

PROPERTY MANAGEMENT

Occupier : Service Charge Budget Report

LGP104 : BMW (UK) Trustees Ltd

Waterloo Industrial Estate, Flanders Road, Southampton, SO30 2QT

Service Charge Year: 01/01/2026 to 31/12/2026





Executive Summary

This budget has been produced by Savills on behalf of **BMW (UK) Trustees Ltd**, landlords of **Waterloo Industrial Estate** and relates to the service charge for the period ending **01/01/2026** to **31/12/2026**. This report has been produced in accordance with RICS Professional Statement: Service charges in commercial property, 1st edition September 2018 and Savills Management Policies and Procedures which are set out in Appendix 1.

In setting the service charge budget for the year, we have taken into consideration the level of service and maintenance required to provide occupiers with well-presented common areas, expenditure required to address any repair issues as well as budgeted and anticipated expenditure for the year.

Annual expenditure for **2026** is budgeted at **£88,719.00** (Previous year: **£83,431.00**). This represent **an increase** of **6.34%** on the previous year.

- The change in budgeted expenditure is a result of:
 - Management: we have allowed for an increase in the landlords risk assessments in line with actual YE25 costs to date and contractor price increase
 - Hard Services: we have allowed for an increase in drainage and maintenance repairs in line with Metcor's annual fee.
 - Soft Services: we have allowed for a reduction in gritting and snow clearance fee in line with actual YE25 cost to date.

 - Key changes include:
 - There is an increase in allowance for project works to include all works outlined in year 3 of the Planned Maintenance Programme (PMP). These include but are not limited to the repair of broken posts, sunken drain repairs, the repair of the damaged chain-linked fence along with further allowances for reparative works following the removal of the tree and associated roots.
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Management Team

The Savills Management Team is comprised of:

Surveyor	Rachel Cripps	rachel.cripps@savills.com
Graduate Surveyor	Archie Strudwick	archie.strudwick@savills.com
Client Relationship Manager	Sarah Bean	sbean@savills.com
Regional Facilities Manager	Liam Guiney	liam.guiney@bellrockgroup.co.uk
Credit Controller	Natalie Anderson	natalie.anderson@savills.com
Client Accountant	James Watson	JCWatson@savills.com

This report has been produced by Rachel Cripps and queries should be addressed to rachel.cripps@savills.com in the first instance. The Associate Director with overall control for Savills instruction is Rachel Cripps and in the event that you wish to raise further concerns please contact Sarah Bean utilising the following email address sbean@savills.com.



Service charge budget accounting principles and policies

Set out below are the accounting policies under which the budget has been prepared.

Banking

All service charge funds held by Savills are in a dedicated client account administered at Property level, with interest earned credited to the service charge account minus any administration costs.

VAT

With effect from **28/11/2019** the landlord elected to waive the exemption from VAT. Therefore, all service charge expenditure is shown exclusive of VAT. VAT will be charged at the appropriate rate on all service charge payments demanded / invoiced by the landlord.

Total Cost of Management

Management fee

Savills were appointed as managing agents on this property on **28/11/2019**.
The management fee is a fixed fee subject to annual indexation.
A separate fee has been agreed with the landlord for any duties performed in relation to non-service charge matters.

Regional facility manager (RFM) fees

Bellrock are the appointed facilities managers. The duties of the regional facilities manager include:

- Contractor engagement
- Health and safety compliance
- Liaising with the tenants

The RFM fees are charged in accordance with their agreement with the landlord.

On site management

Any separate administration fees made in relation to human resources costs and payroll costs associated with dealing with on-site staff are separately identified in the service charge budget where applicable.
The notes to the budget include a summary of all fees charged by the managing agent

Insurance Claims

Income in respect of insurance claims is recognised in the accounting period where confirmation has been received from the insurers that the claim will be settled. The associated costs of the claim are charged to the service charge in the period in which the costs are incurred.

Empty Units and concessions granted to tenants

Service charge costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.
Likewise if a tenant has any form of concession, whereby their contribution to the service charge is capped or is lower than the apportionment due, the landlord pays the difference.

Sinking fund/reserve fund

There is no sinking fund or reserve fund for this property

Landlord forward funding

There are no landlord funded works in the service charge budget

Depreciation charges

There is no depreciation charge in the service charge budget

Agreed contributions to future works

Waterloo Industrial Estate



The service charge budget does not include contributions to future works.





Budget Summary

Set out below is the budget summary for the year by service charge category:

Service Charge Category	Year End 2026	Year End 2025	Proportion of Expenditure YE2026 (%)	Variance (%)	Cost per Sqft 2026 (£)
Management	£22,272.00	£21,491.00	25.10%	3.63%	0.20
Utilities	£750.00	£750.00	0.85%	-	0.01
Soft Services	£24,937.00	£27,159.00	28.11%	-8.18%	0.23
Hard Services	£18,960.00	£18,381.00	21.37%	3.15%	0.17
Insurance	£700.00	£650.00	0.79%	7.69%	0.01
Exceptional Expenditure	£21,100.00	£15,000.00	23.78%	40.67%	0.19
Total	£88,719.00	£83,431.00	100.00%	6.34%	0.81

Area of building (SqFt): 109548.00

Cost per SqFt: £0.81

Appendix 2 sets out the detailed budget at cost description level.



Service charge allocation and apportionment

Service charge allocation - schedules

Costs are allocated to separate schedules and the costs apportioned to those who benefit from those services as follows:

The schedules represent the following:

Schedule Number	Schedule Name	Schedule Description	New Budget
01	Schedule 1		£88,719.00

Service charge allocation - apportionments

Costs are apportioned on a Floor area basis

Appendix 3 of this report provides an apportionment schedule for the property which clearly shows the basis of calculation and the total apportionment per unit for each unit within the property.

Notes to the budget

Variances

The total budgeted expenditure for the forthcoming year is £88,719.00. In understanding the budgeted amounts we would draw your attention to the following explanatory notes:

Cost Class	Cost Category	Cost Description	2026	2025	Difference	Percentage
Management			£22,272.00	£21,491.00	£781.00	3.63%
	Management Fees		£11,217.00	£10,890.00	£327.00	3.00%
		Management Fees	£11,217.00	£10,890.00	£327.00	3.00%
			Expenditure Commentary	Savills fees for managing and administering the services as agreed with the landlord in accordance with the PMA		
	Accounting Fees		£1,273.00	£1,236.00	£37.00	2.99%
		Independent Accounts Fees	£1,273.00	£1,236.00	£37.00	2.99%
			Expenditure Commentary	PCA's fee for undertaking independent audit of the service charge		
	Site Management Resources		£6,302.00	£6,114.00	£188.00	3.07%
		Staff Costs	£6,302.00	£6,114.00	£188.00	3.07%
			Expenditure Commentary	The fee for the Bellrock FM to attend site on a monthly basis to oversee all H&S issues and contractor management includes helpdesk fees		
Professional Fees		£3,480.00	£3,251.00	£229.00	7.04%	
	Landlords Risk Assessment	£3,480.00	£3,251.00	£229.00	7.04%	
		Expenditure Commentary	Audits are carried out by Tetra Consulting. General H&S Risk Assessment (£670), Fire Risk Assessment (£370), Environmental Audit (£520) & Track Record costs (£420) . Tree Risk Assessment (£1,500) Budget includes general 5% allowance of potential contract increase during budget year			
Utilities			£750.00	£750.00	£0.00	-
	Water		£750.00	£750.00	£0.00	-
		Water and Sewerage Charge	£750.00	£750.00	£0.00	-
		Expenditure Commentary	Environmental Agency Costs			
Soft Services			£24,937.00	£27,159.00	£-2,222.00	-8.18%
	Cleaning and Environmental		£24,937.00	£27,159.00	£-2,222.00	-8.18%
		Waste Management	£1,000.00	£1,000.00	£0.00	-
			Expenditure Commentary	Sum allocated as contingency for removal of fly-tipping and/ or hazardous waste as found		
			£3,937.00	£5,309.00	£-1,372.00	-25.84%

		Snow Clearance/Gritting	Expenditure Commentary	Comprehensive Gritting is carried out by Mitie Landscaping who attend every time the temperature is forecast to drop to 2 degrees and below. Cost reduced based on YE25 spend to date.		
		External Landscaping	£20,000.00	£20,850.00	-£850.00	-4.08%
			Expenditure Commentary	Mitie Landscaping contract £16,030.24, which includes Pest Control. Budget includes 3% allowance of potential contract increase during budget year. Tree works c£4,000 ad hoc allowance for works - further costs included below		
Hard Services			£18,960.00	£18,381.00	£579.00	3.15%
	Fabric Repairs and Maintenance		£18,960.00	£18,381.00	£579.00	3.15%
		External Maint & Repair	£10,000.00	£10,000.00	£0.00	-
			Expenditure Commentary	Ad hoc repairs to common parts incl. damaged kerbs, cracked pavers, steel posts, brick wall repointing, plus works highlighted via H&S Audits		
		Building fabric Inspections	£2,300.00	£2,258.00	£42.00	1.86%
			Expenditure Commentary	Annual PMP fee for reviewing the external fabric of the external common areas		
		Drain Maint & Repairs	£6,660.00	£6,123.00	£537.00	8.77%
			Expenditure Commentary	Metcor Environmental undertake drainage PPM annually at a cost of £4660.37 plus £2,000 cost contingency for drainage repairs		
Insurance			£700.00	£650.00	£50.00	7.69%
	All Risks Insurance Cover		£700.00	£650.00	£50.00	7.69%
		Public and Prop Owners Liability Insurance	£700.00	£650.00	£50.00	7.69%
			Expenditure Commentary	Third party liability insurance at reduced premium rate, procured centrally		
Exceptional Expenditure			£21,100.00	£15,000.00	£6,100.00	40.67%
	Major Works		£21,100.00	£15,000.00	£6,100.00	40.67%
		Project Works	£21,100.00	£15,000.00	£6,100.00	40.67%
			Expenditure Commentary	Works in line with PMP Year 3 Several works to be undertaken in 2026, to include but not limited to; repair of broken posts, paving repairs, sunken drain repairs, repair to damaged chain-linked fence, and allowance for repairs to tarmac and line marking of parking bays and concrete pavements following the removal of the tree and associated roots.		

**Contracts**

Appendix 4 details the contracts in place for the service charge budget year which details the contractor, summary of the scope of the contract, the annual contract sum, commencement date and length of contract.

Summary of all fees charged by the managing agent

All fees charged by Savills included in the budget are detailed below:

Expense Code	Procurement Fees	Professional Fees	Total Fees
207-05 Management Fees		£11,217	£11,217
209-18 Building Fabric Inspection & Consultancy		£2,300	£2,300



Apportionment Schedule

Unit Name	Expenditure	Area (SqFt)	Schedule 1 (01)
Unit 1		15,006.00	13.6981%
Unit 2		15,006.00	13.6981%
Unit 3		14,928.00	13.6269%
Unit 4		15,014.00	13.7054%
Unit 5/6		24,800.00	22.6385%
Unit 7		12,400.00	11.3192%
Unit 8		12,400.00	11.3192%



Conclusion

We trust this service charge budget report provides sufficient detail, to enable you as an occupier to gain a clear understanding of Savills approach to managing the common services and areas of your property and the budgeted expenditure for the following year.

The information in the report and appendices should enable you to now make a payment of any on account charges due. In the event that you do wish to raise any queries or require clarification of any costs detailed, please contact the surveyor referred to in the management team on page 3 of this report.



Appendix 1 - Savills Management Policies and Procedures

Savills takes a diligent approach to the management of property and recognise the need to operate service charge accounts with care. For each property, Savills identify the procurement strategy most suitable based upon an appropriate level of service and value for money. In managing tenant funds we take a professional approach to contractor management and procurement, utilising in house resource wherever possible. Recurrent contracts will be retendered or price checked at regular intervals and specifications are subjected to regular review. Specialist consultants will be utilised to assist in the management and procurement of certain expenditure to provide expert input and insure market level charges are agreed and fees for this service are detailed within the budget report.

We ensure that all contractors and suppliers perform according to the agreed written performance standards. Where appropriate Savills regularly measure and review performance against these defined performance standards as well as regularly review the appropriateness of standards used.

Our procurement policies and procedures cover the whole procurement process and ensure there is effective management of the procurement cycle. We have systems in place to enable us to carry out a full and thorough evaluation of contractor's ethical, financial, environmental, sustainability and social standards.

We aim to deliver a management regime which takes a considered and structured approach to sustainability, managing environmental impact whilst ensuring compliance with statutory requirements and delivery of sustainability targets including waste management, energy efficiency and responsible procurement.

Appendix 2 - Detailed Budget

Please see the accompanying excel document for the full breakdown of the budget across schedules

SYSTEM CODE	CODE CATEGORY AND DESCRIPTION	Budget 2026		Previous year 2025		Variance	
		Estate Schedule 1	Total	Estate Schedule 1	Total	Variance (£)	Variance (%)
	SCHEDULE TITLE						
MANAGEMENT							
	Management fees						
207-05	Management Fees	11,217	11,217	10,890	10,890	327	3.00%
	Accounting fees						
207-21	Independent accountant's fees	1,273	1,273	1,236	1,236	37	3.00%
	Site Management resources						
207-16	Staff costs	6,302	6,302	6,114	6,114	188	3.07%
	Professional fees						
208-08	Landlord's risk assessments, audits and reviews	3,480	3,480	3,251	3,251	229	7.04%
	MANAGEMENT SUB TOTAL	22,272	22,272	21,491	21,491	781	
	UTILITIES						
204-04	Utilities - Water and sewerage charges	750	750	750	750	-	0.00%
	UTILITIES SUB TOTAL	750	750	750	750	-	
	SOFT SERVICES						
	Cleaning and Environmental						
205-03	Waste management	1,000	1,000	1,000	1,000	-	0.00%
208-13	Snow clearance/road gritting	3,937	3,937	5,309	5,309	- 1,372	-25.84%
	Landscaping and environment						
208-07	External landscaping	20,000	20,000	20,850	20,850	- 850	-4.08%
	SOFT SERVICES TOTAL	24,937	24,937	27,159	27,159	- 2,222	
	HARD SERVICES						
	Fabric repairs and maintenance						
208-01	External fabric repairs and maintenance	10,000	10,000	10,000	10,000	-	0.00%
209-18	Building fabric inspections and consultancy	2,300	2,300	2,258	2,258	42	1.86%
208-26	Drainage Maintenance and repairs	6,660	6,660	6,124	6,124	536	8.76%
	HARD SERVICES TOTAL	18,960	18,960	18,382	18,382	578	3.15%
	INSURANCE						
	All Risks Insurance Cover						
201-12	Public and property owner's liability	700	700	650	650	50	7.69%
	INSURANCE TOTAL	700	700	650	650	50	7.69%
	EXCEPTIONAL EXPENDITURE						
	Major Works						
209-19	Project works	21,100	21,100	15,000	15,000	6,100	40.67%
	EXCEPTIONAL EXPENDITURE TOTAL	21,100	21,100	15,000	15,000	6,100	40.67%
	TOTAL EXPENDITURE MINUS INCOME	88,719	88,719	83,432	83,432	5,287	6.34%



Appendix 3 - Apportionment

Please see the accompanying excel document for the full breakdown of the budget across schedules

Apportionment Schedule

Unit	Floor Area (Sqft)	Sch 1 (All Tenants)
Unit 1	15,006	13.70%
Unit 2	15,006	13.70%
Unit 3	14,928	13.63%
Unit 4	15,014	13.70%
Unit 5/6	24,800	22.64%
Unit 7	12,400	11.32%
Unit 8	12,400	11.32%
Total Recoverable	109,554	100.00%



Appendix 4 - Detailed Contracts

Service Description	Group	Frequency	Supplier/ Responsible Person
Drainage (LGIM) (Annually)	Statutory	Annually	Metcor Environmental Limited
Grounds Maintenance (LGIM) (Weekly)	Non-Statutory	Weekly (- 23:55)	MITIE LANDSCAPES
Pest Control (LGIM)	Non-Statutory	Monthly	MITIE LANDSCAPES
FIRE HYDRANT INSPECTION	Statutory	Annually	Aylesford Electrical Contractors Ltd
ANNUAL WINTER GRITTING (LGIM)	Non-Statutory	Annually	MITIE LANDSCAPES
FIRE RISK ASSESSMENT (LGIM)	Statutory	Annually	TETRA CONSULTING LTD
GENERAL HEALTH & SAFETY RISK ASSESSMENT (LGIM)	Statutory	Annually	TETRA CONSULTING LTD
Defibrillator	Non-Statutory	Annually	Aylesford Electrical Contractors Ltd
CONTRACT MANAGEMENT (L&G)	Contract Management	Annually	Bellrock Property and Facilities Management Limited