

4 – 8 SEDGEMERE ROAD, ABBEY WOOD, LONDON, SE2 UPDATE TO VIABILITY APPRAISALS REFLECTING REVISED MIX

1) Introduction

Following on from our note of 1 July 2025, the meeting with the GLA and subsequent note of 3 Just (which summarised the agreed position) we understand that the Applicant and GLA have agreed a revised unit tenure mix.

As requested this note sets out the new mix and the impact on our viability appraisals when the agreed positions are adopted.

2) Revised BTR Tenure Offer and other appraisal changes

The tables below set out the revised tenure mix and rents which has been agreed between the Applicant and the GLA.

Table 1: Open Market Rent (“OMR”) Units

Type	No. Units	Rent Per Unit Per Month	Total Per Annum
Studio	18	£1,550	£334,800
1B2P	82	£1,775	£1746,600
2B3P	10	£2,100	£252,000
2B4P	52	£2,300	£1,435,200
3B5P	5	£2,650	£159,000
Total	167		£3,927,600

Table 2: LLR Units

Type	No. Units	Rent Per Unit Per Month	Total Per Annum
3B5P	18	£1,166	£251,856
3B6P	9	£1,242	£134,136
Total	27		£385,992

Table 3: DMR Units

Type	No. Units	Rent Per Unit Per Month	Total Per Annum
2B3P	23	£1,563	£431,388
2B4P	11	£1,563	£206,316
Total	34		£637,704

The revised rents above result in a gross rent per annum of **£4,951,296**.

Additionally the Section 106 and CIL charges may be subject to further change. For the purposes of this note and appraisals we have adopted the following:

Table 4: Current Planning Obligations

Element	Amount
Section 106	£864,101
CIL	£1,186,942*

*This is based on indicative indexation whilst confirmation of the 2025 number is awaited.

3) Revised Appraisal Based on Agreed Assumptions

The table below sets out the key appraisal assumptions as agreed at the meeting of 3 July 2025 and set out in Table 5 of our note of 3 July 2025 but reflecting the revised tenure set out above.

Table 5: Appraisal Assumptions

Input	Agreed Position
OPEX	23.02% (£5,000 per unit)
Net BTR Rent	£89,677,553
Stabilisation Income	£2,064,452
Capitalisation Yield	4.25%
Construction Cost	£67,879,948 (Includes 2.5% contingency)
Appraisal Contingency	2.5%
Professional Fees	10%
Rights of Light Allowance	£1,000,000
Finance	7%
Sales Agent Fee	1.25%
BTR Profit on GDV	12.5%
Benchmark Land Value	£2,400,000

Based on the agreed assumptions set out above and assuming that the Benchmark Land Value of £2,400,000 is entered into the appraisal as a fixed cost, this results in a deficit of **£19,185,000**.

Appendix 1 – Revised Appraisals with Agreed Assumptions and Revised Tenure Mix