



Financial Viability Assessment for  
Wayview Limited

**PANDA HOUSE**  
**628 - 634 COMMERCIAL ROAD**  
**LONDON**

**03 December 2019**

**Our Ref: AAMJ/19-03007**

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## 1 INSTRUCTIONS

- 1.1 We have been instructed by Wayview Ltd (the Applicant) to provide an affordable housing Financial Viability Assessment (FVA) of their development proposals at Panda house, 628 - 634 Commercial Road, London (the Subject Site).
- 1.2 The planning application proposals are *“Demolition of existing building and erection of a building of up to five-storeys and two set back floors plus a lower ground floor to provide 109 rooms for short-term hostel and HMO accommodation.”*
- 1.3 The purpose of this report is to consider, in an open book format, the financial viability of the proposed scheme and the level of affordable housing and financial Section 106 contributions that can be supported in addition to the required CIL contribution.
- 1.4 In preparing this viability report we have considered Tower Hamlets Local Plan as well as the Draft Tower Hamlets Local Plan, Tower Hamlets Planning obligations Supplementary Planning Document (SPD) (adopted September 2016) and the Draft London Plan.
- 1.5 The financial viability assessment considers the total value of the completed scheme and the total cost of its delivery, using recognised residual appraisal software - Argus Developer. The resulting residual land value is then compared with an appropriate benchmark value to determine the scheme's viability.
- 1.6 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS 1 of the RICS Valuation - Professional Standards (July 2017) incorporating the IVSC International Valuation Standards (Red Book), the provisions of VPS 1 - 5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book Valuation.
- 1.7 In accordance with the RICS Financial Viability in planning: conduct and reporting (May 2019) (FVIP), in preparing this report we have acted with objectivity and impartially, without interference and with reference to all appropriate available sources of information. This report fully complies with the requirements set out in FVIP.
- 1.8 Our terms of engagement are attached in **Appendix 1**, which confirm that no performance-related or contingent fees have been agreed in this instruction. We confirm that no conflict or risk of conflict of interest exists.
- 1.9 Specifically we would state:
- Our advice and opinions contained herein are given without liability, therefore falling outside the scope of the requirement of the RICS Valuation - Professional Standards July 2017 Edition.
  - We have not conducted a full survey, inspection and measurement nor undertaken all the necessary enquiries required in providing a Red Book Valuation.
- 1.10 We have been provided with, and relied upon, the following key information:
- Valuation input from Savills (Chartered Surveyors) relating to:
    - Existing Use Valuation (EUV) of the site.
    - Capitalisation Rate for the proposed scheme.
  - Build costs for the proposed schemes prepared by 3-Sphere.
  - Design and Access statement and scheme drawings prepared by Create architects.

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## **2 ASSUMPTIONS**

- 2.1 In undertaking this report, unless otherwise specifically stated, we have made the following assumptions:
- We assume that the site is held on a freehold basis with vacant possession and free from all encumbrances such as onerous covenants, easements and rights of way.
  - Other than the build costs provided to us we assume that there are no other items that could lead to adverse development costs such as contamination, adverse ground conditions, right of light issues or the designation of an area of archaeological significance.
  - We assume that the sites do not fall within a flood zone and therefore no overly onerous costs are required to deal with flood prevention measures.
  - We have not arranged nor undertaken any investigations to determine whether or not any deleterious sub-standard or hazardous materials have been used in the construction, services or finishes of the existing structures or have been since incorporated.
  - We have assumed that planning permission will be granted for the development as described above
- 2.2 If any of these assumptions prove to be incorrect we may need to amend our conclusions.

## **3 BACKGROUND**

- 3.1 The site currently comprises a substantial 1960's Property located on Commercial Road (A13) within the London Borough of Tower Hamlets. The Property is situated on the south side of Commercial Road between Mill Place and Island Row approximately 250 metres east of Limehouse DLR Station.
- 3.2 Planning permission was previously granted at the site in 2012 (ref. PA/11/02318) for the extension of the existing building upward to five-storeys, to increase the number of rooms within the hostel.
- 3.3 The building underwent a substantial recent refurbishment in 2017 which included redecoration of all parts, new communal room and reception area, new sanitary ware to en-suite bedrooms, and new fixtures and fittings.

## **4 THE SITE**

- 4.1 The property is arranged around a central court yard that has been filled in at ground floor level. The building is arranged over lower ground, ground, first and second floors. The building is of concrete frame construction with solid brick elevations, beneath a flat roof.
- 4.2 The site is occupied by an existing operational hostel (Sui-Generis Use) comprising 53 which are arranged in a combination of 29 en-suite rooms, 4 further en-suite rooms with no window to the bathroom, 19 double rooms and 1 single room. The rooms have been fitted with a mix of single and bunk beds providing a total of 270 beds to the hostel.
- 4.3 The area surrounding the site is predominantly residential in character, with the exception of 'Our Lady Immaculate' Church and Limehouse Library to the east of the site.

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- 4.4 The site is located within the St Anne's Conservation Area, and is also identified on the Council's Proposals Map as being within the Cross Rail boundary. The site lies to the north of the Thames Policy Area. There are no further designations.
  - 4.5 There are good bus services running along A13 from outside the building. Limehouse Docklands Light Railway station is approximately 5 minutes walking distance from the Property. The A13 provides access to the City approximately 2 miles to the west, and Canary Wharf approximately 1 mile to the east.

## 5 PROPOSED SCHEME

- 5.1 Full details of the proposed development are detailed in the Design and Access Statement submitted with the application but we provide an overview summary of the different components of the development below.
- 5.2 The proposal is to re-develop the Lower Ground Floor and Ground Floor of the existing hostel to provide 31 hostel units. The ground floor will also include a Ground Floor Café and amenity spaces for residents (cinema & gym) at lower ground floor level. Each hostel unit includes an en-suite bathroom with a shower.
- 5.3 The upper floors (First Floor through Sixth Floor) will consist of 78 short term HMO units with shared areas for cooking, lounging and recreation on each floor. Each HMO unit includes an en-suite bathroom with a shower.
- 5.4 An accommodation schedule provided by Create architects in **Appendix 2** details the individual unit sizes and location of the components.

## 6 INTRODUCTION TO VIABILITY

- 6.1 In preparing our advice we have paid regard to Paragraph 57 of the National Planning Policy Framework (NPPF) July 2018, the Viability Guidance prepared by the Ministry of Housing, Communities & Local Government that sits alongside the NPPF, RICS Professional Statement "Financial Viability in Planning: conduct and reporting (First Edition) May 2019" (FVIP).
- 6.2 The Viability Guidance prepared alongside the 2018 NPPF at Paragraph: 010 Reference ID: 10-010-20180724 states:

*"Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return."*
- 6.3 The NPPF and updated Viability guidance note advocates the use of viability assessments at the plan-making, rather than the decision-taking, stage. Specifically, paragraph 57 of the recently published NPPF details:

*"Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force."*

- 6.4 The NPPF therefore puts the responsibility on the applicant to demonstrate whether particular circumstances justify the need for a viability assessment. In terms of the weight given to an assessment this is now a matter for the decision maker having regard to the all of the circumstances in the case. The decision maker needs to pay regard to whether the plan and the viability evidence underpinning it are up to date.
- 6.5 The new NPPF seeks to move the focus of viability studies to the plan making stage. Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage. Given that the NPPF was published in July 2018 and subsequently updated in February 2019, the process of preparing viability evidence to underpin local plans is still in its infancy. Therefore considerable weight needs to be given to viability submissions prepared at the application stage.
- 6.6 Planning policy obligations should not be overly onerous nor undermine the deliverability of an application. Having engaged with the Local Planning Authority, we have established that there is a requirement for a Financial Viability Assessment to validate the Planning Application.
- 6.7 Paragraph 57 goes on to say:
- “All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.”*
- 6.8 This viability assessment, with respect to the assessment of the proposed residential scheme, follows the recommended approach detailed in the Viability Guidance Note including the adoption of the standardised inputs. It is therefore reasonable and accords with policy requirements. With regard to our approach to the assessment of the benchmark land value, this is set out further down in the report.
- 6.9 A scheme is considered viable, in planning terms, if the Gross Development Value is equal to, or in excess of, the sum of the site value, the cost of development, the cost of the planning obligations and the cost of providing a competitive return to a developer and willing landowner.
- 6.10 In summary, the viability assessment process is as follows:

**GROSS DEVELOPMENT VALUE**

less

**COSTS**

less

**PLANNING CONTRIBUTIONS**

less

**PROFIT**

equals

**RESIDUAL LAND VALUE**

compared to

**APPROPRIATE BENCHMARK VALUE**

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## **7 VIABILITY APPROACH**

- 7.1 We have considered the acceptable level of profit required by a developer and tested whether once the anticipated revenue and all the costs, including planning obligations, likely to be incurred in bringing the development forward are taken into account, a residual land value can be generated that is in excess of an appropriate benchmark land value.
- 7.2 The Viability Guidance for the new NPPF advocates that for the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.
- 7.3 We have had regard to the advice the applicant has received from Savills who are specialists in this field) and liaised with the applicant regarding their expected return. In light of these discussions and the speculative nature of the proposed development, an appropriate return is 20% return on costs / 15.53% return on GDV.
- 7.4 We have used Argus Visual Developer Version 8.1 (Argus) to appraise the development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by the majority of local authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending purposes.

## **8 APPRAISAL INPUTS**

- 8.1 We have adopted inputs that reflect cost and values as at the date of this report. There is a possibility that our assumptions may change in accordance with the market as the scheme evolves and further information comes to light.

We set out below our assumptions in respect of these inputs.

## **9 HOSTEL AND HMO VALUES**

The methodology applied to valuing Hostel and HMO schemes is slightly different to that employed to the Build to Sell residential model and more in line with the Build to Rent model. The Hostel and HMO model requires a capitalisation of the rental income to arrive at a Gross Development Value. As such we are considering a number of aspects in order to undertake our valuations. These areas are primarily:

- Gross Rental Income
- Net Operating Income (NOI)
- Capitalisation Rate.

We have taken advice from Interland regarding the Gross Rental Income to apply to the proposed scheme. The table below details Interland's monthly rental assumptions according to room type.

Room type	Monthly Rental
Single Room	£1,000
Double Room	£1,083
Accessible Room	£1,100

- 9.1 Adopting these monthly rents on the proposed scheme produces an aggregate gross rental income of **£1,386,348** per annum.
- 9.2 We consider operational costs of circa 25% to be in the region of market expectations. The costs associated with the 25% deduction include Administration and General costs, Sales and Marketing costs, Property Operations and Maintenance and Utilities. On this basis the net operating income is **£1,039,761**.
- 9.3 Savills have advised on the capitalisation rate to apply to the annual net operating income and their advice is attached in **Appendix 3**. Their assessment of the GDV reflects an ‘up, let and stabilised’ yield, i.e. the value of the investment once it is complete and operational. For the purpose of our viability testing we need to consider the yield that investors would be prepared to apply in a ‘forwarded funded’ scenario i.e the value taking into account development risk. The arbitrage between these two yields reflects market perception of development risk.
- 9.4 In light of comparable transactions, Savills have adopted a net initial yield against a stabilised net operating income of 4.5% on the assumption of a stabilised basis on an income capital approach. To reflect development and let-up risk; essentially the time taken for the investment to “stabilise”; the entry yield should be adjusted. In this case we have adjusted this by 25 bps to 4.25%. We have assessed the development on the basis of a forward funded model which is more speculative and have therefore adopted a capitalisation rate of 4.25%.
- 9.5 On this basis, the proposed scheme generates a GDV of **£24.46 million** assuming 0% affordable housing.

## 10 AFFORDABLE HOUSING VALUES

- 10.1 In order to consider the financial viability of the proposed scheme we have in the first instance had regard to the following Council’s documents:
- Tower Hamlets Planning obligations Supplementary Planning Document (SPD) (adopted September 2016)
  - Tower Hamlets Local Plan
  - Draft London Plan and The GLA’s Housing Supplementary Planning Guidance (SPG).
- 10.2 The Tower Hamlets SPD details that the Council will require the provision of 35%-50% affordable housing on sites providing 10 or more new residential units. The level of affordable housing and the tenure and mix will be considered on a site by site basis subject to viability having regards to the Council’s policies.
- 10.3 The SPD continues that affordable housing should normally be provided on-site. In accordance with London Plan Policy 3.12 and Council Policy DM3, only where exceptional circumstances exist and where the Council is satisfied that it would deliver a better outcome, will off-site provision be accepted. Where exceptionally, housing cannot be



provided on or off-site, a commuted sum will be required in lieu of provision to secure delivery of affordable housing on sites elsewhere.

10.4 Policy D.H7 of the draft local plan details that Housing with shared facilities (houses in multiple occupation HMOs) can be secured as a long-term addition to the supply of low cost housing, or otherwise provides an appropriate amount of affordable housing.

10.5 In the context of the proposed scheme, which will provide a mix of hostel and HMO accommodation, it is only the HMO element of the scheme that is captured by Policy D.H7. As such when we are testing the viability of the scheme to deliver affordable housing we are only applying this to the 78 HMO rooms arranged over the first to sixth floors.

10.6 Policy S.H1 of the draft local plan sets a target of achieving 50% affordable homes through private development as well as council-led initiatives. It also confirms that Affordable housing calculations will be made using habitable rooms.

10.7 Policy D.H2 of the draft local plan details that developments are required to maximise the provision of affordable housing in accordance with a 70% rented and 30% intermediate tenure split. Where the development provides up to 35% affordable housing, as per policy S.H1 above, the affordable housing provision should be comprised of:

- 70% rented element, of which 50% should be London affordable rents and 50% should be Tower Hamlets living rent; and
- 30% intermediate element, which can include London living rent, shared ownership and other intermediate products.

10.8 We have assessed London living rents for the Limehouse ward and established that these are higher than the adopted gross rental incomes for the current scheme as demonstrated in the table below:

Unit Type	2019/2020 Monthly London living Rent	Gross Monthly Rent
One bedroom	£1076	£1,000 Single Room/ £1,083 Double Room

10.9 This demonstrates that the proposed scheme is already supplying a significant quantum of low cost housing based on the adopted gross monthly rent.

10.10 Given the nature of the scheme, in that it provides both hostel and HMO accommodation, it is not possible to deliver shared ownership units within the scheme as there are no self contained flats. Therefore we are testing the viability of the scheme on the assumption that the affordable housing component is delivered as 100% rented, of which 50% should be London affordable rents and 50% should be Tower Hamlets living rent.

#### LONDON AFFORDABLE RENT

10.11 Set out below are the London Affordable Rent (LAR) levels as published on the Mayor's website for the 2019/2020 year which we have adopted.

10.12 There are no specified rents for HMO accommodation and therefore we have adopted the one-bedroom rate in our financial modelling.

Unit Type	2019/2020 Weekly Affordable Rent	2019/2020 Monthly Affordable Rent
One bedroom	£155	£672
Two bedroom	£164	£712
Three bedroom	£173	£751
Four bedroom	£182	£728

## TOWER HAMLETS LIVING RENT

Set out below are the Tower Hamlet Living Rent (LLR) published on the Mayor's website for the 2019/2020 year which we have adopted. These are detailed in the table below.

Again, there are no specified rents for HMO accommodation and therefore we have adopted the one-bedroom rate in our financial modelling.

Unit Type	2019/2020 Weekly Affordable Rent	2019/2020 Monthly Affordable Rent
One bedroom	£197	£788
Two bedroom	£216	£864
Three bedroom	£236	£944
Four bedroom	£256	£1,024

## 11 COSTS

### CONSTRUCTION COSTS

A full cost plan has been provided by 3-Sphere and is attached at **Appendix 4**. The total inclusive construction cost is **£14,919,000**. They have assumed total floor areas for the total development as 48,976 sq ft / 4,550 sq m, which is equivalent to an all-inclusive build cost of £304 per sq ft / £3,278 per sq m. This includes a 5% allowance for overall project contingency.

### PROFESIONAL FEES

- 11.1 We have adopted all professional fees at 8%, which is considered reasonable for a scheme of this size.

### SECTION 106 COSTS

- 11.2 We have not been informed as to the anticipated s.106 financial contributions that the Local Authority intends to levy against the scheme. In the absence of such information we have not made an allowance.
- 11.3 Once we are provided with further information in this regard we reserve the right to amend our viability assessment.

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## SECTION 278 HIGHWAY WORKS

11.4 We are aware that some resurfacing works are required under section 278 highway works but we have not been informed if there are any further anticipated s.278 financial contributions that the Local Authority intends to levy against the scheme.

11.5 Once we are provided with further information in this regard we reserve the right to amend our viability assessment.

## CIL

11.6 We understand that Tower Hamlet's CIL is not liable for this development, but Mayoral CIL is liable for this development. For Tower Hamlets the Mayoral CIL charge is £60 per sq m.

11.7 We reserve the right to amend our adopted CIL figures once further information is available. We assume any affordable housing units will benefit from the CIL exemption.

## ACQUISITION AND PREPARATION COSTS

11.8 We have assumed the following fees in relation to the initial letting of the Hostel / HMO development:

- 10% (of annual rental value) agency fee.
- 3% (of annual rental value) legal fee.

11.9 We have assumed the following marketing, sales and legal fees for the disposal of the Hostel and HMO units:

- 1% Sales Agent fee
- 0.5% Sales Legal fee

11.10 We have assumed the following effective purchaser costs for the Hostel / HMO component, assuming a commercial Stamp Duty Land Tax (SDLT), plus agency / legals:

- 6.8% purchaser costs

## FINANCE

11.11 We have included finance costs at 7.00% inclusive of arrangement fees and a debit rate of 0.75%.

## SENSITIVITY ANALYSIS

11.12 We have carried out a sensitivity analysis to assess the impact of varying the rental level of the Hostel and HMO component and the base build costs on the residual land value (top line) and GDV (bottom line) of the scheme delivering 100% private housing. The cell highlighted blue represents the current position, the cells highlighted green indicate an increase in the residual land value and the cells highlighted red indicated a decrease in the residual land value.

Proposed Scheme 100% Private		Rent: Rate /ft <sup>2</sup>						
		-7.50 /ft <sup>2</sup>	-5.00 /ft <sup>2</sup>	-2.50 /ft <sup>2</sup>	0.00 /ft <sup>2</sup>	2.50 /ft <sup>2</sup>	5.00 /ft <sup>2</sup>	7.50 /ft <sup>2</sup>
		52.19 /ft <sup>2</sup>	54.69 /ft <sup>2</sup>	57.19 /ft <sup>2</sup>	59.69 /ft <sup>2</sup>	62.19 /ft <sup>2</sup>	64.69 /ft <sup>2</sup>	67.19 /ft <sup>2</sup>
Construction: Rate /ft <sup>2</sup>	-30.00 /ft <sup>2</sup>	£1,155,710	£1,787,876	£2,420,037	£3,052,203	£3,684,366	£4,316,528	£4,948,690
	252.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956
	-20.00 /ft <sup>2</sup>	£708,090	£1,340,253	£1,972,416	£2,604,577	£3,236,743	£3,868,906	£4,501,068
	262.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956
	-10.00 /ft <sup>2</sup>	£260,467	£892,630	£1,524,794	£2,156,956	£2,789,116	£3,421,283	£4,053,446
	272.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956
	0.00 /ft <sup>2</sup>	-£211,185	£445,007	£1,077,169	£1,709,334	£2,341,496	£2,973,656	£3,605,824
	282.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956
	10.00 /ft <sup>2</sup>	-£710,595	-£13,286	£629,548	£1,261,708	£1,893,874	£2,526,036	£3,158,195
	292.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956
	20.00 /ft <sup>2</sup>	-£1,214,157	-£503,654	£179,953	£814,088	£1,446,246	£2,078,414	£2,710,576
	302.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956
	30.00 /ft <sup>2</sup>	-£1,719,799	-£1,006,099	-£297,332	£366,465	£998,628	£1,630,791	£2,262,954
	312.73 /ft <sup>2</sup>	£21,326,162	£22,347,794	£23,369,426	£24,391,059	£25,412,691	£26,434,324	£27,455,956

### TIMESCALES AND PHASING

- 11.13 3-Sphere have provided a Development Programme which is attached in **Appendix 5**. This confirms that the scheme is being phased and delivered on the following basis:

Timescale	Period
Purchase	1 month
Pre-Construction	9 months
Construction	15 months
Sale	1 months
<b>Total</b>	<b>26 months</b>

## 12 VIABILITY APPRAISALS

- 12.1 Taking all of the above factors into account we have carried out a development appraisal of the site based on 0% level of affordable housing and 35% affordable housing to arrive at the following residual land values:

Scheme	Residual Land Value
0% AH	£1.71 million
35% AH	£1.12 million

## 13 BENCHMARK LAND VALUE

- 13.1 The Viability Guidance Note attached to the 2018 NPPF confirms that a benchmark land value should be established on the basis of the existing use value (EUV) of the land. It defines EUV as the value of the land in its existing use together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses.
- 13.2 The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements.
- 13.3 The PPG details that the premium is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.
- 13.4 The Mayor's Housing SPG details that analysis of the Benchmark Land Value should be undertaken on an EUV+ Premium approach. The EUV should consider all planning policy requirements relevant to the use (CIL, S106, etc.). The premium must reflect the site specific circumstances. However the SPG also comments that if an Alternative Use Value (AUV) approach is to be adopted this will generally only be accepted 'where there is an existing implementable permission for that use' (para 3.51).
- 13.5 The Mayor's guidance details that premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a lower or no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary.
- 13.6 The FVIP details that when providing benchmark land value we must report the current use value (CUV) referred to as EUV or first component in the PPG referred to above. For the Benchmark Land Value, we have relied upon the Existing Use Value plus premium approach as advocated by the Mayor for London, national planning guidance and FVIP.
- 13.7 The applicant has instructed Savills to assess the existing use value of the site and their valuation report (dated November 2019) is found in **Appendix 3**. Savills have valued the property on a 10 year Discounted Cash Flow model, having regard to comparable evidence and current investment market sentiment.

- 13.8 Within their cashflow, Savills have stabilised occupancy at 70% given the high number of bedspaces. Savills have allowed operational costs of 50% and applied a Capitalisation Rate of 5.5%. These rates differ from those that have been applied to the proposed new scheme and reflect the age and configuration of the existing building compared with the proposed new purpose built accommodation which will provide superior levels of accommodation throughout. When allowing for purchasers costs, Savills valuation of the existing building is £8 million.
- 13.9 At this stage given the results of the financial modelling we have not sought to adopt a premium over the Existing Use Value and therefore for the purposes of establishing a Benchmark Land Value we have adopted Savills assessment of the existing building at **£8.0 million pounds**.

## 14 CONCLUSION

- 14.1 We therefore set out below our assessment of the scheme based on 0% affordable housing and compare this residual land value against a Benchmark Land of £8.0 million.

Scheme	Residual Land Value	Benchmark Land Value	Surplus / Deficit	Viable / Non-Viable
0% AH	£1.71 million	£8 million	-£6.29 million	Non-Viable
35% AH	£1.12 million	£8 million	-£6.88 million	Non-Viable

- 14.2 Based on the above it is not viable for the scheme to make any contribution towards affordable housing.
- 14.3 Notwithstanding that the residual land value falls below the existing use value this scheme is still commercially viable for the applicant. The proposed development will replace the existing dated hostel which provides 58 rooms with a new modern purpose built facility providing 31 hostel rooms and 78 HMO rooms. It will be more efficient in terms of management, on-going maintenance and achieve better gross to net rental returns.
- 14.4 As already set out with reference to current London Living Rents the proposed rents for the HMO element of the scheme will provide a significant contribution to low cost single adult housing within the Borough. At a local level this is very important as identified by the Fairness Commission within the Evidence Pack of their Tower Hamlets Time to Act research paper<sup>1</sup>. This identifies that 41% of all households within the Borough are single adult households and that a significant proportion of this current housing stock is of poor quality.
- 14.5 Taking into account these factors it is clear that the proposed scheme will be making a significant contribution to assist in providing low cost housing for single adult households within the Borough in a modern purpose built high quality environment.

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<sup>1</sup> [www.towerhamlets.gov.uk/fairness](http://www.towerhamlets.gov.uk/fairness)

## 15 QUALITY ASSURANCE

This report has been prepared within the quality system operated at Rapleys LLP according to British Standard ISO 9001:2008.

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Signature:

Archie Mackay-James  
Archie Mackay-James (Dec 4, 2019)

Checked by:

Nick Fell MRICS  
[Nick.fell@rapleys.com](mailto:Nick.fell@rapleys.com)

Signature:

Nicholas Fell  
Nicholas Fell (Dec 4, 2019)

Appendix 1

# TERMS OF ENGAGEMENT



**RAPLEYS LLP**  
**TERMS OF ENGAGEMENT FOR**  
**AFFORDABLE HOUSING VIABILITY ADVICE**

## **1. INSTRUCTION**

We are instructed by Wayview Limited (the Client) to provide advice in connection with the level of affordable housing and financial Section 106 contributions that the proposed residential led development scheme at Panda House (the Site) can support.

Taking into account the circumstances of the current project I recommend we carry out the viability process in two stages.

- Stage 1: Strategy / Options Report outlining the affordable housing strategy, issues we are likely to face, ways to mitigate these issues and potential outcome. Detailed appraisal modelling to consider the impact of providing differing levels of affordable housing and s.106 financial contributions against an appropriate benchmark. We will run iterations of the viability model starting with the policy compliant position and test this at various intervals. Advice on the strength and weaknesses of the argument in providing lower than policy compliant levels of affordable housing.
- Stage 2: Prepare the formal Financial Viability Assessment (FVA) for submission to LBH having agreed the viability strategy with the project team and client.

Our advice is provided in the context of negotiating planning obligations and therefore in accordance with PS 1 of the RICS Valuation - Professional Standards (July 2017) incorporating the IVSC International Valuation Standards (Red Book), the provisions of VPS 1 - 5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book Valuation.

We confirm that as far as we are aware we have had no previous material involvement with the subject Site or with the Client and therefore we have no conflict of interest in providing this advice.

## **2. THE SUBJECT SITE**

The Subject Site to which the instruction relates is known as Panda House, 628 - 634 Commercial Road, London, E14 7HS.

## **3. ASSUMPTIONS AND LIMITATIONS**

We will carry out such inspections and investigations which are, in our professional judgement, appropriate and possible in the particular circumstances. These will be agreed with the client beforehand and set out clearly in our subsequent Report.

We provide our advice on the basis of the Assumptions attached.

We will agree any Special Assumption with the Client before publishing the Viability Report. Any Special Assumptions requested as part of this advice are included within the attached Assumptions. Should any variation to Special Assumptions be required, we will agree the wording before issuing our Valuation.

As our advice is provided in connection with the redevelopment of the site we do not take into account the general state of repair of any existing buildings on the site.

In order to provide our advice and produce a robust viability assessment, we have advised the Client of the need to ensure that each of the component parts is adequately supported with evidence. The main supporting reports we envisage at this stage are as follows:

- Gross Development Values (GDV) for the Hostel and HMO units.
- Detailed Cost Plan to include details of all the abnormal costs (contamination, remediation, piled foundations etc). Ideally this cost plan should be prepared by a firm of Chartered Quantity Surveyors / Building Surveyors.
- We will liaise with the Client's Planning Consultant regarding anticipated s.106 / s.278 / affordable housing policies.
- We recommend that the Client commissions an independent report on the Existing Use Value of the site or Viable Alternative Use Value. This valuation needs to exclude all hope value associated with residential development potential. This will form the basis against which we will look to establish the Benchmark Land Value (BLV).


The above external information / reports are generally the main inputs that we need to submit in support of our viability position. Please note that the above external reports are not covered in our fee quote.

We will rely on any information provided by the client, the client's solicitors or other professional advisors relating to tenure, tenancies and other relevant matters on the basis that this has been provided in good faith. We will not take responsibility for the interpretation of legal documents. Our advice will accordingly be totally dependent on the adequacy of the information supplied and the Assumptions made. It is important to note that should these prove to be incorrect or inadequate, the accuracy of our advice may be affected.

#### 4. FEE BASIS

Based on the above two stage process our fees as agreed are:

Stage 1 - £  
Stage 2 - £

Total Fee up until submission of Viability Appraisal would therefore be £. This will include for meetings with the local authority and internal meetings with the Client Team up to the point of submitting the Viability Appraisal.

The amount of work post-submission is variable depending on the size and nature of the scheme and the argument being submitted. For a scheme of this size, we would expect there to be substantive work post-submission covering the various components of the viability argument including appraisal assumptions and tenure mix. For a scheme of this nature we would also expect significant s106 negotiations related to review mechanisms and trigger clauses. In the event that a submission was put forward with non-policy levels of affordable housing we would expect resistance from the Local Authority and given its size the scheme will be called in by the GLA leading to additional negotiations.

It is not possible at this stage to confirm the complexity of negotiations we would need to undertake post submission. For negotiations post submission we charge on an hourly basis. We keep a detailed timesheet of all hours spent on the project and submit invoices on a monthly basis. Our current hourly rates are:

Nick Fell - Partner (Head of Department)	£[REDACTED] per hour
Will Maby - Partner (Head of Affordable Housing)	£[REDACTED] per hour
Archie Mackay James (Associate)	£[REDACTED] per hour
Jamie Miller (Surveyor)	£[REDACTED] per hour

The above indicative fees are provided on the basis that when we start substantive work on creating the viability models we will have been provided with details of the scheme that you take forward in the planning application. Whilst we fully accept that schemes of this nature evolve during the planning process if during the course of our engagement the scheme is significantly amended then we may need to discuss additional fees to reflect the extent of the changes.

All disbursements will be charged in addition to this, which will include such items as the cost of obtaining documents, photocopying, photography, binding, maps, plans, postage, travel, flights, overnight accommodation and subsistence away from the office. The use of Rapleys LLP cars is charged at 90 pence per mile. We will agree any disbursements with you in advance.

All fees and disbursements will be subject to VAT.

If for any reason our instructions are prematurely terminated we will make an abortive fee charge calculated on our current hourly charging rates for professional staff for the time actually expended as at the date of termination plus any disbursements incurred. Our hourly chargeout rates are reviewable annually as at 1<sup>st</sup> May in each year.

## 5. FEE INVOICE

We will submit invoices on a monthly basis as we progress through each stage. Invoices are payable within 30 days of the date of issue. We reserve the right to charge interest from the 31<sup>st</sup> day following the date of the invoice at a rate of 2% per month calculated on a daily basis.

## 6. VARIATION

These Terms of Engagement may only be varied if accepted in writing by a Partner in Rapleys LLP.

## 7. LIABILITY

Our liability is solely to the named client below. Nothing in these terms shall exclude or restrict our liability in respect of personal injury or death resulting from our negligence or for fraudulent misrepresentation or in any other circumstances where liability may not be so limited under any applicable law or regulation.

Subject thereto and as agreed with the client, as evidenced by the acceptance of these Terms:

1. We shall not be liable for any indirect, special or consequential loss or damage, or any loss of profit, opportunity, production or accruals arising in any circumstances whatsoever, whether in contract, tort, negligence, for breach of statutory duty or otherwise and howsoever caused.
2. Our entire aggregate liability for any claim or claims in contract, tort, negligence, for breach of statutory duty or otherwise, for any loss, costs or expenses howsoever caused arising out of or in connection with the services to be provided under these Terms shall be limited to £5 million.

## 8. COMPLAINTS PROCEDURE

As part of our internal Code of Conduct, Rapleys LLP has an established complaints procedure and a copy of this document is available upon request.

## 9. GENERAL

- All amounts stated in these Terms are exclusive of VAT, which, if appropriate, shall be added and paid at the appropriate rate.
- Either party may terminate these arrangements at any time on 7 days notice or immediately on notice if the other party ceases to trade, becomes insolvent or has an Administrator, Receiver or Liquidator appointed or is in breach of any provision of these terms and fails, where the breach is capable of being remedied, to remedy the breach within 7 days of service of a notice specifying the breach and requiring it to be remedied.
- We will do our best to perform our obligations in accordance with any time frame that is agreed or set, but this is an estimate only and time shall not be of the essence.
- Neither party shall be in breach of their obligations for any delay or failure to perform their respective obligations which is caused by reasons outside that party's reasonable control.
- These Terms shall be governed by English Law. The Court of England shall have exclusive jurisdiction in respect of any disputes and both parties submit to that jurisdiction.
- Both parties do not intend that any person other than the Client and Rapleys LLP shall have any rights under these Terms and under the contract between us by virtue of the Contracts (Rights of Third Parties) Act 1999 or otherwise.
- We take conflict issues seriously. We have procedures in place to ensure that conflict checks are carried out on every matter as soon as practical so that, if an issue arises, it can be discussed with

the Client and dealt with as soon as possible. Our conflict procedures help us to fulfil our professional obligation not to act for one client in a matter where there is an actual (or significant risk of a) conflict with the interests of another client for whom we are already acting.

If at any time the Client becomes aware of an actual or potential conflict of interest, the Client should raise it with us immediately.

Subject to our professional duties, we will always seek to resolve any conflict issues in the most advantageous way to the clients concerned. Where our professional rules allow, the Client agrees that after termination of our retainer, we may act or continue to act for another client in circumstances where we hold information which is confidential to the Client and material to the engagement with that other client. We will not, however, disclose the Client's confidential information to that other client.

- We will keep confidential any information which we acquire about the Client's business and affairs, unless we are required to disclose any such information:
- to our auditors, external assessors or other advisers or for the purposes of our professional indemnity insurance; or
- by law or other regulatory authority to which we are subject.

If we or the Client engage other professional advisers to assist with a matter we will assume, unless the Client notifies us otherwise, that we may disclose any such information to such other advisers as necessary.

On occasion we may use external agencies to undertake typing, printing, photocopying, mailings and other business support services. Before doing so we ensure that appropriate safeguards are in place to protect confidentiality. If the Client has any concerns about this or would like to know more, the Client should let us know.

In certain circumstances, it may be necessary to erect an information barrier (or Chinese Wall) to protect the confidentiality of client information; if this is needed we will discuss it with the Client.

Where possible, we will disclose to the Client all information which is material to the Client's affairs and business regardless of the source of that information. However, we will not disclose to the Client any confidential information about the business and affairs of any other existing or former client, or any information in respect of which we owe a duty of confidentiality to a third party.

If at any time a third party requests access to documents held by us or asks to interview any of our partners or employees in connection with the services we have provided, we may be required as a matter of law to comply with this request. The client will be responsible for our fees, disbursements and expenses in dealing with any such request, including the fees, disbursements and expenses involved in identifying relevant documents, attending interviews or making or defending any application in connection with the validity of the request. Disbursements and expenses may include the fees of third parties instructed by us in order to advise on issues connected with the request.

We will use the personal information we receive about the Client for the administration of our relationship with the Client, billing (and, where necessary, debt collection) and marketing. To help

us to make credit decisions about the Client, to prevent fraud, to check the Client's identity and to prevent money laundering, we may also use the information to search the files of credit reference agencies who will record any credit searches on the Client's file. The information may be used by other credit grantors for making credit decisions about the Client and the people with whom the Client is financially associated, for fraud prevention, money laundering prevention and occasionally for tracing debtors. We may disclose the Client's details to our agents and service providers for any of the purposes set out in this paragraph.

We may from time to time contact the Client by mail, telephone, or email to provide information that may be of interest to the Client, including details of the services we offer, newsletters and invitations to events. The Client should let us know if they do not want to receive such information.

- We store documents and papers for clients, normally without charge. We also do not normally make a charge for retrieving stored documents and papers in response to continuing or new instructions to act for the Client. However, we reserve the right to make a charge based on the time we spend on reading papers, writing letters or providing other services necessary to comply with the instructions.

On completion of a matter and payment of any outstanding bills we shall return to the Client, on request, any documents lent to us by the Client for the purposes of the matter. Where we are acting for joint clients and one joint client asks us to transfer documents lent to us for the purposes of the matter, we will deliver them to, or to the order of, the joint client who delivered them to us.

We do not agree to retain files for any particular period of time but generally keep all files for a minimum period of 16 years. We reserve the right to destroy files without further reference to the Client 16 years after completion of a matter.

- The services provided by us are for the Client's benefit alone and solely for the purpose of the matter to which they relate. They may not be used or relied upon for any other purpose or by third parties. Our duty of care is to the Client and does not extend to any third party. No third party shall have any right under the Contract (Rights of Third Parties) Act 1999 to enforce any of the terms in this document, provided that no right or remedy of any such person which exists or is available otherwise than by virtue of that Act shall be adversely affected by the terms of this document.

We will, on the Client's behalf, instruct, liaise with or coordinate advice from other professional advisers. We will not be responsible for the accuracy or appropriateness of the advice given or work undertaken by those other advisers or for payment of their fees and expenses.

- We are committed to promoting equality and diversity in all of our dealing with clients, third parties and employees. We will not discriminate in the way we provide our services on the grounds of sex (including gender reassignment), marital status, sexual orientation, disability, race, colour, religion, age, nationality or ethnic or national origins.

## 10. ACCEPTANCE

**A copy of our Terms of Engagement is to be signed and returned by the instructing Client prior to commencement of the Valuation instruction**

It is hereby agreed that the above terms are acceptable and I/we instruct Rapleys LLP to proceed. The Client instructing and/or continuing to instruct Rapleys LLP shall constitute acceptance of these Terms of Engagement irrespective of whether such copy is signed and returned.

**CLIENTS SIGNATURE**

**POSITION IN COMPANY**

**NAME OF INSTRUCTING COMPANY**

**PRINT NAME**

**DATE**

**REGISTERED OFFICE**

## DEFINITIONS

### MARKET VALUE (MV)

In accordance with the RICS Valuation - Global Standards 2017 (VPS 4.4) we would define MV as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

For the purpose of Viability Submissions in connection with Affordable Housing Obligations the term Existing Use Value (EUV) is used to mean:

‘The Value of the property in its current planning use and condition, disregarding all hope value attributed to residential development potential’

### ASSUMPTIONS

1. We will not be supplied with any title documents and will not therefore verify any of the title statements made in the Report, but we will assume, unless expressly stated, that the property is free from any unusual or otherwise onerous restrictions, encumbrances, restrictive covenants or outgoings and that good title can be shown.
2. If provided we will assume that the boundaries of the property as shown edged in red on the plan that will be attached to our Viability Submission or otherwise described therein.
3. Unless otherwise expressly stated we will assume that the interest to be valued is the unencumbered freehold with vacant possession.
4. Where necessary and with the client’s consent (or the consent of their appointed Planning Consultant) we will make verbal enquiries of the local planning and highway authorities plus Petroleum Officer in the case of petrol filling stations and will state the results of these enquiries within our Report. We will not accept any liability for any error in any response to a verbal enquiry or website search and we will not accept any responsibility for any error in any written response.
5. In valuing the land and buildings we will take into account items of plant and machinery regarded as usual service installations which would normally pass with the sale of property. Our Valuation therefore includes the following (where they exist):
  - i) Electricity - mains supply cables, transformers, switch gear, standby generating plant and wiring installed for non-process purposes.
  - ii) Gas - gas mains up to and within meter houses and distribution piping within the premises installed for non-process purposes.
  - iii) Water - reservoirs, wells and bore holes together with pumps, water treatment plant, storage tanks and distribution piping within the premises that have been installed for non-process purposes.
  - iv) Space heating and hot water - boilers and associated plant, fuel tanks and distribution piping where primarily installed for space heating and other non-process purposes together with radiators, radiant panels, unit fan heaters and similar environmental heating appliances.



- v) Air conditioning and ventilation - air conditioning plant, trunking, fans and ventilators, except where primarily serving industrial or commercial processes.
  - vi) Fire and safety - hydrants, pumps and mains, sprinkler systems, smoke detectors, fire alarm and burglar alarm systems.
  - vii) Drainage - surface water and foul water drains and sewers.
  - viii) Lifts and gantries - passenger and good lifts, escalators and travelators installed to benefit the general occupation of the building. Gantries and supports or overhead travelling cranes where forming an integral part of the structure of the building.
  - ix) Petrol pumps, underground storage tanks, suction lines, canopy, compressors, air lines, console equipment, car wash machinery and other related items normally associated with an operational petrol filling station.
6. None of the items of plant and machinery and equipment referred to above will be tested and unless otherwise described we will assume they are all in full working order and are not subject to any outstanding loan or hire purchase agreements.
  7. Unless expressly stated we will assume that all mains services are connected or are available to the property.
  8. Except where expressly stated, we will assume that the property and its value will be unaffected by any matters which would be revealed by a local search and replies to the usual enquiries before contract. We will also assume that the property, its condition and its uses are fully authorised and that there are no outstanding statutory notices.
  9. We will make no allowance for any incidental costs or taxation that might arise in the event of a disposal. Furthermore, we will exclude VAT which may be chargeable following any acquisition but we will consider the effect on value of the ability of any likely purchaser to recover the tax.
  10. We will not measure the property in accordance with the RICS Code of Measuring Practice.
  11. If we provide advice on the value the property in its existing use we will make reference to its general state of repair, as will be referred to within the text of the Valuation, but would specifically draw your attention to the Exclusions detailed overleaf.
  12. It is important to note that in the event of a future change in the trading potential of a petrol filling station, e.g. due to the construction of a bypass or other road changes affecting traffic flows or by the development of a further competing forecourt operation which draws trade away, or if historic trading levels are different from those indicated, then the value we will report could vary.

#### SPECIAL ASSUMPTIONS (SA)

SA1 - In providing our advice on the residual land value of the proposed scheme (and all other iterations of the scheme we are asked to assess) we are assuming that planning permission and all other necessary consents will be secured.

#### EXCLUSIONS

1. In accordance with our insurer's requirements we must state that we will not carry out a structural survey of the property nor test the services. Neither will we inspect the woodwork, services or

installations, underground storage tanks or any other part of the structure which are covered, unexposed or inaccessible and we therefore will be unable to report that such parts are free from defect.

2. We will not undertake or arrange for any investigation to be carried out to determine whether or not any deleterious, sub-standard or hazardous materials have been used in the construction, services or finishes of the property or have since been incorporated. These materials include, but are not limited to asbestos, high alumina cement, calcium chloride, wood wool slabs, galvanised steel, wall ties and composite cladding panels. We therefore will not be able to report that the property is free from such material nor to make any comment with regard to them. If necessary we will request from the owner or occupier, whichever is appropriate, a copy of the Asbestos Register. If no such document is provided to us, we will recommend that one is prepared prior to any inspection of the premises being undertaken. If we are made specifically aware of the presence of asbestos either from documentary evidence, word of mouth or by it being obvious from our cursory inspection, we will use our reasonable endeavours to bring this to the Client's attention with a recommendation that a detailed inspection by a qualified specialist should be undertaken in order to establish future obligations and any costs of essential remediation. This will be the full extent of our obligations in this regard. Our advice will assume that no such materials are present. We recommend that if the Client has any concerns at all about any of these materials, the Client should commission a specialist report. We shall have no liability in respect of any matter relating to such materials.
3. The Valuation will not provide an audit for the purposes of the Equalities Act 2010, or for other workplace legislation.
4. We will not carry out an inspection to establish if asbestos is present in the property in order to comply with any of the provisions of The Control of Asbestos Regulations 2012 or for any other purpose. We shall have no liability in respect of any matter relating to asbestos including, but not limited to, its presence at the property.
5. We will not arrange for any investigation to be carried out to determine whether or not the construction methods used were hazardous or deleterious in nature.
6. We will not carry out an inspection nor arrange for any investigation to establish the presence or absence at the property of any invasive or obnoxious weeds or plants. We shall have no liability in respect of any matter relating to any such weeds or plants including, but not limited to, their presence at the property.
7. We will assume the inspection of those parts which have not been inspected would neither reveal material defects and/or construction defects nor cause the valuer to alter the valuation materially.
8. No allowance will be made for rights, obligations, or liabilities arising under the Defective Premises Act 1972.
9. We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or possibility of any such contamination. Unless specifically stated we provide our advice on the basis that no contaminative or potentially contaminative uses have ever been carried out in the property. We will not carry out any investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites and will therefore assume that none

exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land or that the premises have been or are being put to a contaminative use this might reduce the values we will report.

10. We will not carry out any research nor give any information or advice on the risk of flooding at the property and we will not carry out any searches, at the Environment Agency or elsewhere, nor make any enquiries about the risk of flooding at the property.
11. We will not carry out an inspection or arrange for any investigation to be carried out to determine whether there is actual, potential, alleged or threatened formation, growth, presence, release or dispersal of any fungi, moulds, spores or mica toxins of any kind at the property. We shall have no liability in respect of any matter relating to any such fungi, moulds, spores or mica toxins of any kind including, but not limited to, their presence at the property.

## DISCLOSURE

1. Our advice will be confidential to the client for its sole use in connection with submissions to the Local Authority in connection with affordable housing obligations and no responsibility will be accepted to any third party in respect of the whole or any part of its contents having regard to the Hedley Byrne Case.
2. Neither the whole nor any part of our advice nor any reference thereto is to be disclosed to any third party or published in any document, circular or statement without our prior written consent as to the form or context in which it may appear.

Appendix 2

# SCHEDULE OF ACCOMMODATION

# Accommodation Schedule

Project  
**Panda House**  
Address  
**628 Commercial Road, London E14 7HS**  
Client  
**Capulet Properties**

CDA Project Number  
**189 // (SH) 0001**  
Revision  
**06**  
Revision Date  
20.01.2019

## ACCOMMODATION SCHEDULE

B1-LOWER GROUND FLOOR					
HOSTEL					
Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm	
R-(-1).01	SGL. ROOM	1	18.0		
R-(-1).02	DBL. ROOM	2	18.4		
R-(-1).03	SGL. ROOM	1	16.4		
R-(-1).04	SGL. ROOM	1	16.4		
R-(-1).05	DBL. ROOM	2	18.4		
R-(-1).06	SGL. ROOM	1	18.0		
R-(-1).07	ACCESSIBLE	2	24.5		
R-(-1).08	DBL. ROOM	2	24.7		
R-(-1).09	DBL. ROOM	2	17.8		
R-(-1).10	DBL. ROOM	2	17.8		
R-(-1).11	DBL. ROOM	2	18.0		
R-(-1).12	DBL. ROOM	2	24.7		
R-(-1).13	ACCESSIBLE	2	30.5		
R-(-1).00-01	COMMON HALL			46.8	
R-(-1).00-02	LIFT LOBBY			7.4	
R-(-1).00-03	COMMON HALL			39.0	
R-(-1).00-04	STAIR 1			13.0	
R-(-1).00-05	STAIR 2			16.4	
R-(-1).00-06	CLEANER			2.7	
R-(-1).00-07	LAUNDARY			6.6	
R-(-1).00-08	ACC. W.C.			4.2	
R-(-1).00-09	PLANT			21.3	
R-(-1).00-10	GYM			30.9	
R-(-1).00-11	CYCLE + GEN. STORE			44.0	
R-(-1).00-12	REFUSE			26.1	
R-(-1).00-13	LUGGAGE			15.7	
R-(-1).00-14	CINEMA			41.7	
R-(-1).00-15	K / L / D			63.3	
	13 Bedrooms	22	263.6	+	315.8 = 579
00-GROUND FLOOR					
HOSTEL					
Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm	
R-00.01	SGL. ROOM	1	14.5		
R-00.02	DBL. ROOM	2	18.4		
R-00.03	SGL. ROOM	1	16.4		
R-00.04	NOT USED				
R-00.05	DBL. ROOM	2	18.4		
R-00.06	SGL. ROOM	1	14.5		
R-00.07	SGL. ROOM	1	15.7		
R-00.08	SGL. ROOM	1	15.3		
R-00.09	SGL. ROOM	1	15.3		
R-00.10	ACCESSIBLE	2	30.5		
R-00.11	DBL. ROOM	2	24.7		
R-00.12	DBL. ROOM	2	17.8		
R-00.12	DBL. ROOM	2	17.9		
R-00.13	DBL. ROOM	2	18.0		
R-00.15	DBL. ROOM	2	24.7		
R-00.16	ACCESSIBLE	2	30.5		
R-00.17	SGL. ROOM	1	15.3		
R-00.18	SGL. ROOM	1	15.3		
R-00.19	SGL. ROOM	1	15.7		
R-00.00-01	COMMON HALL			28.2	
R-00.00-02	NOT USED				
R-00.00-03	LOBBY			10.2	
R-00.00-04	COMMON HALL			14.3	
R-00.00-05	COMMON HALL			7.7	

R-00.00-06	COMMON HALL			31.0	
R-00.00-07	COMMON HALL			16.7	
R-00.00-08	LOBBY			10.3	
R-00.00-09	STAIR 1			11.7	
R-00.00-10	STAIR 2			12.9	
R-00.00-11	CLEANER			2.7	
R-00.00-12	LAUNDARY			6.6	
R-00.00-13	ACC. W.C.			4.2	
R-00.00-14	OFFICE			16.4	
R-00.00-15	LOUNGE / RECEPT.			63.4	
	18 Bedrooms	27	338.9	+	236.3 = 575
<b>01-FIRST FLOOR</b>					
<b>HMO</b>					
Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm	
R-01.01	SGL. ROOM	1	18.0		
R-01.02	DBL. ROOM	2	18.4		
R-01.03	SGL. ROOM	1	16.4		
R-01.04	SGL. ROOM	1	16.4		
R-01.05	DBL. ROOM	2	18.4		
R-01.06	SGL. ROOM	1	18.0		
R-01.07	DBL. ROOM	2	18.6		
R-01.08	DBL. ROOM	2	18.3		
R-01.09	DBL. ROOM	2	17.6		
R-01.10	ACCESSIBLE	2	30.5		
R-01.11	DBL. ROOM	2	24.7		
R-01.12	DBL. ROOM	2	24.7		
R-01.13	ACCESSIBLE	2	30.5		
R-01.14	DBL. ROOM	2	17.6		
R-01.15	DBL. ROOM	2	18.3		
R-01.16	DBL. ROOM	2	18.6		
R-01.00-01	COMMON HALL			31.5	
R-01.00-02	LIFT LOBBY			7.4	
R-01.00-03	COMMON HALL			34.6	
R-01.00-04	LOBBY			7.1	
R-01.00-05	LOBBY			7.1	
R-01.00-06	STAIR 1			13.0	
R-01.00-07	STAIR 2			16.4	
R-01.00-08	CLEANER			2.7	
R-01.00-09	LAUNDARY			6.6	
R-01.00-10	ACC. W.C.			4.2	
R-01.00-11	KITCHEN / DINING			28.5	
R-01.00-12	LOUNGE			33.1	
R-01.00-13	KITCHEN / DINING			23.6	
R-01.00-14	LOUNGE			34.1	
	16 Bedrooms	28	325.0	+	159.1 = 484
<b>02-SECOND FLOOR</b>					
<b>HMO</b>					
Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm	
R-02.01	SGL. ROOM	1	18.0		
R-02.02	DBL. ROOM	2	18.4		
R-02.03	SGL. ROOM	1	16.4		
R-02.04	SGL. ROOM	1	16.4		
R-02.05	DBL. ROOM	2	18.4		
R-02.06	SGL. ROOM	1	18.0		
R-02.07	DBL. ROOM	2	18.6		
R-02.08	DBL. ROOM	2	18.3		
R-02.09	DBL. ROOM	2	17.6		
R-02.10	ACCESSIBLE	2	30.5		
R-02.11	DBL. ROOM	2	24.7		
R-02.12	DBL. ROOM	2	24.7		
R-02.13	ACCESSIBLE	2	30.5		
R-02.14	DBL. ROOM	2	17.6		
R-02.15	DBL. ROOM	2	18.3		
R-02.16	DBL. ROOM	2	18.6		
R-02.00-01	COMMON HALL			31.5	
R-02.00-02	LIFT LOBBY			7.4	
R-02.00-03	COMMON HALL			34.6	
R-02.00-04	LOBBY			7.1	
R-02.00-05	LOBBY			7.1	
R-02.00-06	STAIR 1			13.0	

R-02.00-07	STAIR 2			16.4
R-02.00-08	CLEANER			2.7
R-02.00-09	LAUNDARY\			6.6
R-02.00-10	ACC. W.C.			4.2
R-02.00-11	KITCHEN / DINING			28.5
R-02.00-12	LOUNGE			33.1
R-02.00-13	KITCHEN / DINING			23.6
R-02.00-14	LOUNGE			34.1
	16 Bedrooms	28	325.0	+ 159.1 = 484
<b>03-THIRD FLOOR</b>				
<b>HMO</b>				
Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm
R-03.01	SGL. ROOM	1	18.0	
R-03.02	DBL. ROOM	2	18.4	
R-03.03	SGL. ROOM	1	16.4	
R-03.04	SGL. ROOM	1	16.4	
R-03.05	DBL. ROOM	2	18.4	
R-03.06	SGL. ROOM	1	18.0	
R-03.07	DBL. ROOM	2	18.6	
R-03.08	DBL. ROOM	2	18.3	
R-03.09	DBL. ROOM	2	17.6	
R-03.10	ACCESSIBLE	2	30.5	
R-03.11	DBL. ROOM	2	24.7	
R-03.12	DBL. ROOM	2	24.7	
R-03.13	ACCESSIBLE	2	30.5	
R-03.14	DBL. ROOM	2	17.6	
R-03.15	DBL. ROOM	2	18.3	
R-03.16	DBL. ROOM	2	18.6	
R-03.00-01	COMMON HALL			31.5
R-03.00-02	LIFT LOBBY			7.4
R-03.00-03	COMMON HALL			34.6
R-03.00-04	LOBBY			7.1
R-03.00-05	LOBBY			7.1
R-03.00-06	STAIR 1			13.0
R-03.00-07	STAIR 2			16.4
R-03.00-08	CLEANER			2.7
R-03.00-09	LAUNDARY\			6.6
R-03.00-10	ACC. W.C.			4.2
R-03.00-11	KITCHEN / DINING			28.5
R-03.00-12	LOUNGE			33.1
R-03.00-13	KITCHEN / DINING			23.6
R-03.00-14	LOUNGE			34.1
	16 Bedrooms	28	325.0	+ 249.9 = 575
<b>04-FOURTH FLOOR</b>				
<b>HMO</b>				
Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm
R-04.01	SGL. ROOM	1	18.0	
R-04.02	DBL. ROOM	2	18.4	
R-04.03	SGL. ROOM	1	16.4	
R-04.04	SGL. ROOM	1	16.4	
R-04.05	DBL. ROOM	2	18.4	
R-04.06	SGL. ROOM	1	18.0	
R-04.07	DBL. ROOM	2	18.6	
R-04.08	DBL. ROOM	2	18.3	
R-04.09	DBL. ROOM	2	17.6	
R-04.10	ACCESSIBLE	2	30.5	
R-04.11	DBL. ROOM	2	24.7	
R-04.12	DBL. ROOM	2	24.7	
R-04.13	ACCESSIBLE	2	30.5	
R-04.14	DBL. ROOM	2	17.6	
R-04.15	DBL. ROOM	2	18.3	
R-04.16	DBL. ROOM	2	18.6	
R-04.00-01	COMMON HALL			31.5
R-04.00-02	LIFT LOBBY			7.4
R-04.00-03	COMMON HALL			34.6
R-04.00-04	LOBBY			7.1
R-04.00-05	LOBBY			7.1
R-04.00-06	STAIR 1			13.0
R-04.00-07	STAIR 2			16.4
R-04.00-08	CLEANER			2.7

R-04.00-09	LAUNDARY\			6.6	
R-04.00-10	ACC. W.C.			4.2	
R-04.00-11	KITCHEN / DINING			28.5	
R-04.00-12	LOUNGE			33.1	
R-04.00-13	KITCHEN / DINING			23.6	
R-04.00-14	LOUNGE			34.1	
	16 Bedrooms	28	325.0	+	249.9 = 575
<b>05-FIFTH FLOOR</b>					
<b>HMO</b>					
	Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm
R-05.01	SGL. ROOM		1	15.5	
R-05.02	SGL. ROOM		1	12.6	
R-05.03	DBL. ROOM		2	23.4	
R-05.04	SGL. ROOM		1	14.7	
R-05.05	DBL. ROOM		2	25.3	
R-05.06	DBL. ROOM		2	23.4	
R-05.07	SGL. ROOM		1	12.6	
R-05.08	SGL. ROOM		1	15.5	
R-05.00-01	COMMON HALL				31.5
R-05.00-02	LIFT LOBBY				7.4
R-05.00-03	COMMON HALL				13.0
R-05.00-04	STAIR 1				16.4
R-05.00-05	STAIR 2				27.5
R-05.00-06	CLEANER				2.7
R-05.00-07	LAUNDARY				6.6
R-05.00-08	ACC. W.C.				4.2
R-05.00-09	KITCHEN				15.4
R-05.00-10	LOUNGE				30.9
	8 Bedrooms	11	143.0	+	155.6 = 299
<b>06-SIXTH FLOOR</b>					
<b>HMO</b>					
	Zone Number	Zone Name	Occupants	Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm
R-06.01	DBL. ROOM		2	20.0	
R-06.02	SGL. ROOM		1	12.9	
R-06.03	SGL. ROOM		1	14.7	
R-06.04	DBL. ROOM		2	25.3	
R-06.05	SGL. ROOM		1	12.9	
R-06.06	DBL. ROOM		2	20.0	
R-06.00-01	COMMON HALL				31.5
R-06.00-02	LIFT LOBBY				7.4
R-06.00-03	COMMON HALL				27.5
R-06.00-04	STAIR 1				13.0
R-06.00-05	STAIR 2				16.4
R-06.00-06	CLEANER				2.7
R-06.00-07	LAUNDARY				6.6
R-06.00-08	ACC. W.C.				4.2
R-06.00-09	KITCHEN				15.4
R-06.00-10	LIVING				30.9
	6 Bedrooms	9	105.8	+	155.6 = 261

		Total Area (NIA) BEDRM UNIT sqm	Total Area (NIA) ANCILLARY sqm	Total Area (NIA) COMBINED sqm
TOTAL HOSTEL:	31 Bedrooms	602.5	+	552.1 = 1,155
TOTAL HMO:	78 Bedrooms	1,562.7	+	1,365.5 = 2,928
<b>TOTAL COMBINED:</b>	<b>109 Bedrooms</b>	<b>2,165.2</b>	<b>+</b>	<b>1,917.6 = 4,083</b>

- 1 These areas have been calculated in accordance with the method defined by (RICS, Client etc) net, gross etc.
- 2 For the avoidance of doubt, the area of the toilet in the dwelling unit (i.e. in the Bedroom Unit) is included in the N.I.A. (Net Internal Area).
- 3 These areas have been measured off preliminary drawings using the stated conventions:
- 4 § There is design development yet to take place that might affect them.
- 5 § The building may present anomalies in relation to surveyed/drawn plans (include for existing).
- 6 § The Contractor is required to work to specific tolerances during construction.
- 7 Take account of these factors before planning any financial or property development purpose or strategy.
- 8 Seek confirmation of areas before decision-making.
- 9 The areas are approximate. They relate to the likely areas of the building at the current state of design, using the stated option (eg NIA) from the Code of Measuring Practice 5th Edition RICS/ISVA.
- 10 Any decisions to be made on the basis of these predictions



Appendix 3

# SAVILLS REPORT

19 November 2019

F:\LOAN SECURITY VALUATIONS\Secure Trust\Cyril 2\Reports\Panda House commercial road\Panda House - Final Desktop Letter.docx

The Directors  
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For the attention of: Cyril Ogunmakin

Dear Sirs,

PROPERTY: PANDA HOUSE, 628-634 COMMERCIAL ROAD, LONDON, E14 7HS

In accordance with the instructions contained in your email to us dated 13 November 2019, as confirmed in our letter to you dated 14 November 2019, we have undertaken a desktop valuation as per your instructions. We understand that the valuation is required for internal decision making purposes.

This advice is provided on an informal desktop basis and in accordance with our standard procedures, all such advice is provided strictly without liability as indicative guidance only and is not a substitute for a valuation undertaken in accordance with the RICS Red Book. It should not be relied upon as the basis for any binding decision. Savills does not accept responsibility for the consequence of any binding decision that may be made on the basis of this advice. All correspondence (email or otherwise) hereinafter is on the basis of this position on reliance and responsibility.

For clarification, we undertook a valuation of the Property for loan security purposes in March 2017. Our desktop is on the basis that nothing has changed at the property, with the exception of the operating position, which you have provided an update to.

### **Conflicts of interest**

As you are aware we have undertaken valuations of the Property for Loan Security purposes in 2015 and 2017. We would note for the 2017 valuation, the property had been fully refurbished and we understand that the property remains unchanged.

Due to the amount of time that has passed we do not consider this gives rise to a conflict of interest. Additional, we consider we are best placed to provide a desktop opinion of value due to having carried out a formal valuation previously.

## Property

The Property as existing comprises a substantial 1960's Property that arranged around a central court yard that has been filled in at ground floor level. The building is arranged over lower ground, ground, first and second floors beneath a flat roof that was unsighted. The Property is of low architectural merit with minimalist brick, concrete and glass elevations.

The building is of concrete frame construction with solid brick elevations, beneath a flat roof which we assume to have been overlain in bituminous material. Fenestration is provided via a mix of upvc and steel casement windows with secondary glazing in places.

The building has undergone a substantial recent refurbishment at the cost of circa £1M, during late 2016 early 2017. This included, redecoration of all parts, new communal room and reception area, new sanitary ware to en-suite bedrooms, and new fixtures and fittings.

The building is accessed via the main entrance off Island Row, just off commercial road, which leads to a formal reception area, from which the central communal room can be accessed, which provides informal seating and dining space as well as basic kitchen facilities. The four wings surrounding this are accessed via a main corridor which runs on each floor to the main internal wall overlooking the central courtyard, with two stair cores connecting each floor level. From the main corridor access is provided to each of the 53 bedrooms (29 en-suite rooms, 4 further en-suite rooms with no window to the bathroom, 19 double rooms and 1 single room). The rooms have been fitted with a mix of single and bunk beds providing a total of 270 beds to the hostel.

## Operation

We have not had sight of the tenancy agreement as the Property is now utilised as a hostel and is let on an informal licence basis.

We have been provided with a budget against actual for the past 3 years and the 2019 budget to October. A summary of the key highlights are as follows:

				part	adjusted
	2016	2017	2018	2019	2019
Occupancy	61%	57%	61%	63%	63%
Total income	£845,135	£936,177	£910,049	£768,370	£922,044
Total expenses	£582,449	£606,322	£571,636	£482,628	£579,154
Net operating income	£262,686	£329,854	£338,413	£285,742	£342,890
Average monthly room income	£62,244	£70,560	£67,496	£68,949	£82,739
Total monthly income (F&B and other )	£70,428	£78,015	£75,837	£76,837	£76,837
Average monthly cost	£48,537	£50,527	£47,636	£48,263	£28,574

We have adjusted the 2019 to reflect a full year to provide a comparison.

We would note that this operation is below, our forecasts when undertaking our previous valuation, with target occupancy for a London hostel being in the order of 70-80%.

## **Valuation**

We have valued the property on a 10 year Discounted Cash Flow model, having regard to comparable evidence and current investment market sentiment.

Due to the performance of the property our valuation is based on a hypothetical efficient operator's likely trading performance at the Property. We have balanced actual operating costs with benchmark performance ratios derived from comparable trading assets that we have reviewed in the course of our professional work.

Within our cashflow we have stabilised occupancy at 7% given the high number of bedspaces.

We have allowed operational costs of 50%.

We have applied a Capitalisation Rate of 5.5%.

Allowing for purchasers costs our valuation reflects £8M. we would note that this is slightly below our opinion of value in 2017, which reflects the performance of the asset.

## **Alternate yields**

As part of our instruction you have requested we detail alternate use yields for co-living and student markets.

### **Co-living**

#### **Old Oak – The Collective**




The asset was openly marketed at the start of 2018 with a number of qualified offers being made. The sale was proceeding with Red Door Ventures at a purchase price of £115M before they pulled the offer for purely political reasons. We confirm that we had sight of the under bidders and that the proposed purchase price was reasoned and supported by the wider market. In terms of yield based on our understanding of the gross to net, this reflected a net yield of circa 4.5%.

Subsequently an existing investor acquired the full share – which was broadly in line with the previously agreed price. Although this is not an open market transaction it was clearly marketed and all parties had visibility of the depth of the market. In addition at the time a number of the other parties were actively enquiring to purchase.

#### **Greater London Portfolio**

This was developed by Rooms and Studios which as a Bank you are aware of as an operator. The schemes were all PD conversions to studios / co living units. In the case of the Croydon assets these were both let to Croydon Council for a 10 year term with a 5 year break. The council now operate the building as temporary accommodation.

**Greater London Portfolio comprising Concord House, Sycamore House and Windsor House, London Road, Croydon**

		Type	Existing Investment
<b>Sycamore House</b>	<b>Concord House</b>	Date	January 2017
		Price	£51.8M
		Units	338
		Yield	6.76% gross 6.18% net (assuming net operating income) 5.07% net (assuming 25% operating costs)
<b>Windsor House</b>		Purchaser	Cheyne Social Property Impact Fund

The Greater London Portfolio comprises Concord House, Sycamore House and Windsor House. All of the buildings are located on London Road, Croydon, and consists of 338 units, totalling just over 100,000 sq ft (9,290 sq m). All three properties are held freehold and have recently been converted from commercial office space into residential units under Permitted Development Rights, and provide a mix of studio, two and three bedroom flats. We understand that the three buildings are held freehold.

**Student**

**Kelaty House, Wembley**



Kelaty House is a scheme of 599 student beds planned adjacent to the 1st Way campus in the Wembley Action Area. The scheme will replace the former Kelaty House industrial and office building on the site and is due to be complete in 2021. Watkin Jones Group bought the student element of the site from Lum Chang in February 2018 for £28.14m and has now agreed a forward funding sale of the completed student development.

The transaction exchanged in late February 2019 for a total consideration of £89.8m; a funding yield of 4.85% on 2018/19 rents and, equating to a price per bed of £149,900 inclusive of the ground floor retail element. Analysis of the transaction would suggest a stabilised yield of around 4.50%.

Although in Zone 4 away from the principal university aggregations the comparable sits within a regeneration area increasingly established for the student accommodation use. The scale of the Subject Property is much smaller, and it is located in a prime Westminster location. We consider the Subject to be superior in terms of location.

#### **Fulham Palace Studios, W6 9PA**

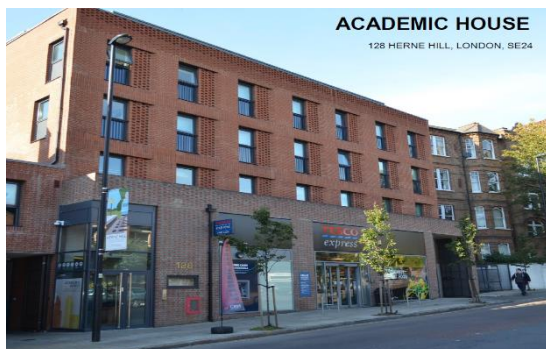


Fulham Palace Studios is a mixed use block situated in west London fronting the Fulham Palace Road. The Property was built by Sunley Developments and opened in 2014 operating as a 74 studio, direct let scheme with approximately 700 sq. m (7,535 sq. ft.) of ground floor retail within three units.

The scheme was sold to Aberdeen Standard Investments in March 2019 for approximately £22.6m, reflecting a blended net initial yield of 4.42% which was skewed marginally, against sector comparators, by the retail weighting. The value of the student accommodation reflected in the transaction was analysed at around £240,000 per bed.

There remains a shortage of suitable accommodation for students in London generally and lesser differential between weekly rents between managed accommodation and those in other local housing options. The comparable is in a slightly inferior location to the Subject.

#### **Academic House, Herne Hill, London SE24**



Academic House is a purpose built student accommodation block built in 2014 and comprises 69 bed spaces arranged in a mix of studio (13) and cluster en suite (56) bedrooms over three upper floors. In addition there is a 4,000 sq. ft. retail unit on the ground floor let on a long lease (17 years). The property is located in Transport for London Zone 2 adjacent to the Herne Hill Overground station and a 15 minute walk to Brixton Underground station.

The scheme was bought by a private buyer in March 2018 for £10,700,000 reflecting a net initial yield of 5.20% and a capital value per bed of £155,072.

The London location would be viewed as better overall with a vastly larger student demand pool, however its position in relation to the local institutions is lesser than the subject. At only 69 rooms the asset would have had limited appeal to many of the usual student accommodation investors. The transaction occurred in March 2018 and pricing has increased and agents estimate that yields would have improved by 10-15 bps since that time.

#### **ViBe, Cambridge Road, Kingston Upon Thames**



A purpose built direct let scheme opened in September 2017 providing 300 bed spaces in a mix of cluster flats and studios located to the south east of Kingston town centre. Whilst some distance from the university campuses, a free bus service is available nearby. It is fully let for 2018/19 on a mix of 45 and 51 week contract lengths.

The property is under offer at the asking price of £42.45m on the student element equating to a blended net initial yield of 5.68% on the 2018/19 rents.

There have been occupancy issues in the Kingston PBSA market over recent years with a drop in student numbers at the University and voids in existing buildings resulting in reduced investor interest and an outward shift in yields. There has been some recovery recently and prime yields for fully occupied PBSA in the town are now around 5.50%.

**Paul Street East, London**



A purpose built direct let scheme opened in September 2015 providing bed spaces in a mix of cluster flats and studios located in the centre of Shoreditch.

The property sold in April 2019 for £164,000,000 which equates to a net initial yield of 3.74% and £340,000 per bed.

There are a number of high quality PBSA schemes in the area, and public transport links allow student the ability to get to universities building quickly. This scheme does offer a large amount of amenity spaces, arranged over two whole floors.

In light of the above comparable transactions we have adopted a net initial yield against stabilised net operating income of 4.00%.

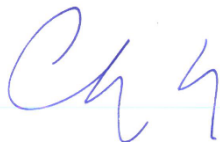
We consider that a period of 12 months is a reasonable period within which to negotiate completion of a sale by private treaty of the Property at the level of our valuation, taking into account the nature of the Property and the state of the market.

I reaffirm that this letter has been prepared as indicative guidance only and is not a substitute for a formal valuation as contemplated by the RICS Red Book. In particular they should not be relied upon as the basis for any binding decision and Savills does not accept responsibility for the consequences of any binding decision that may be made on the basis of this exercise. This advice is for your use alone.

I hope that this is helpful. Please contact us should you have any queries or if you wish to discuss anything further.

Yours faithfully

For and on behalf of Savills (UK) Limited



Craig Langley MRICS  
RICS Registered Valuer  
Director



Appendix 4

# 3-SPHERE COST PLAN

# COST PLAN



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Demolition of an existing  
building to create 109nr room  
HMO/Hostel Scheme

at



Panda House, E14

for  
Interland Group

---

NOVEMBER 2019

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Version 1

## **CONTENTS**



### **SECTION**

0	Executive Summary
1	Financial Summary
2	Area Schedule
3	Exclusions & Clarifications
4	Drawing/Document List
5	Schedule of Works
6	Risk Register

# 0

## Section 0 - Executive Summary



## 0.0 EXECUTIVE SUMMARY

### EXECUTIVE SUMMARY

#### Introduction

3 Sphere have been appointed to provide cost planning services on behalf of Interland Group for the demolition of an existing hostel and construction of a new 109nr HMO/Hostel Scheme, Panda House in E14.

Create Design have provided an Architectural Design and Interland Group have provided a specification, which has been utilised to inform this cost plan. At this stage assumptions have been made in regards to Structural and Mechanical and Electrical design based on similar schemes.

This is the first version of the cost plan and the current forecast cost totals approximately £14.9M (£305/ft<sup>2</sup>) including professional fees, contingency, and VAT which compares closely to a medium residential project. The table below details the cost summary, this is broken down into the construction costs and the relevant on costs.

It should be noted that there are a number of exclusions and assumptions that 3 Sphere have made which can be referred to within this document.

#### Cost Summary

Element	Nov-19
Construction Costs	£10,417,600
External Works	£326,200
Site Set up and Management; increase due to site constraints	£1,933,900
OH&P	£887,400
Design Risk Contingency	£230,000
Contractors Design Fees	£413,900
Contingency	£710,000
<b>Total</b>	<b>£14,919,000</b>

#### Version Control

<b>Version</b>	1
<b>Date</b>	25/11/2019
<b>Produced By</b>	Z. Rines
<b>Review By</b>	P. Young
<b>Design Stage</b>	RIBA Stage 2

#### Signatory

Z. Rines - 3 Sphere

# 1

## Section 1 - Main Summary



## 1.0 COST PLAN SUMMARY

	GIA
Lower Ground Floor	709.00
Ground Floor	635.00
First Floor	637.00
Second Floor	637.00
Third Floor	637.00
Fourth Floor	637.00
Fifth Floor	351.00
Sixth Floor	307.00
Total	4,550.00

## 1.1 OVERVIEW

NO.	DESCRIPTION	TOTAL	£/m2	£/ft2
<b>A</b>	<b><u>SCHEDULE OF WORKS</u></b>			
1	DEMOLITION & ALTERATIONS	£413,000	£91	£8
2	SUBSTRUCTURE	£1,988,500	£437	£41
3	SUPERSTRUCTURE			
3A	Frame	£422,510	£93	£9
3B	Upper Floors	£614,560	£135	£13
3C	Roof	£407,700	£90	£8
3D	Stairs	£140,000	£31	£3
3E	External Walls	£869,400	£191	£18
3F	Windows and External Doors	£487,550	£107	£10
3G	Internal Walls and Partitions	£465,780	£102	£10
3H	Internal Doors	£335,950	£74	£7
4	INTERNAL FINISHES			
4A	Walls	£338,939	£74	£7
4B	Floors	£353,753	£78	£7
4C	Ceilings	£248,515	£55	£5
5	FIXTURES AND FIXTURES	£549,500	£121	£11
6	SERVICES			
6A	Sanitary Fittings	£228,600	£50	£5
6B	Disposal Installations	£128,538	£28	£3
6C	Water Installations	£179,953	£40	£4
6D	Space Heating and Cooling	£405,421	£89	£8
6E	Ventilation	£310,750	£68	£6
6F	Electrical Services	£474,035	£104	£10
6G	Lift Installations	£310,000	£68	£6
6H	Fire & Lighting Installations	£522,930	£115	£11
6I	Communication Installations	£221,706	£49	£5
7	EXTERNAL WORKS			
7A	External Site Works	£92,500	£20	£2
7B	External Drainage	£33,712	£7	£1
7C	External Services	£200,000	£44	£4
<b>SUB-TOTAL - SCHEDULE OF WORKS</b>		<b>£10,743,801</b>	<b>£2,361</b>	<b>£219</b>
8	Site Set up and Management 18%	£1,933,884	£425	£40
9	OH&P 7%	£887,438	£195	£18
<b>CONSTRUCTION SUB-TOTAL</b>		<b>£13,565,100</b>	<b>£2,981</b>	<b>£277</b>
10	Design Risk Contingency; All risk 2%	£230,000	£51	£5
11	Contractors Design Fees 3%	£413,900	£91	£8
12	Client Professional Fees	Excluded	Excl.	Excl.
<b>CLIENT DIRECT SUB-TOTAL</b>		<b>£643,900</b>	<b>£142</b>	<b>£13</b>
<b>TOTAL ESTIMATED PROJECT COST</b>		<b>£14,209,000</b>	<b>£3,123</b>	<b>£290</b>
12	Contingency 5%	£710,000	£156	£15
<b>TOTAL ESTIMATED PROJECT COST</b>		<b>£14,919,000</b>	<b>£3,279</b>	<b>£305</b>

# 2

## Section 2 - Area Schedule





2.0 AREA SCHEDULE

NO.	DESCRIPTION	M2	SQ FT
	<b><u>LOWER GROUND (GIA)</u></b>		
1	Single Room 01	17.4	187.4
2	Double Room 02	17.6	189.7
3	Single Room 03	15.7	169.3
4	Single Room 04	15.7	168.9
5	Double Room 05	17.6	189.8
6	Accessible Room 07	23.4	252.2
7	Double Room 08	23.4	252.0
8	Double Room 09	17.0	182.8
9	Double Room 10	17.1	184.4
10	Double Room 11	17.0	183.0
11	Double Room 12	23.6	253.5
12	Accessible Room 13	29.0	311.7
13	Common Hall	88.3	950.3
14	Lift Lobby	7.4	79.8
15	Stair 1	13.2	142.3
16	Stair 2	16.4	176.7
17	Cleaners Cupboard	2.9	30.8
18	Laundry	6.7	71.7
19	Acc.WC	4.4	46.8
20	Plant Room	30.7	330.9
21	Kitchen/Living/Dining	60.9	655.6
22	Gym	35.4	380.7
23	Refuse	32.0	344.4
24	Cycle Stroage	21.6	232.8
25	General Storage	16.0	172.2
26	Luggage Room	15.6	168.3
27	Cinema Room	41.6	447.7
28	Walls/Structure	81.4	875.9
	<b>Total (GIA)</b>	<b>709.0</b>	<b>7,631.6</b>
	<b><u>GROUND (GIA)</u></b>		
29	Single Room 07	16.1	173.7
30	Single Room 08	15.6	167.9
31	Single Room 09	15.7	169.4
32	Accessible Room 10	28.5	307.0
33	Double Room 11	24.3	261.2
34	Double Room 12	17.8	191.9
35	Double Room 13	18.2	196.1
36	Double Room 14	17.8	191.2
37	Double Room 15	23.6	253.9
38	Accessible Room 16	29.0	312.2
39	Single Room 17	15.6	167.7
40	Single Room 18	15.5	166.7
41	Single Room 19	15.8	170.5
42	Common Hall	120.1	1,292.6
43	Kitchen/Dining/ Lounge (02 & 03)	49.8	535.8
44	Kitchen/Lounge/Reception	61.1	658.0
45	Kitchen/Dining/ Lounge (05 & 06)	49.8	535.6
46	Stair 1	11.3	121.4
47	Stair 2	11.9	127.8
48	Cleaners Cupboard	2.9	30.9
49	Laundry	6.8	73.1
50	Acc. WC	4.4	47.0
51	Walls/Structure	63.5	683.3
	<b>Total (GIA)</b>	<b>635.0</b>	<b>6,835.1</b>



2.0 AREA SCHEDULE

NO.	DESCRIPTION	M2	SQ FT
	<b><u>FIRST FLOOR (GIA)</u></b>		
52	Single Room 01	17.2	184.8
53	Double Room 02	17.7	190.0
54	Single Room 03	15.7	169.2
55	Single Room 04	15.7	169.2
56	Double Room 05	17.7	190.0
57	Single Room 06	17.1	183.7
58	Double Room 07	18.9	203.7
59	Double Room 08	18.5	198.6
60	Double Room 09	17.7	191.0
61	Accessible Room 10	28.5	306.2
62	Double Room 11	23.6	254.2
63	Double Room 12	17.0	183.3
64	Double Room 13	17.2	184.8
65	Double Room 14	17.0	183.3
66	Double Room 15	23.6	254.0
67	Accessible Room 16	28.6	307.8
68	Double Room 17	17.8	191.2
69	Double Room 18	18.4	198.5
70	Double Room 19	18.7	201.4
71	Common Hall	81.8	880.2
72	Lift Lobby	7.7	82.3
73	Stair 1	13.1	141.4
74	Stair 2	16.6	178.6
75	Cleaners Cupboard	2.9	30.9
76	Laundry Room	6.8	73.4
77	Acc.W.C	4.4	47.0
78	Kitchen/Dining/Lounge	59.6	641.4
79	Walls/Structure	77.7	836.4
	<b>Total (GIA)</b>	<b>637.0</b>	<b>6,856.6</b>
	<b><u>SECOND FLOOR (GIA)</u></b>		
80	Single Room 01	17.2	184.8
81	Double Room 02	17.7	190.0
82	Single Room 03	15.7	169.2
83	Single Room 04	15.7	169.2
84	Double Room 05	17.7	190.0
85	Single Room 06	17.1	183.7
86	Double Room 07	18.9	203.7
87	Double Room 08	18.5	198.6
88	Double Room 09	17.7	191.0
89	Accessible Room 10	28.5	306.2
90	Double Room 11	23.6	254.2
91	Double Room 12	17.0	183.3
92	Double Room 13	17.2	184.8
93	Double Room 14	17.0	183.3
94	Double Room 15	23.6	254.0
95	Accessible Room 16	28.6	307.8
96	Double Room 17	17.8	191.2
97	Double Room 18	18.4	198.5
98	Double Room 19	18.7	201.4
99	Common Hall	81.8	880.2
100	Lift Lobby	7.7	82.3
101	Stair 1	13.1	141.4
102	Stair 2	16.6	178.6
103	Cleaner Cupboard	2.9	30.9
104	Laundry Room	6.8	73.4
105	Acc.W.C	4.4	47.0
106	Kitchen/Dining/Lounge	59.6	641.4



2.0 AREA SCHEDULE

NO.	DESCRIPTION	M2	SQ FT
107	Walls/Structure	77.7	836.4
	<b>Total (GIA)</b>	<b>637.0</b>	<b>6,856.6</b>
	<b><u>THIRD FLOOR (GIA)</u></b>		
108	Single Room 01	17.6	189.3
109	Double Room 02	17.7	190.0
110	Single Room 03	15.7	169.2
111	Single Room 04	15.7	169.2
112	Double Room 05	17.7	190.0
113	Single Room 06	17.6	189.3
114	Double Room 07	18.8	202.4
115	Double Room 08	18.5	199.6
116	Double Room 09	17.7	190.8
117	Accessible Room 10	28.5	306.3
118	Double Room 11	23.6	254.0
119	Double Room 12	23.6	254.1
120	Accessible Room 13	28.8	309.6
121	Double Room 14	17.9	192.1
122	Double Room 15	18.4	198.4
123	Double Room 16	18.8	202.1
124	Common Hall (03.01)	82.4	887.2
125	Lift Lobby	7.8	83.4
126	Stair 1	13.2	141.5
127	Stair 2	16.6	178.5
128	Cleaner Cupboard	2.9	30.9
129	Laundry Room	6.8	73.1
130	Acc.W.C	4.4	47.0
131	Kitchen/Dining/Lounge (03.11 & 12)	59.6	641.5
132	Lounge/Kitchen/Dining (03.13 & 14)	55.7	599.4
133	Walls/Structure	71.3	767.5
	<b>Total (GIA)</b>	<b>637.0</b>	<b>6,856.6</b>
	<b><u>FOURTH FLOOR (GIA)</u></b>		
134	Single Room 01	17.6	189.3
135	Double Room 02	17.7	190.0
136	Single Room 03	15.7	169.2
137	Single Room 04	15.7	169.2
138	Double Room 05	17.7	190.0
139	Single Room 06	17.6	189.3
140	Double Room 07	18.8	202.4
141	Double Room 08	18.5	199.6
142	Double Room 09	17.7	190.8
143	Accessible Room 10	28.5	306.3
144	Double Room 11	23.6	254.0
145	Double Room 12	23.6	254.1
146	Accessible Room 13	28.8	309.6
147	Double Room 14	17.9	192.1
148	Double Room 15	18.4	198.4
149	Double Room 16	18.8	202.1
150	Common Hall (03.01)	82.4	887.2
151	Lift Lobby	7.8	83.4
152	Stair 1	13.2	141.5
153	Stair 2	16.6	178.5
154	Cleaner Cupboard	2.9	30.9
155	Laundry Room	6.8	73.1
156	Acc.W.C	4.4	47.0
157	Kitchen/Dining/Lounge (04.11 & 12)	59.6	641.5
158	Lounge/Kitchen/Dining (04.13 & 14)	55.7	599.4
159	Walls/Structure	71.3	767.5
	<b>Total (GIA)</b>	<b>637.0</b>	<b>6,856.6</b>



2.0     AREA SCHEDULE

NO.	DESCRIPTION	M2	SQ FT
	<b><u>FIFTH FLOOR (GIA)</u></b>		
160	Single Room 01	15.7	169.0
161	Single Room 02	13.9	149.6
162	Double Room 03	23.3	251.0
163	Single Room 04	14.2	152.7
164	Double Room 05	24.7	265.4
165	Double Room 06	23.3	250.7
166	Single Room 07	13.7	147.4
167	Single Room 08	16.6	178.8
168	Common Hall (05.01)	60.1	646.7
169	Lift Lobby	7.8	83.4
170	Stair 1 (05.04)	13.1	141.4
171	Stair 2 (05.05)	16.6	178.9
172	Cleaner Cupboard	2.9	30.9
173	Laundry Room	6.8	73.0
174	Acc.W.C	4.4	46.9
175	Kitchen/Dining/Lounge (05.09 & 10)	46.4	498.9
176	Walls/Structure	47.7	513.3
	<b>Total (GIA)</b>	<b>351.0</b>	<b>3,778.1</b>
	<b><u>SIXTH FLOOR (GIA)</u></b>		
177	Double Room 01	20.2	217.2
178	Single Room 02	13.0	140.1
179	Single Room 03	14.8	159.0
180	Double Room 04	24.6	265.2
181	Single Room 05	12.9	138.4
182	Double Room 06	20.1	216.7
183	Common Hall (06.01)	60.3	648.6
184	Lift Lobby	7.7	82.5
185	Stair 1	13.0	140.3
186	Stair 2	16.6	178.8
187	Cleaner Room	2.9	30.9
188	Laundry Room	6.8	73.2
189	Acc.W.C	4.4	47.0
190	Kitchen/Dining/Living (06.09 & 10)	46.4	499.9
191	Walls/Structure	43.4	466.7
	<b>Total (GIA)</b>	<b>307.0</b>	<b>3,304.5</b>

# 3

## Section 3 - Exclusions & Clarifications



## 2.0 EXCLUSIONS & CLARIFICATIONS

### 2.1 EXCLUSIONS

- 1 Project insurances
- 2 Client direct furnishes etc
- 3 Section 106/278 works
- 4 Financing costs
- 5 Abnormal out of hours working
- 6 Removal and disposal of Clients FF&E
- 7 Latent defects insurance
- 8 Works outside of the site demise unless specifically identified
- 9 Provision of artwork
- 10 Stationary and other client operating equipment such as cutlery, crockery, stationary etc.
- 11 Adoption of Pre-Construction Services Agreement and associated additional costs
- 12 Independent commissioning
- 13 Acceleration costs
- 14 Specialist equipment not specifically identified
- 15 Costs associated with meeting future changes in legislation
- 16 Cost associated with OPEX such as FM / maintenance agreements / spares etc.
- 17 Dilapidation costs
- 18 Inflation
- 19 Computers, printers, fax machines and the like
- 20 Capital allowances saving
- 21 Removal and/or disposal of redundant furniture
- 22 Temporary power
- 23 Generator; assumed not required
- 24 Asbestos Removal
- 25 Removal of Contaminated Soil

### 2.2 CLARIFICATIONS

- 1 Costs current at 4Q 2019
- 2 Costs have been based on documents listed in section 4
- 3 Start on site date 4Q 2020
- 4 Form of procurement traditional single stage lump sum
- 5 All works carried out within normal working hours
- 6 Works to be carried out in 1 phase
- 7 Design complies with current building regulations including Part L
- 8 All risks project insurance to be taken out by the client
- 9 All incoming utilities connection costs to be funded direct by Client.
- 10 No environmental assessment required
- 11 All quantities are indicative and should not be relied upon.
- 12 Assumes the existing power capacity is sufficient; i.e. no allowance has been made for HV works (sub-station)
- 13 Assumes existing water connection is sufficient
- 14 Following BREXIT It is not possible to predict with any certainty the effects of inflation and other market factors on building prices. This should be kept under review in light of actual inflation within the construction industry or if any other market factors come into effect
- 15 Budgets are based on certain assumptions made at this stage (particularly with regard to Structural, MEP Services solutions)
- 16 Services have been assumed pending receipt and review of information from the services engineer
- 17 Apartments assumed as being fitted out to a similar specification based on previous development fit out specification (Kellogg Tower)

# 4

## Section 4 - Drawings & Documents



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**DRAWINGS & DOCUMENTS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
	<b><u>THIS DOCUMENT HAS BEEN BASED ON THE FOLLOWING DRAWINGS AND SPECIFICATIONS</u></b>					
	<b>Create Design</b>					
1	189-CDA-ZZ-ZZ-SA-A-X-3000-10-Accommodation Schedule_191107 as issued					
2	189-CDA-A2-00-DR-A-05-0100-REV 07-GROUND FLOOR PLAN					
3	189-CDA-A2-01-DR-A-05-0101-REV 05-FIRST FLOOR PLAN					
4	189-CDA-A2-02-DR-A-05-0102-REV 01-SECOND FLOOR PLAN					
5	189-CDA-A2-05-DR-A-05-0104-REV 07-FIFTH FLOOR PLAN					
6	189-CDA-A2-06-DR-A-05-0105-REV 07-SIXTH FLOOR PLAN					
7	189-CDA-A2-07-DR-A-05-0106-REV 06-ROOF PLAN					
8	189-CDA-A2-B1-DR-A-05-0099-REV 09-LOWER GROUND FLOOR PLAN					
9	189-CDA-A2-XX-DR-A-05-0201-REV 06-NORTH ELEVATION					
10	189-CDA-A2-XX-DR-A-05-0202-REV 06-EAST ELEVATION					
11	189-CDA-A2-XX-DR-A-05-0203-REV 06-SOUTH ELEVATION					
12	189-CDA-A2-XX-DR-A-05-0204-REV 06-WEST ELEVATION					
13	189-CDA-A2-ZZ-DR-A-05-0103-REV 08-THIRD_FOURTH FLOOR PLAN					
14	189-CDA-A2-ZZ-DR-A-05-0400-REV 05-SECTION A					
15	189-CDA-XX-XX-DR-A-90-1000-REV-01_LANDSCAPING_190920					
	<b>Interland Group</b>					
16	302-SC10-Kellogg Tower Finishes Schedule Rev E 20161017.compressed					



# 5

## Section 5 - Schedule of Works Detail



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**DEMOLITIONS AND ALTERATIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
1.00	<b><u>DEMOLITIONS AND ALTERATIONS</u></b>					
	<b>Structural Demolition</b>					
	<b><u>Existing Building</u></b>					
A	Demolition of the existing Hostel; excluding removal of asebestos	5,900	m <sup>3</sup>	70	£413,000	
Carried Forward to Summary					£413,000	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**SUBSTRUCTURE**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
2.00	<b><u>SUBSTRUCTURE</u></b>					
	<b>Foundations</b>					
A	Excavation and disposal; basement; assumed non contaminated soil	3,990	m <sup>3</sup>	150	£598,500	
B	Allowance for foundations and slab at basement level; assume mini piles	800	m <sup>2</sup>	1,200	£960,000	
C	Retaining wall; assume liner wall and cavity drain system	610	m <sup>2</sup>	500	£305,000	
D	Provisional Sum for temporary works	1	PS	100,000	£100,000	
E	Allowance for unknown obstructions	1	PS	25,000	£25,000	
Carried Forward to Summary					£1,988,500	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**FRAME**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3A	<b><u>FRAME</u></b>					
	Frame					
A	In situ concrete frame	3,841	m <sup>2</sup>	110	£422,510	
Carried Forward to Summary					£422,510	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**UPPER FLOORS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
<b>3B</b>	<b><u>UPPER FLOORS</u></b>					
A	Allowance for concrete upper floors	3,841	m <sup>2</sup>	160	£614,560	
Carried Forward to Summary					£614,560	



## ROOF

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
<b>3C</b>	<b><u>ROOF</u></b>					
A	Insitu concrete roof slab	709	m <sup>2</sup>	180	£127,620	
B	Roof coverings including insulation etc	709	m <sup>2</sup>	100	£70,900	
C	Extra for extensive green roof finishes	410	m <sup>2</sup>	250	£102,500	
D	Extra over for paving to roof	299	m <sup>2</sup>	70	£20,930	
E	Allowance for balustrade to terraces	135	m	325	£43,875	
F	Allowance for coping to parapets	135	m	125	£16,875	
G	Lift overruns	2	Nr	10,000	£20,000	
H	Provisional Sum for rainwater guttering and downpipes	1	PS	5,000	£5,000	
Carried Forward to Summary					£407,700	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**STAIRS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3D	<b><u>STAIRS</u></b>					
	<b>Internal Staircase</b>					
A	Staircase 1; precast concrete	7	flight	10,000	£70,000	
B	Staircase 2; precast concrete	7	flight	10,000	£70,000	
Carried Forward to Summary					£140,000	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**EXTERNAL WALLS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3E	<b><u>EXTERNAL WALLS</u></b>					
	<b>North Elevation</b>					
A	Allowance for brick and block cavity wall	634	m <sup>2</sup>	350	221,900	
B	Extra Over; Rockpanel Cladding	119	m <sup>2</sup>	100	11,900	
C	Allowance for bolt on balcony structure, insulation, waterproofing, decking, drainage and balustrading	3	Nr	12,500	37,500	
	<b>East Elevation</b>					
D	Allowance for brick and block cavity wall	494	m <sup>2</sup>	350	172,900	
E	Extra Over; Rockpanel Cladding	103	m <sup>2</sup>	100	10,300	
	<b>South Elevation</b>					
F	Allowance for brick and block cavity wall	630	m <sup>2</sup>	350	220,500	
G	Extra Over; Rockpanel Cladding	118	m <sup>2</sup>	100	11,800	
	<b>West Elevation</b>					
H	Allowance for brick and block cavity wall	492	m <sup>2</sup>	350	172,200	
I	Extra Over; Rockpanel Cladding	104	m <sup>2</sup>	100	10,400	
Carried Forward to Summary					£869,400	





**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**WINDOWS & EXTERNAL DOORS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3F	<b><u>WINDOWS &amp; EXTERNAL DOORS</u></b>					
	<u>Windows</u>					
	<b>North Elevation</b>					
A	Allowance for windows	244	m <sup>2</sup>	650	£158,600	
	<b>East Elevation</b>					
B	Allowance for windows	77	m <sup>2</sup>	650	£50,050	
	<b>South Elevation</b>					
C	Allowance for windows	219	m <sup>2</sup>	650	£142,350	
	<b>West Elevation</b>					
D	Allowance for windows	77	m <sup>2</sup>	650	£50,050	
	<u>External Doors</u>					
	<b>North Elevation</b>					
E	Main Entrance	1	Nr	5,000	£5,000	
F	Allowance for sliding door to balcony	6	Nr	3,500	£21,000	
G	Allowance for double doors	1	Nr	2,000	£2,000	
H	Allowance for single doors	2	Nr	1,500	£3,000	
	<b>East Elevation</b>					
I	Allowance for sliding door to balcony	4	Nr	3,500	£14,000	
J	Allowance for single doors	4	Nr	1,500	£6,000	
	<b>South Elevation</b>					
K	Allowance for sliding door to balcony	4	Nr	3,500	£14,000	
	<b>West Elevation</b>					
L	Allowance for sliding door to balcony	4	Nr	3,500	£14,000	
M	Allowance for single doors	5	Nr	1,500	£7,500	
Carried Forward to Summary					£487,550	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**INTERNAL WALLS & PARTITIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3G	<b><u>INTERNAL WALLS &amp; PARTITIONS</u></b>					
	<b><u>Lower Ground Floor</u></b>					
A	Internal stud partitions; including acoustic insulation and plasterboard	1,144	m <sup>2</sup>	60	£68,640	
B	Allowance for glazed partitions	24	m <sup>2</sup>	450	£10,800	
	<b><u>Ground Floor</u></b>					
C	Internal stud partitions; including acoustic insulation and plasterboard	883	m <sup>2</sup>	60	£52,980	
D	Allowance for glazed partitions	88	m <sup>2</sup>	450	£39,600	
	<b><u>First Floor</u></b>					
E	Internal stud partitions; including acoustic insulation and plasterboard	1,015	m <sup>2</sup>	60	£60,900	
	<b><u>Second Floor</u></b>					
F	Internal stud partitions; including acoustic insulation and plasterboard	1,050	m <sup>2</sup>	60	£63,000	
	<b><u>Third Floor</u></b>					
G	Internal stud partitions; including acoustic insulation and plasterboard	906	m <sup>2</sup>	60	£54,360	
	<b><u>Fourth Floor</u></b>					
H	Internal stud partitions; including acoustic insulation and plasterboard	906	m <sup>2</sup>	60	£54,360	
	<b><u>Fifth Floor</u></b>					
I	Internal stud partitions; including acoustic insulation and plasterboard	527	m <sup>2</sup>	60	£31,620	
	<b><u>Sixth Floor</u></b>					
J	Internal stud partitions; including acoustic insulation and plasterboard	492	m <sup>2</sup>	60	£29,520	
Carried Forward to Summary					£465,780	

**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN****INTERNAL DOORS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3H	<b><u>INTERNAL DOORS</u></b>					
	<b><u>Lower Ground Floor</u></b>					
A	Entrance door to rooms; leaf timber door; including ironmongery	12	nr	1,100	£13,200	
B	Toilet Door; single leaf timber door; including ironmongery	12	nr	950	£11,400	
C	Internal door; single leaf timber door; including ironmongery	15	nr	850	£12,750	
D	Internal door; double leaf timber door; including ironmongery	2	nr	1,800	£3,600	
	<b><u>Ground Floor</u></b>					
E	Entrance door to rooms; leaf timber door; including ironmongery	13	nr	1,100	£14,300	
F	Toilet Door; single leaf timber door; including ironmongery	13	nr	950	£12,350	
G	Internal door; leaf timber door; including ironmongery	13	nr	850	£11,050	
H	Internal door; double leaf timber door; including ironmongery	4	nr	1,800	£7,200	
	<b><u>First Floor</u></b>					
I	Entrance door to rooms; leaf timber door; including ironmongery	19	nr	1,100	£20,900	
J	Toilet Door; single leaf timber door; including ironmongery	19	nr	950	£18,050	
K	Internal door; leaf timber door; including ironmongery	11	nr	850	£9,350	
L	Internal door; double leaf timber door; including ironmongery	2	nr	1,800	£3,600	
	<b><u>Second Floor</u></b>					
M	Entrance door to rooms; leaf timber door; including ironmongery	19	nr	1,100	£20,900	
N	Toilet Door; single leaf timber door; including ironmongery	19	nr	950	£18,050	
O	Internal door; leaf timber door; including ironmongery	11	nr	850	£9,350	
P	Internal door; double leaf timber door; including ironmongery	2	nr	1,800	£3,600	
	<b><u>Third Floor</u></b>					
Q	Entrance door to rooms; leaf timber door; including ironmongery	16	nr	1,100	£17,600	
R	Toilet Door; single leaf timber door; including ironmongery	16	nr	950	£15,200	
S	Internal door; leaf timber door; including ironmongery	11	nr	850	£9,350	
T	Internal door; double leaf timber door; including ironmongery	3	nr	1,800	£5,400	
	<b><u>Fourth Floor</u></b>					
U	Entrance door to rooms; leaf timber door; including ironmongery	16	nr	1,100	£17,600	
V	Toilet Door; single leaf timber door; including ironmongery	16	nr	950	£15,200	
W	Internal door; leaf timber door; including ironmongery	11	nr	850	£9,350	
X	Internal door; double leaf timber door; including ironmongery	3	nr	1,800	£5,400	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**INTERNAL DOORS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
3H	<b><u>INTERNAL DOORS</u></b>					
	<b><u>Fifth Floor</u></b>					
Y	Entrance door to rooms; leaf timber door; including ironmongery	8	nr	1,100	£8,800	
Z	Toilet Door; single leaf timber door; including ironmongery	8	nr	950	£7,600	
AA	Internal door; leaf timber door; including ironmongery	9	nr	850	£7,650	
AB	Internal door; double leaf timber door; including ironmongery	2	nr	1,800	£3,600	
	<b><u>Sixth Floor</u></b>					
AC	Entrance door to rooms; leaf timber door; including ironmongery	6	nr	1,100	£6,600	
AD	Toilet Door; single leaf timber door; including ironmongery	6	nr	950	£5,700	
AE	Internal door; leaf timber door; including ironmongery	9	nr	850	£7,650	
AF	Internal door; double leaf timber door; including ironmongery	2	nr	1,800	£3,600	
Carried Forward to Summary					£335,950	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**WALL FINISHES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
<b>4A</b>	<b><u>WALL FINISHES</u></b>					
	<b><u>Lower Ground Floor</u></b>					
A	Skim to plasterboard and general paint finish; mist and 3 coats	1,954	m <sup>2</sup>	22	£42,988	
B	Wall Tiling to bathroom; PC supply rate £30/m2	98	m <sup>2</sup>	80	£7,841	
C	Wall Tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500	£1,500	
D	Extra Over; acoustics to cinema room	1	PS	5,000	£5,000	
	<b><u>Ground Floor</u></b>					
E	Skim to plasterboard and general paint finish; mist and 3 coats	1,493	m <sup>2</sup>	22	£32,842	
F	Wall Tiling to bathroom; PC supply rate £30/m2	106	m <sup>2</sup>	80	£8,494	
G	Wall Tiling to kitchen; PC supply rate £30/m2	2	Nr	1,500	£3,000	
	<b><u>First Floor</u></b>					
H	Skim to plasterboard and general paint finish; mist and 3 coats	1,498	m <sup>2</sup>	22	£32,952	
I	Wall Tiling to bathroom; PC supply rate £30/m2	155	m <sup>2</sup>	80	£12,415	
J	Wall Tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500	£1,500	
	<b><u>Second Floor</u></b>					
K	Skim to plasterboard and general paint finish; mist and 3 coats	1,554	m <sup>2</sup>	22	£34,184	
L	Wall Tiling to bathroom; PC supply rate £30/m2	155	m <sup>2</sup>	80	£12,415	
M	Wall Tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500	£1,500	
	<b><u>Third Floor</u></b>					
N	Skim to plasterboard and general paint finish; mist and 3 coats	1,469	m <sup>2</sup>	22	£32,325	
O	Wall Tiling to bathroom; PC supply rate £30/m2	131	m <sup>2</sup>	80	£10,454	
P	Wall Tiling to kitchen; PC supply rate £30/m2	2	Nr	1,500	£3,000	
	<b><u>Fourth Floor</u></b>					
Q	Skim to plasterboard and general paint finish; mist and 3 coats	1,469	m <sup>2</sup>	22	£32,325	
R	Wall Tiling to bathroom; PC supply rate £30/m2	131	m <sup>2</sup>	80	£10,454	
S	Wall Tiling to kitchen; PC supply rate £30/m2	2	Nr	1,500	£3,000	
	<b><u>Fifth Floor</u></b>					
T	Skim to plasterboard and general paint finish; mist and 3 coats	887	m <sup>2</sup>	22	£19,507	
U	Wall Tiling to bathroom; PC supply rate £30/m2	65	m <sup>2</sup>	80	£5,227	
V	Wall Tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500	£1,500	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**WALL FINISHES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
4A	<b><u>WALL FINISHES</u></b>					
	<b><u>Sixth Floor</u></b>					
W	Skim to plasterboard and general paint finish; mist and 3 coats	868	m <sup>2</sup>	22	£19,096	
X	Wall Tiling to bathroom; PC supply rate £30/m2	49	m <sup>2</sup>	80	£3,920	
Y	Wall Tiling to kitchen; PC supply rate £30/m2	1	Nr	1,500	£1,500	
Carried Forward to Summary					£338,939	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**FLOOR FINISHES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
<b>4B</b>	<b><u>FLOOR FINISHES</u></b>					
	<b><u>Lower Ground Floor</u></b>					
A	Levelling screed	628	m <sup>2</sup>	13	£7,850	
B	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	597	m <sup>2</sup>	60	£35,820	
C	Flush timber skirtings	631	m	15	£9,465	
D	Plant space; mezzanine; paint	31	m <sup>2</sup>	15	£465	
	<b><u>Ground Floor</u></b>					
E	Levelling screed	572	m <sup>2</sup>	13	£7,150	
F	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	572	m <sup>2</sup>	60	£34,320	
G	Flush timber skirtings	592	m	15	£8,880	
	<b><u>First Floor</u></b>					
H	Levelling screed	559	m <sup>2</sup>	13	£6,988	
I	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	559	m <sup>2</sup>	60	£33,540	
J	Flush timber skirtings	601	m	15	£9,015	
	<b><u>Second Floor</u></b>					
K	Levelling screed	559	m <sup>2</sup>	13	£6,988	
L	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	559	m <sup>2</sup>	60	£33,540	
M	Flush timber skirtings	621	m	15	£9,315	
	<b><u>Third Floor</u></b>					
N	Levelling screed	566	m <sup>2</sup>	13	£7,075	
O	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	566	m <sup>2</sup>	60	£33,960	
P	Flush timber skirtings	582	m	15	£8,730	
	<b><u>Fourth Floor</u></b>					
Q	Levelling screed	566	m <sup>2</sup>	13	£7,075	
R	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	566	m <sup>2</sup>	60	£33,960	
S	Flush timber skirtings	582	m	15	£8,730	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**FLOOR FINISHES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
4B	<b><u>FLOOR FINISHES</u></b>					
	<b><u>Fifth Floor</u></b>					
T	Levelling screed	303	m <sup>2</sup>	13	£3,788	
U	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	303	m <sup>2</sup>	60	£18,180	
V	Flush timber skirtings	346	m	15	£5,190	
	<b><u>Sixth Floor</u></b>					
W	Levelling screed	264	m <sup>2</sup>	13	£3,300	
X	Floor Finishes; say Parador vinyl flooring or porcelain tiling throughout ALL rooms and communal	264	m <sup>2</sup>	60	£15,840	
Y	Flush timber skirtings	306	m	15	£4,590	
Carried Forward to Summary					£353,753	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN****CEILING FINISHES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
4C	<b><u>CEILING FINISHES</u></b>					
	<b><u>Lower Ground Floor</u></b>					
A	New suspended MF plasterboard and skim	628	m <sup>2</sup>	40	£25,120	
B	General Paint Finish; mist and 2 coats	628	m <sup>2</sup>	15	£9,420	
C	Extra Over; acoustic to cinema room	1	PS	5,000	£5,000	
	<b><u>Ground Floor</u></b>					
D	New suspended MF plasterboard and skim	572	m <sup>2</sup>	40	£22,880	
E	General Paint Finish; mist and 2 coats	572	m <sup>2</sup>	15	£8,580	
	<b><u>First Floor</u></b>					
F	New suspended MF plasterboard and skim	559	m <sup>2</sup>	40	£22,360	
G	General Paint Finish; mist and 2 coats	559	m <sup>2</sup>	15	£8,385	
	<b><u>Second Floor</u></b>					
H	New suspended MF plasterboard and skim	559	m <sup>2</sup>	50	£27,950	
I	General Paint Finish; mist and 2 coats	559	m <sup>2</sup>	15	£8,385	
	<b><u>Third Floor</u></b>					
J	New suspended MF plasterboard and skim	566	m <sup>2</sup>	50	£28,300	
K	General Paint Finish; mist and 2 coats	566	m <sup>2</sup>	15	£8,490	
	<b><u>Fourth Floor</u></b>					
L	New suspended MF plasterboard and skim	566	m <sup>2</sup>	50	£28,300	
M	General Paint Finish; mist and 2 coats	566	m <sup>2</sup>	15	£8,490	
	<b><u>Fifth Floor</u></b>					
N	New suspended MF plasterboard and skim	303	m <sup>2</sup>	50	£15,150	
O	General Paint Finish; mist and 2 coats	303	m <sup>2</sup>	15	£4,545	
	<b><u>Sixth Floor</u></b>					
P	New suspended MF plasterboard and skim	264	m <sup>2</sup>	50	£13,200	
Q	General Paint Finish; mist and 2 coats	264	m <sup>2</sup>	15	£3,960	
Carried Forward to Summary					£248,515	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**FIXTURES FITTINGS & EQUIPMENT**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
5A	<b><u>FIXTURES FITTINGS &amp; EQUIPMENT</u></b>					
	<b>Fitted Furniture</b>					
A	Communal Kitchens; all with Composite (Compact Laminate) worktops	11	Nr	22,500	£247,500	
B	Joinery to rooms; wardrobes and vanity units	109	Nr	2,000	£218,000	
C	Provisional Sum for FF&E to cinema room	1	PS	20,000	£20,000	
D	Provisional Sum for FF&E to back of house areas	1	PS	50,000	£50,000	
E	Gym Equipment	1	Excluded	Excluded	Excluded	
F	Wayfinding Signage	1	PS	14,000	£14,000	
Carried Forward to Summary					£549,500	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**SANITARY FITTINGS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6A	<b><u>SANITARY FITTINGS</u></b>					
A	Shower; including screen	116	Nr	750	£87,000	
B	WC	116	Nr	400	£46,400	
C	Basin	116	Nr	500	£58,000	
D	Extra Over; Accessible WC; Doc M Pack	20	Nr	450	£9,000	
E	Cleaners Sink	7	Nr	400	£2,800	
F	Builders work in connection with services@ 2.5%	2.5%	%	203,200	£5,080	
G	Sub-Contractor Prelims @ 10%	10.0%	%	203,200	£20,320	
Carried Forward to Summary					£228,600	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**DISPOSAL INSTALLATIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6B	<b><u>DISPOSAL INSTALLATIONS</u></b>					
	<b><u>Generally</u></b>					
A	Disposal installations	4,550	m <sup>2</sup>	25	£113,750	
B	Builderswork in connection with services@ 2.5%	2.5%	%	113,750	£2,844	
C	Testing & commissioning @ 2.5%	2.5%	%	113,750	£2,844	
D	Sub-Contractor Prelims and testing @ 10%	8.0%	%	113,750	£9,100	
Carried Forward to Summary					£128,538	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**WATER INSTALLATIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6C	<b><u>WATER INSTALLATIONS</u></b>					
	<b><u>Generally</u></b>					
A	Hot and cold water services	4,550	m <sup>2</sup>	35	£159,250	
B	Builderswork in connection with services@ 2.5%	2.5%	%	159,250	£3,981	
C	Testing & commissioning @ 2.5%	2.5%	%	159,250	£3,981	
D	Sub-Contractor Prelims @ 8%	8.0%	%	159,250	£12,740	
Carried Forward to Summary					£179,953	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**SPACE HEATING & AIR CONDITIONING**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6D	<b><u>SPACE HEATING &amp; AIR CONDITIONING</u></b>					
A	Heating installation; electric	3,450	m <sup>2</sup>	75	£258,780	
B	Extra Over; ASHP/GSHP	1	PS	100,000	£100,000	
C	Builderswork in connection with services @ 2.5%	2.5%	%	358,780	£8,970	
D	Testing & commissioning @ 2.5%	2.5%	%	358,780	£8,970	
E	Sub-Contractor Prelims @ 8%	8.0%	%	358,780	£28,702	
Carried Forward to Summary					£405,421	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**VENTILATION**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6E	<b><u>VENTILATION</u></b>					
A	Extra Over for mechanical ventilation to rooms with fixed windows due to traffic pollution; say 50% rooms	55	Nr	5,000	£275,000	
B	Testing & commissioning @ 2.5%	2.5%	%	275,000	£6,875	
C	Builderswork in connection with services@ 2.5%	2.5%	%	275,000	£6,875	
D	Sub-Contractor Prelims @ 8%	8.0%	%	275,000	£22,000	
Carried Forward to Summary					£310,750	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**ELECTRICAL SERVICES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6F	<b><u>ELECTRICAL SERVICES</u></b>					
A	Electrical installations	4,550	m <sup>2</sup>	90	£409,500	
B	Extra Over; PV cells	1	PS	10,000	£10,000	
C	Builderswork in connection with services@ 2.5%	2.5%	%	419,500	£10,488	
D	Testing & commissioning @ 2.5%	2.5%	%	419,500	£10,488	
E	Sub-Contractor Prelims @ 8%	8.0%	%	419,500	£33,560	
Carried Forward to Summary					£474,035	





**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**LIFT INSTALLATIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6G	<u>LIFT INSTALLATIONS</u>					
	Lift Installations;					
A	Lift Installation; Lower Ground to Sixth Floor	2	Nr	140,000	£280,000	
B	Cycle Lift	1	Nr	30,000	£30,000	
Carried Forward to Summary					£310,000	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**FIRE & LIGHTING INSTALLATIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6H	<b><u>FIRE &amp; LIGHTING INSTALLATIONS</u></b>					
	<b>Fire Alarm</b>					
A	Fire Alarm	109	Nr	280	£30,520	
	<b>Lighting Installations</b>					
B	Lighting installations	4,550	m <sup>2</sup>	95	£432,250	
C	Builderswork in connection with services@ 2.5%	2.5%	%	462,770	£11,569	
D	Testing & commissioning @ 2.5%	2.5%	%	462,770	£11,569	
E	Sub-Contractor Prelims @ 10%	8.0%	%	462,770	£37,022	
Carried Forward to Summary					£522,930	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**COMMUNICATION INSTALLATIONS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
6I	<b><u>COMMUNICATION INSTALLATIONS</u></b>					
A	Data Installation	109	Nr	650	£70,850	
B	Sprinklers	109	Nr	1,150	£125,350	
C	Builderswork in connection with services@ 2.5%	2.5%	%	196,200	£4,905	
D	Testing & commissioning @ 2.5%	2.5%	%	196,200	£4,905	
E	Sub-Contractor Prelims @ 10%	8.0%	%	196,200	£15,696	
Carried Forward to Summary					£221,706	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**EXTERNAL SITE WORKS**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
7A	<b><u>EXTERNAL SITE WORKS</u></b>					
	<b>Site Clearance</b>					
A	General site clearance	1	PS	5,000	£5,000	
	<b>Hard Landscaping</b>					
B	Lightwell; Courtyard Lower Ground	90	m <sup>2</sup>	250	£22,500	
	<b>Soft Landscaping</b>					
C	Allowance for planting	1	PS	10,000	£10,000	
	<b>Entrance Bridge</b>					
D	Allowance for translucent glass bridge	1	PS	25,000	£25,000	
	<b>External Lighting</b>					
E	Allowance for external lighting	1	PS	10,000	£10,000	
	<b>Lift</b>					
F	Platform Lift	1	PS	10,000	£10,000	
	<b>Other</b>					
G	Cycle Storage	1	PS	5,000	£5,000	
H	Benches	1	PS	5,000	£5,000	
Carried Forward to Summary					£92,500	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**EXTERNAL DRAINAGE**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
7B	<b><u>EXTERNAL DRAINAGE</u></b>  External Drainage; design to be provided by Contractor  <b><u>Generally</u></b>					
A	Underground drainage	709	m <sup>2</sup>	35	£24,815	
B	Drainage to hard landscaping	90	m <sup>2</sup>	50	£4,500	
C	Builders work in connection with services @ 2.5%	2.5%	%	29,315	£733	
D	Testing & commissioning @ 2.5%	2.5%	%	29,315	£733	
E	Sub-Contractor Prelims @ 10%	10.0%	%	29,315	£2,932	
Carried Forward to Summary					£33,712	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**EXTERNAL SERVICES**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
7C	<b><u>EXTERNAL SERVICES</u></b>					
A	Provisional sum for a new mains water connection	1	PS	100,000	£100,000	
B	Provisional sum for a new mains electric connection; including BWIC	1	PS	100,000	£100,000	
C	Provisional sum for a new telephone/data connection	1	Excluded	Excluded	Excluded	Assumed free issue
Carried Forward to Summary					£200,000	



**Panda House, E14 - Demolition of an existing building to create 109nr room HMO/Hostel Scheme - COST PLAN**

**FURNITURE**

NO.	DESCRIPTION	QTY	UNIT	RATE	TOTAL	COMMENTS
11.00	<u>FURNITURE</u>  Excluded - Assumed Client Direct					
Carried Forward to Summary					£0	

# 6

## Section 6 - Risk Register



25/11/2019

**Risk Rating:**

Age Group	1-33	34-66	67-100
1-33	100%	100%	100%
34-66	100%	100%	100%
67-100	100%	100%	100%

[illegible]

Appendix 5

# 3-SPHERE DEVELOPMENT PROGRAMME



The background of the page features a light gray color with abstract geometric shapes. A darker gray triangle is in the top-left corner, and a lighter gray triangle is in the bottom-right corner, meeting at a diagonal line that runs from the top-left towards the bottom-right.

## Appendix 6 FINANCIAL APPRAISALS

Panda House  
Commercial Road  
Initial Viability Review  
35% Affordable Housing

Development Appraisal  
Rapleys  
28 November 2019

**Panda House  
Commercial Road  
Initial Viability Review**
**Appraisal Summary for Phase 1**
**Currency in £**
**REVENUE**
**Rental Area Summary**

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
HMO / Hostel Accom	1	23,157	57.36	1,328,256	996,192	1,328,256	996,192

**Investment Valuation**

<b>HMO / Hostel Accom</b>					
Current Rent	996,192	YP @	4.2500%	23.5294	23,439,812

**GROSS DEVELOPMENT VALUE 23,439,812**

Purchaser's Costs	6.80%	1,593,907	
Effective Purchaser's Costs Rate	6.80%	1,593,907	

**NET DEVELOPMENT VALUE 21,845,905**
**NET REALISATION 21,845,905**
**OUTLAY**
**ACQUISITION COSTS**

Residualised Price		1,120,722	
Stamp Duty		45,536	1,120,722
Effective Stamp Duty Rate	4.06%		
Agent Fee	1.00%	11,207	
Legal Fee	0.50%	5,604	
Town Planning		100,000	
			162,347

**CONSTRUCTION COSTS**

Construction	ft²	Build Rate ft²	Cost
HMO / Hostel Accom	48,796	282.73	13,796,000
Contingency		3.00%	426,270
Demolition			413,000
MCIL			275,000
			14,910,270

**PROFESSIONAL FEES**

Professional Fees	5.00%	710,450	710,450
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**MARKETING & LETTING**

Letting Agent Fee	10.00%	99,619	
Letting Legal Fee	3.00%	29,886	
			129,505

**DISPOSAL FEES**

Sales Agent Fee	1.00%	218,459	
Sales Legal Fee	0.50%	109,230	
			327,689

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.750% (Nominal)			
Land		176,228	
Construction		667,708	
Total Finance Cost			843,936

**TOTAL COSTS 18,204,918**
**PROFIT**
**3,640,986**
**Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.53%

**Panda House  
Commercial Road  
Initial Viability Review**

Profit on NDV%	16.67%
IRR	33.55%

Panda House  
Commercial Road  
Initial Viability Review  
100% Private scheme

Development Appraisal  
Rapleys  
28 November 2019



**Panda House  
Commercial Road  
Initial Viability Review**
**Appraisal Summary for Phase 1**
**Currency in £**
**REVENUE**
**Rental Area Summary**

	<b>Units</b>	<b>ft²</b>	<b>Rent Rate ft²</b>	<b>Initial MRV/Unit</b>	<b>Net Rent at Sale</b>	<b>Initial MRV</b>	<b>Net MRV at Sale</b>
HMO / Hostel Accom	1	23,157	59.69	1,382,160	1,036,620	1,382,160	1,036,620

**Investment Valuation**

<b>HMO / Hostel Accom</b>					
Current Rent	1,036,620	YP @	4.2500%	23.5294	24,391,059

**GROSS DEVELOPMENT VALUE 24,391,059**

Purchaser's Costs	6.80%	1,658,592	
Effective Purchaser's Costs Rate	6.80%	1,658,592	

**NET DEVELOPMENT VALUE 22,732,467**
**NET REALISATION 22,732,467**
**OUTLAY**
**ACQUISITION COSTS**

Residualised Price		1,709,334	
Stamp Duty		74,967	1,709,334
Effective Stamp Duty Rate	4.39%		
Agent Fee	1.00%	17,093	
Legal Fee	0.50%	8,547	
Town Planning		100,000	
			200,607

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft²</b>	<b>Build Rate ft²</b>	<b>Cost</b>
HMO / Hostel Accom	48,796	282.73	13,796,000
Contingency		3.00%	426,270
Demolition			413,000
MCIL			275,000
			14,910,270

**PROFESSIONAL FEES**

Professional Fees	5.00%	710,450	710,450
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**MARKETING & LETTING**

Letting Agent Fee	10.00%	103,662	
Letting Legal Fee	3.00%	31,099	
			134,761

**DISPOSAL FEES**

Sales Agent Fee	1.00%	227,325	
Sales Legal Fee	0.50%	113,662	
			340,987

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.750% (Nominal)			
Land		269,606	
Construction		667,708	
Total Finance Cost			937,314

**TOTAL COSTS 18,943,722**
**PROFIT 3,788,745**
**Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.53%

**Panda House  
Commercial Road  
Initial Viability Review**

Profit on NDV%	16.67%
IRR	31.75%