
Fact Sheet

02

Product:

Development Management

Suitable For:

Owner/Developer

Development Management Owner/Developer

Description

A neat and innovative solution for property asset owners that leverages our professional management skills.

Approached over three distinct phases the arrangement, in effect, turns the property owner into the developer, allowing the property owner to remain in control throughout and participate in any development profit. ■

How it Works

- 01 A price for the property, based on open market value (OMV), is agreed and nominated
- 02 Bliss are appointed as Development Managers
- 03 Phase I is undertaken for a fixed fee to be agreed in advance which, depending on specifics of negotiations, may be deferred in full or in part to Phase II or III
- 04 Upon the success of Phase I, parties agree on whether to pursue an exit sale at Phase II
- 05 In the event of Phase II exit sale the property is sold with the benefit of planning permission and worked up scheme*. Phase I pre agreed fixed costs together with pre agreed performance fee arrangement with Bliss applies to the residual between the nominated price and the sale price
- 06 If the parties agree to remain in the deal, Phase III is undertaken through to eventual sale of the developed property. Bliss performance fee applies to the residual between final sale price and the sum of the nominated price and total development costs

* - Bliss retain first option to purchase at this stage

Example Numbers

- 01 £1,000,000 - Nominated Price
- 03 £100,000 – Fixed Phase I costs
- 05 £1,500,000 – Phase 02 value with the benefit of planning permission and worked up scheme

+£500,000	uplift in value
-£100,000	Phase 01 costs
£400,000	Residual
£200,000	50% Bliss Performance Fee

PHASE 02 RETURN £1,200,000 Net Receipt to Owner equates to 20% value uplift
- 06 £3,000,000 – Gross Development Value after finish of development

-£1,000,000	Total Development Costs including finance and fees
-£100,000	Phase 01 costs
£900,000	Residual
£450,000	50% Bliss Performance Fee
+£1,000,000	Nominated price for property owner

PHASE 03 RETURN £1,450,000 Net Receipt to owner equates to 45% value uplift

Distribution of Funds

Following sale at Phase 02 or Phase 03 proceeds are distributed as per:

-
- 1st Funder Senior Debt (Where applicable)
 - 2nd Mezzanine Funding (Where applicable)
 - 3rd Equity (nominated price back to Owner/Developer)
 - 4th Dev Man pre agreed fixed costs
 - 5th Dev Man pre agreed profit share on residual
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Phase 01

Design

_ Analysis of opportunity

_ Presentation of outline assessment

_ Team Selection and Recruitment

_ Research & Design of appropriate scheme

_ Preparation of supporting information and reports

_ Neighbour and local liaison and consultation

_ Preparation of Design and Access statements

_ Submission of planning application through to consent ■



Phase 02

Exit Sale

-
- _Granting of consent
 - _Design and Preparation of marketing collateral**
 - _Coordination of sales campaign**
 - _Preparation of scheme to proceed to Phase 03 ■

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Phase 03

Development and Sale

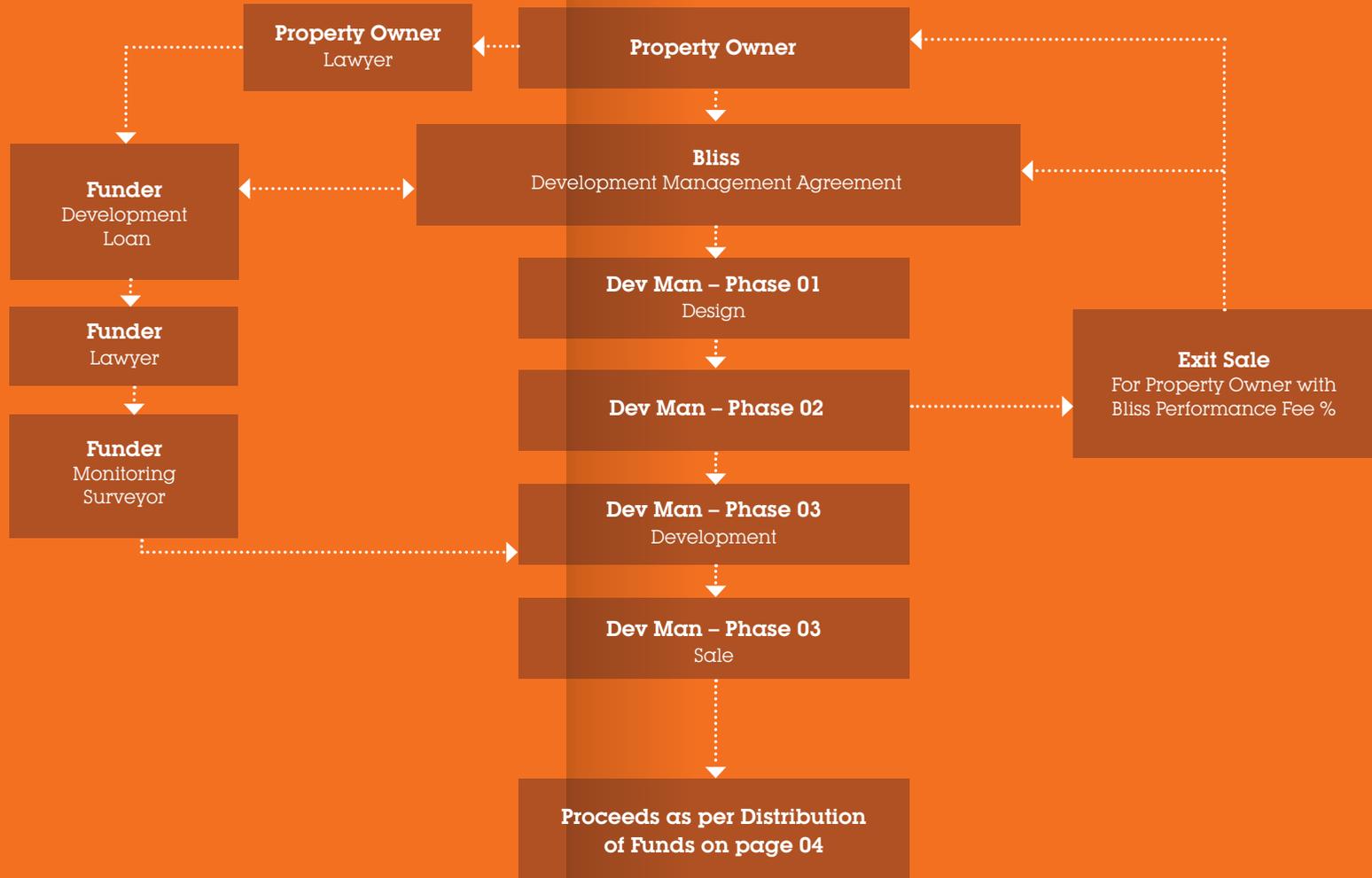
- _Develop the project brief
- _Identify critical dates
- _Identify any project specific constraints
- _Establish high-level project budget and financial appraisal
- _Establish requirement for third party approvals
- _Design team selection
- _Setting the Master Programme
- _Design team contracts
- _Preparation of documentation to support raising of development finance (if required)***
- _Preparation of tender documentation
- _Obtain competitive Tenders for the works
- _Procurement of supporting warranties
- _Construction team appointments
- _Specialist Procurement
- _Regular communication and project status reports
- _Steering the design team
- _Expedite Building Control review and approvals
- _Monitoring design team performance

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***Development Finance could be combination of Senior Debt/Mezzanine Funding & Equity

- _Regular project progress meetings
- _Co-ordinating Client direct contractors / suppliers
- _Site mobilization and monitoring
- _Monitoring and control of time cost and quality
- _Construction quality review
- _Certify monthly contractor payment
- _Liaison with Funder
- _Design and Preparation of marketing collateral**
- _Coordination of sales campaign **
- _Driving rectification of any defects
- _Testing & commissioning
- _Determining hand-over procedures
- _Structure end-user Training Sessions
- _Delivery of Owners Manual
- _Hand over
- _After-sales support ■

Deal Structure



FAQ'S

What are Bliss' credentials?

The owners and Directors of Bliss boast a combined 75 + years of experience operating in the London and UK property market in a variety of sectors and disciplines including Residential acquisition & development, commercial acquisition & development and hotel & leisure acquisition and development.

Bliss partner and MD, Kevan Buckley, is a Chartered Quantity Surveyor and the Bliss group is regulated by the RICS (Royal Institution of Chartered Surveyors) as well as being a Chartered Building Consultancy, corporate members of the Association for Project Safety and a registered house builders under the NHBC (National House Building Council) scheme.

In addition we utilize our own internal policies, processes and procedures and are governed by our 'Delivery Charter', which provides a code of conduct for our operations. A copy of this is available upon request.

How is this different from a traditional Joint Venture agreement?

The main differences here are the benefits for the Property owner in control and costs. A traditional Joint Venture (JV) is an agreement with a third party, which legislates for the transfer of sharing of control, decision-making, costs etc. Our Dev Man product retains sole control with the property owner as we are employed to provide a development management service to the property owner. Where Bliss carries out the entire process on the property owners' behalf, from design/planning through to construction/post construction/sales and marketing. In addition costs relating to JV agreements and (in the case where the ownership changes hands) any stamp duty remain 'on the table' for the property owner to benefit from at the end of the process.

How am I protected?

Our process is transparent and professional and often, carried out reporting to a client appointed lawyer, accountant or advisor or, indeed, to the client themselves. The process of acquisition is conducted using a UK based client appointed lawyer and our services are regulated by the RICS as aforementioned and are insurance-backed through our Professional Indemnity, Contractors All Risks and Public Liability policies.

What if it doesn't work out between us?

Our agreement is broken down into 3 distinct phases. Our fees are tailored to each particular phase with the option for us to part ways at the end of any given phase, subject to any costs/fees accrued during the phase and as detailed by our bespoke development Management agreement which would form the basis of our relationship.

Are you able to assist with arranging funding?

Yes. We have a tried and tested network of contacts for all manner of property funding in the UK whom we would engage with on your behalf in order to secure the best funding on the best terms.

Can you recommend other professionals if requested?

Yes. As above our network encompasses the best professionals currently working in the UK/London property sector who we would engage with on your behalf.

What is a likely timescale from start to finish?

Depends on complexity, particularly around Phases I & II, and is dependent on which Phase the property owner exits (II or III) but, in general, projects typically take between 12 & 24 months

FAQ'S

What is the decision making process?

Each project is assigned a Project Director who is the consistent point of contact for the client. Clients are kept informed on project progress by way of regular 'Bliss Bulletins' and in addition the Project Director will undertake regular contact with the client to advise and receive instructions throughout the process.

Regular photographic evidence of site progress will be provided to support the written progress reports and, in the case of design, images, visuals and digital 3D models are provided to ease the client decision-making process.

Am I in control?

As our client you employ our services whilst you remain in control of your property asset and your money. ■



Our Fees

Phase 01 - Design

Specific to each project and depends on complexity, particularly around any planning permission requirements. After some quick, no obligation, analysis of the opportunity we would provide a fixed fee proposal for management of this phase together with team and associated costs at the earliest stage possible.

Phase 02 - Exit Sale

If a Phase 02 exist sale is pursued payment of our Phase I fixed costs would become due together with our performance fee on the residual profit. Our performance fees are, typically, 50% of the residual profit.

Phase 03 – Development & Sale

Phase 03 project management costs are, typically, based on 6-8% of the total build project cost which is provided in advance as a fixed fee proposal and paid in equal monthly installments over the duration of the project. These fees are our normal fees for the project management, which would be included in the 'total development costs' as illustrated in 'The Numbers, section 6'

In addition and at the end of the process our performance fees would apply on the last residual profit element as illustrated in '5th - Distribution of funds' ■

NB:

1 Bliss management fees are levied over and above those of design and build team members

2 Fees are subject to UK VAT at the prevailing rate

3 In the case of new build projects zero rating for VAT applies

Next Steps

Contact us to chat through your requirements, which, if you require, we will follow up with a formal proposal. Should you wish to proceed to appointment we will furnish your solicitor with our bespoke development management agreements for his consideration.

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