slab						
Concrete - 300 thk	409	m³	173	70,484	70,500	
Reinforcement	95	t	1,188	113,216	113,200	
Edge formwork	61	m²	41	2,485	2,500	
Insulation to ground slab	1,362	m²	20	27,240	27,200	
Damp proof membrane	1,362	m²	15	20,430	20,400	
Void formers	1,362	m²	30	40,860	40,900	
Perimeter thickening/ground beam - See Section 2.1						
Breakout underground obstacles/standing time etc			-	excluded	excluded	
						318,900

3.0 SUPERSTRUCTURES

3.1 Frame and Upper Floors

Steel frame:

Structural steel frame, including fittings and fixings						
UBs and UCs generally with annotated beam weights	51.0	t	2,442	124,559	124,600	
Mixture of composite, edge beams etc, some assumptions on weight	99.0	t	2,442	241,790	241,800	
Bracing, say	25.0	t	2,442	61,058	61,100	
Trusses to Sports Hall	24.0	t	2,442	58,616	58,600	
Sundries and connections 15%	30	t	2,442	72,903	72,900	
Extra for galvanising	229	t	533	121,926	121,900	
Pad stones, say	25	nr	150	3,750	3,800	
Fire protection to steel frame, say as before	4,770	m²	18	85,852	85,900	
Design and install stainless steel facade restraint system reduced as no longer supporting concrete panels	1	item	150,000	150,000	150,000	
Movement joints	1	item	20,000	20,000	20,000	
Thermal breaks	1	item	20,000	20,000	20,000	

Concrete frames:

Reinforced concrete:						
Columns	120	m³	215	25,830	25,800	
Edge beams say	10	m³	215	2,109	2,100	
Walls	250	m³	184	46,000	46,000	
Reinforcement to columns, beams and walls						
Columns	36	t	1,250	45,000	45,000	
Edge beams	3	t	1,250	3,674	3,700	
Walls	25	t	1,250	31,250	31,300	
Formwork to RC:						
Columns	1,050	m²	52	54,338	54,300	
Edge beams	82	m²	52	4,244	4,200	
Walls meas one side	1,003	m²	97	97,692	97,700	
Post tensioned concrete:						
Slabs various thickness	1,141	m³	185	210,657	210,700	
Reinforcement to post tensioned concrete	118	t	1,250	147,500	147,500	
Post tensioning tendons	4,105	m²	32	129,923	129,900	
Formwork to post tensioned concrete:						
Floor slabs	4,105	m²	62	255,516	255,500	
Slab edge	242	m²	45	10,919	10,900	
Interface between sports hall and learning stack tbc	1	item	20,000	20,000	20,000	
Interface between assembly hall and kitchen tbc	1	item	5,000	5,000	5,000	
Cantilever at Stair 4 and other unknowns, say	1	item	25,000	25,000	25,000	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>Precast/composite decking systems:</u>						
Comflor 60 with 140mm concrete, A252 mesh						
Sports hall floor	438	m²	94	40,970	41,000	
Shear studs and additional rebar, say	10%			4,097	4,100	
Perimeter	85	m	21	1,760	1,800	
Propping	assume n/a - supports at approx 3m centres					
Sports hall roof/MUGA base	463	m²	94	43,309	43,300	
Shear studs and additional rebar, say	85	m	21	1,760	1,800	
Propping	assume n/a - supports at approx 3m centres					
Perimeter	90%					
Roof forming social terrace	338	m²	94	31,616	31,600	
Shear studs and additional rebar, say	10%			3,162	3,200	
Propping	assume n/a - supports at approx 3m centres					
Perimeter	90	m	21	1,863	1,900	
Second floor above dining hall	298	m²	94	27,875	27,900	
Shear studs and additional rebar, say	10%			2,787	2,800	
Propping	assume n/a - supports at approx 3m centres					
Perimeter	75	m	21	1,553	1,600	
Extra for:						
Comflor 51+ with 175-225mm slab, A393 mesh						
Second floor above dining hall	298	m²	31	9,296	9,300	
Adjustment to Superstructure cost to reflect possible uplift once the fabric has been designed up to the maximum GIFA of 5250m2, say						
	2%		2,564,131	51,283	51,300	
						2,245,500

3.2 Roof

Roof structure

PT slabs - see Frame

Composite slabs - see Frame

Roof coverings inc insulation

Sarnafil type roof

Roof 1A above kitchen	96	m²	110	10,517	10,500
Roof 1B adj to stair 4/sports hall	60	m²	110	6,552	6,600
Roof 2A adj to science prep & chem store	12	m²	110	1,349	1,300
Roof 2B west of DT, staff prep & Art	27	m²	110	3,021	3,000
Roof 2C Art Garden, between art & classroom 4	48	m²	110	5,254	5,300
Roof 2D between light lab & pe store	37	m²	110	4,088	4,100
Roof 3A Social Terrace	599	m²	110	65,923	65,900
Roof 3B adj stair 2, between social terrace and seminar spac	11	m²	110	1,229	1,200
Roof to Stair 1 between 2A & 4A	10	m²	110	1,145	1,100
Roof 4A Stair 1	26	m²	110	2,814	2,800
Roof 4B MUGA - waterproof layer - for MUGA play surface sr	455	m²	110	50,090	50,100
Roof 4C South of lobby adj to MUGA	31	m²	110	3,402	3,400
Roof 5A south of stair 3	17	m²	110	1,851	1,900
Roof 6A above classrooms 1,2,3	167	m²	110	18,408	18,400
Roof 6B above classroom 4,light lab, lobby etc	241	m²	110	26,493	26,500
Roof 6C to Stair 2	36	m²	110	3,977	4,000
Roof 7A to Stair 3	40	m²	110	4,450	4,400
Roof Level 5 to Stair 4 (not on drawings)	14	m²	110	1,540	1,500
Addition to cover uplift					

Extra for green roof

Roof 6A Green Roof above classrooms 1,2,3	167	m²	87	14,559	14,600
Extra for plant access spec covering, say	100	m²	20	2,000	2,000

Edge detailing	732	m	50	36,600	36,600
Blue roof - restricted flow control (rainwater attenuation)	n/a	all below ground - see Section 7.6			
Below ground storage tank	n/a	all below ground - see Section 7.6			

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>Roof drainage</u>						
Concealed drainage channels to outdoor spaces	130	m	75	9,750	9,800	
Roof outlets, say	40	nr	250	10,000	10,000	
Rainwater pipes - concealed downpipes	500	m	50	25,000	25,000	
Adjustment to Roof cost to reflect possible uplift once the fabric has been designed up to the maximum GIFA of 5250m2, say						
	2%		212,079	4,242	4,200	
<u>Roof lights, skylights and openings</u>						
	none shown					
<u>Roof features</u>						
Mansafe system - edge protection	1	item	75,000	75,000	75,000	
Linked to tilt and turn window operation.						
Roof plant accessed by stairs (except kitchen roof)						
Roofs requiring mansafe likely to be:						
Kitchen						
Kitchen stair 2a and 4a						
2c, 2d, 3b						
5a, 6a, 6c						
Roof to stair 3						
Extra for abseiling system						
Outline strategy required for pricing						
Extra for maintenance cradle(s)						
Outline strategy required for pricing. Numerous roofs may make this very costly						
Plant enclosures (sides):						
kitchen	2 sided say 14m x 6m	120	m²	154	18,480	18,500
dining/.assembly	3 sided say 10m (2 sides) x 14m	102	m²	154	15,708	15,700
tower roof	4 sided 16m x 12m	168	m²	154	25,872	25,900
Plant enclosure (roof)						
kitchen	14m x 6m	84	m²	154	12,936	12,900
dining/.assembly	10m x 14m	140	m²	154	21,560	21,600
tower roof	16m x 12m	192	m²	154	29,568	29,600
Extra for acoustic attenuation 6dB reduction MIN extra cost		806	m²	105	84,227	84,200
Primary galv steel supports, say		12	t	3,000	37,440	37,400
Sprinkler tank enclosure is shown with Sprinklers for ease of totalling the Sprinkler cost						
NB dimensions, number of sides and performance need clarification for Stage 3 and may have significant impact						
External soffits						
Soffit GA - Staff/Visitor Entrance		56	m²	120	6,771	6,800
Soffit GB - (under stair 1)		24	m²	120	2,880	2,900
Soffit 1A - next to seminar stair		55	m²	120	6,630	6,600
Soffit 1A - next to sixth form suite		22	m²	120	2,609	2,600
Soffit 1B - (sports hall above)		489	m²	120	58,675	58,700
Insulation for the above		542	m²	25	13,550	13,600
120min fire resistance to the floor (fire fighting route)		542	m²	30	16,260	16,300
Soffit - (overhang outside LRC/Activity Studio)		7	m²	120	793	800
						743,300

3.3 Stairs and ramps

Stair/ramp structures:

Stair structures (PCC)						
Stair 1	rear of kitchen to social terrace	6	flight	3,000	18,000	18,000
Stair 2	GF lobby west to sixth floor 1.8w	10	flight	6,000	60,000	60,000
Stair 3	GF east lobby to roof plant 1.8w	12	flight	6,000	72,000	72,000
Stair 4	playground to MUGA	4	flight	3,000	12,000	12,000
Seminar Stair		2	flight	6,000	12,000	12,000
Tiered seating seminar stair		57	nr	250	14,250	
Platform to last		40	m²	200	8,000	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>Stair/ramp balustrades and handrails:</u>						
Wall handrails	189	m	30	5,670	5,700	
Internal balustrades, structural, ply clad	244	m	400	97,600	97,600	
						<hr/> 299,550

3.4 External walls

External walls:

Total façade	exc column cladding	5,005	m²			
Deduct windows		516	m²			
		<hr/> 4,489	m²			
Traditional half brick cladding - brick price ne £500/thou		729	m²	123	89,871	89,900
Ditto as cladding to concrete and steel columns at low level including framework		125	m²	190	23,750	23,800
Brick slip cladding		1,271	m²	195	247,845	247,800
Eternit cladding or similar		2,564	m²	104	266,656	266,700
140mm dense concrete wall as inner leaf		4,150	m²	59	243,398	243,400
Extra for fairface work	see Wall Finishes done					
Deduct concrete core walls where they form inner skin of external wall						
Metsec framing as insulation void and fixing background for brickslips and Eternit		3,835	m²	10	38,350	38,400
Cementitious board backing to brick slips?		1,271	m²	33	42,197	42,200
Insulation throughout		4,150	m²	18	74,700	74,700
Parapet front face inc above, extra for forming rear face and stiffening posts etc		336	m²	150	50,400	50,400
Extra for reinforcing MUGA and Social terrace parapet side		248	m²	50	12,400	12,400
Capping to parapets		217	m²	100	21,700	21,700
Extra over for thicker sports hall and dining walls		697	m²	60	41,820	41,800
Various façade junctions, say		1,000	m	50	50,000	50,000
Additional air-tightness measures eg at block walls?		4,150	m²	10	41,500	41,500
Reveals approx 225 deep:						
brick		137	m	60	8,220	8,200
brick slip		471	m	90	42,390	42,400
brick slip circular reveal		12	m	150	1,800	1,800
Eternit		290	m	25	7,250	7,300
Pressed metal cill and head		521	m	25	13,025	13,000
Adjustment to External Wall cost to reflect possible uplift once the fabric has been designed up to the maximum GIFA of 5250m2, say		2%		1,317,272	26,345	26,300

External walls below ground level:

Provisional allowance	1	item	30,220	30,220	<hr/> 30,200	<hr/> 1,373,900
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3.5 Windows and external doors

External windows:

Metalcraft windows - bottom hung	516	m²	451	232,716	232,700
Extra for tilt and turn	516	m²	44	22,704	22,700
Extra for circular window	2	nr	1,500	3,000	3,000
Narrow internal reveal	1,431	m	6	8,586	8,600

Extra for solar control glazing to south facing windows blinds included instead

Adapt window for window mounted ventilation unit louveres supplied by specialist (below) . Omit glass and use fixed pane, say	49	nr	10	490	500
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Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>External doors:</u>						
Single - assume fully glazed, aluminium framed	20	nr	1,800	36,000	36,000	
Double - assume fully glazed, aluminium framed	12	nr	3,000	36,000	36,000	
Large doors to Activity Studio	1	item	12,000	12,000	12,000	
Ironmongery and accessories	included					
						351,500
3.6 Internal walls and partitions						
140mm blockwork (notionally all partitions)	3,227	m²	59	189,264	189,300	
Extra for fairface both sides - see Wall Finishes						
Extra for lightweight partitions, board and skim both sides or plastered blockwork, say (classrooms dealt with sep)	1,000	m²	31	31,350	31,400	
120 minute rated partition, say (where not concrete)	200	m²	40	8,000	8,000	
Glass screens						
music rooms	15	m²	500	7,500	7,500	
office/secure lobby	2	m²	750	1,500	1,500	
Solid balustrades (glass omitted)						
Café stair	7	m	300	2,100	2,100	
Shower screens see Cubicles 5.2						
Allowance for intermediate partition supports omitted as storey heights now close to 3m generally						
Relocated from Fittings requested						
General Office						
Reception Desk	1	nr	1,500	1,500	1,500	
Staff base upper floors						
Fixed desk simple ply table top	4	nr	600	2,400	2,400	
						243,700
3.7 Internal doors						
Internal doors - door sets						
Single WC door, FD30, Formica faced, no vision panel	28	nr	506	14,168	14,200	
Single door, FD30, Formica faced, vision panel	83	nr	593	49,211	49,200	
Ditto door and half	24	nr	917	22,010	22,000	
Ditto double	4	nr	1,125	4,501	4,500	
Single door, FD120, primed, vision panel	1	nr	1,673	1,673	1,700	
Ditto door and half	15	nr	2,722	40,833	40,800	
Ditto double none	0	nr	3,000	0	0	
Extra for corridor hold open devices, say 6 pairs	6	nr	500	3,000	3,000	
Decorating doors frames only, Formica faced doors	127	nr	55	6,985	7,000	
Sliding stacking partition between Seminar and Hall	67	m²	500	33,550	33,600	
Ditto fifth floor classrooms 1,2,3	51	m²	500	25,500	25,500	
						187,300
4.0 INTERNAL FINISHES						
4.1 Wall finishes						
Basic wall tiling to wet areas, exc kitchen	186	m²	45	8,370	8,400	
Fairface finish to blockwork to classrooms	802	m²	6	4,812	4,800	
Fairface to other partitions, say	1,936	m²	6	11,617	11,600	
Fairface to inner face of some external walls (may be a block upgrade)	2,075	m²	15	31,125	31,100	
Further fairface where pinboard omitted	674	m²	15	10,110	10,100	
Further fairface where classroom joinery omitted	254	m²	15	3,810	3,800	
Plasterboard and skim inner face of some external walls	1,245	m²	20	24,900	24,900	
Paintwork to walls/sealing concrete	10,604	m²	6	63,624	63,600	
Impact and bumper guards, corner protection etc	-		-	excluded	excluded	
Wall panelling, say to Seminar, say	1	item	10,000	10,000	10,000	
Wall panelling to low level of Sports Hall	164	m²	60	9,840	9,800	
Panelling to classrooms and breakout spaces - see Fittings						

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
Pinboard - see Fittings						
Hygienic floor, wall and ceiling finishes	1	item	30,000	30,000	30,000	
						208,100
4.1 Floor finishes						
Screed throughout with latex topping	5,250	m²	24	125,134	125,100	
GF insulation	1,362	m²	31	41,882	41,900	
Resilient layer elsewhere	3,888	m²	14	53,266	53,300	
Coverings:						
Sports hall - Pulastic polyurethane floor or similar	423	m²	74	31,417	31,400	
Dining hall, Polyflor	300	m²	35	10,500	10,500	
Activity studio as Sports	81	m²	74	6,016	6,000	
WCs, kitchens, corridors, Science, DT etc - Polyflor	1,364	m²	35	47,740	47,700	
Ditto stairs and landings	89	m²	50	4,455	4,500	
Nosings	446	m	40	17,820	17,800	
Teaching, office, meeting and other - carpet	2,968	m²	25	74,198	74,200	
Mats and matwells	25	m²	250	6,250	6,300	
Threshold/movement strips etc say	1	item	2,000	2,000	2,000	
Skirtings, either MDF including decoration, or coved Polyflor	3,589	m	12	43,068	43,100	
Raised access floor systems	-	m²	-	excluded	excluded	
						463,800
4.2 Ceiling finishes						
MF ceiling to WCs	191	m²	50	9,550	9,600	
MF ceilings to corridors to conceal WC extract ducts	543	m²	50	27,150	27,200	
Paintwork to ceilings/sealing concrete elsewhere	4,516	m²	6	27,096	27,100	
Plenums for concealing ventilation systems, WCs only assume all surface mounted grilles	n/a					
Grille for ventilation plenums, WCs only	1	item	840	840	800	
Access hatches and the like, WCs only	1	item	1,400	1,400	1,400	
						66,100
Kitchen finishes - see Section 5						
4.3 Acoustics						
Acoustic panels to Classrooms - say 1/3 of wall area only inc specialist classrooms	623	m²	69	42,989	43,000	
Acoustic treatment to Hall and Dining walls and ceilings - 1/3	439	m²	69	30,313	30,300	
Acoustic treatment to Cafe walls and ceiling	30	m²	69	2,039	2,000	
						75,300

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
5.0 FITTINGS, FURNISHINGS AND EQUIPMENT						
5.1 GROUP ONE						
Provided, placed, fitted and lifecycled by Contractor	n/a					
5.2 GROUP 2						
Provided, placed and fitted by Contractor:						
<u>By Room Function</u>						
Classrooms/Light Lab/Music						
Interactive white board - GROUP 4						
Storage wall/cladding above/below white board						omitted at request of EFA. One cupboard per room Group 4
Science labs						
Lab fit out, all in	2	nr	30,000	60,000	60,000	
Fume cupboards	2	nr	5,000	10,000	10,000	
Acid proof waste - se Services						
Interactive white board - GROUP 4						
Storage wall/cladding above/below white board						omitted at request of EFA. One cupboard per room Group 4
Science Prep/store						
Prep fit out all in	1	nr	20,000	20,000	20,000	
Food Tech and Prep						
Kitchen fit out all in	1	nr	40,000	40,000	40,000	
DT						
DT fit out, all in	1	nr	30,000	30,000	30,000	
Interactive white board - GROUP 4						
Equipment and benches - GROUP 4						
Storage wall/cladding above/below white board						omitted at request of EFA. One cupboard per room Group 4
Art						
Interactive white board - GROUP 4						
Kiln - fitted by contractor but reimbursed by EFA	1	nr	2,500	2,500	2,500	
Storage wall/cladding above/below white board						omitted at request of EFA. One cupboard per room Group 4
DT/Art Prep						
Fit out, all in	1	nr	10,000	10,000	10,000	
Staff Kitchenette						
Cold prep kitchenette	1	item	3,000	3,000	3,000	
Seminar						
Generally - GROUP 4						
Tiered seating seminar stair	57	nr	250	14,250	14,300	
Platform to last	40	m²	200	8,000	8,000	
Music Practice/Record						
GROUP 4						
Ensemble	1					
GROUP 4						
Control	1					
GROUP 4						
General Stores/Cupboards						
3 shelves to 2 walls, say (Spur shelving)	120	m	30	3,600	3,600	
Cafe						
Generally GROUP 4						
Counter and shutter	1	item	6,000	6,000	6,000	
Sick bay	1					
GROUP 4						
Dining hall	1					
GROUP 4						
Activity Studio						
Generally GROUP 4						
Mirror wall to Activity Studio 3000mm high	24	m²	175	4,200	4,200	
Sports Hall						
Generally GROUP 4						
Basket ball hoops - 1 pair main	1	pr	1,503	1,503	1,500	
Basket ball hoops - 3 pairs cross court for practice	1	pr	411	411	400	
Court marking	1	nr	1,500	1,500	1,500	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
Offices/Staff Prep/Meeting	10					
GROUP 4						
General Office	1					
Reception Desk	relocated to Partitions as requested					
Staff base upper floors	4					
Fixed desk simple ply table top	relocated to Partitions as requested					
Corridor inhabited spaces eg seminar, shared teaching	6					
Focal point joinery	omitted at request of EFA					
Changing	2					
Benching, say 20 benches with hook rail	1	item	244	244	200	
LRC	1					
Generally - GROUP 4						
desk	1	nr	1,500	1,500	1,500	
Sixth form study and social	1					
GROUP 4						
Main Kitchen 480 hot/170 cold meals						
Basic kitchen - electric only	1	item	74,000	74,000	74,000	
Cold room	1	item	5,000	5,000	5,000	
Servery counter and shutter	1	item	10,000	10,000	10,000	
Hygienic floor, wall and ceiling finishes	see Wall Finishes					
Heat recovery unit, if required adds approx £15,000						
Various						
Blinds (manually operated) to say 75% of windows	387	m²	46	17,647	17,600	
WC Cubicles	See Section 6.1					
WC back boxing and panels	See Section 6.1					
Shower cubicles	See Section 6.1					
Sink joinery/worktops	See Section 6.1					
Tiered seating seminar stair	See Section 3.3					
Platform to last	See Section 3.3					
MUGA store, uncovered mesh	1	item	3,000	3,000	3,000	
Pinboard to classrooms - 2 boards only per room	156	m²	105	16,376	16,400	
Other pinboard, say	72	m²	105	7,582	7,600	
Signs/notices:						
Signs - wayfinding, room number and fire exit etc	1	item	3,200	3,200	3,200	
Ditto external	1	item	3,000	3,000	3,000	
Illuminated Entrance Sign	1	item	4,000	4,000	4,000	
						360,500

5.3 GROUP 3

Provided by the School, placed and fitted by the Contractor:

Possible legacy kitchen equipment tbc

5.4 GROUP 4

Legacy equipment not affecting layout, provided, placed and fitted by the School. Contractor to assist with moving/storage

Separate School budget applies

Costs below for contractor attendance.

Interactive white boards - School confirm recently installed	1	attend	5,000	5,000	5,000
Library shelving (counter/desk above)					
Tall cupboard - one per classroom					
Lockers					
All loose tables, chairs desks					
All computer equipment					
All specialist equipment, appliances					
All cupboard/store shelving					
AV and Data Equipment					
Sports hall equipment					
External tables, chairs, picnic benches					
Fire extinguishers					

5,000

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
6.0 SERVICES						
6.1 Sanitary appliances						
<u>Sanitary appliances:</u>						
WC inc cistern, frame, seat, pan etc	36	nr	275	9,900	9,900	
Urinals not currently drawn (some WCs may swap?)			590			
Wash hand basin, taps, waste, trap	31	nr	256	7,928	7,900	
Basin vanity shelf see Section 5.2						
Shower	7	nr	333	2,329	2,300	
Doc M pack	8	nr	481	3,850	3,900	
Disabled shower	1	nr	1,852	1,852	1,900	
Cleaners sink	6	nr	378	2,269	2,300	
Hand driers - electric	15	nr	131	1,959	2,000	
Toilet roll holders (Jumbo plastic)	36	nr	22	792	800	
WC toilet hooks	36	nr	6	198	200	
Soap dispenser, plastic	31	nr	31	961	1,000	
Installation of all sanitaryware	89	nr	125	11,125	11,100	
WC Cubicles	18	nr	500	9,000	9,000	
WC back boxing and panels	30	nr	400	12,000	12,000	
Shower cubicles	7	nr	750	5,250	5,300	
Sink joinery/worktops	113	nr	750	84,750	84,800	
Installation of accessories	82	nr	25	2,050	2,100	
Mirrors	31	m²	50	1,550	1,600	
						158,100
6.2 Services equipment						
Completion of M&E design	1	item	50,000	50,000	50,000	
Boiler systems					District heating	
School-side heat exchanger connected to district heating supply, associated pump sets	1	item	25,000	25,000	25,000	
						75,000
6.3 Disposal installations						
<u>Foul drainage above ground:</u>						
Drainage to sanitary appliance as 6.1	89	nr	400	35,600	35,600	
Drainage to cleaners, kitchen, kitchenette, art, DT, say	15	nr	400	6,000	6,000	
<u>Laboratory drainage:</u>						
Vulcathene drainage or the like, tbc	1	item	12,000	12,000	12,000	
<u>Refuse disposal:</u>						
Refuse disposal installation						
Static waste compactor/baler/composting	1	item	20,000	excluded	excluded	
						53,600
6.4 Water installations						
<u>Water storage (exc sprinklers)</u>						
Main tank (13,500-14,000 litres) and pump set based on Fluidwater outline budget quote	1	item	33,000	33,000	33,000	
Cat 5 break tank/booster (1000 litres) and pump set, say	1	item	5,000	5,000	5,000	
Purpose made underground tank room	inc					
Extra if bespoke concrete room	n/a					
Contiguous pile protection to adj properties	10	m	3,000	30,000	30,000	
Excavation and cart away	112	m³	65	7,280	7,300	
Backfill with concrete and conc base	25	m³	200	5,000	5,000	
Access	inc					
Underground submain to school (see Section 7.7)	10	m	100	1,000	1,000	
<u>Cold water distribution:</u>						
Cold water distribution to 6.1	113	nr	300	33,900	33,900	
Cold water to cleaners, kitchen, kitchenette, art, DT, say	15	nr	300	4,500	4,500	
Cold water to Science and Science Prep, say	10	nr	300	3,000	3,000	
Running underground submain to storage tank	30	m	40	1,200	1,200	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>Hot water distribution:</u>						
Hot water distribution to 6.1	75	nr	400	30,000	30,000	
Hot water to cleaners, kitchen, kitchenette, art, DT, say	15	nr	400	6,000	6,000	
Hot water to Science and Science Prep, say	3	nr	400	1,200	1,200	
						161,100
6.5 Heat source						
<u>Heat source:</u>						
Heat source associated plant and equipment	See Master Plan budget which includes 2 nr heat exchangers					
Contribution to District Heating in lieu of boilers, say	1	item	100,000	100,000	100,000	
External heating ducts and duct access covers from pavement to main building riser	30	m	100	3,000	3,000	
						103,000
6.6 Space heating						
<u>Central heating:</u>						
Radiators, 50% of floor area, say 1 per 20m2 floor area av exc radiant heated area	239	nr	633	151,445	151,400	
Under floor heating omitted	0	m²	80	0	0	
Central heating distribution circuits and pumps	1	it	50,000	50,000	50,000	
Radiant panels	465	m²	137	63,761	63,800	
Over door heaters say to Activity Studio and Dining	3	nr	1,500	4,500	4,500	
<u>Local cooling:</u>						
Cooling to Server	1	it	4,000	4,000	4,000	
Cooling to kitchen	1	it	6,000	6,000	6,000	
						279,700
6.7 Ventilation systems						
window mounted units inc subcon mark up	49	nr	3,850	188,650	188,700	
wc roof plant and changing	1	it	54,900	54,900	54,900	
ductwork from wcs small	200	m	100	20,000	20,000	
med	150	m	175	26,250	26,300	
seminar room unit	1	nr	42,000	42,000	42,000	
supply air to changing	1	it	5,000	5,000	5,000	
louvres:						
classroom inc in Monodraught cost						
kitchen open roof mounted so n/a						
dining/assembly ditto						
sports hall ditto at tower roof						
further attenuation see roof plant enclosures						
other ductwork (now exc classrooms)	1	it	30,000	30,000	30,000	
Kitchen supply and extract system (heat recovery)	1	it	70,000	70,000	70,000	
Main hall / dining supply and extract heat recovery system	1	it	65,000	65,000	65,000	
Sports hall ventilation and extract	1	it	81,000	81,000	81,000	
LRC/cafe supply and extract heat recovery system	1	it	5,000	5,000	5,000	
Kiln room extract	1	it	2,000	2,000	2,000	
<u>Local and special ventilation:</u>						
Fume extracts	2	nr	10,000	20,000	20,000	
Dust collection units	1	nr	5,000	5,000	5,000	
<u>Smoke extract/control:</u>						
Automatic opening window to staircases as smoke purge (standard window with actuator)	1	item	5,000	5,000	5,000	
						619,900

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
6.8 Electrical installations						
<u>Electrical mains and sub-mains distribution:</u>						
Electrical mains and sub-mains distribution	5,250	m²	65	341,250	341,300	
Life safety generator for AOV & generator distribution board inc flue to roof	1	item	30,000	30,000	30,000	
<u>Power installations:</u>						
Power installation	5,250	m²	60	315,000	315,000	
Containment	5,250	m²	5	26,250	26,300	
<u>Lighting installations:</u>						
Lighting supply	5,250	m²	78	410,695	410,700	
Lighting installation, wiring and fixing lights	5,250	m²	25	131,250	131,300	
Lighting controls	5,250	m²	10	52,500	52,500	
Emergency lighting systems	5,250	m²	5	26,250	26,300	
Extra for out of hours testing/link to lighting controls, say	1	item	10,000	10,000	10,000	
<u>Earthing and bonding systems:</u>						
Earthing and bonding systems	5,250	m²	4	21,000	21,000	
						1,364,400
6.9 Gas and other fuel installations						
<u>Gas distribution:</u>						
No gas to boilers, kitchen or science labs						
Gas mains and sub-mains distribution	5,250	m²	15	omitted	omitted	
Gas proving systems to science laboratories and kitchen	1	nr	50,000	omitted	omitted	
<u>Fuel storage and piped distribution systems:</u>						
Fuel storage						
Piped distribution systems	-	nr	-	excluded	excluded	
						0
### Lift and conveyor installations						
<u>Lifts:</u>						
Adjacent Stair 3 only	1	item	46,951	46,951	47,000	
BWIC - RC work and pit meas sep. Allowance for lift beam etc	1	item	2,348	2,348	2,300	
Back up generator	n/a - not fire fighting lift				omitted	
						49,300
### Fire and lightning protection						
<u>Fire fighting systems:</u>						
Sprinklers						
Quote by Comco Fire inc subcontractor mark up	1	item	279,400	279,400	279,400	
55m³ tank (not circular), twin pump (30kw + standby)						
UG main from pumphouse to riser						
Allowance for coverage to voids if required eg above uncompartmented ceilings, say	1	item	35,475	35,475	35,500	
Allowance for gen associated builders work - see below						
Enclosure for aesthetics not sound attenuation	1	item	40,000	40,000	40,000	
Upgrade the roof slab to suit new load	n/a - ground level					
Upgrade the structure below??	n/a - ground level					
Life safety generator - n/a for sprinklers - see 6.8						
Fuel line for last, ground floor to roof	1	item	4,500	4,500	4,500	
Electrical work in association with sprinklers, power, distribution and alarm	1	item	5,000	5,000	5,000	
Decorate sprinkler pipes, say	1	item	5,000	5,000	5,000	
Sprinkler contingency	10%		369,375	36,938	36,900	
Fire hose systems	n/a with sprinklers					
Dry riser	2	nr	3,500	7,000	7,000	
Redcare	1	item	500	500	500	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>Lightning protection:</u>						
Lightning protection installations	1	item	30,525	30,525	30,500	
						444,300
### Communication, security and control systems						
<u>Communication and security systems:</u>						
Telecommunication systems	5,250	m²	6	31,500	31,500	
<i>ie hard wiring and containment</i>						
<i>It is assumed that all other equipment is Legacy and Group 4 (as Fittings)</i>						
Data transmission systems and AV cabling	1	item	100,000	100,000	100,000	
<i>ie Cat 6 data cabling and containment from server room to point of use with RJ45 termination and AV cabling TBC</i>						
<i>It is assumed that all other equipment is Legacy and Group 4 (as Fittings)</i>						
Bell Change system	1	item	24,000	24,000	24,000	
Induction loop, say	1	item	5,000	5,000	5,000	
Smoke detectors / alarm	5,250	m²	8	42,000	42,000	
Extra for aspirating system to lift shaft and substation	1	item	10,000	10,000	10,000	
Burglar and security alarms	1	item	30,000	30,000	30,000	
Door entry systems inc gates. Points of entry	1	nr	15,000	15,000	15,000	
CCTV externally	1	item	20,000	20,000	20,000	
CCTV internally	1	item	20,000	20,000	20,000	
Fob access control					excluded	
<u>Central control/building management systems:</u>						
Building Management System required for BREEAM	1	item	100,000	100,000	100,000	
Metering required for BREEAM	1	item	20,000	20,000	20,000	
						417,500
### Builder's work in connection with services						
<u>General builder's work:</u>						
Builder's work to build in, conceal, intumescent seal, drill holes through steel and concrete etc	4%		3,725,282	149,011	149,000	
						149,000
### Testing and commissioning of services						
<u>Testing and commissioning of services:</u>						
Testing	1	item	5,000	5,000	5,000	
Commissioning	1	item	10,000	10,000	10,000	
						15,000
7.0 EXTERNAL WORKS						
7.1 Site preparation works						
<u>Site clearance:</u>						
						within demolition package
7.2 Roads, paths and pavings						
<u>Roads, paths and pavings:</u>						
Reduce dig and cartaway	893	m³	55	49,104	49,100	
Hardscape sub-base, mixed pedestrian and vehicular	1,850	m²	30	55,500	55,500	
Tarmac	1,851	m²	41	75,539	75,500	
Extra for 3 colours sprayed	1,851	m²	6	11,106	11,100	
Sixth Form/Staff/Outdoor dining (as masterplan)	382	m²	250	95,500	95,500	
Social space roof paving	576	m²	120	69,120	69,100	
MUGA surface	455	m²	61	27,869	27,900	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
Cycle storage canopy, polycarbonate roof	148	m²	312	46,176	46,200	
Pad foundations to last	24	nr	400	9,600	9,600	
Cycle rack	80	nr	28	2,271	2,300	
Social space canopy	68	m²	312	21,216	21,200	
Weathered bases to last	10	nr	300	3,000	3,000	
Dining Hall/Covered Entrance/Queuing	23	m²	312	7,301	7,300	
Pad foundations to last	6		400			
Ball court markings	1	item	4,500	4,500	4,500	
						473,300
7.3 Planting						
Grassed areas	n/a				excluded	
Tree pits say	7	nr	2,000	14,000	14,000	
Semi mature trees say	7	nr	1,500	10,500	10,500	
Planter approx 5m2	1	nr	1,500	1,500	1,500	
Allotment raised beds	4	nr	500	2,000	2,000	
Topsoil for allotments/pupil garden projects					excluded	
						28,000
7.4 Fencing, railings and walls						
Fencing						
Perimeter fencing from Staff Visitor to Substation basic weldmesh 2.4m h	98	m	43	4,217	4,200	
From double gate adj to bin store to small classroom	68	m	43	2,898	2,900	
From bin store to double gate	5	m	50	241	200	
Adjacent stair 1	1	m	50	50	100	
Southern side covered ball court	17	m	43	743	700	
Western side covered ball court	8	m	43	322	300	
Separating 6th form & pupil entrance forecourt	10	m	43	447	400	
Extra for fence upgrade, style tbc	207	m	157	32,501	32,500	
Bin store enclosure	1	item	5,000	5,000	5,000	
Gates						
Single	3	nr	600	1,800	1,800	
Double	5	nr	1,200	6,000	6,000	
Vehicular	2	nr	1,500	3,000	3,000	
Extra for gate upgrade, style tbc	16	m	150	2,400	2,400	
MUGA fence:						
Triangular steel structure to MUGA approx 63m run x 5m high (5m from roof base)	25.2	t	3,000	75,600	75,600	
Allowance for base connections	3.8	t	3,000	11,340	11,300	
Rigid fencing to base of triangles - say 2m(h)	92	m²	72	6,624	6,600	
Soft netting to top of triangles	92	m²	40	3,680	3,700	
Roof netting	455	m²	40	18,215	18,200	
Supports for last, say	1	item	15,000	15,000	15,000	
<u>Retaining walls:</u>						
Retaining walls	-	m	-	excluded	excluded	
						189,900
7.5 Site/street furniture and equipment						
Sixth form benches and bench adj Stair 3	10	nr	1,000	10,000	10,000	
Sixth form stepped benching	16	m	500	8,000	8,000	
Social terrace benches	13	nr	500	6,500	6,500	
						24,500
7.6 External drainage						
Storm water						
Drainage runs; below ground, mainly hardcore backfill?	400	m	75	29,970	30,000	
Manholes and inspection chambers, say	24	nr	1,200	28,800	28,800	
Foul water						
Drainage runs; below ground	150	m	75	11,264	11,300	
Manholes and inspection chambers, say	15	nr	1,200	18,000	18,000	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
Drainage sundries, say	1	item	25,000	25,000	25,000	
Rainwater attenuation						
Sustainable urban drainage schemes SUDS	147	m³	742	109,025	109,000	
<i>NB this is the cost of an appropriate level of SUDS for the School only</i>						
<u>Testing and commissioning of external drainage installations:</u>						
Testing		item		included	included	
Commissioning		item		included	included	
						222,100
7.7 External services						
<u>Heating main</u>						
Running underground submain from pump room to main riser	30	m	100	3,000	3,000	
<u>Water mains supply</u>						
Connections to statutory undertaker's water main	1	item	15,000	15,000	15,000	
Running underground submain from storage tank to main building	30	m	100	3,000	3,000	
Rainwater harvesting systems	-	nr	-	excluded	excluded	
Grey water systems	-	nr	-	excluded	excluded	
<u>Electricity mains supply</u>						
Substation	1	item	80,000	80,000	80,000	
Housing for last - measured as building works above						
Cable trench with covers within substation	1	item	3,000	3,000	3,000	
Running underground submain to existing school temporarily - see Masterplan						
Running underground submain to riser	30	m	100	3,000	3,000	
Other below ground electrical ducts as HM indicative plan for Courtyard	80	m	30	2,400	2,400	
Ditto for incoming broadband	30	m	30	900	900	
Draw pits	6	nr	300	1,800	1,800	
External containment Social terrace, roof plan, MUGA	300	m	20	6,000	6,000	
<u>Gas mains supply</u>						
No gas to boilers, kitchen or science labs						excluded
<u>Sewer Connections</u>						
Potentially on Drummond Road and Keeton's Way?	4	nr	8,000	32,000	32,000	
<u>Telecommunications and other communication system connections</u>						
Incoming supply by others as part of site wide development						
Telecommunication connections	-	nr	-	excluded	excluded	
Cable television connections	-	nr	-	excluded	excluded	
Other communication connections	-	nr	-	excluded	excluded	
Service runs	-	m	-	excluded	excluded	
<u>Site/street lighting systems:</u>						
Floodlighting MUGA, probably not possible	4	nr	3,000	12,000	12,000	
Modest building mounted ext lighting and a small number of way finding bollards	1	item	18,000	18,000	18,000	
<u>Irrigation systems</u>						
Irrigation systems	-	item	-	excluded	excluded	

Compass School

ELEMENTAL COST PLAN

Group Element/Element	Qty	Unit	Rate	Cost £	Cost £	Total Cost of Element £
<u>Local/district heating installations:</u>						
Heat source associated plant and equipment				See Master Plan budget which includes 2 nr heat exchangers		
Contribution to District Heating in lieu of boilers, say				<i>Relocated to Section 6.5</i>		
External heating ducts and duct access covers from pavement to main building riser						
<u>Testing and commissioning of external services:</u>						
Testing		%		included	included	
Commissioning		%		included	included	
						180,100
<u>Underpinning to external site boundary walls:</u>						
Underpinning to external site boundary walls and the like	-	m	-	excluded	excluded	
						0
8.0 MAIN CONTRACTOR'S PRELIMINARIES					1,681,360	1,681,000
						15,185,750

APPENDIX 8

FINANCIAL APPRAISAL 2019 AMENDED PROPOSED DEVELOPMENT

Bermondsey Project
2019 Amended Proposed Development
Quod Baseline 190919

Development Appraisal
Quod Ltd
19 September 2019

Bermondsey Project
2019 Amended Proposed Development
Quod Baseline 190919

Appraisal Summary for Merged Phases 1 2 3 4

Currency in £

REVENUE

Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Building 6 - School	1	40,752	30.00	1,222,560	1,222,560	1,222,560	1,222,560
Building F - BTR	177	131,138	38.25	28,339	3,762,021	5,016,029	3,762,021
Building F - Retail (A1)	1	15,884	45.00	714,780	714,780	714,780	714,780
Building F - Retail (A3/A4)	1	15,884	45.00	714,780	714,780	714,780	714,780
Building F - Office (B1)	1	76,186	40.00	3,047,440	3,047,440	3,047,440	3,047,440
Building OP- DMR	75	60,009	26.86	21,491	1,208,881	1,611,842	1,208,881
Building Q - BTR	70	48,718	35.87	24,964	1,310,636	1,747,515	1,310,636
Building OQ - Retail (A1)	1	1,765	45.00	79,425	79,425	79,425	79,425
Building OQ - Community (D1)	1	1,765	25.00	44,125	44,125	44,125	44,125
Building P - Retail (A1)	1	1,076	45.00	48,420	48,420	48,420	48,420
Building P - (A3/A4)	1	1,464	45.00	65,880	65,880	65,880	65,880
Building OP- SR	37	26,178	11.91	8,426	233,835	311,780	233,835
Building RST - BTR	517	344,136	41.91	27,897	10,817,055	14,422,740	10,817,055
Building RST - Retail (A1)	1	2,833	45.00	127,485	127,485	127,485	127,485
Building U - DMR	55	37,954	26.86	18,535	764,583	1,019,444	764,583
Building U - Retail (A1)	1	1,012	45.00	45,540	45,540	45,540	45,540
Building U - Retail (A3/A4)	1	2,443	45.00	109,935	109,935	109,935	109,935
Building RST - Retail (A3 & A4)	1	8,390	45.00	377,550	377,550	377,550	377,550
Building V - DMR	75	53,368	26.86	19,113	1,075,098	1,433,464	1,075,098
Building V - Community (D1)	1	2,551	25.00	63,775	63,775	63,775	63,775
Building V - Sui Generis	1	1,496	17.50	26,180	26,180	26,180	26,180
Building W - DMR	9	7,352	26.86	21,942	148,106	197,475	148,106
Building W - Office (B1)	1	3,229	25.00	80,725	80,725	80,725	80,725
Building W - SR	49	44,089	11.91	10,716	393,825	525,100	393,825
Building 1234 - BTR	119	84,508	35.08	24,912	2,223,405	2,964,541	2,223,405
Building 1234 - DMR	128	96,349	26.83	20,196	1,938,783	2,585,044	1,938,783
Building 1234 - Retail (A1)	1	5,942	45.00	267,390	267,390	267,390	267,390
Building 1234 - Retail (A3/A4)	1	3,111	45.00	139,995	139,995	139,995	139,995
Building 1234 - Office (B1)	1	3,240	25.00	81,000	81,000	81,000	81,000
Building 1234 - Leisure (D2)	1	4,413	25.00	110,325	110,325	110,325	110,325

APPRAISAL SUMMARY

QUOD LTD

Bermondsey Project 2019 Amended Proposed Development Quod Baseline 190919

Building 5 - SR	38	31,302	11.91	9,811	279,605	372,807	279,605
Building 5 - Retail (A1)	1	3,436	45.00	154,620	154,620	154,620	154,620
Building DE - BTR	183	130,363	38.75	27,604	3,788,675	5,051,566	3,788,675
Building DE - Retail (A3 & A4)	1	1,249	45.00	56,205	56,205	56,205	56,205
Building DE - Office (B1)	1	50,692	40.00	2,027,680	2,027,680	2,027,680	2,027,680
Building DE - Leisure D2	1	1,701	45.00	76,545	76,545	76,545	76,545
Building DE - Office (B1)	1	1,249	25.00	31,225	31,225	31,225	31,225
Building 1234 - SR	16	12,056	11.91	8,974	107,690	143,587	107,690
Totals	1,572	1,359,283			37,765,784	47,116,518	37,765,784

Investment Valuation

Building 6 - School

Market Rent	1,222,560	YP @	4.2500%	23.5294	
		PV 1yr 11mths @	4.2500%	0.9233	26,560,452

Building F - BTR

Current Rent	3,762,021	YP @	3.5000%	28.5714	107,486,325
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Building F - Retail (A1)

Market Rent	714,780	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	14,365,632

Building F - Retail (A3/A4)

Market Rent	714,780	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	14,365,632

Building F - Office (B1)

Market Rent	3,047,440	YP @	5.7500%	17.3913	
(2yrs Rent Free)		PV 2yrs @	5.7500%	0.8942	47,392,167

Building OP- DMR

Current Rent	1,208,881	YP @	3.5000%	28.5714	34,539,466
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Building Q - BTR

Current Rent	1,310,636	YP @	3.5000%	28.5714	37,446,743
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Building OQ - Retail (A1)

Market Rent	79,425	YP @	4.7500%	21.0526	
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APPRAISAL SUMMARY**QUOD LTD**
Bermondsey Project
2019 Amended Proposed Development
Quod Baseline 190919

(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	1,596,282
Building OQ - Community (D1)					
Market Rent	44,125	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	693,789
Building P - Retail (A1)					
Market Rent	48,420	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	973,144
Building P - (A3/A4)					
Market Rent	65,880	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	1,324,055
Building OP- SR					
Current Rent	233,835	YP @	3.5000%	28.5714	6,681,000
Building RST - BTR					
Current Rent	10,817,055	YP @	3.5000%	28.5714	309,058,709
Building RST - Retail (A1)					
Market Rent	127,485	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	2,562,191
Building U - DMR					
Current Rent	764,583	YP @	3.5000%	28.5714	21,845,238
Building U - Retail (A1)					
Market Rent	45,540	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	915,262
Building U - Retail (A3/A4)					
Market Rent	109,935	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	2,209,471
Building RST - Retail (A3 & A4)					
Market Rent	377,550	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	7,587,991

APPRAISAL SUMMARY**QUOD LTD****Bermondsey Project****2019 Amended Proposed Development****Quod Baseline 190919****Building V - DMR**

Current Rent	1,075,098	YP @	3.5000%	28.5714	30,717,096
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Building V - Community (D1)

Market Rent	63,775	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,002,752

Building V - Sui Generis

Market Rent	26,180	YP @	6.2500%	16.0000	
(1yr Rent Free)		PV 1yr @	6.2500%	0.9412	394,240

Building W - DMR

Current Rent	148,106	YP @	3.5000%	28.5714	4,231,601
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Building W - Office (B1)

Market Rent	80,725	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,269,261

Building W - SR

Current Rent	393,825	YP @	3.5000%	28.5714	11,252,143
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Building 1234 - BTR

Current Rent	2,223,405	YP @	3.5000%	28.5714	63,525,871
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Building 1234 - DMR

Current Rent	1,938,783	YP @	3.5000%	28.5714	55,393,793
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Building 1234 - Retail (A1)

Market Rent	267,390	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	5,373,998

Building 1234 - Retail (A3/A4)

Market Rent	139,995	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	2,813,616

Building 1234 - Office (B1)

Market Rent	81,000	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,273,585

APPRAISAL SUMMARY

QUOD LTD

Bermondsey Project 2019 Amended Proposed Development Quod Baseline 190919

Building 1234 - Leisure (D2)

Market Rent	110,325	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,734,670

Building 5 - SR

Current Rent	279,605	YP @	3.5000%	28.5714	7,988,718
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Building 5 - Retail (A1)

Market Rent	154,620	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	3,107,549

Building DE - BTR

Current Rent	3,788,675	YP @	3.5000%	28.5714	108,247,848
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Building DE - Retail (A3 & A4)

Market Rent	56,205	YP @	4.7500%	21.0526	
(1yr Rent Free)		PV 1yr @	4.7500%	0.9547	1,129,607

Building DE - Office (B1)

Market Rent	2,027,680	YP @	5.7500%	17.3913	
(2yrs Rent Free)		PV 2yrs @	5.7500%	0.8942	31,533,402

Building DE - Leisure D2

Market Rent	76,545	YP @	6.0000%	16.6667	
(1yr Rent Free)		PV 1yr @	6.0000%	0.9434	1,203,538

Building DE - Office (B1)

Market Rent	31,225	YP @	6.2500%	16.0000	
(1yr Rent Free)		PV 1yr @	6.2500%	0.9412	470,212

Building 1234 - SR

Current Rent	107,690	YP @	3.5000%	28.5714	3,076,863
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Total Investment Valuation

973,343,911

GROSS DEVELOPMENT VALUE

973,343,911

Purchaser's Costs	6.80%	-19,952,879
Purchaser's Costs	6.80%	-23,404,163

APPRAISAL SUMMARY**QUOD LTD****Bermondsey Project****2019 Amended Proposed Development****Quod Baseline 190919**

Purchaser's Costs	6.80%	-3,322,962	
Purchaser's Costs	6.80%	-19,507,382	
Effective Purchaser's Costs Rate	6.80%		-66,187,386

NET DEVELOPMENT VALUE **907,156,525**

Income from Tenants

Building F - BTR		3,762,021	
Building Q - BTR		1,310,636	
Building RST - BTR		10,817,055	
Building 1234 - BTR		555,851	
Building DE - BTR		3,788,675	
			20,234,238

NET REALISATION **927,390,764**

OUTLAY**ACQUISITION COSTS**

Existing Use Value	33,000,000		
Existing Use Value		33,000,000	33,000,000
Stamp Duty		1,639,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.00%	330,000	
Legal Fee	0.50%	165,000	
			2,134,500

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Building 6 - School	56,510	317.17	17,923,327
Building OQ - Construction	132,957	252.94	33,630,000
Building P - Construction	64,080	263.73	16,900,000
Building F - Construction	318,948	274.78	87,640,000
Building RST - Construction	552,548	303.36	167,620,000
Building U - Construction	58,651	248.93	14,600,000
Building V - Construction	75,854	228.47	17,330,000
Building W - Construction	74,347	298.47	22,190,000

APPRAISAL SUMMARY**QUOD LTD****Bermondsey Project****2019 Amended Proposed Development****Quod Baseline 190919**

Building 1234 Construction	306,268	263.40	80,670,000	
Building 5 - Construction	48,438	282.42	13,680,000	
Building DE - Construction	<u>250,543</u>	288.65	<u>72,320,000</u>	
Totals	3,314,185 ft²		544,503,327	
Construction Contingency		7.50%	44,527,721	
Developers Contingency		2.50%	14,842,574	
Site Specific S106	1,548 un	5,000.00 /un	7,740,000	
Mayoral CIL			5,618,912	
Borough CIL			19,145,393	
				636,377,927

Other Construction

P1: Loose Furniture & FFE	247 un	5,779.00 /un	1,427,413	
P1: Arches Walkthrough			1,010,000	
P1: Demolition & Enabling Works			3,240,000	
P1: Landscaping			3,958,377	
P1: District Heating			4,215,723	
P1: Services & Utilities			12,847,788	
P1: Ground Remediation			17,000,000	
P2: Loose Furniture & FFE	517 un	5,779.00 /un	2,987,743	
P2: Demolition & Enabling Works			2,880,000	
P2: Landscaping			5,666,710	
P3: Demolition & Enabling Works			2,040,000	
P4: Loose Furniture & FFE	302 un	5,779.00 /un	1,745,258	
P4: Demolition & Enabling Works			3,840,000	
P4: Landscaping			4,263,936	
				67,122,948

PROFESSIONAL FEES

Professional Fees		10.00%	59,370,295	
				59,370,295

MARKETING & LETTING

Marketing - Pre-Launch Budget		0.50%	3,966,671	
Marketing - Commercial	148,979 ft²	2.00	297,958	
Letting Agent Fee		10.00%	849,103	
Letting Legal Fee		5.00%	424,551	
				5,538,282

DISPOSAL FEES

Investment Sales Agent Fee		1.00%	8,842,083	
Investment Sales Legal Fee		0.50%	4,421,041	

APPRAISAL SUMMARY**QUOD LTD****Bermondsey Project
2019 Amended Proposed Development
Quod Baseline 190919**

13,263,124

FINANCE

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Total Finance Cost

97,289,914

TOTAL COSTS**914,096,991****PROFIT****13,293,773****Performance Measures**

Profit on Cost% 1.45%

Profit on GDV% 1.37%

Profit on NDV% 1.47%

Development Yield% (on Rent) 4.13%

Equivalent Yield% (Nominal) 3.82%

Equivalent Yield% (True) 3.91%

IRR 6.53%

Rent Cover 4 mths

Profit Erosion (finance rate 6.000) 3 mths