



GL Hearn

Part of Capita Real Estate

Carpetright Site, Loampit Vale, SE13 7SN

Independent Viability Review

for
London Borough of Lewisham

May 2019

Prepared by

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DATE
May 2018

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Limitations

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1 INTRODUCTION

- 1.1 GL Hearn has been instructed by the London Borough of Lewisham to undertake a viability assessment in respect of a proposed development at the Carpetright Site, Lewisham, for which a planning application has been submitted by Tide Developments Ltd (the Applicant).
- 1.2 The subject property comprises 11,664 sq ft of retail warehousing which is let to Carpetright situated to the west of Ravensbourne River. The site is situated to the north west of Lewisham shopping centre in London Borough of Lewisham (LBL) and is bound by Loampit Vale (A20) to the south, Thurston Road to the west and the railway line to the east.
- 1.3 The site is located in close proximity to Lewisham Station providing access to the DLR and National Rail Services which provide entry to central London. Bus services are also available from the adjacent bus terminal providing services around London.
- 1.4 James R Brown (JRB) is the lead author of the Financial Viability Assessment (FVA) but they have relied on a number of sources of third party advice. Specifically the following information has been incorporated in their assessment:-
- JTP Architects - Architects
 - RLF - Budget estimate

The Application Scheme

- 1.5 Planning permission is sought by the Applicant for the following;
- “The demolition of the existing building and the construction of two buildings of 20 storeys and 35 storeys in height plus basement comprising: 952.6 sqm non-residential floorspace, comprising (A1) Shops, (A2) Financial & Professional Services, (A3) Restaurants & Cafes, (B1) Business, (D1) Non-residential Institutions and (D2) Assembly & Leisure uses; 85 (C3) self-contained housing units with private and communal amenity space; 670 (Sui Generis) student housing beds with communal amenity space; associated ancillary space, including on-site energy centres, refuse stores and cycle parking; and landscaping and public realm works”*
- 1.6 The Applicant is proposing to provide two blocks containing 85 affordable housing units, 670 student beds and 9,626 sq ft commercial accommodation and public realm.

- 1.7 The site is complicated by the potential prospect of the Bakerloo Line extension which as proposed is reported to affect the site and subsequent design with further allowance required for abnormal construction costs.
- 1.8 JRB has indicated that the assumed scheme results in an effective deficit of £5,606,810 when the Residual Land Value is compared to JRB's opinion of Benchmark Land Value. Despite the projected deficit indicated, JRB has stated that the Applicant is willing to bring forward the site.
- 1.9 We understand that the Draft New London Plan requires that Student accommodation enter into a nominations agreement or lease with a University and that a certain provision (circa 35% of beds) are provided as Affordable Student Accommodation. In this case we understand that no such lease or nominations agreement exists and the Student accommodation will operate as a Direct Let investment. In such cases it is the GLA's position that the accommodation is essentially a "co-living" scheme and that any affordable contributions should be provided as Discounted Market Rent (at appropriate rental levels) or a Payment in Lieu.
- 1.10 Notwithstanding the above we understand that Lewisham have sought to secure more traditional affordable housing given the high demand for some accommodation in the Borough. This is reflected in the applicant's proposals.

2 GENERAL METHODOLOGY

2.1 GL Hearn’s review of the FVA has had regard to the RICS Guidance Note “Financial Viability in Planning”, the GLA Affordable Housing and Viability SPG (2017), National Planning Policy Framework (2018), and Planning Practice Guidance on Viability (2018) as appropriate.

2.2 We do not take issue with the overarching methodology used by JRB within their assessment. They have:

- Assessed the realisable value of the proposed scheme;
- Assessed the costs associated with delivering the scheme;
- Assessed a Benchmark Land Value (based on the EUV)
- Undertaken a residual appraisal to calculate the Residual Land Value which is compared against the Benchmark Land Value to establish whether the scheme is viable or not assuming the current level of planning obligations.

2.3 JRB has used the Argus Developer appraisal programme to assess the viability of the development. This is a commercially available, widely used software package for the purposes of financial viability assessments. The methodology underpinning viability appraisals is the Residual Method of Valuation, commonly used for valuing development opportunities:

Net Development Value of the residential and commercial elements of the scheme
LESS
Build costs, Section 106 costs and CIL, cost of sale, finance costs
LESS
Developers profit / Risk return
=
Residual Land Value

2.4 The approach adopted by JRB has been to adopt a number of assumptions in relation to the proposed scheme which produces the Residual Land Value. With this approach, if the Residual Land Value is lower than the Benchmark Land Value, then the scheme is deemed to be unviable and is therefore unlikely to come forward for development unless the level of policy compliant affordable housing and/or planning obligations can be reduced.

- 2.5 JRB has adopted a BLV of £6,969,000 as adopted by GL Hearn in our previous viability review undertaken in September 2017. This comprised our opinion of the Existing Use Value of the property at £5,807,500 plus a 20% landowners' premium.
- 2.6 In respect of the proposed scheme JRB has modelled the proposed development which results in a Residual Land Value of £1,362,190 and thus a deficit of £5,606,810 when compared to the assumed BLV of £6,969,000. Despite the projected deficit JRB indicate that the applicant is willing to offer the proposed affordable housing contribution.
- 2.7 Given that the calculations are being made well in advance of commencement of the development, the figures used in the applicant's appraisal can only be recognised as a projection. As such, it is essential that all assumptions are carefully scrutinised by the Council to ensure that they reflect current market conditions and have not been unreasonably depressed in respect of the value or overestimated in respect of the development costs.
- 2.8 GL Hearn's approach has been to critically examine all of the assumptions on which the JRB appraisal is based.
- 2.9 It is also important to carefully scrutinise the applicant's methodology. In particular the measure of Benchmark Land Value has a fundamental effect on the viability equation.

3 CRITIQUE OF BENCHMARK LAND VALUE

3.1 Determining an appropriate Benchmark Land Value is often the most important factor in determining viability. Put simply, if the value generated by the development does not produce a positive figure, there is no financial incentive to bring forward the development with all its associated risk.

3.2 Arriving at an appropriate BLV is not a straightforward exercise and this is acknowledged at 3.4.6 of the RICS Guidance Note which states that:

“The assessment of Site Value in these circumstances is not straightforward, but it will be, by definition, at a level at which a landowner would be willing to sell which is recognised by the NPPF.”

3.3 In arriving at an appropriate BLV regard should be had to existing use value, alternative use value, market/transactional evidence (including the property itself if that has recently been subject to a disposal/acquisition), and all material considerations including planning policy. Existing Use Value is widely used in establishing Benchmark Land Value and is supported in the latest mayoral SPD and by the London Assembly Planning Committee.

Summary of Applicants Position and BLV History

3.4 The subject site comprises an existing A1 retail warehouse comprising 11,664 sq ft of accommodation which is currently let to Carpetright on a lease expiring in 2024.

3.5 JRB has adopted a BLV of £6,969,000 as adopted by GL Hearn in our previous viability review undertaken in September 2017. This comprised our opinion of the Existing Use Value of the property at £5,807,500 plus a 20% landowners' premium. While we stand behind this opinion as being reasonable as at that time it is right that it is considered in the current market.

3.6 The value originally put forward by the viability consultant acting for the then applicant put forwards a BLV of £7,582,000. They adopted an EUV of £6,318,000 based upon their Market Rent of £379,080 (£32.50 psf), capitalised at a NIY of £6%, together with a 20% landowners' premium.

3.7 While the Market Rent and Yield were accepted the valuation methodology was disputed as the passing rent was ignored. GL Hearn adopted a Term and Reversion valuation method capitalising the passing rent of £300,000 (£25.72 psf) until the first review in 2019 and only then capitalising the higher Market Rent into perpetuity.

Current Position

- 3.8 In April 2018 Carpetright implemented a Company Voluntary Arrangement (CVA) to reduce its rental cost exposure across its national portfolio. A number of Carpetright properties were closed or subject to significant rent reductions of up to 50% of the existing rent.
- 3.9 Based upon the information provided at that time we understand that the existing rent at Lewisham Carpetright was not affected but the payment terms were amended from quarterly in advance to monthly in arrears. The latter is less attractive to investors as by not receiving the rent in advance their investment yields a lower cashflow benefit and is at greater risk of default.
- 3.10 The Carpetright CVA is one of many highly publicised events to affect the retail market in recent years and includes:
- Patisserie Valerie collapse in January 2019
 - HMV collapse in December 2018, later sold but with 27 stores closing
 - Debenhams announced closure of 50 stores in October 2018
 - Mothercare – CVA approved in June 2018 reducing the number of stores from 220 four years ago to a planned 73 stores by 2022. A further 9 store closures were announced in July 2018 and that its Childrens World brand had gone into administration
 - House of Fraser CVA approved in June 2018 before collapsing in August 2019
 - Poundland, went into administration in June 2018. All stores now closed, including the unit opposite the subject site
 - Toys R Us – went into administration in February 2018. All stores now closed
 - Maplin – went into administration in February 2018, majority of stores now closed
 - Store Twenty One – went into liquidation in July 2017, 37 stores now being run by new owners
 - Brantano – went into administration in March 2017, closing its last stores in June 2017
 - Mothercare – CVA, expected to close c. 50 stores, over 1/3 of its portfolio
- 3.11 There are other retailers looking at closing poorer stores within their portfolio in the coming years.
- 3.12 Having externally inspected the subject property we understand that the store has now closed. It is not clear whether this was due to its individual or company performance or due to the proposed redevelopment. In the absence of any further information we can only assume that Carpetright are

paying their contractually agreed rent. However, the fact the store has closed, together with the general market performance, suggests that a renewal at lease expiry is extremely unlikely.

Rental Values

- 3.13 There is a very limited amount of new letting evidence in the Greater London retail warehouse market. This is due to the worsening market, redevelopment of existing assets (such as both the subject and Lewisham Retail Park) and the fact that historically the units have been let on longer term leases.
- 3.14 The previous Market Rent of £32.50 psf was reviewed and accepted based upon the rents passing at Lewisham Retail Park opposite. The retail park was let to four tenants (Mothercare, Sports Direct, Poundland, and Matalan) for a blended rent passing of just under £32 psf. However, these are based upon historic lettings which have been subject to nil uplifts at rent review. Furthermore, the Mothercare and Poundland stores have now closed. Accordingly it would be wrong to rely upon these as evidence of the current Market Rent.
- 3.15 In considering the current market rent we have had regard to the following:
- **Unit A1, Stone Lake Retail Park, Greenwich, Charlton, SE7 8LU** – 11,840 sqft A1 retail warehousing space let to Food Warehouse exchanged in October 2017 at a rent of £250,000 pa equating to £21.12 psf. 18 month package (3 months' rent free plus 15 months cash equivalent). 10 year lease, no breaks. Effective FRI. The net effective rent equates to £17.95 psf. Planning consent required for food use. Store opened ad lease started late 2018. Previous deal agreed in 2016 to Dunelm but conditional on taking neighbouring unit (let to Dreams) which failed. The unit comprises one of seven units built in 1996 with other occupiers including Currys, Halfords, and Carpetright. The Park is in an established retail warehousing cluster with other Retail Parks in close proximity including Millennium Way (Ikea, B&Q and Odeon), Brocklebank (Wickes, Primark, Next, Mothercare & Aldi), Greenwich (18 units including Boots, River Island, New Look etc), and Peninsula (6x units inc TK Max, Smyths Toys, & ASDA). Charlton station is a 7 minute walk. The park fronts onto the A206 (east west connections to Greenwich and Woolwich) and is approximately 1 mile from the junction onto the A102 linking Greenwich Peninsula to the north and routes out to the M25 to the south / south east.
 - **Unit 9/10, Greenwich Shopping Park, Charlton, SE7 7ST** - See above for location and neighbouring occupiers. 14,105 sqft unit let to Wilko in October 2018 for £423,150 per annum (£30 psf) on a 10 year FRI lease with tenants only break in year 7. Monthly payment terms.

Approximately two years rent free was agreed (50% of which to be repaid if break option exercised) equating to £24 psf. The letting is subject to unit being handed over in shell condition with the mezzanine removed and Terms being agreed between Wilko and the Royal Borough of Greenwich for the surrender of the Wilko store at 45 Woolwich New Road, SE18 6EU. We understand this is likely to complete shortly with occupation due in the autumn.

- **Units 1-15, Westway Cross Retail Park, London, UB6 0UW** - The property was let to Smyths Toys in October 2018 for £400,000 per annum on a 15 year lease; there is a break option in October 2028 following a 12 month rent free period at lease commencement. The rental value equates to £24.68psf gross. This 16,210 sq. ft. retail warehouse is located on the Westway Cross Retail Park which is within walking distance of Greenford underground station, and 0.5 miles north of the A40. The property comprises of a steel frame construction that was constructed in 2000 and renovated in December 2013.
- **Decathlon, Greenwich Shopping Park, SE7 7ST** - approximately 10,000 sqft retail warehouse let in March 2018 for a rent equating to £36.75 psf (c £33 psf net effective). 12 months' rent free on 15 year lease with tenants break in year 10. Agent confirmed that market has changed significantly from this, as evidenced above.
- **New Cross Gate Retail Park, New Cross Rd, London SE14 5UQ** - three retail warehouse units let to Harveys (c 12,000 sqft), Dreams (5,200 sqft), and TK Max (12,506 sqft). Passing rents equate to £18.50 psf, £25 psf and £20.16 psf respectively. Recently subject to nil uplifts at most recent reviews (subject dates 2016/2017). Landlord's L&T advisor stated that he had been unable to find any evidence in support of an increase and advised that rents were down approximately 25% from their peak. Would expect the subject to achieve £18-£20 psf gross with 1 year rent free required with voids of 6 to 12 months.
- **Wickes, Unit 1, 100 Blackheath Road, London** – The lease of this 26,497 sq ft unit (including 1,219 sq ft of mezzanine space) was re-gearred with Wickes in March 2017 at a rent of £582,900 per annum. The rent equates to £22.00 per sq ft per annum. The reversionary lease expires in March 2034 with 5 yearly upward only rent reviews beginning in March 2021 and a 12 month rent free. This solus unit is located adjacent to a Pets at Home store and benefits in an inner London location.

3.16 We have placed the least weight on the rent reviews at New Cross as these are placed lower in the hierarchy of evidence. They are, however, informative in that there has been no rental uplift since the lettings were taken despite this being before the majority of the CVAs and administrations. The Wickes letting is also helpful in that it is only 1 mile to the north but is a significantly larger unit and let nearly two years ago.

- 3.17 The recent lettings at Stone Lake and Greenwich Shopping Park provide more recently agreed evidence within relatively close proximity to the subject. It is arguable that the difficulties in securing a tenant at Stone Lake (due to a previous agreement falling through) has deflated the achieved £psf. Likewise the Wilko letting may have been artificially improved given that the Council will be covering the costs of relocation and fit out. It could be argued, due to the proximity of Lewisham train station, that the subject is better located than these units. However, the Greenwich retail parks provide a significantly better retail offering and critical mass. The subject unit is a standalone retail warehouse. There is some synergy with the units at Lewisham Retail Park opposite but this is subject to vacancies and the proposed redevelopment. Furthermore, while the unit is located in close proximity to Lewisham station, the provision of appropriate car parking is of more relevance to retail warehousing and the sale of bulky goods. A number of agents have expressed concerns with the poor parking provision (324 sqft per space) and that it is located off the one way system. Their opinion was that up to £20 psf was appropriate.
- 3.18 Having considered the available evidence and our discussions with retail warehouse agents we consider it very unlikely that an increase at the next rent review (Summer 2019) can be achieved. We have therefore taken the rent passing until expiry. Given that the store is closed and the issues facing Carpetright any investor would assume that the store would become vacant upon expiry of the lease in 2024. Notwithstanding the agents comments suggesting a rent as low as £20 psf we are of the opinion that a rate of £25 psf is reasonable and reflects an appropriate Market Rent.
- 3.19 Accordingly we have adopted the current rent of £300,000 (£25.72 psf) at lease renewal. In line with the evidence available we have assumed 12 months letting void and a further 18 month rent free period upon re-letting. As per the previous valuation we have not included any empty property costs.

Investment Values

- 3.20 Previously an investment yield of 6% was proposed on the basis of transactions at Romford, Newham Leisure Park and Slough. Further evidence sought by GL Hearn at that time supported this assumption which was adopted.
- 3.21 The current market position described above has understandably affected investor sentiment. Knight Frank's February 2019 Yield Guide shows Prime Out of Town Retail increasing from 4.5% NIY to 5.5%+ NIY over the last 12 months with the Market Sentiment currently described as "Negative" for

all retail park classes. This is approximately a 20% drop in capital terms (ignoring any rental adjustments).

3.22 In considering the current investment yields we are aware of the following transactions in London:

- **Hertford Road, Barking, IG11** – freehold interest in a retail unit built in 2005 of 57,048 sq ft sold for £20,000,000 (£350psf) in July 2018. Currently occupied by Wickes. The NIY was advised to be 4%.
- **Madford Retail Park, Erith, DA8** – the freehold interest in a retail warehouse of 30,842 sq ft was sold for £8,720,000 (£283psf) in March 2018. The unit was built in 2002 and is currently occupied by Wickes until 2027 on a passing rent of £405,000pa, reflecting a 4.36% NIY.

3.23 Both of the above transactions comprise very large retail warehouses let to Wickes who provide a better covenant than the subject property. Having reviewed the evidence detailed in the above table and after discussions with our in-house investment team we are of the opinion that the value of the majority of the transactions in London are underpinned by residential redevelopment potential and, therefore, the yields reflect the reversionary value as development land and not Existing Use Value in isolation. This is explicitly recognised in a recent valuation received from Cushman & Wakefield of another London retail warehouse where it was stated that the *'Cap rate moved in as the area has multiple resi towers going up and land values increasing without planning consent'*. Furthermore, with respect to Hertford Road, Barking a number of neighbouring sites are being actively developed with GL Hearn are advising a number of parties in this area. Accordingly we have placed significantly less weight on these transactions.

3.24 We have, therefore, had regard to the following investments:

- **Invincible Road Industrial Estate, Farnborough** – long leasehold interest in 2no. retail warehouse units totalling 48,432 sq ft sold for £11,000,000 (£227psf) in January 2019. Currently occupied by Wickes and Dunelm. The units were built in 1984 but fully refurbished in 2015. The NIY was advised to be 5.5%.
- **Slough Retail Park, Slough** – the freehold interest for the whole retail park totalling 152,467 sq ft sold for £63,000,000 (£413psf) in May 2018. Current tenants are Homebase, DFS, AHF Furniture & Carpets, Smyths Toys, ScS, Harveys, Paul Simon Curtains, The Range and Bensons for Beds with a total rental income of £3,603,195pa and a WAULT of 6.4 years. This results in a 5.36% NIY.

- **Southampton Road, Salisbury Business Park** – the freehold interest in 2no. retail warehouse units of 16,015 sq ft sold for £3,725,000 (£233psf) in September 2017. The units were built in 1990 and the current tenants are Maplins and Halfords with a combined rent of £231,140pa with a WAULT of 6.5 years, reflecting a 5.8% NIY.
- **Unit A and B, Bourne Way Retail Park, Salisbury** – the freehold interest in 2no. retail warehouse units of 14,825 sq ft sold for £3,156,000 (£213psf) in July 2017. The units were built in 1993 and are currently let to Dreams and Carpetright. The leases of 10 years were renewed 4 months before the sale and provide a passing rent of £208,389pa, reflecting a 6.75% NIY.
- **Winchester Road, Basingstoke** – the freehold interest of 2no. retail warehouse units of 16,054 sq ft sold for £5,550,000 (£346psf) in June 2017. The units were built in 1990 and the current tenants are Maplins and Halfords. There are 8 years unexpired on the lease which provides a passing rent of £346,283pa, reflecting a 5.9% NIY.

3.25 Farnborough comprises the most recent evidence but again are larger units and let to a stronger covenant profile than the subject. The sales in Salisbury and Basingstoke are comparable sizes but now 18 to 24 months old. We have therefore placed the most weight on Slough given its date and average unit size (c 17,000 sqft). The number and breadth of tenants is, however, arguably more attractive to an investor (disregarding redevelopment for alternative uses).

3.26 We consider there to be inherent risk attached to the income given the market conditions and lack of occupiers in the market for the subject space. At lease expiry we consider any tenant to be in a particularly strong negotiating position and, as mentioned above, we would expect tenants to request nil rental increases on lease renewal. While we understand that the rent passing is contractually binding and, we assume, is being paid the store is now closed and the Carpetright was previously subject to a CVA which pleases additional risk to the investor.

3.27 We have, therefore, adopted a 6% yield across both the rent passing and reversionary rent following our opinion of the appropriate void and rent free periods.

Existing Use Value

3.28 Based upon the assumptions set out above we arrive at an Existing Use Valuation of £4,200,000. This is a reduction of approximately 28% which is in line with both market reports and other valuations carried out by GL Hearn. A copy of our calculation is attached as Appendix A.

Premium

- 3.29 A premium of 20% was previously attached to the EUV by way of a landowner's incentive to bring forward development. The latest Mayoral SPD states that premiums require justification and could be between 10 per cent and 30 per cent, but must reflect site specific circumstances. We are of the opinion that the site is within a prominent location but with an effectively vacant diminishing asset. Therefore we consider the applied 20% premium to be reasonable.

Benchmark Land Value

- 3.30 Adopting the above methodology and aforementioned assumptions we have arrived at an Existing Use Value of £4,200,000 to which to apply a premium of 20%. We are therefore of the opinion that the BLV of the site is £5,040,000. This demonstrates a reduction of £1,929,000 when compared to the position assumed by the Applicant.

4 ASSESSMENT OF APPLICATION SCHEME INPUTS

4.1 The following section critically reviews the proposed scheme and the assumptions adopted in the applicant's FVA.

Timescales

4.2 While not detailed within the report the full FVA includes an appraisal cashflow within the appendices. We have also been provided with a live electronic version of the applicant's appraisal. JRB have assumed the following timescales within their cashflow:

Phase	Commercial / Student	Affordable
Purchase	2	2
Pre-construction	2	2
Construction	24	24
Sales	1	24
TOTAL	29	28*

*includes overlapping sales

4.3 4 months before the start of construction is normally less than we would assume for a project of this scale and we have therefore extended this to 6 months. Johnson Associates have confirmed that the proposed construction period is reasonable. The affordable housing is timed to sell throughout the construction period with approximately 25% of the sum being paid at the start of build reflecting a 'golden brick' payment which we consider reasonable. The commercial elements are timed to sell one month after construction which we also accept.

Affordable Housing

4.4 The proposed development provides 85 x on-site affordable housing units of which 51 x are allocated as shared ownership tenure and 34 x as social rented tenure.

4.5 The 34 x social rented units, comprising 8 x one bed unit, 6 x two bed three person units, 14 two bed four person units and 6 x 3 bed unit, have been valued at £4,824,245 assuming an overall blended capital value rate of £185 psf. The 51 x shared ownership units, 10 x one bed unit, 11 x two bed three person units, 21 x two bed four person units and 9 x 3 bed unit, provide an overall blended capital value rate of £450 psf.

4.6 GL Hearn's affordable housing team has undertaken their own comparable research and reviewed the assumptions in respect of the above and considers the values for both tenures to be acceptable.

Commercial Value Assumptions

4.7 The proposed development includes 9,626.3 sq ft GIA of flexible commercial space (Use Classes A1, A2, A3, B1, D1 & D2) over the ground floor and first floor. The breakdown is as follows:

Floor	Unit No.	Sq ft
Ground	1	1185.5
Ground	2	384.4
Ground	3	563.7
Ground	4	1109.8
Ground	5	3341.1
First	1	3041.8
Total		9,626.3

4.8 JRB has assumed rents of £25 psf, 12 months void and rent free, capitalised at 6.5% NIY. Following the deduction of purchaser's costs this equates to £339.5 psf. In support of this two comparable office lettings and a vacant possession sale are provided but no evidence of retail, restaurants, leisure or community uses are provided.

4.9 Given the proximity to the rail station and centre of Lewisham we consider that the units will be attractive to a range of uses and consideration of a single use (in this case offices) is not appropriate. The fact that the applicant has sought to apply for a range of commercial uses supports this approach.

Rent

4.10 JRB has cited the lettings of Arden House, 52-54 Thurston Road, SE13 and Silkworks, Connington Road, SE13. The former let in December 2017 on a 4 year lease (2 year tenant break) for £18,000 pa, equating to £16.39 psf. Silkworks let in May 2015 for approximately £17,000 pa (£16.52 psf). We are of the opinion that Arden House is not as well located as the subject but as offices is a useful comparator. With respect to Silkworks the letting took place nearly four years ago which we consider historic for such a use.

4.11 We have undertaken our own comparable letting research:

- **Thurston Point** – a modern mixed use development located c200m away from the subject site, built in 2015. Various units have been let since completion and provide strong comparable evidence for achievable values at the subject. All units are in good condition and completed to a typical modern standard.
 - Unit 4 – a retail unit measuring 971 sq ft let to Coban Turkish barber shop in April 2018 for £14,565pa (£15psf). This was a 40% discount on the asking price of £25psf and included a 6 month rent free period, resulting in a net effective rent of £13,387pa (£14.25psf).
 - Unit 6 – a D2 unit measuring 791 sq ft let to Twist Studios personal trainers in September 2018 for £11,865pa (£15psf). This included a 5 month rent free period, resulting in a net effective rent of £11,403pa (£14.42psf).
 - Unit 7 – a D2 unit measuring 1,337 sq ft let to More Yoga in July 2018 for £21,392pa (£16psf). This included a 4 month rent free period resulting in a net effective rent of £20,441pa (£15.28psf).
 - Unit 8 – a D2 unit measuring 16,500 sq ft let to The Gym in October 2016 for £185,000pa (£11.21psf).
 - Unit 9 – a retail unit measuring 1,225 sq ft let to Elyse Beauty & Laser Clinic in November 2017 for £22,800pa (£18.61psf).

Further to this comparable evidence, conversations with local commercial letting agents confirmed that typical lettings in the area are around £15psf. Given the subject site's location in close proximity to the station and range of uses there may be a premium achieved. Accordingly we consider the adopted rent of £25 psf is reasonable.

Yield

- 4.12 JRB state in their report that they have adopted a net initial yield of 6.5%. No investment evidence is provided. They do refer to a vacant possession sale of an 800 sq.ft. office in the Ravioli Apartments development. This sold for £143,250 in October 2017 and analyses to £179 psf.
- 4.13 We have sought our own evidence to verify the adopted yield and capital value which we detail below;-

- **Units 3, 4, 5, 6 and 7, Thurston Point** – a portfolio of units built in 2015 was sold in February 2019. It comprised retail units of A1 / D2 use class with a total size of 7,066 sq ft and was sold for £1,635,000 (£231psf), which the selling agent, Union Street Partners, advised equated to a 7.5% NIY.
- **Units 1, 2 and 8, Thurston Point** – a portfolio of units built in 2015 was sold in December 2016. It comprised retail units of A1 / D2 use class with a total size of 40,500 sq ft and was sold for £13,711,000 (£339psf) which equated to a 4.6% NIY.
- **Renaissance Unit E1 Roma Corte** – long leasehold interest in a retail unit built in 2015 of 1,177 sq ft was sold for £500,000 (£274psf) in March 2017 which equated to a 5.48% NIY. The development is located in close proximity to the subject.
- **8-12 Lee High Road, SE14 5LQ** – Slightly dated building in the centre of Lewisham close to subject site. Includes retail and office space. Sold in February 2017 for £2.2m with a Net Yield equating to 6.1%.
- **Renaissance Tuscany Corte** – long leasehold interest in a retail unit built in 2015 of 1,644 sq ft was sold for £450,000 (£425psf) in January 2016 which equated to a 7% yield.

4.14 Having considered the above evidence we are of the opinion that a 6.5% yield (equating to £340 psf in capital value terms) is acceptable. Accordingly, for the purposes of our modelling we have adopted the applicant's assumptions.

Student Housing Assumptions

4.15 The proposed development consists of a 36 storey student accommodation block, including a basement. There are a number of different types and sizes of unit but these can be broadly described as Studios, Cluster Apartments (ensuite rooms within a shared apartment) and "UA"s (wheelchair adaptable units), with a total NIA of 11,029 sq ft. The breakdown, including JRB's assumed rent, is as follows:

Bedroom Type	Unit No.	Average Size	Total NIA Sq ft	Rent (£pw)	Total Annual Gross Rent
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Studio 1	331	15	4,965.00	£245	£4,135,845
Studio 2	31	17.8	551.80	£255	£403,155
Studio 3	31	15	465.00	£245	£387,345
Studio 4	32	31.5	1,008.00	£340	£554,880
Studio 5	4	21.4	85.60	£315	£64,260
Cluster 1	145	12.2	1,769.00	£245	£1,811,775
Cluster 2	29	15.3	443.70	£260	£384,540
UA1	66	25.9	1,709.40	£280	£942,480
UA2	1	31.5	31.50	£300	£15,300
Total	670		11,029.00		£8,699,580

4.16 JRB has valued the proposed student accommodation on both a standard multiplier investment valuation basis and a full Discounted Cash Flow model. These total approximately £128.7m and £127.04m respectively. DCFs often reflect the way that investors review opportunities but thus these are often a more useful calculation of 'worth' (ie the value to the individual investor) rather than the Market Value to the market as a whole. It is, like a development appraisal, subject to a larger number of variables which makes its use less reliable. Accordingly we have only reviewed JRB's investment valuation approach which totals £128.5m.

4.17 JRB assumed a gross income of £8,699,580, 95% occupancy and £2,800 per room p.a. operating cost which gives a net income of £6,388,601 p.a. JRB have capitalised the net income at 4.75% into perpetuity and have then subtracted the purchase costs at 4.5% to give a capital value of £128,705,132. In support of this, JRB has referred to 7 comparable student accommodation blocks.

Rent

4.18 We have analysed the evidence provided by JRB, please see our commentary below.

- **Highline Building, Steedman Street, Elephant & Castle** – The Highline Building is a new development let to the University of Arts London (UAL) exclusively for the UAL students. It is located a 5 minute walk from Elephant and Castle which operates both the Bakerloo and Northern lines in Zone 1. JRB have suggested that a standard en-suite is let on a 51 week

contract for £182pw and the studios are let on a 51 week contract for £232 pw. Our own research suggests that the minimum rent for a room is £211 per week for a 13 sqm cluster room whilst a premium room costs £219 pw. Studio rooms are approximately 25 sqm and are being let for £272 per week.

- **Ewan Henderson Court, New Cross** – Ewan Henderson Court is let to Kings College (KCL), exclusively for Kings College students. It is located 0.1 miles north of New Cross station in Zone 2. JRB have suggested that rent is £165 p.w. on a 40 week contract and £155 p.w. on a 48 week contract. We have spoken to Kings College and they have confirmed that Ewan Henderson Court will not be taking applicants for the 2019/20 academic year and that a new pricing structure will be implemented for 2020/21 academic year. They would not confirm why Ewan Henderson Court is not taking applicants for the 2019/20 academic year.
- **Angel Lane, Stratford** – Angel Lane is let to KCL, exclusively for KCL students. It is located 0.1 miles south of Stratford train station and Queen Elizabeth Olympic Park. JRB have suggested that an en suite costs £210 p.w. to rent over a 51 week contract. Our own research suggests it costs £219 p.w. over a 51 week contract and a Studio costs £319 p.w. over a 51 week contract.
- **Bernard Myers House, Havil Street** – Bernard Myers House is a development located in Camberwell, just south of Burgess Park. It is now exclusively for the use of students from Mountview Academy, although this appears to be a recent event as it was previously KCL accommodation. The closest underground train station is Elephant and Castle, which is a 10 minute bus ride away. JRB suggest that an en suite to rent over a 40 week period costs £170 p.w. Our own research suggests that for the 2018/19 academic year an en suite costs £182 p.w.
- **Surrey House, 80 Lewisham Way, SE13** – Surrey House is let to Goldsmiths, exclusively for Goldsmiths students. Surrey House is located in New Cross and is a 5 minute walk from the Goldsmiths campus. JRB suggest that an en suite costs £207 p.w. to rent for the academic year. Our own research suggests that an en suite does indeed cost £207.37 p.w. and that a studio costs in the region of £213.60 to £298.18 p.w. Goldsmiths could not confirm the size of the rooms or the period in which the tenancy covers.
- **Yara, Mercy Terrace, Ladywell** – Yara is a private student accommodation company with 2 locations in Holland Park and Lewisham. Yara Lewisham is located 0.1 miles north of Ladywell Station and is approximately 15 minutes' walk to Lewisham. JRB suggest that over

a 51 week period a 14.25 sqm ensuite costs £192.50 p.w, a 17.25 sqm studio costs £205 p.w and a 22.5 sqm studio costs £225 p.w, and we can confirm these prices are correct. Our own research suggests there are 2 extra rooms to rent. The premium en suite is 23 sqm and is available to rent for £205 p.w whilst the premium studio, with rooms ranging from 17.1 sqm to 20.5 sqm, is available to rent for £215 p.w.

- **Chapter Living, Lewisham** – Chapter Living in Lewisham is located 0.1 miles from Lewisham train station. JRB suggest that a 13 sqm standard en suite costs £260 p.w, a 17 sqm studio costs £250 p.w, a 23 sqm studio costs £305 p.w and a 27 sqm studio costs £324 p.w. Our own research suggests that prices are sensitive depending on what floor the room is located on and the figures provided by JRB represent the lowest price per week on offer. 9 sqm cluster rooms range from £199 pw (1st to 3rd floors) to £244 p.w (10-11th floor), 13 sqm bronze en suite rooms range from £260 to £264 p.w, the 17 sqm bronze studio range from £250 to £274 pw, the 23 sqm silver studio ranges from £305 to £329 p.w and finally the 27 gold studio ranges from £324 to £340 p.w.

- 4.19 The majority of the comparables provided are exclusively for the use of a specific university, either by way of a nominations agreement or full lease. In such cases lower prices are often secured by a university for their students in exchange for a guaranteed income stream. Conversely the direct let model assumes a higher direct rent charge to individual tenants but at the owner's risk. Accordingly we have placed less weight on this evidence.
- 4.20 Yara is a direct let scheme it is located in Ladywell which is significantly less attractive location than the subject. Services from Ladywell station only service Cannon Street and Charing Cross every 30 minutes. Yara is a full 15 minutes' walk from the centre of Lewisham. Furthermore, the scheme comprises only 92 units with limited facilities and height / views. This is reflected in the relatively low weekly cost. Again we have placed less weight on this comparable.
- 4.21 Chapter Living is the best piece of available evidence. They have been operating for two and half years. They have recorded a 98% take up rate for the 2018/19 academic year and expect to have the same numbers for 2019/20 with only a moderate increase in pricing. As detailed above Chapter Living have successfully applied higher rates for the same type of room as one moves up the building, reflecting a premium for better light, views and noise (as one finds in sales of apartments within a tower block). Chapter Living has rooms across 11 floors, whilst the subject development has student accommodation across 36 floors. Arguably one could therefore expect the subject to achieve a higher average room rate than Chapter Living. However, while some additional value may be achievable there is likely to be a cap once sufficient light etc is achieved and therefore one cannot expect this

phenomenon to continue *ad infinitum*. While the rents for Chapter Living quoted by RJB reflect the starting position on the lower floors the income adopted in their valuation of the subject is often comparatively higher. On reflection we consider that, on balance, the adopted rental assumptions are generally reasonable.

- 4.22 The one exception to this is the apparent discounting applied for the wheelchair units (“UA1” and “UA2”). UA1 measures 31.5 sqm which is the same size as Studio Type 4. The latter is priced at £340 pw but the former circa 10% lower at £300 pw. We note that the Gold Studios at Chapter Living (27 sqm) are adaptable and no discount is applied. We have also discussed this issue with Student specialists within GL Hearn and do not consider that such an adjustment is reasonable. We have therefor, assumed UA1 at £340 pw. As UA2 measures 25 sqm, roughly sized between Studio Types 5 (£315 pw / 21.4 sqm) and 4 (£340 pw / 31 sqm), we have adopted a weekly rent of £325 pw.
- 4.23 Consequently we have adopted a total annual rent of £8,853,090 on a 51 week tenancy assumption.

Additional Income

- 4.24 It is not unusual for Student investment valuations to reflect additional income sources such as laundry. Accordingly we have assumed sundry income of £75 per bed per annum totalling £50,250.

Voids and Management Costs

- 4.25 JRB have assumed 5% for voids and £2,800 per bed management costs. Combined this equates to 26.56% of their reported gross income. By way of comparator this is above assumed deductions for Build to Rent developments at approximately 25% of gross income depending on the level of amenity. Given that any student development (or “co-living” scheme) includes a higher proportion of units relative to Build to Rent development with standard apartment sizes the many fixed management costs are shared with a higher number of units.
- 4.26 Looking at the assumptions individually the void assumption is significantly higher than one would normally assume, as evidenced by Chapter Living at 98% current occupancy. Notwithstanding this it is recognised that the proposed scheme comprises a significant quantum of units and that achieving a standard level of occupancy is less likely on a project of this scale. We have, therefore, adopted JRB’s assumption.

- 4.27 A fixed management cost of £2,800 per bed is assumed. This is also higher than we would expect. Clearly the proposed scheme will be delivered to a high specification. However, given the additional scale one would expect there to be efficiencies of management. Having discussed the issue internally we have assumed a rate of £2,400 per bed.
- 4.28 The above assumptions equate to approximately 23% of the adopted gross income.

Yield

- 4.29 JRB have provided a number of sales comparables in London. However, the majority were achieved some years ago or only the overall price per bed is known. Unfortunately this reflects the limited number of sole asset student investment transactions each year. We have carried out our own research and found these sales transactions as detailed below:
- **Grosvenor House** - Standard Life bought Grosvenor House on Covent Garden's Dury Lane for £68.8m in September 2018. GH Partnership, a joint venture between Stanhope and Network Housing Group, sold the asset to Standard Life. Grosvenor House is within a 5 minute walk of LSE campus. It has 225 bed spaces in total. This deal equates to £305,778 per bed. However, the building is in a prime location in Covent Garden and is not an ideal comparable to the subject scheme. The LSE lease runs for a further 9 years with a break in 2021. The rent is significantly reversionary and reflects the client's investment strategy for value-add assets within the sector. The purchase reflects a net initial yield of 2.5%.
 - **Paul Street East** – A 482 bed student accommodation scheme that completed in August 2015. The development is new build and high specification, located in Shoreditch. The building is being marketed for £150m that reflects a 4% yield which is expected to rise to 4.25% following rental increases in the next academic year. Bidwells advised the building is currently under offer and that the yield is 3.75%, which would reflect an offer of £170m. The deal equates to £311,203 per bed.
 - **Project River** – In September 2016 GSA and GIC bought a portfolio of 7,150 bedspaces (operational assets and in development) for £380m from Oaktree & Threesixty. The acquisition comprised a portfolio of 10 operational student assets in Liverpool, Bristol, London, Edinburgh, Cardiff and Southampton, 6 student development sites in Plymouth, Portsmouth, Birmingham, Bournemouth and Cambridge and two PRS development sites. CBRE analysed the transaction as showing a net initial yield of 5.32% over the ten operational assets with

20% of the portfolio weighted to Depot Point in London showing a NIY of 4.50%. The remaining nine operational assets show a weighted average net initial yield of 5.50%.

- 4.30 Having considered the available evidence that JRB provided, the additional evidence we have gathered, student market reports and discussions with investment specialists we consider that a 4.75% NIY is reasonable for a non-prime London direct let student investment.

Capital Value

- 4.31 Based upon the above assumptions we have arrived at a total capital value of £137,750,000 after the deduction of purchaser's costs at 4.5%. This equates to a rate of circa £205,000 per unit.

Cost Assumptions

Build Costs

- 4.32 A Budget Cost Estimate has been prepared by Tide Construction to inform the viability assessment. The potential prospect of the Bakerloo Line extension is reported to affect the site and subsequent design with further allowance required for abnormal construction costs. Tide consider the additional abnormal allowance required to be £2,045,000 to facilitate the Bakerloo Line extension.
- 4.33 GL Hearn has sub-instructed quantity surveyors Johnson Associates (JA) to review this on behalf of the Council. The cost estimate for the proposed scheme, to include the Bakerloo Line extension works, assumes a total cost of £102,324,000 (£319 psf).
- 4.34 A line by line review of the Applicant's cost plan has been undertaken by Johnson Associates, which can be found at Appendix B.
- 4.35 This concludes that the cost plan presented by the applicant is excessive and that the original development proposals could be deliverable at a price of £99,180,000. This represents an overall reduction in the order of £3,144,000, i.e. approximately 3.1%. A Summary of the differences is shown below:

	Tide Construction	Johnson Associates
Demolition & Enabling	£970,000	£970,000
Substructure	£5,034,000	£4,854,000
Shell & Core	£34,495,000	£32,387,000

Finishes	£11,278,000	£11,167,000
Fixtures, Furnishing & Equipment	£8,272,000	£8,272,000
MEPH & lifts	£20,418,000	£20,418,000
External Works	£1,688,000	£1,688,000
Measured Works Total	£82,155,000	£79,756,000
Preliminaries / Logistics (16.5%)	£13,395,000	£12,761,000
Overheads and Profit (5%)	£4,729,000	£4,626,000
Construction Total (Excluding Abnormals)	£100,279,000	£97,143,000
Abnormal works associated with Bakerloo line exclusion zone	£2,045,000	£2,037,000
Construction Total (Including Abnormals)	£102,324,000	£99,180,000

4.36 Accordingly in our own appraisal we have adopted the reduced Johnson Associates total build cost figure of £99,180,000 for the purposes of our modelling.

4.37 In addition to the above we understand that the costs have been prepared on a traditional build basis. However, Officers are aware that a modular design construction programme is likely to be used. Johnson Associates have considered the costs on this basis but do not consider there to be a saving against the costs as reviewed. Indeed they comment that *'In our experience the cost of the modular approach is slightly higher than traditional even when taking into account the overall programme saving (and related reduced time related preliminaries) but there is an overall saving in programme which could be significant here subject to which academic year the scheme is being targeted for.'* Modular student housing unit costs are difficult to determine due to the limited data available on such projects, particularly on schemes of this height. It is possible that Tide Construction's unit costs could offer some savings given the scale of their operation but the evidence is not available to justify this view at the moment. We note from the applicant's cashflow that no attempt has been made to suggest that the student element will stand empty or be unlettable for a significant period of time. There may be slight finance cost reductions in having a shorter build programme but this are likely to be counter balanced by the increased construction costs. Clearly reducing the programme will add a buffer between completion and the start of the academic year and thus reduce the project risk but this is not possible to explicitly calculate on a financial basis and no additional risk adjustment has been added by the applicant to reflect this based on a traditional build. Accordingly no adjustment has been made on a modular build assumption.

Professional Fees

- 4.38 JRB has assumed professional fees of 10% of construction costs which we consider reasonable and have adopted in our own appraisal.

Marketing and Transactional fees

- 4.39 The following allowances have been made in JRB development appraisal;-

- Sale Agent Fee - 1.00%
- Sale Legal Fee - £40,000
- Purchaser Costs – standard rates

- 4.40 We consider that the agency fee and purchaser's costs are reasonable. However, a legal fee of only £40,000 is unlikely to be sufficient to undertake the conveyancing of the student investment, affordable housing, and individual commercial units. We have, therefore, increased this to £150,000.

- 4.41 Furthermore, the individual commercial units are likely to be individually let before being sold as an investment. Accordingly we have assumed a 10% letting fee and 5% letting legal fee. The costs of letting the student accommodation is reflected in the management costs and therefore no additional deductions should be applied.

Finance Costs

- 4.42 Finance costs have been assumed at a 7% debit rate. We consider this assumption to be higher than we would expect for a development of this scale. We have adopted 6% debit rate together with a 2% credit rate. The fact that the proposals could be forward funded through an early sale to an investor could reduce this cost further.

CIL/S106

- 4.43 JRB has assumed a combined MCIL/CIL & S.106 cost of £4,100,000. No calculation or break down has been provided to enable us to interrogate this figure. We have not been party to the discussions between the Council but assume the above amounts to be correct and have adopted them for the purposes of our modelling but recommend that these are verified by the Council as they could have

a material impact upon the viability of the scheme. We would recommend that the CIL calculations are provided to the Council's CIL Officer to a full review.

Developer's Profit

- 4.44 JRB has adopted a developer's profit 17.5% of Gross Development Cost (GDC) across the scheme as a whole. Based upon their assumptions this equates to a blended profit on Gross Development Value of 14.87% or an Internal Rate of Return (IRR) of 19.45%.
- 4.45 We would comment that the appropriate level of developer profit will vary from scheme to scheme. Developer's profit margin is determined by a range of factors including property market conditions, individual characteristics of the scheme, comparable schemes and the development's risk profile. The market is extremely competitive in Lewisham with many developers active and a number of sites currently under construction. Accordingly we would expect to see differing levels of profit applied to certain elements of the scheme dependent on the risk profile.
- 4.46 In particular, the affordable element carries significantly less risk than the remainder of the proposals as this can be forward sold/funded by a bulk sale to a Registered Provider. In line with other assessments we have assumed a 6% on value profit assumption.
- 4.47 With respect to private commercial elements we would normally assume a 15% return on value being broadly equivalent to 20% on cost. In this case a 15% return equates to approximately 17.5% on cost. We note that the viability evidence base for the GLA's Draft London Plan reports a typical target return of 15-20% on cost for non-residential developments. Clearly the subject proposals, at 36 storeys in height, are a more complex and riskier venture than low rise commercial developments. An adjustment to profit allowances to recognise risk is an established market practice which is also recognised in the GLA's viability assessment. The return for residential for sale schemes ranges from 15% on value for 2-5 story developments to 20% for schemes over 20 storeys in height. However, Build to Rent developments range from 11% to 13% on value on the same steps. While the proposed ground floor commercial units will be of limited demand until completed the student development could be de-risked through a forward sale or forward funding arrangement much like many Built to Rent developments. Likewise the viability assessment has been undertaken on the basis of an assumed Direct Let student operation. Securing a lease or nominations agreement with a university could further de-risk the development proposals. Considering the issues above we have adopted a 15% on value assumption.

4.48 The above assumptions results in a blended profit 16.01% on cost or 21.8% IRR which we consider reasonable.

Summary Table

4.49 The table below provides a summary of the above analysis highlighting any areas of difference:

Assumption	JRB Assumptions	GLH Assumptions
Timescales – Pre-Construction	4 months	6 months
Gross Student Income	£8,699,580	£8,853,090
Sundry Income	N/A	£75 per unit
Student Management Costs	@ £2,800 per unit	@ £2,400 per unit
Construction Costs (Inc. BLE abnormals)	£102,324,000	£99,180,000
Sales Legal Fees	£40,000	£150,000
Commercial Letting Agency Fees	N/A	10%
Commercial Letting Legal Fees	N/A	5%
CIL / S106	£4,100,000	We have adopted the amount assumed by the Applicant but recommend this is reviewed by the Council.
Interest / Finance Costs	7% debit	6% debit / 2% credit
Developers Profit	17.5% on cost	6% on value (Affordable) 15% on value (Commercial / Student)

5 INITIAL APPRAISALS & CONCLUSIONS – FEBRUARY 2019

5.1 Where our own market research has indicated that the inputs used have not been fully justified we have sought to illustrate the potential impact on Residual Land Value. In this respect we have undertaken our own residual appraisal using Argus Developer, which is a leading industry-standard development appraisal package commonly used by developers and agents to assess development viability.

- 5.2 Although this analysis does not constitute formal valuations under the provisions of the RICS Valuation Standards ('Red Book') it does provide robust evidence to inform the Council's decision making process in respect of the applicants planning application.
- 5.3 In this instance we have been provided with a working appraisal by JRB for the development scenario. This has enabled us to ensure the model has been constructed properly and the inputs are timed correctly within the cashflow.
- 5.4 As has been highlighted in the summary table in the previous section there are a number of assumptions adopted within the proposed appraisal which we are not in agreement with. Therefore we have undertaken our own modelling applying our own assumptions which we believe to be more reflective of the market.
- 5.5 Given the above we have undertaken sensitivity analysis making adjustments to;
- Benchmark Land Value
 - Gross and Net Student Income
 - Build Costs
 - Sales Legal, Letting Legal and Letting Agency Fees
 - Developers Profit / Risk Return
- 5.6 For now we have modelled the wholly private scheme which is inclusive of abnormal costs associated with the Bakerloo Line extension in order to arrive at a surplus which can be transposed into affordable housing at a later stage.
- 5.7 Furthermore, together with our cost advisors Johnson Associates, we have considered the proposed modular construction method in terms of possible construction costs, programme, finance and risk savings. We are satisfied that the approach and assumptions adopted, on a traditional build basis, do not unfairly inflate these elements relative to a modular construction approach and therefore no specific adjustments have been made on this basis.

Overall Summary & Conclusions

- 5.8 JRB has concluded that the provision of the proposed affordable housing is the maximum viable provision. JRB has stated that the Applicant is happy to proceed despite the projected deficit of £5,606,810.

- 5.9 We have undertaken a new appraisal which retains the applicant's assumptions other than where we have highlighted above that we consider they understate viability. Adopting our adjustments to the elements detailed above we arrive at a Residual Land Value (RLV) of £13,010,752. This delivers a surplus of £7,970,752 on the basis of the proposals and our adopted BLV of £5,040,000.
- 5.10 Clearly our analysis paints a very different viability picture when compared to JRB's conclusions. Our modelling indicates a significant surplus which could be transposed into an improved affordable housing provision (such as a higher quantum of Social Rented units rather than Shared Ownership). We would note, however, that this scheme is particularly sensitive to adjustments in the adopted assumptions. Given this and the scale of the difference of opinion at this stage we have not sought to translate the surplus identified into a specific affordable provision.

6 UPDATED VIABILITY – APRIL 2019

6.1 Following release of our initial draft report in February we received and reviewed a rebuttal letter produced by JRB dated 11th March 2019. This sought to address a number of the areas of difference highlighted in our initial report.

6.2 A number of points or queries were raised which are summarised below:

Benchmark Land Value

- Date of Previous Assessment and change in the retail market during this time
- Existing Use Value – appropriate yield and impact of vacant possession
- Appropriate landowner premium

Proposed Scheme Assessment

- Total Student rent
- Sundry rents
- Management costs
- Construction Costs
- Profit
- CIL / S106 Contributions

6.3 GL Hearn provided a written response dated 9th April 2019 addressing these points which is included as Appendix D. In the majority of cases we saw no reason to amend our position but we summarise where changes to our assessment were made:

- Sundry Rents – revised to £50 per student bed (£33,500 pa in total).
- Management Costs – revised to £2,600 per student bed.
- Construction Costs – revised by Johnson Associates to £98,002,000 (excl Bakerloo Line exclusion works).

Revised Appraisal and Conclusions

6.4 Based upon the changes set out above (and our original assumptions) we have revised our appraisal. This results in a Residual Land Value of approximately £9,770,000 and thus, against our Benchmark Land Value of £5,040,000, a significant surplus is derived.

6.5 In order to maintain a Residual Land Value of least at £5,040,000 (the Benchmark Land Value) a provision of 65x Social Rented units (76%) and 20x Shared Ownership units (24%) can be achieved.

7 UPDATED VIABILITY – MAY 2019

7.1 Following provision of our response in April a further letter was provided by JRB dated 16th April 2019.

7.2 It was reported by JRB that the Gross Internal Area (GIA) adopted within CAST's cost plan is incorrect and the total area now extends to 328,656 sqft. A full accommodation schedule has been provided. Conversely it is stated that the Net Sales or Internal Areas (NSA/NIAs) remain the same but upon interrogation this is not the case. A summary of the assumptions originally adopted by JRB / CAST and now provided upon is set out below:

Type	Submitted		Revised	
	NIA / NSA (sqft)	GIA (sqft)	NIA / NSA (sqft)	GIA (sqft)
Residential	65,427	100,725	68,594	104,592
Student	118,376	207,849	118,375	212,361
Commercial	9,626	10,254	8,870	9,178
Shared Space	2,400	2,400	2,526	2,526
TOTAL	195,829	321,228	198,365	328,656

7.3 We have discussed the matter with the Council and following cross-check measurements undertaken by Johnson Associates we have accepted the latest schedule.

7.4 Further responses were raised with respect to the following:

Benchmark Land Value

- Date of Previous Assessment and change in the retail market during this time
- Existing Use Value – appropriate yield and impact of vacant possession
- Appropriate landowner premium

Proposed Scheme Assessment

- Total Student rent
- Management costs
- Station Entrance Commercial Unit
- Construction Costs
- Profit
- CIL / S106 Contributions

- SDLT (Acquisition)
- Finance Costs

7.5 GL Hearn provided a written response dated 13th May 2019 addressing these points which is included as Appendix E. The majority of points raised repeat the arguments already made by JRB's previous response. Where we considered changes were appropriate we summarise these below:

- *Station Entrance Commercial Unit* – removed from commercial revenue as will be required by TLF for a new station. This is to be secured by S106 agreement.
- *SDLT (Acquisition)* – correction to rate applied.
- *Finance Costs* – increased to 6.5% interest.

Revised Appraisal and Conclusions

7.6 Based upon the changes set out above we have revised our appraisal based upon the original submitted offer. This results in a Residual Land Value of approximately £7.13m. Thus, against our Benchmark Land Value of £5,040,000, a significant surplus is still derived.

7.7 Notwithstanding JRB's position on the assumptions adopted by GL Hearn the applicant has offered to increase the proportion of Social Rented units within Block A to 50% by floor area. This represents a small increase from the 40% originally submitted but is lower than that arrived at in our previous response.

7.8 Based upon our revised assumptions we consider that 46x units (2nd to 10th floor inclusive plus a 1B2P and 2B3P on the 11th) could be provided as Social Rented units with the remainder provided as Shared Ownership (39 x units). This equates to approximately 54% by both floor area and unit number. An appraisal on this basis is appended resulting in a RLV of circa £5.08m and thus a small surplus above the Benchmark.

8 AMENDED SCHEME – MAY 2019

8.1 The applicant has now proposed to amend the scheme to provide 758x student beds, of which an additional 88x are to be Block A with the original 670x beds maintained in Block B. This results in a reduction of the proposed C3 residential accommodation to 67 units. An internal connection between the student cores is located at the 2nd floor level. The affordable provision is to comprise 76x affordable student beds (included within the 670x in Block B) and a reported 20,336 sqft (NSA) of Shared Ownership and 31,613 sqft (NSA) of Social Rented space respectively; approximately a 40%:60% split in favour of Social Rented. We understand that Officers conclude that this is a more favourable option in planning terms.

8.2 An accommodation schedule has been separately provided which is summarised below.

Type	Amended Scheme	
	NIA / NSA (sqft)	GIA (sqft)
Residential (Block A)	50,406	72,032
Internal Playspace	1,001	1,044
Student (Block A)	13,688	32,377
Connection	700	721
Student (Block B)	118,375	212,361
Commercial	8,567	9,022
Shared Space	2,526	2,526
TOTAL	195,263	330,083

8.3 JRB's assessment of the Amended Scheme was included in their letter dated 16th April 2019. Our assessment is included within Appendix E. We summarise our findings below:

- *Private Student Values (Block B)* – remains the same but only 594 rooms are to be provided for private rent. As the precise mix of the affordable and student beds is unknown we have apportioned the value based upon our previous assumptions resulting in a value of £119,245,500 (circa. £200,745 per unit).
- *Private Student Values (Block A)* – as these units will be in separate block they will achieve a lower rent and also be less attractive to investors. Accordingly we have adopted a value of £172,500 per bed.
- *Affordable Student Values* – we have accepted JRB's values at £90,000 per unit.
- *Construction Costs* – Johnson Associates who have advised that it would be appropriate to apply the same blended cost rate of £305.09 psf and apply it to the GIA resulting in a total cost of £100,703,327 plus abnormal works and contingency allowance.

- *CIL* – Given the amendments to the scheme we have undertaken a revised CIL calculation which totals £3,689,117.
- *Profit* – As the student affordable units will not be forward sold to a Registered Provider the risk savings applicable to standard affordable housing are not applicable. Accordingly we have applied our 15% on value assumption to these units. All other profit assumptions remain as set out previously (Student and Commercial at 15% on value and Affordable Residential at 6% on value).

Amended Appraisal and Conclusions

- 8.4 Based upon the above assumptions we have appraised the amended scheme. This results in an RLV of circa £3.07m and thus a deficit against the Benchmark Land Value is derived.
- 8.5 Accordingly, we consider the amended scheme and the proposed provision of 65 residential apartments (60% Social Rent and 40% Shared Ownership) and 76x Affordable Student Beds to be the maximum reasonable amount viable at the current time.

Appendix A

Existing Use Valuation

PRIVATE & CONFIDENTIAL

Existing Use Value

		GIA sqm	GIA sqft	
Retail Warehousing		1,083.61	11,664	
Rent Passing YP for	4.5 yrs @	£psf £25.72 6.0%	Rent £300,000 <u>3.8442</u>	£1,153,253
Market Rent YP perp (deferred)	7.0 yrs @	£psf £25.72 6.0%	Rent £300,000 <u>11.0843</u>	<u>£3,325,286</u>
				£4,478,539
less purchaser's costs of				<u>£275,319</u>
				£4,203,220
			SAY	£4,200,000
				£ 360.08 psf

Appendix B

Construction Cost Review

Tide Construction | Lewisham Exchange
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Financial Summary

Ref	Description	Residential	Student	Basement	Retail/Commercial	Total	£ / ft2 GIFA	£ / Unit	JA Comments 12/02/19
		96,768 ft ²	199,726 ft ²	14,467 ft ²	10,269 ft ² (GIA)		321,230 ft ²	755 Units	
		85 Units	670 Units		10,269 ft ² (NIA)				
0	Demolition & Enabling	£292,000	£603,000	£44,000	£31,000	£970,000	£3 / ft2	£1,280 / Unit	See comments within tabs.
1	Substructure	£998,000	£2,060,000	£1,690,000	£106,000	£4,854,000	£15 / ft2	£6,429 / Unit	See comments within tabs.
2	Shell & Core	£10,130,000	£20,331,000	£835,000	£1,091,000	£32,387,000	£101 / ft2	£42,897 / Unit	See comments within tabs.
3	Finishes	£3,133,000	£7,791,000	£200,000	£43,000	£11,167,000	£35 / ft2	£14,791 / Unit	See comments within tabs.
4	Fixtures, Furnishing & Equipment	£1,189,000	£7,033,000	£50,000	£0	£8,272,000	£26 / ft2	£10,960 / Unit	
5	MEPH & lifts	£5,743,000	£14,368,000	£277,000	£30,000	£20,418,000	£64 / ft2	£27,040 / Unit	See comments within tabs.
6	External Works	£509,000	£1,050,000	£75,000	£54,000	£1,688,000	£5 / ft2	£2,240 / Unit	See comments within tabs.
Measured Works Total		£21,994,000	£53,236,000	£3,171,000	£1,355,000	£79,756,000	£248 / ft2	£105,637 / Unit	
7	Professional Fees					Excluded			Assumes in appraisal
8	Preliminaries / Logistics (16.5%)	£3,519,000	£8,518,000	£507,000	£217,000	£12,761,000	£40 / ft2	£16,902 / Unit	16% considered to be more reflective of the current market.
9	Overheads and Profit (5%)	£1,276,000	£3,088,000	£184,000	£79,000	£4,626,000	£14 / ft2	£6,127 / Unit	Acceptable
10	Design Dev. Contingency					Excluded			
11	Construction Contingency					Excluded			Assumes in appraisal
Construction Total (Excluding Abnormals)		£26,789,000	£64,842,000	£3,862,000	£1,651,000	£97,143,000	£302 / ft2	£128,666 / Unit	JA Variance: £3,136,000
12	Abnormals works associated with Bakerloo line exclusion zone			£2,037,000		£2,037,000	£6 / ft2	£2,698 / Unit	See comments within tabs.
Construction Total (Including Abnormals)		£26,789,000	£64,842,000	£5,899,000	£1,651,000	£99,180,000	£309 / ft2	£131,364 / Unit	JA Variance: £3,144,000
£ / ft2 NIA		£417	£566	£0	£175	£528			
£ / ft2 GIA		£282	£336	£426	£164	£319			
£ /Unit (Resi) / Bed (Student)		85 Units	670 Beds						
		£321,100	£100,300						

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Bakerloo Line Tunnel Exclusion Zone Costs

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
	Site-wide Substructure to be pro-rated across site					Significant works and BAPA operation will be required.
	Raft Slabs					
	<i>Deduct Raft slabs</i>	-1	Item	£1,680,000	-£1,680,000	Ok area of raft slab omitted and transfer trape slabs added back as below.
0.1	400mm deep	226	m2	£340	£77,000	Raft rates include excavation
0.2	600mm deep	293	m2	£500	£147,000	Ok
0.3	1500mm deep	61	m2	£1,155	£70,000	Ok
0.4	1750mm deep	57	m2	£1,365	£78,000	Ok
1.10	2000mm deep	1,308	m2	£1,525	£1,995,000	Ok
1.11	3075mm deep	60	m2	£2,310	£139,000	Ok
1.12	3200mm deep	104	m2	£2,520	£262,000	Ok
	<u>Transfer Beams</u>					
	Beam 1	31	m	£3,750	£116,000	Ok
	Beam 2	15	m	£5,850	£88,000	Ok
	Capping Beam 2	24	m	£3,750	£90,000	Ok
	Deduct capping beam 1	-24	m	£850	-£20,000	Ok
	<u>Retaining Walls</u>					
	900mm diameter secant piled wall	11	m	£10,500	£116,000	Ok
	Deduct 600mm diameter secant piled wall	-11	m	£7,350	-£81,000	Ok
	Allowance for temporary works associated with basement/transfer structures	1	Item	£275,000	£275,000	Ok
	Net Total				£1,672,000	
	Preliminaries / Logistics (16.5%)				£268,000	16% proposed as per Financial summary.
	Overheads and Profit (5%)				£97,000	
				Total	£2,037,000	Rounded to nearest £1,000

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Demolition & Enabling Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
1	Structural Demolition: Provisional allowance for strip out and structural demolition of existing structure	1	Item	£775,000	£775,000	Ok
2	Additional Items Allowance for breaking out existing sub-structure	1	Item	£165,000	£165,000	Ok
3	Site clearance to remainder of site	636	m2	£40	£25,000	Ok
				Total	£970,000	Rounded to nearest £10,000

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Basement Elemental Summary					
Ref	Description	TOTAL	£/ft2 14,467 ft ²	£/Unit Units	
1	Substructure Substructure & Groundworks	£1,690,000	£117 / ft2		£ / Unit
	Shell & Core				
2	Frame	£245,000	£17 / ft2		£ / Unit
3	Upper Floors	£450,000	£31 / ft2		£ / Unit
4	Roof	£116,000	£8 / ft2		£ / Unit
5	Stairs	£24,000	£2 / ft2		£ / Unit
6	External Walls, Windows & Doors	£0			
	Base Build MEPH & Lifts				
7	MEPH Services	£0	£ / ft2		
8	BWIC (3%)	£0	£ / ft2		
9	Lifts	£0	£ / ft2		
Total Shell & Core £		£2,525,000	£175 / ft2		£ / Unit
	Basement Fit-out Based Upon Target Cost/Sq.Ft.				
	Fit Out & Finishes				
10	Internal Walls and Partitions	£75,000	£5 / ft2		
11	Internal Doors	£45,000	£3 / ft2		
12	Wall Finishes	£25,000	£2 / ft2		
13	Floor Finishes	£35,000	£2 / ft2		
14	Ceiling Finishes	£20,000	£1 / ft2		
	FF&E and Sanitaryware				
15	Fixtures and Fittings	£50,000	£3 / ft2		
16	Sanitaryware	£0	£ / ft2		
	Fit Out MEPH				
17	MEPH Services	£269,000	£19 / ft2		
18	BWIC (3%)	£8,000	£1 / ft2		
Total Fit Out £		£527,000	£36 / ft2		£ / Unit
TOTAL £		£3,052,000	£211 / ft2		£ / Unit
	Cost / Ft2				
	Cost / Unit				

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BASEMENT SHELL & CORE

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
1 Basement Sub-Structure						
1.1	Excavation & Disposal	6,543	m3	£75	£491,000	Assumes clean inert.
1.2	Extra over provision for disposal of hazardous material	327	m3	£250	£82,000	£75 ie cart away £50 exc £25. Based upon 5% of above
Retaining structures to basement						
1.3	450mm contig wall	41	m	£4,250	£174,000	Rates reduced to those generally seen for this nature of work (top end)
1.4	600mm secant piled wall	105	m	£7,000	£735,000	Rates reduced to those generally seen for this nature of work (top end)
1.5	Vertical waterproofing of basement	743	m2	£80	£59,000	Ok
Raft Slabs & Loadbearing Piling						
1.6	Allowance for substructure based on measure within block A	1,344	m2	£111	£149,000	Ok
Sub-Structure Total					£1,690,000	

2 Basement Frame						
2.1	RC Walls; W1; 300mm	102	m2	£350	£36,000	Ok
2.2	RC Walls; W2; 400mm	173	m2	£420	£73,000	Ok
2.3	RC Walls; W3; 325mm	58	m2	£370	£21,000	Ok
2.4	RC Walls; W4; 350mm	67	m2	£385	£26,000	Ok
2.5	RC Walls; W5; 475mm	86	m2	£470	£40,000	Ok
2.6	RC Walls; W6; 550mm	45	m2	£500	£23,000	Ok
2.7	RC Walls; W7; 625mm	10	m2	£520	£5,000	Ok
2.8	RC Walls; W8; 250mm	7	m2	£320	£2,000	Ok
2.9	Column C2	1	Nr	£1,950	£2,000	Ok
2.10	Column C4	4	Nr	£2,150	£9,000	Ok
2.11	Column C5	6	Nr	£1,365	£8,000	Ok
Frame Total					£245,000	

3 Basement Upper Floors						
3.1	Allowance for Upper floors to Basement	1,450	m2	£250	£363,000	£250/m2 for upper floor should be sufficient.
3.2	Caping Beam; CB1	102	m	£850	£87,000	Ok
Upper Floors Total					£450,000	

4 Basement Roof						
4.1	Allowance for waterproofing & insulation to basement slab	1,450	m2	£80	£116,000	
Roof Total					£116,000	

5 Stairs to Basement						
5.1	Allowance for stairs to basement	2	Flrs	£12,000	£24,000	Allowance elsewhere
Stairs Total					£24,000	

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Block A | Elemental Summary

Ref	Description	Shell & Core	Residential Fit Out	Residential Amenity	Landlord - FoH	Landlord - BoH	TOTAL	£/ft2	£/Unit
		96,768 ft ² 85 Units	65,488 ft ² 85 Units	1,066 ft ²	7,309 ft ²	323 ft ²		96,768 ft ²	85 Units
1	Substructure Substructure & Groundworks	£998,000					£998,000	£10 / ft2	£11,740 / Unit
	Shell & Core								
2	Frame	£764,000					£764,000	£8 / ft2	£8,990 / Unit
3	Upper Floors	£2,078,000					£2,078,000	£21 / ft2	£24,447 / Unit
4	Roof	£296,000					£296,000	£3 / ft2	£3,482 / Unit
5	Stairs	£200,000					£200,000	£2 / ft2	£2,353 / Unit
6	External Walls, Windows & Doors	£6,792,000					£6,792,000	£70 / ft2	£79,906 / Unit
	Base Build MEPH & Lifts								
7	MEPH Services	£3,334,000					£3,334,000	£34 / ft2	£39,220 / Unit
8	BWIC (3%)	£100,000					£100,000	£1 / ft2	£1,180 / Unit
9	Lifts	£580,000					£580,000	£6 / ft2	£6,820 / Unit
	Total Shell & Core £	£15,142,000	£0	£0	£0	£0	£15,142,000	£156 / ft2	£178,141 / Unit
	Fit Out & Finishes								
10	Internal Walls and Partitions		£566,000	£9,000	£763,000	£3,000	£1,341,000	£14 / ft2	£15,776 / Unit
11	Internal Doors		£394,000	£8,000	£43,000	£11,000	£456,000	£5 / ft2	£5,360 / Unit
12	Wall Finishes		£232,000	£1,000	£59,000	£1,000	£293,000	£3 / ft2	£3,450 / Unit
13	Floor Finishes		£491,000	£8,000	£64,000	£1,000	£564,000	£6 / ft2	£6,640 / Unit
14	Ceiling Finishes		£432,000	£5,000	£41,000	£1,000	£479,000	£5 / ft2	£5,640 / Unit
	FF&E and Sanitaryware								
15	Fixtures and Fittings		£681,000	£20,000	£50,000	£45,000	£796,000	£8 / ft2	£9,360 / Unit
16	Sanitaryware		£390,000	£3,000	£0	£0	£393,000	£4 / ft2	£4,620 / Unit
	Fit Out MEPH								
17	MEPH Services		£1,639,000	£40,000	Included in S&C	Included in S&C	£1,679,000	£17 / ft2	£19,750 / Unit
18	BWIC (3%)		£49,000	£1,000			£50,000	£1 / ft2	£590 / Unit
	Total Fit Out £	£0	£4,874,000	£95,000	£1,055,000	£62,000	£6,051,000	£63 / ft2	£71,188 / Unit
	TOTAL £	£15,481,000	£4,874,000	£95,000	£1,055,000	£62,000	£21,193,000	£219 / ft2	£249,329 / Unit

	Cost / Ft2	£160	£74	£89	£144	£192
	Cost / Unit	£182,130	£57,340	£1,120	£12,410	£730

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Block A - Shell & Core

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / A Comments 12/02/19
1 Sub-Structure						
Site-wide Substructure to be pro-rated across site						
Raft Slabs						
1.1	1200mm raft to Block A footprint	540	m2	£950	£513,000	Ok
1.2	1600mm raft to Block B footprint	561	m2	£1,275	£715,000	Ok
1.3	600mm to remainder	904	m2	£500	£452,000	Ok
1.4	Extra over allowance for waterproofing	2,005	m2	£55	£110,000	Ok
1.5	Below slab drainage	2,005	m2	£80	£160,000	Ok
1.6	Insulation	1,256	m2	£55	£69,000	Ok
Raft Slab						
Loadbearing Piling						
1.70	Form pile mat	2,214	m2	£65	£144,000	Ok
1.71	450mm diameter load bearing piles	17	Nr	£2,600	£44,000	All in rates including mobilisation, testing attendances etc.
1.72	750mm diameter load bearing piles	220	Nr	£5,000	£1,100,000	
Total					£3,307,000	
Development GIA		29,843	m2			
Substructure £/m2				£111		
1 Sub-Structure						
Site-wide Substructure to be pro-rated across site						
1.1	Allowance for sub-structure;	8,990	m2	£111	£997,900	*Based on GIA
Sub-Structure Total					£998,000	
2 Frame						
2.1	Allowance for Frame;	8,990	m2	£85	£764,200	Ok
Frame Total					£764,000	
3 Upper Floors						
3.1	Allowance for Upper Floors;	8,990	m2	£225	£2,023,000	£225/m2 for upper floor construction should be sufficient
3.2	Provisional allowance for transfer beams to 1st/2nd floor	1	Item	£55,000	£55,000	Ok
Upper Floors Total					£2,078,000	
4 Roof						
4.1	Allowance for Roof Finishes	248	m2	£200	£50,000	*Roof structure in Upper Floor Costs £200 a fairly standard rate for roof finishes
4.2	Allowance for finish to terraces	292	m2	£400	£116,600	Ok
4.3	Fit-out of roof terraces	1	Item	£50,000	£50,000	Ok
4.4	Allowance for PVS	1	Item	Included	Ok	Ok
4.5	Allowance for Maintenance System; assumes abseil point;	1	Item	£30,000	£30,000	Ok
4.6	Allowance for Mansafe system	98	m	£200	£19,600	Ok
4.7	Allowance for abseil davits	1	Item	£30,000	£30,000	Ok
Roof Total					£296,000	
5 Stairs						
5.1	Allowance for Stairs;	20	Flrs	£10,000	£200,000	£10,000 per flight for stairs, handrail and ballustrade should be sufficient (normal range £8,000-£10,000).
Stairs Total					£200,000	
6 External Walls, Windows & Doors						
Solid Finishes						
6.1	Allowance for dark multi stock grey brickslip on SFS backing;	1,900	m2	£680	£1,292,000	Rates adjusted Taylor Maxwell Corium system or similar. Rate including reviews £680/m2.
6.2	Allowance for bronze coloured metal cladding; PPC aluminium	1,960	m2	£750	£1,470,000	
Glazed Finishes						
6.3	Allowance for Glazed finishes to façade;	2,680	m2	£850	£2,278,000	Curtain walling smeunitised / unitised range £750 - £1000/m2
External Doors						
6.4	Allowance for main entrance door	1	nr	£40,000	£40,000	Ok
6.5	Allowance for secondary entrance doors	4	nr	£10,000	£40,000	Ok
6.6	Allowance for balcony doors	1	nr	£0	£0	Included
6.7	Allowance for plant / BoH doors	2	nr	£3,000	£6,000	Ok
Additional Items						
6.8	Allowance for winter gardens	84	nr.	£15,750	£1,323,000	Ok
6.10	Extra over parapets to upper levels	119	m	£1,575	£187,400	Ok
6.11	Full Height glazed screen to terraces:	69	m	£2,250	£155,300	Ok
Façade Total					£6,792,000	
7 Lifts						
7.1	Allowance for lifts; 20 stops	2	Nr.	£200,000	£400,000	20 Nr. Stops / Lift
7.2	Allowance for lifts; 18 stops	1	Nr	£180,000	£180,000	18 Nr. Stops / Lift
Lifts Total					£580,000	

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Block A - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
1 Internal Walls						
Residential Party Walls						
1.1	Plasterboard party walls to Studio apartments	0	m	£350	£0	£350/m2 for pw should be sufficient.
1.2	Plasterboard party walls to 1 Bed apartments	432	m	£350	£151,000	Ditto
1.3	Plasterboard party walls to 2 Bed apartments	884	m	£350	£309,000	Ditto
1.4	Plasterboard party walls to 3 Bed apartments	450	m	£350	£158,000	Ditto
Plasterboard to FoH Landlord Areas						
1.5	Plasterboard liner walls to stair cores	500	m	£290	£145,000	Ok
Internal Walls Total					£763,000	
2 Internal Doors						
2.1	Single Doors (Inc. ironmongery & access control)	20	Nr	£2,150	£43,000	Ok
2.2	Double Doors (Inc. ironmongery & access control)	4	Nr		£0	Ok
Internal Doors Total					£43,000	
3 Wall Finishes						
3.1	Paint Finishes to Residential Party Walls	6,458	m2	£8	£51,700	Ok
3.2	Paint Finish to Landlord FoH	0	m2	£8	£0	Ok
3.3	E/O allowance for GF entrance	1	Item	£7,500	£7,500	Allowance for feature wall
Wall Finishes Total					£59,000	
4 Floor Finishes						
4.1	Allowance for sub-strate to floor; latex / underlay	679	m2	£30	£20,400	Ok
4.2	Allowance for floor finish; carpet	679	m2	£40	£27,200	Ok
4.3	E/O allowance for GF entrance	81	m2	£200	£16,200	Ok
Floor Finishes Total					£64,000	
5 Ceiling Finishes						
5.1	Ceiling to Landlord FoH Corridors & Stair Cores; Plasterboard	679	m2	£50	£34,000	Ok
5.2	Finish to Landlord FoH Ceilings; Paint	679	m2	£9	£6,100	Ok
5.3	E/O Allowance for enhanced finish to GF entrance	81	m2	£15	£1,200	Ok
Ceiling Finishes Total					£41,000	
6 Fixtures, Furniture & Equipment						
6.1	Allowance for letterboxes to all units	85	nr	£150	£12,800	Ok
6.2	Allowance for reception desk / entrance joinery	1	Item	£10,000	£10,000	Ok
6.3	Allowance for general signage	8,990	m2	£3	£27,000	Ok
FF&E Total					£50,000	
7 Sanitaryware						
7.1	Allowance Communal / Landlord Bathrooms				N / A	None shown, assumes not required
Sanitaryware Total					£0	
8 MEPH						
8.1	Allowance for landlords base fit; residential	85	nr	£33,500	£2,847,500	Ok
8.2	Testing and Commissioning at 1.5%	1.5	%	£2,847,500	£42,700	Ok
8.3	MEP Contractor Design at 3%	3	%	£2,890,200	£86,700	Ok
8.4	MEP Management at 12%	12	%	£2,976,900	£357,200	Ok
Sub-Total					£3,334,000	
Shell & Core Fit Out Total					£4,354,000	

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Block A - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
1 Internal Walls						
1.1	Allowance for partitions to BoH; assumes blockwork	11	m	£315	£3,300	Ok
Sub-Total					£3,000	
2 Internal Doors						
2.1	Single Doors (Inc. ironmongery & access control)	5	Nr	£2,250	£11,300	Ok
2.2	Double Doors (Inc. ironmongery & access control)		Nr		£0	Ok
Sub-Total					£11,000	
3 Wall Finishes						
3.1	Paint & Sealer to Blockwork Partitions	45	m2	£15	£700	Ok
Sub-Total					£1,000	
4 Floor Finishes						
4.1	Allowance for paint and sealer to floor finish;	30	m2	£20	£600	Ok
Sub-Total					£1,000	
5 Ceiling Finishes						
5.1	Allowance for paint and sealer to exposed soffits	30	m2	£15	£500	Ok
Sub-Total					£1,000	
6 Fixtures, Furniture & Equipment						
6.1	Bike Stands	128	nr	£350	£44,800	*Assumes 1.5 per unit
6.2	Refuse Chutes		Flrs	£7,500	Excluded	
6.3	Allowance BMU				Excluded	
Sub-Total					£45,000	
7 Sanitaryware						
7.1	Allowance for sanitaryware to BoH					
Sub-Total					£0	
8 MEPH						
8.1	Allowance for MEPH & Services to BoH				Included	Included in base build fit out
Sub-Total					£0	
Shell & Core Fit Out Total					£62,000	

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Block A - Residential Fit Out Summary

	Description	Studio			Studio (Accessible)			1 Bed 2 Person			1 Bed 2 Person (Affordable)			TOTALS		
		£/Unit	Nr.	Total	£/Unit	Nr.	Total	£/Unit	3 Nr.	Total	£/Unit	15 Nr.	Total	£/Unit	85 Nr.	Total
1	Internal Walls and Partitions	£0	0	£0	£0	0	£0	£4,400	3	£13,200	£4,300	15	£64,500	£6,660	85	£566,000
2	Internal Doors	£0	0	£0	£0	0	£0	£4,000	3	£12,000	£3,000	15	£45,000	£4,640	85	£394,000
3	Wall Finishes	£0	0	£0	£0	0	£0	£1,800	3	£5,400	£2,000	15	£30,000	£2,730	85	£232,000
4	Floor Finishes	£0	0	£0	£0	0	£0	£4,600	3	£13,800	£4,400	15	£66,000	£5,780	85	£491,000
5	Ceiling Finishes	£0	0	£0	£0	0	£0	£3,600	3	£10,800	£3,600	15	£54,000	£5,080	85	£432,000
6	Fixtures and Fittings	£0	0	£0	£0	0	£0	£8,600	3	£25,800	£6,300	15	£94,500	£8,010	85	£681,000
7	Sanitaryware	£0	0	£0	£0	0	£0	£3,800	3	£11,400	£3,300	15	£49,500	£4,590	85	£390,000
8	MEPH Services	£0	0	£0	£0	0	£0	£19,900	3	£59,700	£15,000	15	£225,000	£19,280	85	£1,639,000
	TOTAL	£0		£0	£0		£0	£50,700		£152,100	£41,900		£628,500	£56,770		£4,825,000

	Description	2 Bed 3 Person			2 Bed 3 Person (Affordable)			2 Bed 4 Person			2 Bed 4 Person (Affordable)		
		£/Unit	4 Nr.	Total	£/Unit	13 Nr.	Total	£/Unit	7 Nr.	Total	£/Unit	28 Nr.	Total
1	Internal Walls and Partitions	£6,000	4	£24,000	£6,000	13	£78,000	£7,400	7	£51,800	£7,500	28	£210,000
2	Internal Doors	£5,400	4	£21,600	£4,200	13	£54,600	£6,100	7	£42,700	£4,800	28	£134,400
3	Wall Finishes	£2,800	4	£11,200	£2,200	13	£28,600	£2,800	7	£19,600	£3,500	28	£98,000
4	Floor Finishes	£5,400	4	£21,600	£5,000	13	£65,000	£6,400	7	£44,800	£6,000	28	£168,000
5	Ceiling Finishes	£4,600	4	£18,400	£4,600	13	£59,800	£5,300	7	£37,100	£5,300	28	£148,400
6	Fixtures and Fittings	£11,700	4	£46,800	£7,500	13	£97,500	£9,800	7	£68,600	£7,500	28	£210,000
7	Sanitaryware	£3,800	4	£15,200	£3,300	13	£42,900	£7,100	7	£49,700	£6,100	28	£170,800
8	MEPH Services	£21,100	4	£84,400	£18,700	13	£243,100	£21,100	7	£147,700	£18,700	28	£523,600
	TOTAL	£60,800		£243,200	£51,500		£669,500	£66,000		£462,000	£59,400		£1,663,200

	Description	3 Bed 5 Person			3 Bed 5 Person (Affordable)			3 Bed 6 Person			3 Bed 6 Person (Affordable)		
		£/Unit	2 Nr.	Total	£/Unit	13 Nr.	Total	£/Unit	Nr.	Total	£/Unit	Nr.	Total
1	Internal Walls and Partitions	£8,300	2	£16,600	£8,300	13	£107,900	£0	0	£0	£0	0	£0
2	Internal Doors	£6,800	2	£13,600	£5,400	13	£70,200	£0	0	£0	£0	0	£0
3	Wall Finishes	£3,100	2	£6,200	£2,500	13	£32,500	£0	0	£0	£0	0	£0
4	Floor Finishes	£8,000	2	£16,000	£7,400	13	£96,200	£0	0	£0	£0	0	£0
5	Ceiling Finishes	£6,900	2	£13,800	£6,900	13	£89,700	£0	0	£0	£0	0	£0
6	Fixtures and Fittings	£11,600	2	£23,200	£8,800	13	£114,400	£0	0	£0	£0	0	£0
7	Sanitaryware	£3,800	2	£7,600	£3,300	13	£42,900	£0	0	£0	£0	0	£0
8	MEPH Services	£25,800	2	£51,600	£23,400	13	£304,200	£0	0	£0	£0	0	£0
	TOTAL	£74,300		£148,600	£66,000		£858,000	£0		£0	£0		£0

	Description	(Other T1)			(Other T2)		
		£/Unit	Nr.	Total	£/Unit	Nr.	Total
1	Internal Walls and Partitions	£0	0	£0	£0	0	£0
2	Internal Doors	£0	0	£0	£0	0	£0
3	Wall Finishes	£0	0	£0	£0	0	£0
4	Floor Finishes	£0	0	£0	£0	0	£0
5	Ceiling Finishes	£0	0	£0	£0	0	£0
6	Fixtures and Fittings	£0	0	£0	£0	0	£0
7	Sanitaryware	£0	0	£0	£0	0	£0
8	MEPH Services	£0	0	£0	£0	0	£0
	TOTAL	£0		£0	£0		£0

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Block A - 1B2P Fit Out

One Bed Two Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 54 m2						
Area of Bathrooms & Ensuites: 5 m2						
Area of Kitchen: 7 m2						
Area of Bedrooms: 14 m2						
Area of Living Space: 28 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: nr.						
Number of Bedrooms: 1 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	5	m	£265	£1,330	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,330	
3	Internal plasterboard partitions; Ensuites	0	m		£0	
4	Plasterboard liner wall to inside face of external wall	8	m	£210	£1,700	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£4,400	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bedroom door including ironmongery	1	nr	£700	£700	
3	Internal bathroom door including ironmongery	1	nr	£700	£700	
4	Internal cupboard door including ironmongery	2	nr	£750	£1,500	
5	Other Internal door including ironmongery				£0	
Elemental Total					£4,000	

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Block A - 1B2P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	70	m2	£8	£560	
2	E/O allowance for Wall tiling to bathroom walls	10	m2	£80	£800	Assumes 50%
3	E/O allowance for Wall tiling to ensuite walls	0	m2	£80	£0	Assumes 50%
4	Wall tiling to kitchen / kitchen splashback tiling	5	m2	£80	£400	
Elemental Total					£1,800	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	49	m2	£30	£1,470	(Thin Screed, no allowance for under floor heating)
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£150	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£90	£450	
4	Floor finish to utility cupboard; engineered timber boards	7	m2	£50	£350	
5	Floor Finish to bedrooms; carpet	14	m2	£35	£490	
6	Floor finish to utility cupboard; engineered timber boards	28	m2	£50	£1,400	
7	Floor finish to utility cupboard; engineered timber boards	0	m2	£50	£0	
Skirting Boards:						
8	Painted MDF skirting boards	18	m	£15	£270	
Elemental Total					£4,600	

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Block A - 1B2P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	49	m2	£50	£2,450	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£55	£280	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	54	m2	£9	£490	
Hatches / Access:						
5	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£3,600	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£6,500	£6,500	
Joinery:						
2	Allowance for wardrobes to bedrooms;	1.5	m	£350	£530	
3	Allowance for utility cupboard	1	item	£1,500	£1,500	Includes doors
4	Allowance for blinds / curtains				Excluded	Assumes client direct
5	Allowance for shelving	2	m	£75	£110	
Specialist Joinery:						
6	(N / A)				£0	
Loose FF&E:						
7	(N / A)				£0	
Elemental Total					£8,600	

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Block A - 1B2P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,750	£3,750	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr		£0	
Elemental Total					£3,800	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£17,000	£17,000	
2	MEP On Costs Testing and Commissioning at 1.5%	1.5	%	£17,000	£260	
3	MEP Contractor Design at 3%	3	%	£17,260	£520	
4	MEP Management at 12%	12	%	£17,780	£2,130	
Elemental Total					£19,900	

Apartment Fit Out Total					£50,700	
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Block B - 1B2P Fit Out (Affordable)

One Bed Two Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 54 m2						
Area of Bathrooms & Ensuites: 5 m2						
Area of Kitchen: 7 m2						
Area of Bedrooms: 14 m2						
Area of Living Space: 28 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: nr.						
Number of Bedrooms: 1 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	5	m	£265	£1,300	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,300	
3	Internal plasterboard partitions; Ensuites	0	m		£0	
4	Plasterboard liner wall to inside face of external wall	8	m	£210	£1,700	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£4,300	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	1	nr	£600	£600	
3	Internal bathroom door including ironmongery	1	nr	£600	£600	
4	Internal cupboard door including ironmongery	1	nr	£750	£800	Assumes 1 per unit
5	Other Internal door including ironmongery				£0	
6	E/O allowance for wider doorsets for Accessible Units					
Elemental Total					£3,000	

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Block B - 1B2P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	70	m2	£8	£600	
2	E/O allowance for Wall tiling to bathroom walls	20	m2	£70	£1,400	Assumes 100%
3	E/O allowance for Wall tiling to ensuite walls	0	m2	£70	£0	Assumes 100%
4	Wall tiling to kitchen / kitchen splashback tiling		m2	£70	£0	
Elemental Total					£2,000	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	49	m2	£30	£1,500	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£200	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£70	£400	
4	Floor finish to kitchens; timber effect vinyl	7	m2	£45	£300	
5	Floor Finish to bedrooms; carpet	14	m2	£30	£400	
6	Floor finish to kitchens; timber effect vinyl	28	m2	£45	£1,300	
7	Floor finish to kitchens; timber effect vinyl	0	m2	£45	£0	
Skirting Boards:						
8	Painted MDF skirting boards	18	m	£15	£300	
Elemental Total					£4,400	

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Block B - 1B2P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	49	m2	£50	£2,400	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£55	£300	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	54	m2	£9	£500	
Hatches / Access:						
5	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£3,600	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£4,500	£4,500	Excludes appliances
Joinery:						
2	Allowance for wardrobes to bedrooms;	2	m	£300	£600	
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	Assumes 1 per unit
4	Allowance for blinds / curtains	1	item		Excluded	Assumes client direct
5	Allowance for shelving	2	m	£75	£200	
Specialist Joinery:						
6	E/O Allowance for lower accessible units and white goods to kitchen	1	item		£0	
Loose FF&E:						
7	(N / A)				£0	
Elemental Total					£6,300	

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Block B - 1B2P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,250	£3,300	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr	£2,750	£0	
3						
4						
Elemental Total					£3,300	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£15,000	£15,000	
2	MEP On Costs Testing and Commissioning		%	£16,000	£0	
3	MEP Contractor Design		%	£16,240	£0	
4	MEP Management		%	£16,730	£0	
Elemental Total					£15,000	

Apartment Fit Out Total					£41,900	
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Block B - 2B3P Fit Out

Two Bed Three Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 63 m2						
Area of Bathrooms & Ensuites: 5 m2						
Area of Kitchen: 9 m2						
Area of Bedrooms: 21 m2						
Area of Living Space: 28 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: nr.						
Number of Bedrooms: 2 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	10	m	£265	£2,700	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,300	
3	Internal plasterboard partitions; Ensuites	0	m		£0	
4	Plasterboard liner wall to inside face of external wall	9	m	£210	£2,000	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£6,000	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bedroom door including ironmongery	2	nr	£700	£1,400	
3	Internal bathroom door including ironmongery	2	nr	£700	£1,400	
4	Internal cupboard door including ironmongery	2	nr	£750	£1,500	
5	Other Internal door including ironmongery				£0	
Elemental Total					£5,400	

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Block B - 2B3P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	99	m2	£8	£800	
2	E/O allowance for Wall tiling to bathroom walls	20	m2	£80	£1,600	Assumes 100%
3	E/O allowance for Wall tiling to ensuite walls	0	m2	£80	£0	Assumes 100%
4	Wall tiling to kitchen / kitchen splashback tiling	5	m2	£80	£400	
Elemental Total					£2,800	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	58	m2	£30	£1,700	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£200	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£90	£500	
4	Floor finish to kitchens; engineered timber boards	9	m2	£50	£500	
5	Floor Finish to bedrooms; carpet	21	m2	£35	£700	
6	Floor Finish to living space; engineered timber boards	28	m2	£50	£1,400	
7	Floor finish to utility cupboard; engineered timber boards	0	m2	£50	£0	
Skirting Boards:						
8	Painted MDF skirting boards	24	m	£15	£400	
Elemental Total					£5,400	

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Block B - 2B3P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	58	m2	£50	£2,900	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£55	£300	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	63	m2	£9	£600	
Hatches / Access:						
5	Allowance for access hatches	2	nr	£400	£800	
Elemental Total					£4,600	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£7,000	£7,000	
Joinery:						
2	Allowance for wardrobes to bedrooms;	4	m	£350	£1,400	
3	Allowance for utility cupboard fit out	2	item	£1,500	£3,000	0.0
4	Allowance for blinds / curtains	1	item		£0	
5	Allowance for shelving	4	m	£75	£300	
Specialist Joinery:						
6	(N / A)				£0	
Loose FF&E:						
7	(N / A)				£0	
Elemental Total					£11,700	

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Block B - 2B3P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,750	£3,800	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr	£3,250	£0	
Elemental Total					£3,800	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£18,000	£18,000	
MEP On Costs						
2	Testing and Commissioning	1.5	%	£18,000	£300	
3	MEP Contractor Design	3	%	£18,300	£500	
4	MEP Management	12	%	£18,800	£2,300	
Elemental Total					£21,100	

Apartment Fit Out Total					£60,800	
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Block B - 2B3P Fit Out (Affordable)

Two Bed Three Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 63 m2						
Area of Bathrooms & Ensuites: 5 m2						
Area of Kitchen: 9 m2						
Area of Bedrooms: 21 m2						
Area of Living Space: 28 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: nr.						
Number of Bedrooms: 2 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	10	m	£265	£2,700	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,300	
3	Internal plasterboard partitions; Ensuites	0	m	£265	£0	
4	Plasterboard liner wall to inside face of external wall	9	m	£210	£2,000	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£6,000	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	2	nr	£600	£1,200	
3	Internal bathroom door including ironmongery	2	nr	£600	£1,200	
4	Internal cupboard door including ironmongery	1	nr	£750	£800	Assumes 1 per unit
5	Other Internal door including ironmongery				£0	
6	E/O allowance for wider doorsets for Accessible Units					
Elemental Total					£4,200	

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Block B - 2B3P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	99	m2	£8	£800	
2	E/O allowance for Wall tiling to bathroom walls	20	m2	£70	£1,400	Assumes 100%
3	E/O allowance for Wall tiling to ensuite walls	0	m2	£70	£0	Assumes 100%
4	Wall tiling to kitchen / kitchen splashback tiling		m2	£70	£0	
Elemental Total					£2,200	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	58	m2	£30	£1,700	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£200	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£70	£400	
4	Floor finish to kitchens; timber effect vinyl	9	m2	£45	£400	
5	Floor Finish to bedrooms; carpet	21	m2	£30	£600	
6	Floor finish to kitchens; timber effect vinyl	28	m2	£45	£1,300	
7	Floor finish to kitchens; timber effect vinyl	0	m2	£45	£0	
Skirting Boards:						
8	Painted MDF skirting boards	24	m	£15	£400	
Elemental Total					£5,000	

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Block B - 2B3P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	58	m2	£50	£2,900	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£55	£300	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	63	m2	£9	£600	
Hatches / Access:						
5	Allowance for access hatches	2	nr	£400	£800	
Elemental Total					£4,600	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£5,000	£5,000	
Joinery:						
2	Allowance for wardrobes to bedrooms;	4	m	£300	£1,200	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item		£0	
5	Allowance for shelving	4	m	£75	£300	
Loose FF&E:						
1	(N / A)				£0	
Elemental Total					£7,500	

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Block B - 2B3P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,250	£3,300	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr	£2,750	£0	
Elemental Total					£3,300	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£16,000	£16,000	
2	MEP On Costs Testing and Commissioning	1.5	%	£16,000	£200	
3	MEP Contractor Design	3	%	£16,200	£500	
4	MEP Management	12	%	£16,700	£2,000	
Elemental Total					£18,700	

Apartment Fit Out Total					£51,500	
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Block A - 2B4P Fit Out

Two Bed Four Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 75 m2						
Area of Bathrooms & Ensuites: 9 m2						
Area of Kitchen: 8 m2						
Area of Bedrooms: 24 m2						
Area of Living Space: 34 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: 1 nr.						
Number of Bedrooms: 2 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	10	m	£265	£2,650	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,330	
3	Internal plasterboard partitions; Ensuites	4	m	£265	£1,060	
4	Plasterboard liner wall to inside face of external wall	11	m	£210	£2,350	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£7,400	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bedroom door including ironmongery	2	nr	£700	£1,400	
3	Internal bathroom door including ironmongery	3	nr	£700	£2,100	
4	Internal cupboard door including ironmongery	2	nr	£750	£1,500	
5	Other Internal door including ironmongery				£0	
Elemental Total					£6,100	

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Block A - 2B4P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	123	m2	£8	£980	
2	E/O allowance for Wall tiling to bathroom walls	10	m2	£80	£800	Assumes 50%
3	E/O allowance for Wall tiling to ensuite walls	8	m2	£80	£600	Assumes 50%
4	Wall tiling to kitchen / kitchen splashback tiling	5	m2	£80	£400	
Elemental Total					£2,800	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	66	m2	£30	£1,970	(Thin Screed, no allowance for under floor heating)
2	Allowance for substrate to bathrooms & ensuites; screed	9	m2	£30	£270	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	9	m2	£90	£810	
4	Floor finish to kitchens; timber effect vinyl sheets	8	m2	£50	£400	
5	Floor Finish to bedrooms; timber effect vinyl sheets	24	m2	£35	£840	
6	Floor Finish to living space; timber effect vinyl sheets	34	m2	£50	£1,690	
7	Floor finish to utility cupboard; timber effect vinyl sheets	0	m2	£50	£0	
Skirting Boards:						
8	Painted MDF skirting boards	30	m	£15	£450	
Elemental Total					£6,400	

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Block A - 2B4P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	66	m2	£50	£3,290	
2	Suspended plasterboard ceiling to bathrooms & ensuites	9	m2	£55	£500	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	75	m2	£9	£670	
Hatches / Access:						
5	Allowance for access hatches	2	nr	£400	£800	
Elemental Total					£5,300	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£7,000	£7,000	
Joinery:						
2	Allowance for wardrobes to bedrooms;	3.0	m	£350	£1,050	
3	Allowance for utility cupboard fit out	1	item	£1,500	£1,500	
4	Allowance for blinds / curtains				Excluded	Assumes client direct
5	Allowance for shelving	3	m	£75	£230	
Specialist Joinery:						
6	(N / A)				£0	
Loose FF&E:						
7	(N / A)				£0	
Elemental Total					£9,800	

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Block A - 2B4P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,750	£3,750	
2	Secondary Bathrooms: Allowance for en-suites;	1	nr	£3,250	£3,300	
Elemental Total					£7,100	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£18,000	£18,000	
MEP On Costs						
2	Testing and Commissioning at 1.5%	1.5	%	£18,000	£270	
3	MEP Contractor Design at 3%	3	%	£18,270	£550	
4	MEP Management at 12%	12	%	£18,820	£2,260	
Elemental Total					£21,100	

Apartment Fit Out Total					£66,000	
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Block B - 2B4P Fit Out (Affordable)

Two Bed Four Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 75 m2						
Area of Bathrooms & Ensuites: 9 m2						
Area of Kitchen: 8 m2						
Area of Bedrooms: 24 m2						
Area of Living Space: 34 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: 1 nr.						
Number of Bedrooms: 2 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	10	m	£265	£2,700	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,300	
3	Internal plasterboard partitions; Ensuites	4	m	£265	£1,100	
4	Plasterboard liner wall to inside face of external wall	11	m	£210	£2,400	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£7,500	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	2	nr	£600	£1,200	
3	Internal bathroom door including ironmongery	3	nr	£600	£1,800	
4	Internal cupboard door including ironmongery	1	nr	£750	£800	Assumes 1 per unit
5	Other Internal door including ironmongery				£0	
6	E/O allowance for wider doorsets for Accessible Units					
Elemental Total					£4,800	

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Block B - 2B4P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	123	m2	£8	£1,000	
2	E/O allowance for Wall tiling to bathroom walls	20	m2	£70	£1,400	Assumes 100%
3	E/O allowance for Wall tiling to ensuite walls	15	m2	£70	£1,100	Assumes 100%
4	Wall tiling to kitchen / kitchen splashback tiling		m2	£70	£0	
Elemental Total					£3,500	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	66	m2	£30	£2,000	
2	Allowance for substrate to bathrooms & ensuites; screed	9	m2	£30	£300	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	9	m2	£70	£600	
4	Floor finish to kitchens; timber effect vinyl	8	m2	£45	£400	
5	Floor Finish to bedrooms; carpet	24	m2	£30	£700	
6	Floor finish to kitchens; timber effect vinyl	34	m2	£45	£1,500	
7	Floor finish to kitchens; timber effect vinyl	0	m2	£45	£0	
Skirting Boards:						
8	Painted MDF skirting boards	30	m	£15	£500	
Elemental Total					£6,000	

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Block B - 2B4P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	66	m2	£50	£3,300	
2	Suspended plasterboard ceiling to bathrooms & ensuites	9	m2	£55	£500	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	75	m2	£9	£700	
Hatches / Access:						
5	Allowance for access hatches	2	nr	£400	£800	
Elemental Total					£5,300	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£5,000	£5,000	
Joinery:						
2	Allowance for wardrobes to bedrooms;	4	m	£300	£1,200	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item		£0	
5	Allowance for shelving	4	m	£75	£300	
Loose FF&E:						
1	(N / A)				£0	
Elemental Total					£7,500	

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Block B - 2B4P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,250	£3,300	
2	Secondary Bathrooms: Allowance for en-suites;	1	nr	£2,750	£2,800	
3	Accessible Bathrooms E/O allowance for accessible bathrooms	1	nr		£0	
4	E/O allowance for accessible ensuites					
Elemental Total					£6,100	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£16,000	£16,000	
2	MEP On Costs Testing and Commissioning	1.5	%	£16,000	£200	
3	MEP Contractor Design	3	%	£16,200	£500	
4	MEP Management	12	%	£16,700	£2,000	
Elemental Total					£18,700	

Apartment Fit Out Total					£59,400	
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Block A - 3B5P Fit Out

Three Bed Five Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 95 m2						
Area of Bathrooms & Ensuites: 5 m2						
Area of Kitchen: 8 m2						
Area of Bedrooms: 33 m2						
Area of Living Space: 49 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: 0 nr.						
Number of Bedrooms: 3 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	15	m	£265	£4,000	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,300	
3	Internal plasterboard partitions; Ensuites	0	m	£265	£0	
4	Plasterboard liner wall to inside face of external wall	14	m	£210	£3,000	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£8,300	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bedroom door including ironmongery	3	nr	£700	£2,100	
3	Internal bathroom door including ironmongery	3	nr	£700	£2,100	
4	Internal cupboard door including ironmongery	2	nr	£750	£1,500	
5	Other Internal door including ironmongery				£0	
Elemental Total					£6,800	

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Block A - 3B5P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	136	m2	£8	£1,100	
2	E/O allowance for Wall tiling to bathroom walls	20	m2	£80	£1,600	Assumes 100%
3	E/O allowance for Wall tiling to ensuite walls	0	m2	£80	£0	Assumes 100%
4	Wall tiling to kitchen / kitchen splashback tiling	5	m2	£80	£400	
Elemental Total					£3,100	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	90	m2	£30	£2,700	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£200	
<u>Floor Finishes</u>						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£90	£500	
4	Floor finish to kitchens; engineered timber boards	8	m2	£50	£400	
5	Floor Finish to bedrooms; carpet	33	m2	£35	£1,200	
6	Floor Finish to living space; engineered timber boards	49	m2	£50	£2,500	
7	Floor finish to utility cupboard; engineered timber boards	0	m2	£50	£0	
<u>Skirting Boards:</u>						
8	Painted MDF skirting boards	34	m	£15	£500	
Elemental Total					£8,000	

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Block A - 3B5P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	90	m2	£50	£4,500	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£55	£300	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	95	m2	£9	£900	
Hatches / Access:						
5	Allowance for access hatches	3	nr	£400	£1,200	
Elemental Total					£6,900	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£7,500	£7,500	
Joinery:						
2	Allowance for wardrobes to bedrooms;	6	m	£350	£2,100	Includes doors
3	Allowance for utility cupboard fit out	1	item	£1,500	£1,500	
4	Allowance for blinds / curtains	1	item		£0	
5	Allowance for shelving	6	m	£75	£500	
Specialist Joinery:						
6	(N / A)				£0	
Loose FF&E:						
7	(N / A)				£0	
Elemental Total					£11,600	

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Block A - 3B5P Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,750	£3,800	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr	£3,250	£0	
Elemental Total					£3,800	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£22,000	£22,000	
MEP On Costs						
2	Testing and Commissioning	2	%	£22,000	£300	
3	MEP Contractor Design	3	%	£22,300	£700	
4	MEP Management	12	%	£23,000	£2,800	
Elemental Total					£25,800	

Apartment Fit Out Total					£74,300	
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Block B - 3B5P Fit Out (Affordable)

Three Bed Five Person Apartment						
Key Apartment Metrics:						
Average Apartment Area: 95 m2						
Area of Bathrooms & Ensuites: 5 m2						
Area of Kitchen: 8 m2						
Area of Bedrooms: 33 m2						
Area of Living Space: 49 m2						
Area of Utility Cupboard: m2						
Floor to Ceiling Height: 2.500 m						
Number of Bathrooms: 1 nr.						
Number of En-suites: 0 nr.						
Number of Bedrooms: 3 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	15	m	£265	£4,000	
2	Internal plasterboard partitions; bathrooms	5	m	£265	£1,300	
3	Internal plasterboard partitions; Ensuites	0	m	£265	£0	
4	Plasterboard liner wall to inside face of external wall	14	m	£210	£3,000	
5	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£8,300	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,000	£1,000	
2	Internal bedroom door including ironmongery	3	nr	£600	£1,800	
3	Internal bathroom door including ironmongery	3	nr	£600	£1,800	
4	Internal cupboard door including ironmongery	1	nr	£750	£800	Assumes 1 per unit
5	Other Internal door including ironmongery				£0	
6	E/O allowance for wider doorsets for Accessible Units					
Elemental Total					£5,400	

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Block B - 3B5P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	136	m2	£8	£1,100	
2	E/O allowance for Wall tiling to bathroom walls	20	m2	£70	£1,400	Assumes 100%
3	E/O allowance for Wall tiling to ensuite walls	0	m2	£70	£0	Assumes 100%
4	Wall tiling to kitchen / kitchen splashback tiling		m2	£70	£0	
Elemental Total					£2,500	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	90	m2	£30	£2,700	
2	Allowance for substrate to bathrooms & ensuites; screed	5	m2	£30	£200	
Floor Finishes						
3	Floor finish to bathrooms; ceramic tiles	5	m2	£70	£400	
4	Floor finish to kitchens; timber effect vinyl	8	m2	£45	£400	
5	Floor Finish to bedrooms; carpet	33	m2	£30	£1,000	
6	Floor finish to kitchens; timber effect vinyl	49	m2	£45	£2,200	
7	Floor finish to kitchens; timber effect vinyl	0	m2	£45	£0	
Skirting Boards:						
8	Painted MDF skirting boards	34	m	£15	£500	
Elemental Total					£7,400	

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Block B - 3B5P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	90	m2	£50	£4,500	
2	Suspended plasterboard ceiling to bathrooms & ensuites	5	m2	£55	£300	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	95	m2	£9	£900	
Hatches / Access:						
5	Allowance for access hatches	3	nr	£400	£1,200	
Elemental Total					£6,900	

06 Fixtures and Fittings						
Kitchens:						
1	Allowance for kitchen including appliances	1	nr	£5,500	£5,500	
Joinery:						
2	Allowance for wardrobes to bedrooms;	6	m	£300	£1,800	Assumes 1 per unit
3	Allowance for utility cupboard fit out	1	item	£1,000	£1,000	
4	Allowance for blinds / curtains	1	item		£0	
5	Allowance for shelving	6	m	£75	£500	
Loose FF&E:						
1	(N / A)				£0	
Elemental Total					£8,800	

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Block B - 3B5P Fit Out (Affordable)

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Main Bathrooms: Allowance for bathroom suites;	1	nr	£3,250	£3,300	
2	Secondary Bathrooms: Allowance for en-suites;	0	nr	£2,750	£0	
Elemental Total					£3,300	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£20,000	£20,000	
MEP On Costs						
2	Testing and Commissioning	1.50	%	£20,000	£300	
3	MEP Contractor Design	3.00	%	£20,300	£600	
4	MEP Management	12.00	%	£20,900	£2,500	
Elemental Total					£23,400	

Apartment Fit Out Total					£66,000	
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Block A - Amenity Fit Out

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
1 Internal Walls						
1.1	Plasterboard Partitions	35	m	£250	£8,700	
1.2	Blockwork Walls					
Internal Wall Total					£9,000	
2 Internal Doors						
2.1	Single Doors (Inc. ironmongery & access control)	4	Nr	£2,000	£8,000	
2.2	Double Doors (Inc. ironmongery & access control)					
Internal Doors Total					£8,000	
3 Wall Finishes						
3.1	Allowance for paint finish	147	m2	£8	£1,200	
3.2	E/O Allowance for tiling to bathrooms		m2		£0	
3.3	E/O allowance for enhanced finishes		item		£0	
Wall Finishes Total					£1,000	
4 Floor Finishes						
4.1	Allowance for sub-strate to floor;	99	m2	£30	£3,000	
4.2	Allowance for floor finish;	99	m2	£50	£5,000	
4.3	Allowance for floor finishes to WCs;		m2		£0	
4.4	E/O allowance for enhanced finishes		item		£0	
Floor Finishes Total					£8,000	

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Block A - Amenity Fit Out

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
5 Ceiling Finishes						
5.1	Allowance for plasterboard ceiling;	99	m2	£45	£4,500	
5.2	Allowance for paint to plasterboard ceiling;	99	m2	£8	£800	
5.3	E/O allowance for enhanced finishes;		item		£0	
Ceiling Finishes Total					£5,000	
6 Fixtures, Furniture & Equipment						
6.1	Allowance for FF&E;	1	Item	£20,000	£20,000	Provisional allowance
FF&E Total					£20,000	
7 Sanitaryware						
7.1	Allowance for Sanitaryware;	1	Item	£2,500	£2,500	Provisional allowance
Sanitaryware Total					£3,000	
8 MEPH						
8.1	Allowance for fit out to Amenity Space	99	m2	£350	£34,700	
8.2	Testing and Commissioning	3	%	£34,700	£1,000	
8.3	MEP Contractor Design	3	%	£35,700	£1,100	
8.4	MEP Management	9	%	£36,800	£3,300	
MEPH Total					£40,000	
Amenity Total Fit Out Cost					£94,000	

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Block B | Elemental Summary

Ref	Description	Shell & Core	Room Fit Out	Kitchen Fit Out	Student Amenity	Landlord - FoH	Landlord - BoH
		199,726 ft ²	118,609 ft ²	7,180 ft ²			
		670 Beds	670 Beds	29 Kitchens	5,673 ft ²	49,159 ft ²	194 ft ²
1	Substructure Substructure & Groundworks	£2,060,000					
	Shell & Core						
2	Frame	£1,577,000					
3	Upper Floors	£4,275,000					
4	Roof	£275,000					
5	Stairs	£350,000					
6	External Walls, Windows & Doors	£13,854,000					
	Base Build MEPH & Lifts						
7	MEPH Services	£8,630,000					
8	BWIC (3%)	£259,000					
9	Lifts	£930,000					
	Total Shell & Core £	£32,210,000	£0	£0	£0	£0	£0
	Fit Out & Finishes						
10	Internal Walls and Partitions		£788,000	£87,000	£47,000	£1,601,000	£2,000
11	Internal Doors		£1,675,000	£44,000	£85,000	£226,000	£5,000
12	Wall Finishes		£173,000	£32,000	£79,000	£188,000	£0
13	Floor Finishes		£938,000	£58,000	£106,000	£363,000	£0
14	Ceiling Finishes		£899,000	£46,000	£59,000	£290,000	£0
	FF&E and Sanitaryware						
15	Fixtures and Fittings		£2,711,000	£421,000	£250,000	£139,000	£134,000
16	Sanitaryware		£3,350,000	£0	£28,000	£0	£0
	Fit Out MEPH						
17	MEPH Services		£3,928,000	£273,000	£216,000	Included in S&C	Included in S&C
18	BWIC (3%)		£118,000	£8,000	£6,000		
	Total Fit Out £	£0	£14,580,000	£969,000	£876,000	£2,883,000	£141,000
	TOTAL £	£33,928,000	£14,580,000	£969,000	£876,000	£2,883,000	£141,000
	Cost / Ft2	£170	£123	£135	£154	£59	£728
	Cost / Bed	£50,640	£21,760	£1,450	£1,310	£4,300	£210

TOTAL	£/ft2	£/Unit
	199,726 ft ²	670 Units
£2,060,000	£10 / ft2	£3,070 / Unit
£1,577,000	£8 / ft2	£2,354 / Unit
£4,275,000	£21 / ft2	£6,380 / Unit
£275,000	£1 / ft2	£410 / Unit
£350,000	£2 / ft2	£522 / Unit
£13,854,000	£69 / ft2	£20,678 / Unit
£8,630,000	£43 / ft2	£12,880 / Unit
£259,000	£1 / ft2	£390 / Unit
£930,000	£5 / ft2	£1,390 / Unit
£32,210,000	£161 / ft2	£48,075 / Unit
£2,525,000	£13 / ft2	£3,769 / Unit
£2,035,000	£10 / ft2	£3,040 / Unit
£472,000	£2 / ft2	£700 / Unit
£1,465,000	£7 / ft2	£2,190 / Unit
£1,294,000	£6 / ft2	£1,930 / Unit
£3,655,000	£18 / ft2	£5,460 / Unit
£3,378,000	£17 / ft2	£5,040 / Unit
£4,417,000	£22 / ft2	£6,590 / Unit
£132,000	£1 / ft2	£200 / Unit
£19,373,000	£97 / ft2	£28,915 / Unit
£51,583,000	£258 / ft2	£76,990 / Unit

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BLOCK B SHELL & CORE

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
1 Sub-Structure						
1.1	Allowance for sub-structure;	18,555	m2	£111	£2,059,600	*Based on GIA
Sub-Structure Total					£2,060,000	
2 Frame						
2.1	Allowance for Frame;	18,555	m2	£85	£1,577,000	As for Block A
Frame Total					£1,577,000	
3 Upper Floors						
3.1	Allowance for Upper Floors;	18,555	m2	£225	£4,174,900	£225 as Block A
3.2	Allowance for transfer structures	1	Item	£100,000	£100,000	
Upper Floors Total					£4,275,000	
4 Roof						
4.1	Allowance for Roof Finishes; waterproofing, insulation and paving	585	m2	£200	£117,000	*Roof structure in Upper Floor Costs Adjusted as Block A
4.2	Allowance for Roof Terrace Finish	134	m2	£400	£53,600	
4.3	Fit-out of roof terraces	1	Item	£50,000	£50,000	Included Allowance in MEPH
4.4	Allowance for PVs					
4.5	Allowance for Maintenance System; assumes abseil points	1	item	£30,000	£30,000	
4.6	Allowance for Mansafe system	120	m	£200	£24,000	
Roof Total					£275,000	

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BLOCK B SHELL & CORE

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
5 Stairs						
5.1	Allowance for Stairs;	35	Flrs	£10,000	£350,000	Adjusted as Block A
Stairs Total					£350,000	
6 External Walls, Windows & Doors						
Unitised Façade						
6.1	Allowance for windows to unitised façade	2,550	m2	£1,000	£2,550,000	For general review - rates appear high
6.2	Allowance for glazed curtain walling; including feature fin details	1,740	m2	£1,150	£2,001,000	For general review - rates appear high
6.3	Allowance for unitised brick slip façade	4,150	m2	£1,000	£4,150,000	For general review - rates appear high
6.4	Allowance for unitised aluminium façade	4,960	m2	£1,000	£4,960,000	For general review - rates appear high
External Doors						
6.3	Allowance for main entrance door	1	Item	£40,000	£40,000	
6.4	Allowance for secondary entrance doors	2	nr	£3,500	£7,000	
6.5	Allowance for amenity doors	4	nr	£10,000	£40,000	
6.6	Allowance for balcony doors		nr		£0	
6.7	Allowance for plant / BoH doors		nr	£3,000	£0	
Additional Items						
6.8	Allowance for balconies	0	nr		Excluded	Assumes none required.
6.9	Allowance for parapet detail		m		£0	Shown as curtain wall detail
6.10	Allowance for balustrade to roof terrace	47	m	£2,250	£105,800	
Façade Total					£13,854,000	
7 Lifts						
7.1	Allowance for lifts to block	3	Nr.	£310,000	£930,000	35 Nr. Stops / Lift
Lifts Total					£930,000	

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Block B - Amenity Fit Out

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
1 Internal Walls						
1.1	Plasterboard Partitions	158	m	£300	£47,400	
1.2	Blockwork Walls					
Internal Wall Total					£47,000	
2 Internal Doors						
2.1	Single Doors (Inc. ironmongery & access control)	18	nr	£2,500	£45,000	
2.2	Double Doors (Inc. ironmongery & access control)	10	nr	£4,000	£40,000	
Internal Doors Total					£85,000	
3 Wall Finishes						
3.1	Allowance for paint finish	672	m2	£10	£6,700	
3.2	E/O Allowance for tiling to bathrooms	150	m2	£150	£22,500	
3.3	E/O allowance for enhanced finishes	1	item	£50,000	£50,000	
Wall Finishes Total					£79,000	
4 Floor Finishes						
4.1	Allowance for sub-strate to floor; screed	527	m2	£35	£18,400	
4.2	Allowance for floor finish; engineered board / tiling	527	m2	£100	£52,700	
4.3	Allowance for floor finishes to WCs;				Included	
4.4	E/O allowance for enhanced finishes	1	item	£35,000	£35,000	
Floor Finishes Total					£106,000	

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Block B - Amenity Fit Out

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
5 Ceiling Finishes						
5.1	Allowance for plasterboard ceiling;	527	m2	£55	£29,000	
5.2	Allowance for paint to plasterboard ceiling;	527	m2	£10	£5,300	
5.3	E/O allowance for enhanced finishes;	1	item	£25,000	£25,000	
Ceiling Finishes Total					£59,000	
6 Fixtures, Furniture & Equipment						
6.1	Allowance for FF&E; allowance for kitchen and general joinery	1	item	£250,000	£250,000	No allowance for loose FF&E or specialist interior design
FF&E Total					£250,000	
7 Sanitaryware						
7.1	Allowance for Sanitaryware;	8	nr	£3,500	£28,000	
Sanitaryware Total					£28,000	
8 MEPH						
8.1	Allowance for fit out to Amenity Space	527	m2	£350	£184,500	
8.2	Testing and Commissioning at 1.5%	1.5	%	£184,500	£2,800	
8.3	MEP Contractor Design at 3%	3	%	£187,300	£5,600	
8.4	MEP Management at 12%	12	%	£192,900	£23,100	
MEPH Total					£216,000	
Amenity Total Fit Out Cost					£871,000	

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Block B - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
1 Internal Walls						
Residential Party Walls						
1.1	Plasterboard party walls to 1 bed cluster	696	m	£350	£244,000	Comments as previous
1.2	Plasterboard party walls to 2 bed cluster	0	m	£350	£0	Comments as previous
1.3	Plasterboard party walls to Studio Rooms	2,574	m	£350	£901,000	Comments as previous
1.4	Plasterboard party walls to UA room	402	m	£350	£141,000	Comments as previous
1.5	Plasterboard party walls to Cluster Kitchens	174	m	£350	£61,000	Comments as previous
Plasterboard to FoH Landlord Areas						
1.5	Plasterboard liner walls to stair cores	875	m	£290	£253,800	
Internal Walls Total					£1,601,000	
2 Internal Doors						
2.1	Single Doors (Inc. ironmongery & access control)	105	Nr	£2,150	£225,800	Assumes one 2 to stair cores and 2 to corridors / floor
2.2	Double Doors (Inc. ironmongery & access control)	0	Nr	£2,650	£0	
Internal Doors Total					£226,000	
3 Wall Finishes						
3.1	Paint Finishes to Residential Party Walls	20,986	m2	£8	£167,900	
3.2	Paint Finish to Landlord FoH	2,500	m2	£8	£20,000	
Wall Finishes Total					£188,000	
4 Floor Finishes						
4.1	Allowance for sub-strate to floor; latex / underlay to carpet	4,567	m2	£30	£137,000	
4.2	Allowance for floor finish; carpet	4,567	m2	£45	£205,500	
4.3	E/O allowance for GF reception	1	item	£20,000	£20,000	
Floor Finishes Total					£363,000	

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Block B - Landlord Front of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
5 Ceiling Finishes						
5.1	Ceiling to Landlord FoH Corridors & Stair Cores; Plasterboard	4,567	m2	£50	£228,400	
5.2	Finish to Landlord FoH Ceilings; Paint	4,567	m2	£9	£41,100	
5.3	E/O Allowance for enhanced finish to GF entrance	1	item	£20,000	£20,000	
Ceiling Finishes Total					£290,000	

6 Fixtures, Furniture & Equipment						
6.1	Allowance for letterboxes to all units	670	nr	£50	£33,500	
6.2	Allowance for reception desk / entrance joinery	1	item	£50,000	£50,000	
6.3	Allowance for general signage	18,555	m2	£3	£55,700	
FF&E Total					£139,000	

7 Sanitaryware						
7.1	Allowance Communal / Landlord Bathrooms		nr		£0	
Sanitaryware Total					£0	

8 MEPH						
8.1	Allowance for landlords base fit; residential	670	nr	£11,000	£7,370,000	
8.2	Testing and Commissioning at 1.5%	1.5	%	£7,370,000	£110,600	
8.3	MEP Contractor Design at 3%	3	%	£7,480,600	£224,400	
8.4	MEP Management at 12%	12	%	£7,705,000	£924,600	
Sub-Total					£8,630,000	

Shell & Core Fit Out Total					£11,512,000	
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Block B - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
1 Internal Walls						
1.1	Allowance for partitions to BoH; assumes blockwork	6	m	£300	£1,900	
Sub-Total					£2,000	
2 Internal Doors						
2.1	Single Doors (Inc. ironmongery & access control)	2	Nr	£2,500	£5,000	
2.2	Double Doors (Inc. ironmongery & access control)		Nr		£0	
Sub-Total					£5,000	
3 Wall Finishes						
3.1	Paint & Sealer to Blockwork Partitions	27	m2	£10	£300	
Sub-Total					£0	
4 Floor Finishes						
4.1	Allowance for paint and sealer to floor finish;	18	m2	£15	£300	
Sub-Total					£0	

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Block B - Landlord Back of House

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / Comments
5 Ceiling Finishes						
5.1	Allowance for paint and sealer to exposed soffits	18	m2	£15	£300	
Sub-Total					£0	
6 Fixtures, Furniture & Equipment						
6.1	Bike Stands	670	nr	£200	£134,000	Assumes 1 per bed Excluded Assumes not required
6.2	Refuse Chutes					
Sub-Total					£134,000	
7 Sanitaryware						
7.1	Allowance for sanitaryware to BoH				None	
Sub-Total					£0	
8 MEPH						
8.1	Allowance for MEPH & Services to BoH				Included	Included in base build fit out
Sub-Total					£0	
Shell & Core Fit Out Total					£141,000	

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Block B - Student Accomodation Fit Out Summary

Description	1 Bed Cluster			2 Bed Cluster			Studio			UA Room			BEDROOM TOTALS		
	£/Unit	174 Nr.	Total	£/Unit	Nr.	Total	£/Unit	429 Nr.	Total	£/Unit	67 Nr.	Total	£/Unit	670 Nr.	Total
1 Internal Walls and Partitions	£1,200	174	£208,800	£1,100	0	£0	£1,100	429	£471,900	£1,600	67	£107,200	£1,180	670	£788,000
2 Internal Doors	£2,500	174	£435,000	£2,500	0	£0	£2,500	429	£1,072,500	£2,500	67	£167,500	£2,500	670	£1,675,000
3 Wall Finishes	£100	174	£17,400	£300	0	£0	£300	429	£128,700	£400	67	£26,800	£260	670	£173,000
4 Floor Finishes	£1,000	174	£174,000	£100	0	£0	£1,500	429	£643,500	£1,800	67	£120,600	£1,400	670	£938,000
5 Ceiling Finishes	£1,100	174	£191,400	£400	0	£0	£1,400	429	£600,600	£1,600	67	£107,200	£1,340	670	£899,000
6 Fixtures and Fittings	£2,200	174	£382,800	£3,400	0	£0	£4,600	429	£1,973,400	£5,300	67	£355,100	£4,050	670	£2,711,000
7 Sanitaryware	£5,000	174	£870,000	£5,000	0	£0	£5,000	429	£2,145,000	£5,000	67	£335,000	£5,000	670	£3,350,000
8 MEPH Services	£4,900	174	£852,600	£0	0	£0	£6,200	429	£2,659,800	£6,200	67	£415,400	£5,860	670	£3,928,000
TOTAL	£18,000		£3,132,000	£12,800		£0	£22,600		£9,695,400	£24,400		£1,634,800	£21,590		£14,462,000

Description	N/A			N/A			N/A		
	£/Unit	Nr.	Total	£/Unit	Nr.	Total	£/Unit	Nr.	Total
1 Internal Walls and Partitions	£0	0	£0	£0	0	£0	£0	0	£0
2 Internal Doors	£0	0	£0	£0	0	£0	£0	0	£0
3 Wall Finishes	£0	0	£0	£0	0	£0	£0	0	£0
4 Floor Finishes	£0	0	£0	£0	0	£0	£0	0	£0
5 Ceiling Finishes	£0	0	£0	£0	0	£0	£0	0	£0
6 Fixtures and Fittings	£0	0	£0	£0	0	£0	£0	0	£0
7 Sanitaryware	£0	0	£0	£0	0	£0	£0	0	£0
8 MEPH Services	£0	0	£0	£0	0	£0	£0	0	£0
TOTAL	£0		£0	£0		£0	£0		£0

Description	1&2 Bed Cluster Kitchen			N/A			N/A			N/A			N/A		
	£/Unit	29 Nr.	Total	£/Unit	Nr.	Total	£/Unit	Nr.	Total	£/Unit	Nr.	Total	£/Unit	29 Nr.	Total
1 Internal Walls and Partitions	£3,000	29	£87,000	£0	0	£0	£0	0	£0	£0	0	£0	£3,000	29	£87,000
2 Internal Doors	£1,500	29	£43,500	£0	0	£0	£0	0	£0	£0	0	£0	£1,520	29	£44,000
3 Wall Finishes	£1,100	29	£31,900	£0	0	£0	£0	0	£0	£0	0	£0	£1,100	29	£32,000
4 Floor Finishes	£2,000	29	£58,000	£0	0	£0	£0	0	£0	£0	0	£0	£2,000	29	£58,000
5 Ceiling Finishes	£1,600	29	£46,400	£0	0	£0	£0	0	£0	£0	0	£0	£1,590	29	£46,000
6 Fixtures and Fittings	£14,500	29	£420,500	£0	0	£0	£0	0	£0	£0	0	£0	£14,520	29	£421,000
7 Sanitaryware	£0	29	£0	£0	0	£0	£0	0	£0	£0	0	£0	£0	29	£0
8 MEPH Services	£9,400	29	£272,600	£0	0	£0	£0	0	£0	£0	0	£0	£9,410	29	£273,000
TOTAL	£33,100		£959,900	£0		£0	£0		£0	£0		£0	£33,140		£961,000

Description	N/A			N/A			N/A		
	£/Unit	Nr.	Total	£/Unit	Nr.	Total	£/Unit	Nr.	Total
1 Internal Walls and Partitions	£0	0	£0	£0	0	£0	£0	0	£0
2 Internal Doors	£0	0	£0	£0	0	£0	£0	0	£0
3 Wall Finishes	£0	0	£0	£0	0	£0	£0	0	£0
4 Floor Finishes	£0	0	£0	£0	0	£0	£0	0	£0
5 Ceiling Finishes	£0	0	£0	£0	0	£0	£0	0	£0
6 Fixtures and Fittings	£0	0	£0	£0	0	£0	£0	0	£0
7 Sanitaryware	£0	0	£0	£0	0	£0	£0	0	£0
8 MEPH Services	£0	0	£0	£0	0	£0	£0	0	£0
TOTAL	£0		£0	£0		£0	£0		£0

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Block B - 1 Bed Cluster Room Fit Out

One Person Studio Apartment						
Key Apartment Metrics:						
Average Room Size: 13 m2						
Ensuite Size: 2 m2						
Kitchen Size: m2						
Floor to Ceiling Height: 2.500 m						
Number of En-suites: 1 nr.						
Number of Beds: 1 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	2	m	£265	£530	
2	Internal plasterboard partitions; Ensuites				N / A	
3	Plasterboard liner wall to inside face of external wall	3.2	m	£210	£670	
4	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£1,200	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bathroom door including ironmongery	1	nr	£700	£700	
3	Internal cupboard door including ironmongery	1	nr	£700	£700	Assumes 1 per unit
Elemental Total					£2,500	

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Block B - 1 Bed Cluster Room Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	18	m2	£8	£140	
2	E/O allowance for Wall tiling to ensuite walls				N / A	
3	Wall tiling to kitchen / kitchen splashback tiling				N / A	
Elemental Total					£100	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to bedroom; screed	11	m2	£35	£370	
2	Allowance for substrate to bathrooms & ensuites; screed				N / A	
<u>Floor Finishes</u>						
3	Floor finish to room; assumes timber effect vinyl planks	13	m2	£45	£570	
4	Floor finish to bathrooms; ceramic tiles				N / A	
<u>Skirting Boards:</u>						
5	Painted MDF skirting boards	5	m	£15	£80	
Elemental Total					£1,000	

05 Ceiling Finishes						
<u>Plasterboard Ceilings:</u>						
1	Suspended plasterboard ceiling to bedroom	13	m2	£50	£630	
2	Suspended plasterboard ceiling to ensuites				N / A	
<u>Finish to Ceilings:</u>						
4	Matt emulsion paint to plasterboard ceiling	13	m2	£9	£110	
<u>Hatches / Access:</u>						
5	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£1,100	

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Block B - 1 Bed Cluster Room Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
06 Fixtures and Fittings						
1	Kitchens: Allowance for kitchen including appliances					N / A
Joinery:						
2	Allowance for wardrobes to bedrooms;	1.0	m	£350	£350	
3	Allowance for blinds / curtains	1	item	£250	£250	
4	Allowance for shelving	2	m	£150	£300	
5	Allowance for bedframe	1	nr.	£650	£650	
Loose and General FF&E:						
6	Allowance for Desk Chair, Mattrress, Bins, coat hooks, mirrors.	1	nr.	£600	£600	
Elemental Total					£2,200	

07 Sanitaryware						
1	Bathrooms / Ensuites: Allowance for en-suites;	1	nr	£5,000	£5,000	
Elemental Total					£5,000	

08 MEPH & Services - Fit Out						
Base Build MEPH						
1	Fit out MEPH allowance to Unit	1	nr	£4,200	£4,200	
MEP On Costs						
2	Testing and Commissioning at 1.5%	1.5	%	£4,200	£60	
3	MEP Contractor Design at 3%	3	%	£4,260	£130	
4	MEP Management at 12%	12	%	£4,390	£530	
Elemental Total					£4,900	

Apartment Fit Out Total					£18,000	
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Block B - 2 Bed Cluster Room Fit Out

One Person Studio Apartment						
Key Apartment Metrics:						
Average Room Size: 0 m2						
Ensuite Size: 3 m2						
Kitchen Size: m2						
Floor to Ceiling Height: 2.500 m						
Number of En-suites: 1 nr.						
Number of Beds: 2 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	4	m	£265	£1,060	
2	Internal plasterboard partitions; Ensuites	4	m		Included	Assumes Pods
3	Plasterboard liner wall to inside face of external wall	0.0	m	£210	£0	
4	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£1,100	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bathroom door including ironmongery	1	nr	£700	£700	
3	Internal cupboard door including ironmongery	1	nr	£700	£700	Assumes 1 per unit
Elemental Total					£2,500	

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Block B - 2 Bed Cluster Room Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	40	m2	£8	£320	
2	E/O allowance for Wall tiling to ensuite walls	15	m2		Included	Assumes Pods
3	Wall tiling to kitchen / kitchen splashback tiling				N / A	
Elemental Total					£300	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	0	m2	£35	£0	
2	Allowance for substrate to bathrooms & ensuites; screed	3	m2		Included	Assumes Pods
<u>Floor Finishes</u>						
3	Floor finish to room; assumes timber effect vinyl planks	0	m2	£45	£0	
4	Floor finish to bathrooms; ceramic tiles	3	m2		Included	Assumes Pods
<u>Skirting Boards:</u>						
5	Painted MDF skirting boards	8	m	£15	£120	
Elemental Total					£100	

05 Ceiling Finishes						
<u>Plasterboard Ceilings:</u>						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	0	m2	£50	£0	
2	Suspended plasterboard ceiling to bathrooms & ensuites	3	m2		Included	Assumes Pods
<u>Finish to Ceilings:</u>						
4	Matt emulsion paint to plasterboard ceiling	3	m2	£9	£30	
<u>Hatches / Access:</u>						
5	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£400	

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Block B - 2 Bed Cluster Room Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
06 Fixtures and Fittings						
1	Kitchens: Allowance for kitchen including appliances					N / A
Joinery:						
2	Allowance for wardrobes to bedrooms;	2	m	£350	£700	
3	Allowance for blinds / curtains	1	item	£250	£250	
4	Allowance for shelving	4	m	£150	£600	
5	Allowance for bedframe	1	nr.	£650	£650	
Loose and General FF&E:						
6	Allowance for Desk Chair, Mattrress, Bins, coat hooks, mirrors.	2	nr.	£600	£1,200	
Elemental Total					£3,400	

07 Sanitaryware						
1	Bathrooms / Ensuites: Allowance for en-suites; assumes pods (includes dlivery and pod placement)	1	nr	£5,000	£5,000	
Elemental Total					£5,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	0	nr	£5,250	£0	
MEP On Costs						
2	Testing and Commissioning at 1.5%	1.5	%	£0	£0	
3	MEP Contractor Design at 3%	3	%	£0	£0	
4	MEP Management at 12%	12	%	£0	£0	
Elemental Total					£0	

Apartment Fit Out Total					£12,800	
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Block B - Studio Studio

Studio Room						
Key Apartment Metrics:						
Average Room Size: 16 m2						
Ensuite Size: 3 m2						
Kitchen Size: m2						
Floor to Ceiling Height: 2.500 m						
Number of En-suites: 1 nr.						
Number of Beds: 1 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	2	m	£265	£530	
2	Internal plasterboard partitions; Ensuites	4	m		Included	Assumes Pods
3	Plasterboard liner wall to inside face of external wall	2	m	£210	£520	
4	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£1,100	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bathroom door including ironmongery	1	nr	£700	£700	
3	Internal cupboard door including ironmongery	1	nr	£700	£700	Assumes 1 per unit
Elemental Total					£2,500	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Block B - Studio Studio

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	36	m2	£8	£290	Assumes Pods
2	E/O allowance for Wall tiling to ensuite walls	15	m2		Included	
3	Wall tiling to kitchen / kitchen splashback tiling				N / A	
Elemental Total					£300	

04 Floor Finishes						
<u>Substrate</u>						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	16	m2	£35	£580	Assumes Pods
2	Allowance for substrate to bathrooms & ensuites; screed	3	m2		Included	
<u>Floor Finishes</u>						
3	Floor finish to room; assumes carpet	16	m2	£45	£740	Assumes Pods
4	Floor finish to bathrooms; ceramic tiles	3	m2		Included	
<u>Skirting Boards:</u>						
5	Painted MDF skirting boards	8	m	£15	£130	
Elemental Total					£1,500	

05 Ceiling Finishes						
<u>Plasterboard Ceilings:</u>						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	16	m2	£50	£820	Assumes Pods
2	Suspended plasterboard ceiling to bathrooms & ensuites	3	m2		Included	
<u>Finish to Ceilings:</u>						
4	Matt emulsion paint to plasterboard ceiling	19	m2	£9	£180	
<u>Hatches / Access:</u>						
5	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£1,400	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Block B - Studio Studio

Ref	Description	Quantity	Unit	Rate	Total	Notes
06 Fixtures and Fittings						
1	Kitchens: Allowance for kitchen including appliances	1	nr	£2,500	£2,500	
2	Joinery: Allowance for wardrobes to bedrooms;	1	m	£250	£250	
3	Allowance for blinds / curtains	1	item	£300	£300	
4	Allowance for shelving	2	m	£150	£300	
5	Allowance for bedframe	1	nr.	£650	£650	
6	Loose and General FF&E: Allowance for Desk Chair, Mattrress, Bins, coat hooks, mirrors.	1	nr.	£600	£600	
Elemental Total					£4,600	

07 Sanitaryware						
1	Bathrooms / Ensuites: Allowance for en-suites;	1	nr	£5,000	£5,000	
Elemental Total					£5,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£5,250	£5,250	
2	MEP On Costs Testing and Commissioning at 1.5%	1.5	%	£5,250	£80	
3	MEP Contractor Design at 3%	3	%	£5,330	£160	
4	MEP Management at 12%	12	%	£5,490	£660	
Elemental Total					£6,200	

Apartment Fit Out Total					£22,600	
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Tide Construction | Lewisham Exchange
Order of Cost Estimate
 January 2019

Block B - UA Room Fit Out (Accessible)

UA Room						
Key Apartment Metrics:						
Average Room Size: 26 m2						
Ensuite Size: 7 m2						
Kitchen Size: m2						
Floor to Ceiling Height: 2.500 m						
Number of En-suites: 1 nr.						
Number of Beds: 1 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	3	m	£265	£800	
2	Internal plasterboard partitions; Ensuites	4	m		£0	
3	Plasterboard liner wall to inside face of external wall	4	m	£210	£800	
4	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£1,600	

02 Internal Doors						
1	Apartment entrance door including ironmongery	1	nr	£1,100	£1,100	
2	Internal bathroom door including ironmongery	1	nr	£700	£700	
3	Internal cupboard door including ironmongery	1	nr	£700	£700	Assumes 1 per unit
4	E/O allowance for wider doorsets for Accessible Units					
Elemental Total					£2,500	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Block B - UA Room Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
03 Wall Finishes						
1	Matt emulsion paint to walls	45	m2	£8	£400	Assumes Pods
2	E/O allowance for Wall tiling to ensuite walls	15	m2		Included	
3	Wall tiling to kitchen / kitchen splashback tiling		m2		£0	
Elemental Total					£400	

04 Floor Finishes						
Substrate						
1	Allowance for substrate to apartment (living, bedrooms, kitchen); screed	19	m2	£35	£700	Assumes Pods
2	Allowance for substrate to bathrooms & ensuites; screed	7	m2		Included	
Floor Finishes						
3	Floor finish to room; assumes carpet	19	m2	£45	£900	
4	Floor finish to bathrooms; ceramic tiles	7	m2		£0	
Skirting Boards:						
5	Painted MDF skirting boards	11	m	£15	£200	
Elemental Total					£1,800	

05 Ceiling Finishes						
Plasterboard Ceilings:						
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	19	m2	£50	£1,000	
2	Suspended plasterboard ceiling to bathrooms & ensuites	7	m2		£0	
Finish to Ceilings:						
4	Matt emulsion paint to plasterboard ceiling	26	m2	£9	£200	
Hatches / Access:						
5	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£1,600	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Block B - UA Room Fit Out (Accessible)

Ref	Description	Quantity	Unit	Rate	Total	Notes
06 Fixtures and Fittings						
1	Kitchens: Allowance for kitchen including appliances	1	nr	£3,000	£3,000	
2	Joinery: Allowance for wardrobes to bedrooms;	2	m	£250	£400	
3	Allowance for blinds / curtains	1	item	£300	£300	
4	Allowance for shelving	2	m	£150	£300	
5	Allowance for bedframe	1	nr.	£650	£700	
6	Loose and General FF&E: Allowance for Desk Chair, Matteredress, Bins, coat hooks, mirrors.	1	nr.	£600	£600	
Elemental Total					£5,300	

07 Sanitaryware						
1	Bathrooms / Ensuites: Allowance for en-suites;	1	nr	£5,000	£5,000	
Elemental Total					£5,000	

08 MEPH & Services - Fit Out						
1	Base Build MEPH Fit out MEPH allowance to Unit	1	nr	£5,250	£5,300	
2	MEP On Costs Testing and Commissioning	1.5	%	£5,000	£100	
3	MEP Contractor Design	3	%	£5,080	£200	
4	MEP Management	12	%	£5,230	£600	
Elemental Total					£6,200	

Apartment Fit Out Total					£24,400	
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Tide Construction | Lewisham Exchange
Order of Cost Estimate
 January 2019

Block B - 1 & 2 Bed Cluster Kitchen Fit Out

1 & 2 Bed Cluster Kitchen						
Key Apartment Metrics:						
Average Kitchen Size: 23 m2						
Floor to Ceiling Height: 2.500 m						
Nr. Beds Servicing: 7 nr.						
Nr. Bathrooms: 0 nr.						

Ref	Description	Quantity	Unit	Rate	Total	Notes
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01 Internal Walls and Partitions						
1	Internal plasterboard partitions; general	6	m	£265	£1,520	
2	Plasterboard liner wall to inside face of external wall	7	m	£210	£1,450	
3	Party walls				Included	*Party walls in Landlord Fit Out
Elemental Total					£3,000	

02 Internal Doors						
1	Kitchen door including ironmongery	1	nr	£1,500	£1,500	
Elemental Total					£1,500	

03 Wall Finishes						
1	Matt emulsion paint to walls	46	m2	£8	£370	
2	Wall tiling to kitchen / kitchen splashback tiling	7	m2	£110	£770	
Elemental Total					£1,100	

Tide Construction | Lewisham Exchange
Order of Cost Estimate
 January 2019

Block B - 1 & 2 Bed Cluster Kitchen Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
04 Floor Finishes						
	Substrate					
1	Allowance for substrate to kitchen; screed	23	m2	£35	£810	
	Floor Finishes					
2	Floor finish to kitchens; timber effect vinyl planks	23	m2	£45	£1,040	
	Skirting Boards:					
3	Painted MDF skirting boards	13	m	£15	£190	
Elemental Total					£2,000	

05 Ceiling Finishes						
	Plasterboard Ceilings:					
1	Suspended plasterboard ceiling to Kitchen, Living, and Utility	23	m2	£50	£1,150	
	Finish to Ceilings:					
2	Matt emulsion paint to plasterboard ceiling	23	m2	£9	£0	
	Hatches / Access:					
3	Allowance for access hatches	1	nr	£400	£400	
Elemental Total					£1,600	

06 Fixtures and Fittings						
	Kitchens:					
1	Allowance for kitchen including appliances	1	nr	£12,000	£12,000	
	Joinery:					
2	Allowance for blinds / curtains	1	item		Excluded	
3	Allowance for shelving	10	m	£150	£1,500	
	General & Loose FF&E:					
4	Allowance for Bins, Chairs, Tables	1	item	£1,000	£1,000	
Elemental Total					£14,500	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Block B - 1 & 2 Bed Cluster Kitchen Fit Out

Ref	Description	Quantity	Unit	Rate	Total	Notes
07 Sanitaryware						
1	Shared Bathroom to Cluster Kitchen; assumes pods (includes for delivery & placement)	0	nr	£5,000	£0	(Some clusters with only 1 Pod)
Elemental Total					£0	

08 MEPH & Services - Fit Out						
Base Build MEPH						
1	Fit out MEPH allowance to Unit	1	nr	£8,000	£8,000	
MEP On Costs						
2	Testing and Commissioning at 1.5%	1.5	%	£8,000	£120	
3	MEP Contractor Design at 3%	3	%	£8,120	£240	
4	MEP Management at 12%	12	%	£8,360	£1,000	
Elemental Total					£9,400	

Apartment Fit Out Total					£33,100	
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Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Retail | Elemental Summary

Ref	Description	TOTAL	£/ft2
			10,269 ft ²
Substructure			
1	Substructure & Groundworks	£106,000	£10 / ft2
Shell & Core			
2	Frame	£72,000	£7 / ft2
3	Upper Floors	£191,000	£19 / ft2
4	Roof	£0	£ / ft2
5	Stairs	£0	£ / ft2
6	External Walls, Windows & Doors	£828,000	£81 / ft2
Base Build MEPH & Lifts			
7	MEPH Services	£0	£ / ft2
8	BWIC (3%)	£0	£ / ft2
9	Lifts	£0	£ / ft2
Total Shell & Core £		£1,197,000	£117 / ft2
Fit Out & Finishes			
10	Internal Walls and Partitions	£29,000	£3 / ft2
11	Internal Doors	£14,000	£1 / ft2
12	Wall Finishes	£0	£ / ft2
13	Floor Finishes	£0	£ / ft2
14	Ceiling Finishes	£0	£ / ft2
FF&E and Sanitaryware			
15	Fixtures and Fittings	£0	£ / ft2
16	Sanitaryware	£0	£ / ft2
Fit Out MEPH			
17	MEPH Services	£29,000	£3 / ft2
18	BWIC (3%)	£1,000	£ / ft2
Total Fit Out £		£73,000	£7 / ft2
TOTAL £		£1,270,000	£124 / ft2
Cost / Ft2			

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Retail - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
1 Sub-structure						
1.1	Allowance for sub-structure;	954	m2	£111	£105,900	*Based on GIA (shared cost fo sub-structure with Resi)
Sub-Structure Total					£106,000	
2 Frame						
2.1	Allowance for Frame;	954	m2	£75	£71,600	
Frame Total					£72,000	
3 Upper Floors						
3.1	Allowance for Upper Floors;	954	m2	£200	£190,800	Includes for transfer structures
Upper Floors Total					£191,000	
4 Roof						
4.1	Allowance for Roof Finishes				N / A	Costs to roof included in Resi/Student Costs
4.2	Allowance for Green Roof					
4.3	Allowance for PVs					
4.4	Allowance for Maintenance System					
4.5	Allowance for Mansafe system					
Roof Total					£0	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Retail - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
5 Stairs						
5.1	Allowance for Stairs;				Excluded	Assumes no mezanine
Stairs Total					£0	

6 External Walls, Windows & Doors						
Solid Finishes						
6.1	Brickwork to façade	250	m2	£680	£170,000	As previous comments
6.2	Allowance for enhancements	1	Item	£20,000	£20,000	
6.3	Brick columns to colonnade	9	Nr	£17,500	£157,500	Includes for two floors
Glazed Finishes						
6.2	Allowance for Glazed finishes to façade; framed curtain wall	470	m2	£850	£400,000	Comments as previous
External Doors						
6.3	Allowance for main entrance door	4	nr	£20,000	£80,000	
6.4	Allowance for secondary entrance doors					
6.5	Allowance for additional external doors					
6.6	Allowance for balcony / terrace doors					
6.7	Allowance for plant / BoH doors					
Additional Items						
6.8	Allowance for balconies / Terrances					
6.9	Allowance for parapet detail					
7.10	Allowance for balustrade to amenity					
Sub-Total					£828,000	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Retail - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
7 Internal Walls						
7.1	Plasterboard Partitions	95	m	£300	£28,600	
7.2	Blockwork Walls					
Internal Wall Total					£29,000	
8 Internal Doors						
8.1	Single Doors (Inc. ironmongery & access control)	8	nr	£1,750	£14,000	
8.2	Double Doors (Inc. ironmongery & access control)		nr		£0	
Internal Doors Total					£14,000	
9 Wall Finishes						
9.1	Allowance for paint finish		m2		£0	
9.2	E/O Allowance for tiling to bathrooms		m2		£0	
9.3	E/O allowance for enhanced finishes		item		£0	
Wall Finishes Total					£0	
10 Floor Finishes						
10.1	Allowance for sub-strate to floor;	954	m2		Excluded	Assumes S&C
10.2	Allowance for floor finish;	954	m2		Excluded	Assumes S&C
10.3	Allowance for floor finishes to WCs;		m2		£0	
10.4	E/O allowance for enhanced finishes		item		£0	
Floor Finishes Total					£0	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Retail - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
11 Ceiling Finishes						
11.1	Allowance for plasterboard ceiling;	954	m2		Excluded	Assumes S&C
11.2	Allowance for paint to plasterboard ceiling;	954	m2		Excluded	Assumes S&C
11.3	E/O allowance for enhanced finishes;		item			
Ceiling Finishes Total					£0	
12 Fixtures, Furniture & Equipment						
12.1	Allowance for FF&E;				Excluded	Assumes S&C
FF&E Total					£0	
13 Sanitaryware						
13.1	Allowance for Sanitaryware;				Excluded	Assumes S&C
Sanitaryware Total					£0	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

Retail - Elemental Cost Plan

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
14	MEPH					
14.1	Allowance for MEPH Fit Out	1	Item	£25,000	£25,000	Capped Services
14.2	Testing and Commissioning at 1.5%	1.5	%	£25,000	£400	
14.3	MEP Contractor Design at 3%	3	%	£25,400	£800	
14.4	MEP Management at 12%	12	%	£26,200	£3,100	
MEPH Total					£29,000	

Shell & Core Fit Out Total					£1,299,000	
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Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

External Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
6.1 Landscaping						
1	<u>Landscaped Site Area</u> Allowance for landscaping to site	1,103	m2	£350	£386,100	Ok
Total					£386,000	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

External Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
6.2 Drainage						
	Drainage					
1	Allowance for drainage outside of building footprints	545	m2	£80	£43,600	Ok
2	Extra over allowance for attenuation tanks	1	Item	£75,000	£75,000	Ok
				Total	£119,000	

Tide Construction | Lewisham Exchange

Order of Cost Estimate

January 2019

External Works

Ref	Brief / Specification	Qty	Unit	Rate	Total	Notes / JA Comments 12/02/19
6.3 Utilities						
	<u>External Services</u>					
1	Allowance for PV Panels / Renewable energy	1	Item	£450,000	£450,000	Allowance to meet uplift to new London Plan
	<u>Utilities</u>					
2	Stat connections; student	1	item	£500,000	£500,000	
3	Stat connections; residential block	85	Nr	£2,750	£233,800	
4	Stat connections; office					
Total					£1,184,000	

Appendix C

Argus Developer Appraisal Summary

Lewisham Exchange RLV

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Social Rent	1	26,077	185.00	4,824,245	4,824,245
Shared Ownership	1	39,350	450.00	17,707,275	17,707,275
Student Beds	1	<u>118,376</u>	1,163.66	137,750,000	<u>137,750,000</u>
Totals	3	183,803			160,281,520

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,626	25.00	240,657	240,657	240,657
Shared Space	1	<u>2,400</u>		0	<u>0</u>	
Totals	2	12,027			240,657	240,657

Investment Valuation

Commercial					
Market Rent	240,657	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	3,476,454
					3,476,454

GROSS DEVELOPMENT VALUE

163,757,974

Purchaser's Costs	208,587
	208,587

NET DEVELOPMENT VALUE

163,549,386

NET REALISATION

163,549,386

OUTLAY

ACQUISITION COSTS

Residualised Price		13,010,752	
			13,010,752
Stamp Duty	4.60%	598,495	
Agent Fee	1.00%	130,108	
Legal Fee	0.80%	104,086	
			832,688

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
Commercial	10,254 ft ²	302.41 pft ²	3,100,761

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**GL HEARN****Lewisham Exchange RLV**

Shared Space	2,400 ft ²	302.41 pf ²	725,875	
Social Rent	40,146 ft ²	302.41 pf ²	12,140,413	
Shared Ownership	60,579 ft ²	302.41 pf ²	18,319,695	
Student Beds	<u>207,849 ft²</u>	302.41 pf ²	<u>62,855,563</u>	
Totals	321,228 ft²		97,142,307	97,142,307

Contingency		5.00%	4,958,965	
Abnormals			2,037,000	
CIL/MCIL/ S.106			4,100,000	
				11,095,965

PROFESSIONAL FEES

Professionals		10.00%	9,714,231	
				9,714,231

MARKETING & LETTING

Letting Agent Fee		10.00%	24,066	
Letting Legal Fee		5.00%	12,033	
				36,099

DISPOSAL FEES

Sales Agent Fee		1.00%	1,635,494	
Sales Legal Fee			150,000	
				1,785,494

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)				
Land			2,117,247	
Construction			5,379,906	
Other			132,449	
Total Finance Cost				7,364,704

TOTAL COSTS**140,982,239****PROFIT****22,567,147****Performance Measures**

Profit on Cost%	16.01%
Profit on GDV%	13.78%
IRR	21.48%

This appraisal report does not constitute a formal valuation.

Appendix D

GL Hearn Response to JRB Letter – April 2019

Jeremy Ward
Planning Services, Resources and Regeneration Directorate
London Borough of Lewisham

By email

9th April 2019

Dear Jeremy

Lewisham Exchange – Response to JRP Letter

I refer to our draft Independent Viability Review (dated February 2019), James R Brown & Co's (JRB) response dated 11th March 2019 and the summary of accounts for Chapter Living covering the last two financial years. I have now had an opportunity to consider these and respond below.

Benchmark Land Value (BLV)

Date of Previous Assessment

JRB maintain that the date of value of our assessment of the previous scheme on this site was January 2018 and therefore that an effective reduction of 28% in one year is too great. This was the date of the final report. However the BLV was originally assessed as part of the draft report dated September 2017 and was not amended. Accordingly the difference is 18 months. Notwithstanding this the reasoning and evidence in support of the BLV adopted was set out in our draft report and we have not advocated a % adjustment due to a certain number of months passing.

Existing Use Value

JRB report that Carpetright's lease has been bought and it could be let at Market Rent which is correct, after suitable void and rent free periods. On this basis, but appearing to allow only a 2 year void and rent free period and applying a 5% yield, JRB arrives at an EUV of £5.12m after purchaser's costs – ie higher than the figure we adopted. However, we adopted a combined 2.5 year void and rent free period so consider that this assumption should also remain assuming vacant possession. With respect to the yield we had adopted a 6% yield and JRB accounts for the difference due to the removal of Carpetright with the potential for a better tenant as well as reference to other comparables referred to in our report. While a better tenant could be achieved this is far from guaranteed, especially given the weak 'solus' trading location and poor parking provision. Our adoption of a 6% yield was not just in consideration of Carpetright specifically but also the evidence and the market appetite for such a unit and the issues facing the retailing industry as a whole. Reference made to a significant number of retails entering into administration or CVAs. Indeed we explicitly assumed vacant possession on lease expiry and adopted the same yield upon reversion for this reason. With respect to the investment evidence itself our reasoning was made clear. A number of the investment sales in London do not reflect existing use but the reversionary development potential. On the assumption of vacant possession the valuation actually worsens (see attached) which is not surprising given that the purchaser no longer has an income (whoever the covenant is).

Landowner Premium

With respect to the landowner premium JRB argues that the same premium as an amount (£1,161,500) agreed under the previous application assessment should apply. JRB argue that premiums are *'more logically and reasonably assessed as 'reasonable sums' as opposed to percentages'* and goes on to refer to an interesting but theoretical example of a garden shed in Mayfair as well as the Parkhurst Road decision. In

both these examples the underlying asset value is extremely low and, in relation to the Parkhurst Road decision, evidence was provided to support a higher premium whilst also being compliant with planning policy. Neither is the case here. While the value has fallen an asset valued at £4.2m is not extremely low. No evidence has been provided to support a higher premium. The previous premium was agreed on a directly proportional basis, which we have maintained. I see no reason to depart from our previous approach.

JRB go on to refer to the potential to hold the investment and refinance at a finance rate of less than 5% which is confusing. The ability for any investor to do this is not disputed and is reflected in the value adopted as all investments are capable of financing at investment rates that are lower than development finance due to the differing risk profiles. Accordingly the value and Benchmark already reflects this potential.

Finally JRB refer to Alternative Use Values influencing *'the price a hypothetical land-owner would be willing to bring the site forward for.'* No evidence of these has been provided. We would be happy to consider such evidence but would comment that, unless planning had been granted, it would have to accord with development plan policies (eg affordable housing) as is explicitly made clear in the NPPF/PPG on Viability.

Adopted BLV

Given the above I have maintained the BLV at £5,040,000 as previously reported.

Gross Development Value

Total Rent

JRB notes that our report incorrectly referred to Studio type UA1 being 31.5 sqm and not 25.9 sqm which we accept. They suggest that accordingly we have effectively mis-valued these units which is incorrect. This was simply a reporting error at paragraph 4.22 of our report. In fact we assumed UA1 (25.9 sqm) at a weekly rent of £325 pw and UA2 (31.5 sqm) at a rent of £340 pw for the reasons originally outlined. The correct position was set out in this table which I repeat below:

Bedroom Type	Unit No.	Average Size	Total NIA Sq ft	Rent (£pw)	Total Annual Gross Rent
Studio 1	331	15	4,965.00	£245	£4,135,845
Studio 2	31	17.8	551.80	£255	£403,155
Studio 3	31	15	465.00	£245	£387,345
Studio 4	32	31.5	1,008.00	£340	£554,880
Studio 5	4	21.4	85.60	£315	£64,260
Cluster 1	145	12.2	1,769.00	£245	£1,811,775
Cluster 2	29	15.3	443.70	£260	£384,540
UA1	66	25.9	1,709.40	£280	£942,480
UA2	1	31.5	31.50	£300	£15,300
Total	670		11,029.00		£8,699,580

Sundry Rents

JRB has questioned the inclusion of these. An assumption of £75 per bed is a standard valuation assumption based upon valuation reports, viability assessments, our experience, discussion with

investors/operators etc. JRB have suggested a figure of £20,000 but at only circa £30 per bed this appears too low. However, given that this is a relatively minor point I suggest a compromise of £50 per bed (£33,500 pa).

Management Costs

JRB question our management costs of £2,400 per bed and repeat their reasoning for their assumption at £2,800 per bed. As set out in our report we consider that this is a higher figure than we would normally expect and that there are efficiencies achievable given the scale of the proposals.

Separately the applicant has provided a summary of the gross and net income achieved for the last two financial years which does suggest that the cost per bed is higher than that adopted by both parties. As this is provided on a private and confidential basis I shall not repeat the details here. However, very limited information is provided (either as to the cost or income) and therefore it is difficult to place much weight on this information. Furthermore, the schemes are different which is a material point of consideration.

In addition to our original research we have discussed this issue (including the subject proposals) with a number of investors, developers, operators and advisors. Collectively their feedback supported our assumption or even suggested that it could be lower. Indeed in one case it was explicitly suggested that if the developer had another scheme within close proximity then there would be further efficiency savings. However, given that the subject scheme must be tested on its own merits and that it could be ultimately completed, operated and/or sold by another party it would not be appropriate to reduce our assumption further. Conversely it was also accepted that the higher proportion of studios and the facilities proposed does increase the relative costs.

Additionally we are aware of two recent Student developments in Southwark and Tower Hamlets that have been subject to viability discussions (details confidential). These are at similar income profiles and the management costs agreed were £2,600 per unit (plus 4% voids) and £2,700 per unit (inc voids).

Having assessed the issue further we consider that a management cost of no more than £2,600 per bed is reasonable.

Net Value

Based upon the revised income and cost assumptions we derive a total capital value of the student beds at £137,500,000 (circa £205,000 per bed) after the deduction of purchasers' costs as follows:

Adopted Rent		£8,853,090
Sundries		<u>£33,500</u>
		£8,886,590
Occupancy @	95%	£8,442,261
Management @	£2,600	<u>£1,608,000</u>
		£6,834,261
Years Purchase into Perpetuity @	4.75%	<u>21.05</u>
		£143,879,168
Purchaser's Costs @	4.50%	<u>£6,474,563</u>
		£137,404,606
	say	£137,500,000

Construction Costs

A response from CAST has been provided and considered by Johnson Associates. Based upon the additional information provided they *'have accommodated some rate changes and others we do not agree.'* This results in revised base construction cost of £98,002,000. Together with the costs of the Bakerloo Line exclusion zone works of £2,037,000 the revised costs total £102,076,000, a difference of circa £2.285m from that adopted by the applicant.

Profit

JRB effectively suggest that GLH have followed the GLA position rather than expressing our own professional opinion. This is clearly not the case and our reasoning, including assessments of the various risk profiles of the differing uses, is clearly explained within our report.

CIL / S106 Contributions

Revised CIL and S106 costs have been provided by the applicant. These have been reviewed by Lewisham who advise that we are to assume the following:

- S106 – £1,119,290
- CIL - £3,192,944

Revised Appraisal and Affordable Provision

Based upon the changes set out above (and our original assumptions) I have revised our appraisal. This results in a Residual Land Value of approximately £9,770,000 and thus, against our Benchmark Land Value of £5,040,000, a significant surplus is derived.

You have requested that we consider how this might translate to an improved affordable housing offer. I understand that your preference is to maximise the proportion of Social Rented tenure within the affordable block. In order to maintain a Residual Land Value of least at £5,040,000 (the Benchmark Land Value) a provision of 65x Social Rented units (76%) and 20x Shared Ownership units (24%) can be achieved. Additional scenarios, such as the inclusion of Affordable Student Housing, can also be provided.

Yours sincerely



Edmund Couldrey
Development Director

edmund.couldrey@glhearn.com

PRIVATE & CONFIDENTIAL

Existing Use Value - Assuming Vacant Possession

	GIA sqm	GIA sqft	
Retail Warehousing	1,083.61	11,664	
Market Rent	£psf £25.72	Rent £300,000	
YP perp (deferred)	2.5 yrs @ 6.0%	<u>14.4073</u>	<u>£4,322,205</u>
			£4,322,205
less purchaser's costs of			<u>£266,066</u>
			£4,056,139
		SAY	£4,060,000
			£ 348.08 psf

Item	Cast Rate	Cast Value	JA Rate	JA Value	Delta	%	Cast Response	JA Rate	JA Value	Delta	%	JA Response 14/03/19
Basement												
Excavation & disposal	£95	£622,000	£75	£491,000	£131,000	-21%	Cast rate is an 'all-in rate' for excavation and disposal including temporary works. JA to note no separate allowance in Cast's estimate for temp works, disposal of water etc. which are covered within our rate. Refer to attachment 1 for basement box tender which total excavation cost equates to £86.84/m3 excl. s/c prelims. The comparable project is in a central London location so Cast felt net rate for this project would be comparable to gross rate in Lewisham. Cast request to maintain rate allowance or to be able to include separate allowance for temp works and dewatering.	£85	£556,000	£66,000	-11%	Suggest we compromise on rate based upon the comments received.
Contig Wall	£4,500	£185,000	£4,250	£174,000	£11,000	-6%	As above rate is all in for the full pile, rate needs to include for mobilisation of rig, guide wall, testing, pile, rebar, cutting down piles, disposal of arisings and testing. Given the level of design and risk associated with piling within close vicinity of the railway we feel our rate is reasonable.	£4,250	£174,000	£11,000	-6%	Comments noted but we still feel our rate is reasonable making due allowance of your comments.
Secant piled wall	£7,000	£772,000	£7,000	£735,000	£37,000	-5%	As above rate is all in for the full pile, rate needs to include for mobilisation of rig, guide wall, testing, pile, rebar, cutting down piles, disposal of arisings and testing. Given the level of design and risk associated with piling within close vicinity of the railway we feel our rate is reasonable.	£7,000	£735,000	£37,000	-5%	Ditto.
Allowance for Upper floors to Basement	£265	£384,000	£250	£363,000	£21,000	-5%	As previous assumptions allowance is all in rate. Needs to allow for 400mm RC slab inc rebar, formwork, wall kickers, upstands, tie in to capping beam and subcontractor prelims.	£255	£370,000	£14,000	-4%	Suggest we compromise on rate based upon the comments received.
Block A												
Upper Floors	£230	£2,067,700	£225	£2,023,000	£44,700	-2%	No comment.	£225	£2,023,000	£44,700	-2%	Noted.
Roof Finishes	£250	£62,000	£200	£50,000	£12,000	-19%	Roof finishes assume seed um or brown roof and need to include insulation to meet new fire regulations. We therefore believe our rate is reasonable.	£200	£50,000	£12,000	-19%	Comments noted but we still feel our rate is reasonable making due allowance of your comments.
Stairs	£12,000	£240,000	£10,000	£200,000	£40,000	-17%	Stair rate includes for stair, handrail, balustrade, nosing and finishes which we believe is a reasonable rate.	£10,000	£200,000	£40,000	-17%	Noted we would normally work of a per flight rate of £8-£10k including these items so would wish to retain the £10k rate proposed.
Dark stock grey brickslip	£710	£1,349,000	£680	£1,292,000	£57,000	-4%	Agree with Corian rate but feel JA's rate excludes access. Access assumed via mask climbers to install SFS, corian panels and point slips.	£680	£1,292,000	£57,000	-4%	Noted - we currently have a scheme on site with a this system at £650/m2 incl access so used this rate plus some inflation to get to a present day rate of £680/m2.
Bronze coloured metal cladding; PPC aluminium	£790	£1,548,400	£750	£1,470,000	£78,400	-5%	As above.	£770	£1,509,000	£39,400	-3%	Can compromise slightly on rate to £770 / m2.
Glazed finishes to facade	£890	£2,385,200	£850	£2,278,000	£107,200	-4%	Glazing rate includes for all openings including balcony doors. Rate is reasonable for aluminium system such as Schueco.	£875	£2,345,000	£40,200	-2%	
Party walls	£370	£653,400	£350	£618,000	£35,400	-5%	Rate reflects difficulty in securing dry line contractors for residential schemes and recent tender returns.	£350	£618,000	£35,400	-5%	Comments noted but feel the £350 should still be achievable.
Block B												
Frame	£100	£1,855,500	£85	£1,577,000	£278,500	-15%	Our up-lift to block B reflects the taller building which will typically see an increase in frame costs.	£90	£1,670,000	£185,500	-10%	Noted but we would consider only a modest uplift would apply.
Upper Floors	£225	£4,174,900	£225	£4,174,900	£0	0%	No comment.	£225	£4,174,900	£0	0%	
Roof Finishes	£250	£146,300	£200	£117,000	£29,300	-20%	Roof finishes assume seed um or brown roof and need to include insulation to meet new fire regulations. We therefore believe our rate is reasonable	£200	£117,000	£29,300	-20%	Comments noted but we still feel our rate is reasonable making due allowance of your comments.
Stairs	£12,000	£420,000	£10,000	£350,000	£70,000	-17%	Stair rate includes for stair, handrail, balustrade, nosing and finishes which we believe is a reasonable rate.	£10,000	£350,000	£70,000	-17%	Noted we would normally work of a per flight rate of £8-£10k including these items so would wish to retain the £10k rate proposed.
Windows to unitised facade	£1,100	£2,805,000	£1,000	£2,550,000	£255,000	-9%	Attachment 2 tender contract sum for student schme in South London with brick unitised facade, Cost per m2 was £1,099 based upon approx. 9,000m2. Project procured 2016 since facade rates have increased due to currency fluctuations and availability of contractors. We believe it is very difficult to procure a unitised facade for less than £1,100/m2 with the level of complexity shown.	£1,050	£2,678,000	£127,000	-5%	Noted and some adjustment made to seek to compromise.
Glazed curtain walling; including feature fin details	£1,250	£2,175,000	£1,150	£2,001,000	£174,000	-8%		£1,200	£2,088,000	£87,000	-4%	
Unitised brick slip facade	£1,100	£4,565,000	£1,000	£4,150,000	£415,000	-9%		£1,050	£4,358,000	£207,000	-5%	
Unitised aluminium facade	£1,100	£5,456,000	£1,000	£4,960,000	£496,000	-9%		£1,000	£4,960,000	£496,000	-9%	
Party walls	£370	£1,423,000	£350	£1,347,000	£76,000	-5%	Rate reflects difficulty in securing dry line contractors for residential schemes and recent tender returns.	£350	£1,347,000	£76,000	-5%	See comment above.
Retail												
Brickwork to facade	£710	£177,500	£680	£170,000	£7,500	-4%	As residential comments.	£680	£170,000	£7,500	-4%	Comments as above.
Glazed Facade	£900	£423,000	£850	£400,000	£23,000	-5%	As residential comments.	£875	£411,000	£12,000	-3%	Comments as above.
On Costs												
Preliminaries	16.5%	£13,395,000	16%	£12,761,000	£634,000	-5%	Our preliminaries allowance reflect the size and height of scheme. We have recently procured a 30 storey PRS tower with preliminaries at 16.9%. We have taken a view based upon current market conditions where we previously pricing prelims for a scheme like this at 17% but believe JA's view of 16% goes too far and doesn't reflect the complexity associated with height, working next to a railway on a restricted site.	16%	£12,761,000	£634,000	-5%	Comments understood but we do feel that the % applied is correct given the value of the scheme and the preliminaries figure that it generates.
OH&P	5%	£4,729,000	5%	£4,626,000	£103,000	-2%		5%	£4,626,000	£103,000	-2%	Agreed at 5%; variance due to calculation on adjusted rates.
Abnormals	17%	£2,045,000	16%	£2,037,000	£8,000	0%		16%	£2,037,000	£8,000	0%	Variance relates to prelims/logistics adjustment.
TOTAL		£102,324,000		£99,180,000	£3,144,000	-3%			£100,039,000	£2,285,000	-2%	

Lewisham Exchange
Revised Viability Appraisal

Development Appraisal
Prepared by GLHearn
GL Hearn
09 April 2019

**Lewisham Exchange
Revised Viability Appraisal**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Social Rent	1	26,077	185.00	4,824,245	4,824,245
Shared Ownership	1	39,350	450.00	17,707,275	17,707,275
Student Beds	<u>1</u>	<u>118,376</u>	1,136.21	134,500,000	<u>134,500,000</u>
Totals	3	183,803			157,031,520

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,626	25.00	240,657	240,657	240,657
Shared Space	<u>1</u>	<u>2,400</u>		0	<u>0</u>	
Totals	2	12,027			240,657	240,657

Investment Valuation

Commercial					
Market Rent	240,657	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	3,476,454
					3,476,454

GROSS DEVELOPMENT VALUE

160,507,974

Purchaser's Costs

(208,587)

(208,587)

NET DEVELOPMENT VALUE

160,299,386

NET REALISATION

160,299,386

OUTLAY

ACQUISITION COSTS

Residualised Price			9,768,883		9,768,883
Stamp Duty		4.60%	449,369		
Agent Fee		1.00%	97,689		
Legal Fee		0.80%	78,151		
				625,209	

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Commercial	10,254 ft ²	305.09 pf ²	3,128,194	
Shared Space	2,400 ft ²	305.09 pf ²	732,297	
Social Rent	40,146 ft ²	305.09 pf ²	12,247,822	
Shared Ownership	60,579 ft ²	305.09 pf ²	18,481,774	
Student Beds	<u>207,849 ft²</u>	<u>305.08 pf²</u>	<u>63,411,661</u>	
Totals	321,228 ft²		98,001,747	98,001,747

Contingency		5.00%	5,001,937		
Abnormals			2,037,000		
CIL/MCIL/ S.106			3,192,944		
			1,119,290	11,351,171	

PROFESSIONAL FEES

Professionals		10.00%	9,800,175		9,800,175
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MARKETING & LETTING

Letting Agent Fee		10.00%	24,066		
Letting Legal Fee		5.00%	12,033		
				36,099	

DISPOSAL FEES

Sales Agent Fee		1.00%	1,602,994		
Sales Legal Fee			150,000		
				1,752,994	

FINANCE

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Revised Viability Appraisal**

Land	1,583,205	
Construction	5,460,953	
Other	(129,408)	
Total Finance Cost		6,914,750

TOTAL COSTS **138,251,027**

PROFIT **22,048,359**

Performance Measures

Profit on Cost%	15.95%
Profit on GDV%	13.74%
Profit on NDV%	13.75%
Development Yield% (on Rent)	0.17%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%

IRR 22.11%

Rent Cover 91 yrs 7 mths
Profit Erosion (finance rate 6.000%) 2 yrs 6 mths

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Revised Viability Appraisal**

Project Timescale	
Project Start Date	Jan 2019
Project End Date	Feb 2022
Project Duration (Inc Exit Period)	38 months

Phase 1



This appraisal report does not constitute a formal valuation.

Lewisham Exchange
Revised Viability - Additional Affordable

Development Appraisal
Prepared by GLHearn
GL Hearn
09 April 2019

**Lewisham Exchange
Revised Viability - Additional Affordable**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Social Rent	34	26,077	185.00	141,890	4,824,245
Shared Ownership	20	15,431	450.00	347,206	6,944,118
Student Beds	1	118,376	1,136.21	134,500,000	134,500,000
Ad. Social Rents	<u>31</u>	<u>23,919</u>	185.00	142,740	<u>4,424,946</u>
Totals	86	183,803			150,693,309

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	9,626	25.00	240,657	240,657	240,657
Shared Space	<u>1</u>	<u>2,400</u>		0	<u>0</u>	
Totals	2	12,027			240,657	240,657

Investment Valuation

Commercial					
Market Rent	240,657	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	3,476,454
					3,476,454

GROSS DEVELOPMENT VALUE

154,169,762

Purchaser's Costs	(208,587)
	(208,587)

NET DEVELOPMENT VALUE

153,961,175

NET REALISATION

153,961,175

OUTLAY

ACQUISITION COSTS

Residualised Price		5,072,294		5,072,294
Stamp Duty	4.60%	233,326		
Agent Fee	1.00%	50,723		
Legal Fee	0.80%	40,578		
				324,627

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Commercial	10,254 ft ²	305.09 pf ²	3,128,194	
Shared Space	2,400 ft ²	305.09 pf ²	732,297	
Social Rent	40,146 ft ²	305.09 pf ²	12,247,822	
Shared Ownership	23,757 ft ²	305.09 pf ²	7,247,846	
Student Beds	207,849 ft ²	305.08 pf ²	63,411,661	
Ad. Social Rents	<u>36,823 ft²</u>	<u>305.09 pf²</u>	<u>11,234,162</u>	
Totals	321,229 ft²		98,001,981	98,001,981

Contingency	5.00%	4,440,241		
Abnormals		2,037,000		
CIL/MCIL/ S.106		3,192,944		
		1,119,290		10,789,475

PROFESSIONAL FEES

Professionals	10.00%	9,800,198		9,800,198
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MARKETING & LETTING

Letting Agent Fee	10.00%	24,066		
Letting Legal Fee	5.00%	12,033		
				36,099

DISPOSAL FEES

Sales Agent Fee	1.00%	1,539,612		
Sales Legal Fee		150,000		
				1,689,612

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Revised Viability - Additional Affordable****FINANCE**

Debit Rate 6.000%, Credit Rate 1.000% (Nominal)

Land	816,851	
Construction	5,889,166	
Other	(127,195)	
Total Finance Cost		6,578,822

TOTAL COSTS**132,293,108****PROFIT****21,668,067****Performance Measures**

Profit on Cost%	16.38%
Profit on GDV%	14.05%
Profit on NDV%	14.07%
Development Yield% (on Rent)	0.18%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR	22.80%
Rent Cover	90 yrs
Profit Erosion (finance rate 6.000%)	2 yrs 7 mths

This appraisal report does not constitute a formal valuation.

Appendix E

GL Hearn Response to JRB Letter – May 2019

Jeremy Ward
Planning Services, Resources and Regeneration Directorate
London Borough of Lewisham

By email

13th May 2019

Dear Jeremy

Lewisham Exchange – Response to JRB Letter

I refer to the previous assessments and correspondence on this matter. I have now had an opportunity to consider James R Brown & Co Ltd's (JRB) letter dated 16th April 2019 together with the additional accommodation schedules and plans provided. I set out our response below.

Additionally we have also received the GLA's Stage 1 comments regarding the viability assessments undertaken by JRB and ourselves. These support the position adopted by GL Hearn including the revised management costs of £2,600 per student room. It is the applicant's responsibility to address these so I have only referred to them where necessary.

Floor Areas

It is reported that the GIA adopted within CAST's cost plan is incorrect and the total area now extends to 328,656 sqft. A full accommodation schedule has been provided. Conversely it is stated that the Net Sales or Internal Areas (NSA/NIAs) remain the same but upon interrogation this is not the case. A summary of the assumptions originally adopted by JRB / CAST and now provided upon is set out below:

Type	Submitted		Revised	
	NIA / NSA (sqft)	GIA (sqft)	NIA / NSA (sqft)	GIA (sqft)
Residential	65,427	100,725	68,594	104,592
Student	118,376	207,849	118,375	212,361
Commercial	9,626	10,254	8,870	9,178
Shared Space	2,400	2,400	2,526	2,526
TOTAL	195,829	321,228	198,365	328,656

We have discussed the matter with the Council and following cross-check measurements undertaken by Johnson Associates we have accepted the latest schedule.

Benchmark Land Value (BLV)

EUV / Date

JRB repeats their assertion that a 28% reduction from the previous assessment is too much but without providing any evidence to support this. A commentary on various yield types is also provided which appears to suggest that a normal vacant investment would have a lower yield than an income producing one. This is counter prevailing valuation experience given likely lost income, holding costs and risk of securing a tenant on market terms. We have not sought to reduce our EUV on the basis that it is now known that the property

is vacant but note that the GLA would expect such a reduction. GL Hearn's EUV has already been evidenced and our reasoning provided; accordingly we see no reason to amend this.

Premium

JRB comments that no evidence has been provided to support our 20% premium. Such premiums are regularly applied to EUVs by experts acting for both applicants and LPAs and these have been supported at appeal; accordingly there are a significant number of examples – including the previous application assessment. More importantly it is for the applicant to evidence their position and none had been provided.

Land values from the GLA's evidence base have been provided. Based upon this JRB arrives at a value of approximately £23m. However, they have incorrectly adopted the £psm land values for Lewisham (£1480 psm / £1.48m/ha) and applied it to the consented GIA and not the site area – £1,480,000 per hectare divided by 10,000 sqm in a hectare = £1,480 psm. We understand that the site measures approximately 0.26 hectares (c 2600 sqm) and, therefore, would equate to a land value of only £0.385m. We are, however, satisfied that the higher EUV plus premium is appropriate.

Reference is again made to alternative uses (including but not limited to the consented scheme). Again no evidence has been provided and we would be happy to consider such evidence if supplied.

Submitted Scheme Assumptions

Student Rental Values

GLH revised the rental values for the wheelchair adapted units to reflect similar sized standard units. JRB state that they do not agree with our assumptions. Firstly it is suggested that, as these units are designed for disabled users, there is a restricted market. The units are a planning policy requirement to enable disabled students to take up residence if so required. However, should no such occupiers require them then they can be let on the open market. It is our experience, and those we have spoken to, that in practice few of the units are let to disabled occupiers.

Secondly, JRB suggest that, because the net usable area of the unit is effectively smaller due to the bigger bathroom, there is a reduction in the rental value. This argument has credence and indeed is one we considered when first reviewing the submitted viability assessment. We discussed the matter with several operators who stated that no such adjustment was applied. Indeed, as stated in our report, Gold Studios at Chapter Living (27 sqm) are adaptable and no rental discount is applied. If direct evidence to the contrary can be provided then we shall consider it.

JRB accept GLH's compromise sundry income of £33,500 pa.

Running Costs

JRB refer to the net income details provided for Chapter House and question why GLH do not accept this '*as the best evidence available.*' As stated in our previous response '*very limited information is provided (either as to the cost or income) and therefore it is difficult to place much weight on this information. Furthermore, the schemes are different which is a material point of consideration.*' We have previously made it clear that the scale of the scheme will afford operational efficiencies and many other operators refer to lower costs. We also consider that the proposed height will result in higher values but accepted JRB rental values as this appeared to reflect this as previously stated.

JRB refer to other viability assessments where a higher running cost has been accepted but does not provide details. They also refer to the Three Dragon's GLA London Plan viability assessment which was included in JRB's original submission. No additional evidence is provided and accordingly we see no reason to amend our position further beyond the cost of £2,600 per unit.

Net Student Value

In reviewing the details further we have noticed that there was an error in the reporting of the figures in our previous response. The correct value of £134,750,000 was included in our appraisal but mistakenly reported as £137,500,000 in our previous response. Corrected breakdown is:

Adopted Rent		£8,853,090
Sundries		<u>£33,500</u>
		£8,886,590
Occupancy @	95%	£8,442,261
Management @	£2,600	<u>£1,742,000</u>
		£6,700,261
Years Purchase into Perpetuity @	4.75%	<u>21.05</u>
		£141,058,116
Purchaser's Costs @	4.50%	<u>£6,347,615</u>
		£134,710,501
	say	£134,750,000

Station Entrance Commercial Unit

Separately the applicant has queried the inclusion of Commercial Unit 5 'Station Entrance' as it is to be used as the ticket hall in the proposed Bakerloo Line extension. It should be noted that this issue has not been raised before and the unit was included in JRB's assessment at full value. Normally TFL would acquire this unit when it is required and pay an appropriate Market Value at that time. In the meantime there should be nothing to stop the owner leasing this unit. Notwithstanding this we understand from yourselves that the unit is to be let at a peppercorn rent secured by the S106 agreement and therefore no value should be ascribed to this unit.

Build Costs

Reference is made to Johnson Associate's revised construction costs of £100,038,981 (£305.09 psf) but JRB states *'they do not know why they do not fully agree with CAST's figures'*. JRB then suggest a novel approach – *'splitting of the difference.'* Given the impact this would have on the provision of affordable housing this would not be appropriate without further reasoning or evidence. Johnson Associate's response was included as part of our previous letter and we suggest that this is provided to CAST for their consideration.

It is noted that, conversely, the GLA have commented that the build costs adopted by Johnson Associates are themselves higher than they would expect. They have requested that the applicant provide additional supporting information in relation to the Bakerloo extension protection works. The GLA have also queried whether the costs take into account the fact that the block is entirely affordable. Having discussed this with Johnson Associates we can confirm that this has been allowed for.

Profit

Again JRB says GLH's profit assumption is too low. They state that the GLA London Plan evidence adopts a 15% on GDV assumption for non-residential development which is *'higher than GLH have allowed for here.'* However, this is confusing as GLH have adopted a 15% on GDV assumption for the non-residential elements. We have, however, also applied a 6% on value profit assumption to the affordable units as per established practice reflecting the lower risk given a forward sale. Our reasoning has been clearly set out in our draft report and previous response.

CIL / S106 Contributions

Revised contributions were provided by the Council. JRB has queried whether the CIL contributions included the newly adopted Mayoral CIL 2 rates. We were provided with a Draft Liability Notice which shows that an MCIL2 rate of £60 psm was adopted. Note that this was based upon the Gross Internal Areas (GIAs) originally provided and in the absence of a revised DLN we have undertaken our own calculations which total £3,216,258.

SDLT (Acquisition)

GLH has effectively adopted an SDLT rate fixed at 4.6% as per the assumptions adopted by JRB within their live electronic appraisal provided. However, SDLT is a tiered rate and therefore the actual cost is dependent on the Residual Land Value. Accordingly we have amended this assumption.

Finance Costs

GLH adopted a 6% finance cost in comparison to 7% adopted by JRB who have now questioned this assumption. JRB refer to a number of examples. We would comment that finance costs vary depending upon the scale, risk and nature of a development project. Larger financing requirements, such as this, result in relatively lower fees and rates. Likewise the ability to forward fund the scheme will reduce the risk that a lender is exposed to. Accordingly we consider a 7% rate higher than that achievable on the proposed scheme. Notwithstanding this we have considered our assumption against other assessments and, in an effort to narrow the points of disagreement, have adopted a rate of 6.5% *on a without prejudice basis*.

Submitted Scheme Conclusions

In reflecting the area changes we have applied the agreed £psf values of the residential and commercial space to the revised areas but we have held the student values as derived on a room rental investment basis rather than a direct £psf valuation. Construction cost has also increased on a pro-rata basis following discussion with Johnson Associates. A revised CIL calculation has been estimated as stated earlier. All other assumptions remain as previously reported.

Based upon the changes set out above we have revised our appraisal based upon the original submitted offer. This results in an increased Residual Land Value of approximately £7.13m. Thus, against our Benchmark Land Value of £5,040,000, a significant surplus is still derived.

Notwithstanding JRB's position on the assumptions adopted by GL Hearn the applicant has offered to increase the proportion of Social Rented units within Block A to 50% by floor area. This represents a small increase from the 40% originally submitted but is lower than that arrived at in our previous response.

Based upon our revised assumptions we consider that 46x units (2nd to 10th floor inclusive plus a 1B2P and 2B3P on the 11th) could be provided as Social Rented units with the remainder provided as Shared Ownership (39 x units). This equates to approximately 54% by both floor area and unit number. An appraisal on this basis is appended resulting in a RLV of circa £5.08m and thus a small surplus above the Benchmark.

Amended Scheme

The applicant has now proposed to amend the scheme to provide 758x student beds, of which an additional 88x are to be Block A with the original 670x beds maintained in Block B. This results in a reduction of the proposed C3 residential accommodation to 67 units. An internal playspace is provided within Block A and an internal connection between the student cores at the 2nd floor level. The affordable provision is to comprise 76x affordable student beds (included within the 670x in Block B) and a reported 20,336 sqft (NSA) of Shared Ownership and 31,613 sqft (NSA) of Social Rented space respectively; approximately a 40%:60%

split in favour of Social Rented. We understand that Officers conclude that this is a more favourable option in planning terms.

An accommodation schedule has been separately provided which is summarised below.

Type	Amended Scheme	
	NIA / NSA (sqft)	GIA (sqft)
Residential (Block A)	50,406	72,032
Internal Playspace	1,001	1,044
Student (Block A)	13,688	32,377
Connection	700	721
Student (Block B)	118,375	212,361
Commercial	8,567	9,022
Shared Space	2,526	2,526
TOTAL	195,263	330,083

There are some differences between the areas adopted by JRB and those included within the schedule. For the avoidance of doubt we have adopted the areas as stated in the amended accommodation schedule and, where they differ, not those reported by JRB.

A revised appraisal has been submitted but the rationale for the assumptions are not fully explained. JRB appear to have maintained the £psf values applicable to the affordable, commercial and their opinion of the private student units. A value of £6.84m (£511 psf / £90,000 per unit) has been assumed for the affordable student beds but no reasoning is provided. The total net realisation net of purchaser's costs is £153,982,893. Construction costs have been apportioned at the revised CAST construction costs of £312 psf totalling £102,765,842 excl Bakerloo line abnormal works. Other appraisal assumptions adopted as per JRB submission resulting in a negative Residual Land Value of £-2,083,092.

Affordable Residential Values

The affordable area included within JRB's appraisal does not tally with the accommodation schedule but amounts to approximately 60% of the floor area as Social Rent and 40% as Shared Ownership. We have apportioned the areas on a similar basis.

The amended residential accommodation results in a proportional reduction in two bed units and a corresponding proportional increase in one and three bedroom apartments. Accordingly we do not consider there to be a significant variation to the £psf values previously adopted and we have also thus maintained these assumptions in our model as has JRB.

Private Student Values

JRB previously valued the student accommodation at approximately £128.7m which equated to circa £192,000 per unit. By applying the same £psf value to the amended private student accommodation they arrive at a total value of £129,132,578 which equates to around £189,000 per private room. Applying JRB's previous values of £192,000 per room to the 682x private student beds in both blocks would result in private revenue of roughly £130,940,000 or £1.81m higher than that adopted. Our valuation equated to circa £200,745 per bed and applying this sum to the units proposed would total £136,911,500 or approximately £5.97m higher than the figure adopted by JRB.

Block B remains the same in design terms. Of the 670 units 76 are to be provided as affordable but the unit mix has not been defined. While it is reasonable to assume that the affordable would be allotted to the smaller less valuable student room types (and thus derive a proportionally higher private value) we would expect some variation. Accordingly we have maintained the same level of value and apportioned it to the remaining 594 private units resulting in a value of £119,245,500 (circa. £200,745 per unit).

Within Block B two student unit types (Studio 1 and 2) will be provided which measure 14.46 sqm and 14.41 sqm respectively which is a marginal difference. A rate of £245 pw was applied to the 15 sqm type 1 studios in Block B and therefore it would be reasonable to expect a lower rental value to account for both the size difference and the location within a different core away. Accordingly we have applied a rate of £235 pw to the additional 88x student beds.

Applying the same investment assumptions results in a value of say £178,000 per unit. It has been argued that these units will not be as attractive to an investor given their inclusion within Block A alongside the C3 residential. This will result in more complicated ownership issues both at completion but also upon reversion of the student investment at the end of its economic life – the investor will be free to redevelop Block B but not Block A. This argument has merit though the impact on the present value will be marginal. To account for this we have reduced the value to £172,500 per bed (a NIY of circa 4.9%) which is a reduction of 3% assuming a 4.75% and a 16% reduction against the value adopted for the units in Block A.

The combined value totals £134,425,500 (circa £197,000 per unit blended), approximately £5.3m higher than that adopted by JRB.

Affordable Student Values

As stated above a value of £6.84m (circa £90,000 per unit) has been assumed for the affordable student beds but no reasoning is provided. These will be let at a rate of £160 pw but only for 42 weeks per year allowing the operator to let the units at full market rent for the remaining period. As this would be on a short term basis targeting tourists, the conference market etc it will not be possible to let the units for the full remainder of the year. Having allowed for this, Sundry income and other appropriate assumptions we consider a value of £90,000 per unit appropriate in this case and have adopted JRB's value within our appraisal.

Construction Costs

No cost information in support of the amended scheme has been provided. In the absence of this we have discussed the matter with Johnson Associates who have advised that it would be appropriate to apply the same blended cost rate of £305.09 psf and apply it to the GIA resulting in a total cost of £100,703,327 plus abnormal works and contingency allowance.

S106/CIL Costs

Given the amendments to the scheme we have undertaken a revised CIL calculation which totals £3,689,117. The increase reflects the reduction in C3 Residential Affordable floor space, for which a relief is given, in lieu of additional Student accommodation. Despite this being provided at 'source' as affordable it will be retained and let by the owner and therefore it will not be possible to claim charitable social housing relief.

Profit

As the student affordable units will not be forward sold to a Registered Provider the risk savings applicable to standard affordable housing are not applicable. Accordingly we have applied our 15% on value assumption to these units. All other profit assumptions remain as set out previously.

Amended Scheme Conclusions

Base upon the above assumptions we have appraised the revised scheme. This results in an RLV of circa £3.07m and thus a deficit against the Benchmark Land Value is derived.

Accordingly we consider the amended scheme and the proposed provision of 65 residential apartments (60% Social Rent and 40% Shared Ownership) and 76x Affordable Student Beds to be the maximum reasonable amount viable at the current time.

Impact of Delayed Opening

The Council have been informed that, due to the delays in securing permission, it will not be possible to meet the timescales originally assumed and meet the projected start of the 2020-2021 academic year. It has been requested that this be reflected in the viability assessment. It should be noted from the outset that both JRB and GL Hearn had assumed a later completion date thus far. An earlier completion date would result in a surplus to invest in the Affordable Housing Offer.

It is accepted that Student developments are tied to the start of any academic year and therefore, if missed a prudent developer would delay start of construction to enable completion by the start of the following academic year rather than absorb the holding costs of constructing and maintaining an empty student investment. Technically such considerations do not affect the C3 Residential (Affordable) but given the scale and integration with the Student element we do not consider it would be realistic or economical to deliver the Blocks separately.

Notwithstanding the above, we do not consider an adjustment appropriate in this case.

First, it is questionable whether planning authorities, and the public at large, should effectively shoulder the cost of this in a lower affordable housing contribution given that the precise timescales are not fully known and without an implementable planning consent the calendar timescales (ie completion by a specific date) is always a matter of risk for which a profit allowance is allowed for. Indeed viability assessments are undertaken on the basis of planning having already been achieved for the subject proposals.

Second, the actual projected timescales and opening date is not clear. It is suggested that the original opening date envisaged was August 2020 and the timescales assumed to be a 2 month lead plus a 16 month construction period. Having yet to secure permission this won't be achievable and a revised August 2021 completion is now suggested. JRB, however, already assumed a late 2021 within their cashflow. Adopting the timescales now suggested would result in a significant finance saving cost and thus an further improved affordable offer.

Third, we would question whether the projected opening was a realistic proposition given the complexities of the scheme and planning process. The planning application and Financial Viability Assessment were provided in January 2019. Based upon the appraisal assumptions adopted by JRB the earliest completion could have been achieved was May 2021 allowing only two months for officers to undertake their statutory duties in reviewing the application, presenting this to members with their recommendation, secure approval from members and completion of the S106 agreement. We also previously questioned the total preconstruction period assumed by JRB as being unrealistic and extended this by two months thus further limiting the period to secure an implementable planning permission. It is appreciated that the applicant suggests the proposed modular construction techniques will speed up the process but whether such a dramatic improvement from that assumed in the viability submission can be achieved is questionable given the scale of the development.

Finally, while modular construction has the long term potential to reduce costs, it is our experience that the construction costs of a modular scheme are currently higher than traditional methods. Furthermore, we understand that it was/is intended that some of the ground works are started before planning is secured. This may extend the construction cost within the cashflow from the recently suggested 16 month programme. More importantly it is a significant additional risk that cannot be factored into the assessment. Accordingly we cannot reliably confirm that any finance saving achieved from a faster build out suggested would not be eroded by the higher costs.

On balance we do not consider currently it appropriate to deviate from cashflow assumptions adopted.

Conclusion

We trust the above is clear but I am happy to discuss it further with yourselves and/or the applicant directly.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Edmund Couldrey', with a long horizontal flourish extending to the right.

Edmund Couldrey
Development Director

edmund.couldrey@glhearn.com

Enclos:

1. Revised Viability Appraisal Summary - Submitted Scheme
2. Revised Viability Appraisal Summary - Submitted Scheme with Improved Tenure
3. Viability Appraisal Summary – Revised Scheme

**Lewisham Exchange
Submitted Scheme - Revised Viability Appraisal**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Social Rent	1	27,339	185.00	5,057,715	5,057,715
Shared Ownership	1	41,255	450.00	18,564,750	18,564,750
Student Beds	<u>1</u>	<u>118,375</u>	1,136.22	134,500,000	<u>134,500,000</u>
Totals	3	186,969			158,122,465

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	5,992	25.00	149,800	149,800	149,800
Shared Space	1	2,526		0	0	
Ticket Hall	<u>1</u>	<u>2,877</u>		0	<u>0</u>	
Totals	3	11,395			149,800	149,800

Investment Valuation

Commercial					
Market Rent	149,800	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,163,958
					2,163,958

GROSS DEVELOPMENT VALUE 160,286,423

Purchaser's Costs	129,837	
		129,837

NET DEVELOPMENT VALUE 160,156,586

NET REALISATION 160,156,586

OUTLAY

ACQUISITION COSTS

Residualised Price		7,128,174	
			7,128,174
Stamp Duty		345,909	
Agent Fee	1.00%	71,282	
Legal Fee	0.80%	57,025	
			474,216

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
Commercial	6,200 ft ²	305.09 pf ²	1,891,550
Shared Space	2,526 ft ²	305.09 pf ²	770,646
Ticket Hall	2,977 ft ²	305.09 pf ²	908,209
Social Rent	41,686 ft ²	305.09 pf ²	12,717,932
Shared Ownership	62,906 ft ²	305.09 pf ²	19,191,569
Student Beds	<u>212,361 ft²</u>	<u>305.08 pf²</u>	<u>64,788,081</u>
Totals	328,656 ft²		100,267,986

Contingency	5.00%	5,069,839	
Abnormals		2,037,000	
CIL/MCIL/ S.106		3,216,258	
		1,119,290	
			11,442,387

PROFESSIONAL FEES

Professionals	10.00%	10,026,799	
			10,026,799

MARKETING & LETTING

Letting Agent Fee	10.00%	14,980	
Letting Legal Fee	5.00%	7,490	
			22,470

DISPOSAL FEES

Sales Agent Fee	1.00%	1,601,566	
Sales Legal Fee		150,000	
			1,751,566

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Submitted Scheme - Revised Viability Appraisal****FINANCE**

Debit Rate 6.500%, Credit Rate 1.000% (Nominal)		
Land	1,251,845	
Construction	6,002,824	
Other	128,623	
Total Finance Cost		7,126,046

TOTAL COSTS **138,239,644**

PROFIT **21,916,942**

Performance Measures

Profit on Cost%	15.85%
Profit on GDV%	13.67%
Profit on NDV%	13.68%
IRR	23.35%

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Submitted Scheme
Revised Viability Appraisal - Improved Tenure**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Social Rent	1	36,899	185.00	6,826,315	6,826,315
Shared Ownership	1	31,695	450.00	14,262,750	14,262,750
Student Beds	<u>1</u>	<u>118,375</u>	1,136.22	134,500,000	<u>134,500,000</u>
Totals	3	186,969			155,589,065

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	5,992	25.00	149,800	149,800	149,800
Shared Space	1	2,526		0	0	
Ticket Hall	<u>1</u>	<u>2,877</u>		0	<u>0</u>	
Totals	3	11,395			149,800	149,800

Investment Valuation

Commercial					
Market Rent	149,800	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	2,163,958
					2,163,958

GROSS DEVELOPMENT VALUE 157,753,023

Purchaser's Costs	129,837	
		129,837

NET DEVELOPMENT VALUE 157,623,186

NET REALISATION 157,623,186

OUTLAY

ACQUISITION COSTS

Residualised Price		5,077,203	
			5,077,203
Stamp Duty		243,360	
Agent Fee	1.00%	50,772	
Legal Fee	0.80%	40,618	
			334,750

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
Commercial	6,200 ft ²	305.09 pf ²	1,891,550
Shared Space	2,526 ft ²	305.09 pf ²	770,646
Ticket Hall	2,977 ft ²	305.09 pf ²	908,209
Social Rent	56,264 ft ²	305.09 pf ²	17,165,185
Shared Ownership	48,328 ft ²	305.09 pf ²	14,744,316
Student Beds	<u>212,361 ft²</u>	<u>305.08 pf²</u>	<u>64,788,081</u>
Totals	328,656 ft²		100,267,986

Contingency	5.00%	5,069,839	
Abnormals		2,037,000	
CIL/MCIL/ S.106		3,216,258	
		1,119,290	
			11,442,387

PROFESSIONAL FEES

Professionals	10.00%	10,026,799	
			10,026,799

MARKETING & LETTING

Letting Agent Fee	10.00%	14,980	
Letting Legal Fee	5.00%	7,490	
			22,470

DISPOSAL FEES

Sales Agent Fee	1.00%	1,576,232	
Sales Legal Fee		150,000	

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Submitted Scheme
Revised Viability Appraisal - Improved Tenure**

1,726,232

FINANCE

Debit Rate 6.500%, Credit Rate 1.000% (Nominal)

Land 885,677

Construction 6,202,483

Other 127,739

Total Finance Cost 6,960,421

TOTAL COSTS**135,858,248****PROFIT****21,764,938****Performance Measures**

Profit on Cost% 16.02%

Profit on GDV% 13.80%

Profit on NDV% 13.81%

IRR 23.70%

This appraisal report does not constitute a formal valuation.

**Lewisham Exchange
Revised Scheme - Viability Appraisal**

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Rate ft ²	Unit Price	Gross Sales
Social Rent	1	30,674	185.00	5,674,690	5,674,690
Shared Ownership	1	19,732	450.00	8,879,400	8,879,400
Block B Prv Student Beds	594	104,947	1,136.24	200,750	119,245,500
Block B Aff Student Beds	76	13,428	509.40	90,000	6,840,000
Block A Prv Student Beds	<u>88</u>	<u>13,688</u>	1,109.00	172,500	<u>15,180,000</u>
Totals	760	182,469			155,819,590

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	1	5,327	25.00	133,175	133,175	133,175
Shared Space	1	2,526		0	0	
Connection	1	700		0	0	
Internal Playspace	1	1,001		0	0	
Ticket Hall	<u>1</u>	<u>3,240</u>		0	<u>0</u>	
Totals	5	12,794			133,175	133,175

Investment Valuation

Commercial					
Market Rent	133,175	YP @	6.5000%	15.3846	
(1yr Rent Free)		PV 1yr @	6.5000%	0.9390	1,923,799
					1,923,799

GROSS DEVELOPMENT VALUE

157,743,389

Purchaser's Costs	115,428
	115,428

NET DEVELOPMENT VALUE

157,627,961

NET REALISATION

157,627,961

OUTLAY

ACQUISITION COSTS

Residualised Price	3,068,195
	3,068,195
Stamp Duty	142,910
Agent Fee	1.00% 30,682
Legal Fee	0.80% 24,546
	198,137

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost
Commercial	5,610 ft ²	305.09 pf ²	1,711,505
Shared Space	2,526 ft ²	305.09 pf ²	770,646
Connection	721 ft ²	305.09 pf ²	219,967
Internal Playspace	1,044 ft ²	305.09 pf ²	318,509
Ticket Hall	3,412 ft ²	305.09 pf ²	1,040,976
Social Rent	43,834 ft ²	305.09 pf ²	13,373,196
Shared Ownership	28,198 ft ²	305.09 pf ²	8,602,722
Block B Prv Student Beds	188,272 ft ²	305.08 pf ²	57,438,985
Block B Aff Student Beds	24,089 ft ²	305.08 pf ²	7,349,096
Block A Prv Student Beds	<u>32,377 ft²</u>	305.08 pf ²	<u>9,877,726</u>
Totals	330,083 ft²		100,703,327

Contingency	5.00%	5,084,968
Abnormals		2,037,000
CIL/MCIL/		3,689,117
S.106		1,119,290
		11,930,375

PROFESSIONAL FEES

Professionals	10.00%	10,070,333
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This appraisal report does not constitute a formal valuation.

Lewisham Exchange

Revised Scheme - Viability Appraisal

				10,070,333
MARKETING & LETTING				
Letting Agent Fee	10.00%	13,318		
Letting Legal Fee	5.00%	6,659		
				19,976
DISPOSAL FEES				
Sales Agent Fee	1.00%	1,576,280		
Sales Legal Fee		150,000		
				1,726,280
FINANCE				
Debit Rate 6.500%, Credit Rate 1.000% (Nominal)				
Land		533,652		
Construction		6,809,781		
Other		133,227		
Total Finance Cost				7,210,206
TOTAL COSTS				134,926,829
PROFIT				22,701,133
Performance Measures				
Profit on Cost%		16.82%		
Profit on GDV%		14.39%		
Profit on NDV%		14.40%		
IRR		23.99%		

This appraisal report does not constitute a formal valuation.