

Viability Appraisal Assessment

Fairways Lodge & Leisure Club, George Street,
Prestwich, Manchester, M25 9WS.



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Quality Management

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1. Executive Summary

Site	Fairways Lodge and Leisure Club, George Street, Prestwich, Manchester, M25 9WS.
Scheme	The Viability Appraisal refers to a proposed redevelopment of a block of 52 retirement living apartments with ancillary car parking and landscaping. For the purposes of this report Capita has assessed the development on both a 100% open market scheme only, with a policy compliant scheme determination to follow if the conclusion requires one.
Gross Development Value (GDV)	The applicant and Capita both assess and agree the GDV of a full open market scheme is £17,180,000 .
Build Costs	The applicant has assessed the current main build costs based on BCIS rate of £1,632 per sq m (£151.62 per sq ft) whilst Capita have adopted a BCIS rate of £1,586 per sq m (£147.25 per sq ft).
Developers Profit	The applicant has assessed their full open market appraisal based on a profit of 20% on GDV. Capita have agreed and adopted the same profit return percentage.
Benchmark Land Value	The applicant has assessed a BLV of £2,800,000 from an EUV of £2,800,000. They have reserved the right to apply an increase to represent an incentive. Capita have agreed the EUV value and have added a 20% increase as the incentive, determining the BLV of £3,360,000.
Appraisal Results	The applicant states the RLV amounts to £2,297,000. Capita have assessed the RLV at £2,458,260.

Conclusion	In conclusion it is Capita's view that the site has viability issues when the appraisal is based on a 100% open market sales basis (with no affordable housing or section 106 contributions in any format)

2. Introduction

In accordance with the instructions received from Bury Council, Capita have been commissioned, as an independent party, to carry out an assessment of a viability appraisal for a proposed development scheme, prepared by Atitlan Consulting on behalf of their client, McCarthy & Stone Retirement Lifestyles Limited, on the subject development site at Fairways Lodge & Leisure Club, George Street, Prestwich, Manchester, M25 9WS.

It is the intention of the applicant to develop the site for the provision of 52 retirement living apartments.

The applicant has advised the redevelopment of the site is unviable and unable to provide any affordable housing or make any section 106 contributions.

The assessment Capita have been requested to carry out is to investigate whether the viability position and appraisals supplied are reasonable, when considering whether there is a viability issue, and whether the conclusions drawn by the applicant are appropriate.

The subject opportunity is land at Fairways Lodge & Leisure Club, George Street, Prestwich, Manchester, M25 9WS. The proposal consists of a scheme providing a block of 52 retirement living apartments in total.

Capita will provide an opinion as to the reasonableness of the information in the appraisals submitted by the applicant and assess whether the conclusion, they have arrived at, is fair and appropriate.

Our approach to reporting our views on the viability of the proposed scheme will accord with the principles of the RICS Valuation - Professional Standards.

3. Purpose of Valuation

The introduction of the National Planning Policy Framework in 2012, and subsequent amendments in July 2018, February 2019, July 2021 and September 2023, put a high priority on the role of viability testing in the context of planning development. The Government approach to viability assessments is set out in paragraph 58 of the 2021 Framework which states:

“Where up to date policies have set out the contributions expected from development, planning applications that comply with them should be assumed 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. 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.’

The original guidance in 2012 stated “To ensure viability, the costs of any requirements likely to be applied to development...should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.”

This was underpinned by a subsequent report by the Local Housing Delivery Group (2012), which stated...

“An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the landowner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.”

More recently the July 2018 NPPF (and the latest September 2023 revision), has been further updated following a technical consultation, resulting in the September 2023 published framework being the definitive current guidance. These updates supersede the original 2012 intentions and go a long way in dealing with inefficiencies and misinterpretation to give a clearer position on the use of viability assessments in the planning decision making process.

Fundamentally, the current primary policy and guidance on assessing viability in a planning context is provided in the NPPF 2021 and the PPG (viability section last updated in 2018 and 2019). These have sought to change the emphasis on how viability should be approached in the planning system and the weight that should be given to viability assessments at the plan-making and development management stages.

Furthermore, additional emerging guidance from the RICS on viabilities and appraisals with a particular emphasis on benchmark land value (BLV) assessments has been considered and adopted by Capita where appropriate. It is emerging that in assessing BLV values greater use of the existing use value of the applicant site is considered and then an appropriate uplift in order to provide a reasonable premium to the landowner. An existing use plus method of assessing the BLV.

In following the guidance, Capita have undertaken a collaborative approach where possible when carrying out the review of the Financial Viability Assessments and have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information.

Furthermore, Capita confirm that they are not aware of any conflicts of interest which would affect their ability to carry out these assessments and that in preparing this report, no performance related or contingent fees have been agreed. The RICS Guidance Note 'Financial Viability in Planning' defines financial viability as follows:

'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site

Value for the landowner and a market risk adjusted return to the developer in delivering that project.'

Recent changes have seen the RICS consult on a new professional statement for how its members involved in assessing viability in the planning system reports and conducts themselves.

It is believed the RICS are seeking to make the reports more transparent and are seeking to ban performance related fees.

Capita confirm these assessments of the Financial Viability Appraisal have been prepared having due regards to the requirements identified within the RICS Financial Viability in Planning: Conduct and Reporting 1st edition, May 2019 and the recent July 2021 update Assessing viability in planning under the National Planning Policy Framework 2021 (for England), RICS guidance note, first edition - 1st edition guidance note, March 2021. And the more recent September 2023 NPPF updates.

Where a developer/authority feels that they cannot meet the requirements set by the Local Authority policies, they are entitled to submit a Viability Appraisal, providing evidence to support their submission.

In this instance the appraisal has been carried out by Atitlan Consulting, dated January 2024. It is the assessment of this appraisal that Capita will analyse.

4. Site Location & Description

Development Site, at Fairways Lodge & Leisure Club, George Street, Prestwich, Manchester, M25 9WS.

The site is located to the west of the A56 Bury New Road in the Prestwich area, a suburb of Manchester to the north and west of the city centre and within the authority area of Bury Council.

Immediately to the west is Prestwich Golf Club whilst the surrounding area in other directions is a mix of residential and commercial occupiers.

The property consists of a 40-bedroom hotel within a two-storey detached building of traditional build with pitched roof over. The hotel/club also accommodates conferencing and banqueting facilities, a restaurant, leisure centre and a bar.

The proposed development extends to a site size of 0.62 hectares (1.54 acres).

5. Proposed Development

The Applicants have provided brief details of the proposed development of the sites and Capita have ascertained information from the planning portal, as follows:

Planning Application : 70484/FUL: Demolition of existing hotel building and erection of a block of 52 No retirement living apartments including communal facilities, landscaping and car parking provision (38 marked spaces).

The planning application is awaiting decision. The intended site layout is shown in Appendix 2.

The proposed scheme is for a 100% open market apartment sales. The applicant has provided an appraisal on this basis, which Capita have assessed. The policy compliant scheme in terms of affordable housing provision has also been assessed, in the event

the full open market scheme suggests a surplus residual land value (RLV) above the benchmark land value (BLV) is generated.

It has been stated by the applicant that no affordable housing, as an off-site contribution, or contributions towards additional section 106 asks are possible due to viability reasons.

Capita have assessed whether this is correct with an appropriate and reasonable assessment of the appraisals presented.

6. Development Value

The applicant has provided an appraisal based on a 100% open market sales basis. As this appraisal produces a negative comparison between the resultant RLV and the assessed BLV, then any appraisal incorporating an off-site affordable housing contribution and/or additional section 106 contributions would only engineer a more negative viability position.

As such Capita will assess matters on the same basis and revert to an affordable housing/section 106 asks inclusion should Capita's resultant full open market assessment suggest a surplus RLV above the BLV is generated.

.Capita has reviewed the information provided, made various assumptions on the costs and inputs known and produced an appraisal which assesses a residual land value, which can be compared with a benchmark land value, to determine whether the development would be viable and could contribute towards affordable housing and additional section 106 asks.

The gross development value of the proposed scheme has been assessed on full open market sales basis by the applicant and they have determined a gross development value (GDV) of £17,180,000.

On review of the market evidence an assessment of the appropriateness of the proposed GDV, with revised assessments on sales prices where appropriate, for all apartment types and sizes, having due regard to the location, has been carried out by Capita.

Following the review, Capita can confirm that the proposed sale prices for the open market apartment sales are reasonable and as such Capita have adopted these values within their appraisal and assessment. The values are shown in the table below:

Applicant Assessment of Open Market Sales Values - Which Capita agree are Reasonable and Appropriate.

Dwelling Type	Beds	Size (M ²)	Qty	Sales Value (£)	Sales Rate (£/sq m)	GDV (£)
1 Bed Apartment	1	53.81	31	£290,000	£5,389	£8,990,000
2 Bed Apartment	2	73.47	21	£390,000	£5,308	£8,190,000
Totals			52			£17,180,000

The applicant and Capita agree the GDV on a full 100% open market sales basis amounts to **£17,180,000**.

Ground Rents

Capita have not assessed any income from Ground Rents. The applicant acknowledges no ground rents will be charged following the ban on such charges which came into effect on 08 February 2022 overall, with the retirement market ban commencing a year later.

Interim Income

Capita understands the current club is held under a lease which is due to expire on 13th September 2024. The original FVA included an interim income of circa £184,110 from the rent, but this was from the FVA dated January 2024. This assessment is dated July 2024 and as such Capita have not included any interim rent payments in the appraisal as the time between this report and the lease determination is extremely short, and likely to expire before determination and the due process is complete.

7. Development Costs

Main Build Costs

Capita has sought to assess the development having due regard to considered and reasonable inputs and cross referenced where possible with the information provided by the applicant.

As part of the main construction assessment the applicant has advised they have used a blended BCIS median rate for above three storey construction, and for sheltered housing rebased to the Bury locality. At the date of their Financial Viability Appraisal, they reported a rate of £1,632.04 per sq m (£151.62 per sq ft).

Capita have considered this rate and also the application of the median quartile for such a development and believe that utilising the median figures are not appropriate given such a development opportunity is likely to attract one of the more national and larger sheltered housing providers. The most appropriate BCIS figure is for three storey plus on sheltered housing on a lower quartile rate rebased to Bury for Quarter 2 2024. This amounts to a rate of £1,586 per sq m (£147.25 per sq ft). This is not agreed with the applicants consultant who believes the higher figure is appropriate.

With the above in mind, the adopted cost by Capita within their appraisal for the main build is at a rate of £1,586 per sq m (£147.25 per sq ft).

As BCIS does not include for external works, Capita have considered an appropriate and acceptable percentage of the build to apply for externals. The applicant suggests a rate of 10% of the main build cost. As this is an apartment scheme then external works requirements will be less than say a traditional housing estate layout. There will be landscaping and the provision of access and the 38 car parking spaces, so the external cost element needs to be considered closely.

The market assesses on a general basis an external rate of between 10-20% and due to the scheme presented Capita agree with the applicants that a 10% level is reasonable and appropriate for the external works costings.

Abnormal Costs.

Capita are advised that the applicants have not included any specific costings for abnormal issues that the site has identified as a cost challenge. Initially there was a sum of £244,427 identified, but following discussions with the applicants consultants, Capita are advised this sum is included within the main build assessment and as such no specific cost has been included in the appraisals. Capita have therefore not included any specific abnormal costs also.

With regards to other elements within the appraisal, Capita have considered each in turn and comment on them as follows:

Developers Contingency

In regard to Contingency, the applicant has applied 5% which Capita view as not appropriate and reasonable. The market rates usually range between 3% to 5% depending upon the complexities and size of the development. Capita had originally viewed this scheme as needing only the lower end of this range but following discussions with AC, have accepted this is a more complex build than first anticipated and have therefore agreed to increase this rate to 4%. It is noted that AC still do not agree and feel a 5% rate is required, but Capita deem the 4% as being reasonable.

Demolition

The applicant has provided two quotes for the demolition. They have adopted a cost of £194,425 in their appraisals. However, the two quotes are of £197,500 and £176,750. As such Capita have sought to adopt the lower quote of £176,750 within their appraisal. These two quotes are effectively desk top assessments as no intrusive investigations have been carried out in their determination.

In addition to the above, it is not known whether the building will be subject to any deleterious materials, such as asbestos. The age of the building suggests there is a high likelihood that asbestos is present and as such the demolition costs could well

increase substantially. In this regard Capita have sought to include a spot sum of £50,000 for dealing with these materials, in addition to the demolition quote.

Professional Fees

The applicant has adopted 10% which Capita view as high. Rates can vary between as low as 6% up to in excess of 10% dependent upon complexity and site size, unit numbers and variations. Capita's initial view was a rate of circa 8% but following the discussions with AC believe such a level may be a little conservative. The single block scheme incorporating the apartments and additional complementary and supplemental areas (warden, communal lounge etc) together with incorporating the block within a specific site area with the parking and landscaping etc suggest a little more complexity than normal and as such Capita feel a slight increase to 9% would be reasonable but do still feel 10% is just too high. Capita have adopted 9% within their appraisal.

Section 106 Costs

No section 106 asks and/or obligations have been included in either of the applicants appraisals or Capita's. The FVA has been assessed in order to establish whether a surplus would exist when the residual land value (RLV) is assessed within the appraisal, above the benchmark land value (BLV) in order to be able to contribute towards such section 106 matters.

Finance

The applicant has adopted a finance debit rate of 7.5% and a credit rate of 2.5%. Capita agree these are reasonable rates applicable and have adopted these within their appraisal assessment. Indeed, this may be a little on the low side, given the current economic climate and recent rises in the Bank of England base rate, with uncertainty at the moment suggesting the rate could change in the coming months, but which way is debateable.

Profit

The applicant has adopted a profit rate of 20% on open market sales. The guidelines suggest a profit return applicable is between 15-20% and as such they have adopted the top end. Capita, in less restricted sales environment would suggest this is high and would look at a rate of 18% as being appropriate. However, the applicant has advised and provided further information on what has been agreed and adopted elsewhere on sheltered housing schemes for the elderly, where 20% has become a more acceptable level.

As such Capita are happy to accept the market for the product is restricted (aged 55 years and above) and as such represents an increased risk to standard estate schemes or open market unrestricted apartment schemes. In light of this a return profit rate of 20% of gross development value (GDV) is not deemed unreasonable and Capita have adopted this return rate within their assessment.

Sales/Marketing Costs

The applicant has adopted net marketing at 3.0% of the open market sales GDV with an additional 2% of GDV applicable for agents sales fees. An overall sum of 5%.

The reasoning behind the relatively large, combined marketing/agents fee percentage, Capita are advised, is due to the full time employed agent on site and the fact the applicant would fit out a number of show apartments as part of their process.

Capita accept that there is a requirement to fit out a show apartment and also have the main communal areas fitted out accordingly in addition so potential purchaser/residents can see what the scheme entails etc. However, having a number of apartments as show areas is possibly specific to the applicant them selves and is not necessarily what the market would do.

Capita accept these costs would be slightly more than a standard scheme for a sheltered housing scheme and have such sought to increase more standard rate of 3% inclusive of agents fees, up to 4% inclusive of agents fees to reflect matters.

It is noted that AC, for the applicant, disagrees with this reduction in their stated figures.

Legals Fees

The applicant has used £800 per dwelling for all legal fees. Capita believe these to be on the high side but not too high to not agree they are reasonable. Therefore, Capita have adopted this rate within their appraisal also.

Applicants Holding Costs

The applicant has included elements of holding costs, or better described as property/non recoverable outgoings which they would encounter after practical completion through to the sale of the final apartment. These costs would normally be recoverable through the occupiers service charge, but until all are sold the developer will need to cover these off as occupation of the first units will occur after practical completion of the build. As the scheme fills these costs will reduce but will be needed to cover such service charge elements as operational and maintenance costs, insurance and utility costs for the common areas, council tax and the cost of the estates manager who will be insitu from day one. It is therefore fair that these reducing costs are assessed and are seen as part of the appraisal, which Capita acknowledges.

These costs have been assessed at an overall sum of £168,152, which has been analysed by Capita and determined as fair, appropriate and reasonable.

Site Acquisition Costs

The applicant has assessed these at the appropriate SDLT rate applicable for the appraised RLV (determined and linked), plus Site agents fee at 1.0% of the RLV and legal fee of 0.8% of the RLV.

Capita agree on the SDLT and also to the site agents fee of 1% but feel the legal fee is too high. A rate of 0.5% is deemed more appropriate and has been adopted, with the other site acquisition costs, within their appraisal.

8. Methodology & Site Value

Methodology

Capita have assessed a residual value of the proposed scheme and have compared this to the Benchmark Land Value. This comparison will determine whether a scheme is viable or not and assess whether there is any surplus which would enable the site to contribute towards any off-site affordable housing payment or additional section 106 obligations and asks.

Recent guidance has changed the emphasis on assessing a BLV, with focus falling on an assessment of the existing use value (EUV), then making an appropriate increase to reflect a premium above the EUV, at which point a reasonable landowner would be persuaded to sell.

These changes have seen the shift in emphasis away from market evidence as it has been increasingly difficult to fully analyse a 'market sale' in an attempt to make any sale comparable to a subject site. Planning requirements, physical features, existing use considerations, end value differences and abnormals are just a few of the issues which affect a market sale and make any evidence in this regard, extremely difficult to apply to a separate and different development site.

The emphasis is now on establishing the existing use value and then seeking to agree an increase in the EUV to incentivise the landowner to dispose of the land.

Existing Use Value

The subject site is the Fairways Lodge & Leisure Club with associated grounds and parking etc.

The applicant has advised they have had a formal red book valuation carried out for the property and have included this in their FVA. A copy of the valuation is within the appendix and was carried out by Fisher German, chartered surveyors, and is dated 05 February 2024. The assessed existing use value (EUV) by Fisher German is in the

sum of £2,800,000. Given the EUV valuation Capita are happy to agree this figure as being an appropriate assessment of the EUV for the subject property/site.

Landowner Incentive (multiplier)

The applicant, within the FVA have not added any incentive to sell the property for redevelopment, thus assessing the BLV as being the same as the EUV, at £2,800,000. However, they have reserved the right to review this should it be deemed necessary and appropriate.

Capita would suggest there is a need to assess an incentive and thus increase the EUV figure accordingly to assess an appropriate BLV figure. The freehold owners of the site could sell the property in its existing use and condition and have a fairly reduced risk in this process. However, if they are willing to risk a developer securing the appropriate consents for redevelopment then it is fair to assume they need an incentive to follow this more complicated and riskier route to a sale.

In such circumstances, and following known increases, an incentive based on circa 20% of the EUV price is a reasonable uplift, and one which Capita view as being the minimum uplift such a property/site owner would require to establish the BLV for the site.

Referring now to the guidelines in establishing the BLV, there are now five stages of assessment which need to be considered/followed when ensuring the BLV assessed is indeed the most appropriate for the property/site in question. These steps are:

1. Determine the EUV Value.
2. Determine the Alternative Use Value (AUV) where appropriate.
3. Assess the Premium/Incentive above the EUV.
4. Carry out a Policy Compliant residual appraisal of the proposals as a cross check.
5. Assess the policy compliant site value with reference to suitably adjusted comparable land sales evidence as a second cross check.

In doing this Capita have followed due process and considered the steps with the following assessments:

Step 1 is establishing the existing use value as indicated above.

Step 2 AUV value. The site is being assessed for an alternative use and the appraisal herein has sought to determine this. The results later will determine whether or not it is appropriate to use this method as the BLV, if other steps herein have determined a greater figure.

Step 3 EUV Incentive. Comments have been made on this element above.

Step 4 is a policy compliant scheme for the site. This is actually what has been considered and therefore this step is negated in that the RLV (on a full open market sales basis (which would result in a higher RLV than a policy compliant assessment) policy compliant scheme) is considerably lower than the AUV value.

Step 5 comparative sites. This is the most controversial and the most difficult to consider as all sites are unique and come with their own development angles and costings as well as values. For these reasons Capita have resisted relying on any comparable information as this site is indeed unique in terms of size, shape and locality.

In conclusion Capita have adopted a **Benchmark Land value of £3,360,000**

Residual Land Value

Capita have produced a single full open market appraisal in assessing this development. Should this open market basis suggest a surplus of the RLV above the BLV then Capita would progress to determine the policy compliant basis. However, the appraisal does not show a surplus.

The appraisal produces the following RLV.

RLV of £2,458,260.

9. Conclusion

The development appraisal in appendix 3 has been prepared by Capita using the industry acceptable Argus Developer programme.

The appraisal has been prepared using all the data detailed within this report and has followed reasonable timings suggested by the applicant and agreed by Capita, having due regard to the size, scale and detail of the proposed scheme.

Clearly the full open market shows a negative position on viability when the RLV (£2,458,260) is compared to the BLV (£3,360,000). A deficit of minus -£901,740. This is on the basis of no affordable housing provision or off-site contribution and also no additional section 106 asks/obligations.

Any inclusion of affordable housing provision/off-site financial payment and/or section 106 obligations will only increase the deficit meaning the site is even less viable.

The clear conclusion is the site development is unviable and any additional requirements for affordable housing or section 106 matters could not be accommodated.

10. Sensitivity Analysis

As part of the RICS guidelines on Viability Appraisals Capita have undertaken sensitivity analysis to gauge the effect small changes in the major inputs would have on the results and conclusions derived from the assessment.

In this regard Capita have considered 3% and 6% fluctuations in both main build costs and sales values and their impact on the RLV's and hence viability position.

It can be seen from the analysis that if there is a slight increase in costs (plus 3%) and no change in sales values that the RLV decreases to £2,240,689, further below the BLV of £3,360,000, meaning no affordable housing or section 106 contributions would be viable.

If we look at a more unrealistic position (unrealistic given the current climate and market conditions) a sales price increase of say 6% and cost remaining the same, then the RLV increases to £3,062,158, still below the BLV.

In the sensitivity analysis there is only one position that results in the RLV increasing to above the BLV and this is with a 6% increase in sales revenue and a 6% fall in constructions costs. It is fair to say that this scenario is highly unlikely.

Caveats & Confidentiality

The report is subject to the information presented to us and is based on values today. Except where stated, it makes no predictions about the potential changes in the economy or policy that could influence the development value or costs.

Other than where stated, in arriving at an opinion of value, it is on the assumption that no contamination or other adverse environmental matter exist in relation to the site to affect value. No investigations into past or present uses have been carried out, either of the property or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property. No allowance is made for any effect in respect of actual or potential contamination of land. A party in the market might, in practice, undertake further investigations than those undertaken so far. If it is subsequently established that contamination exists at the site or on any neighbouring land or that the land has been, or is being, put to any contaminative use then this might reduce the value now reported.

This report has been produced as and when appropriate in accordance with any relevant RICS Guidance Notes and Information Papers.

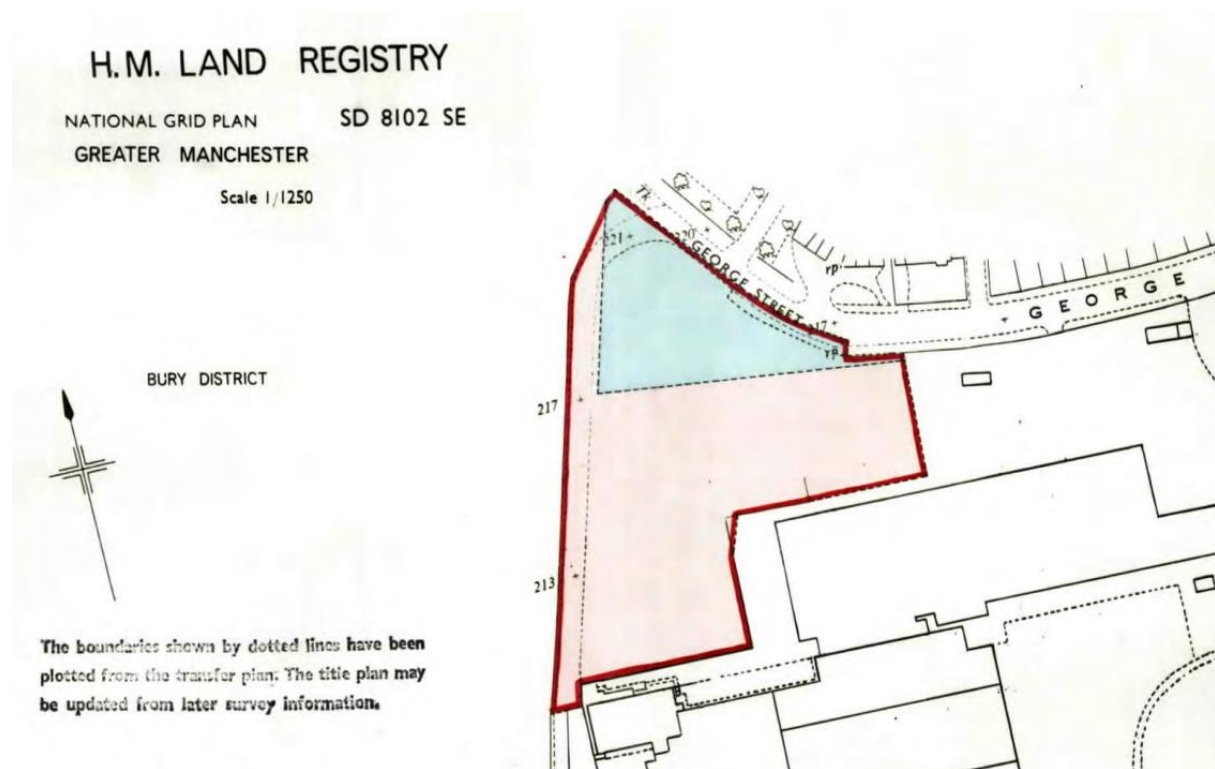
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If the content of this report is to be relied on as part of a planning appeal, further consultation would be expected at that stage, and take into account any additional evidence available before the case reaches the appeal stage. Seeking legal advice would also be recommended.

Capita has in place appropriate Professional Indemnity Insurance in respect of this report.

Any complaints or issues arising out of the Report will be in accordance with Capita's complaints handling procedure, a copy being available on request. The Report may be subject to monitoring under RICS' conduct and disciplinary regulations.

Appendix 1 - Location/Site Plan



Appendix 2 - Proposed layout plan



Appendix 3 - Viability Appraisal V3 - Capita Assessed Open Market Appraisal

APPRAISAL SUMMARY

ARGUS SOFTWARE

V3 - Fairways Lodge - Final for Repo Prestwich

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
OM - 1 Bed Apt - Pre Sales	8	4,632	500.86	290,000	2,320,000
OM - 1 Bed Apt	23	13,317	500.86	290,000	6,670,000
OM - 2 Bed Apt - Pre Sales	8	6,328	493.05	390,000	3,120,000
OM - 2 Bed Apt	13	10,283	493.05	390,000	5,070,000
Totals	52	34,560			17,180,000

NET REALISATION 17,180,000

OUTLAY

ACQUISITION COSTS

Residualised Price	2,458,260	
Stamp Duty	112,413	2,458,260
Effective Stamp Duty Rate	4.57%	
Agent Fee	24,583	
Legal Fee	12,291	
		149,287

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
OM - 1 Bed Apt - Pre Sales	6,624	147.25	975,384
OM - 1 Bed Apt	19,044	147.25	2,804,229
OM - 2 Bed Apt - Pre Sales	8,320	147.25	1,225,120
OM - 2 Bed Apt	13,520	147.25	1,990,820
Totals	47,508 ft²		6,995,553
Contingency		4.00%	279,822
Demolition			176,750
Asbestos			50,000
			7,502,125
Other Construction Costs			
Site External	10.00%	699,555	
Holding Costs		168,152	
			867,707

PROFESSIONAL FEES

Professional Fees	9.00%	692,560	692,560
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MARKETING & LETTING

Marketing	4.00%	687,200	687,200
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DISPOSAL FEES

Sales Legal Fee	52 um	800.00 /um	41,600
			41,600

TOTAL COSTS BEFORE FINANCE 12,398,739

FINANCE

Timescale	Duration	Commences
Purchase	1	Jul 2024
Pre-Construction	9	Aug 2024
Construction	19	May 2025
Pre Sales	1	Dec 2026
Sales	22	Dec 2026
Total Duration	51	

Debit Rate 7.500%, Credit Rate 2.500% (Nominal)

Land	493,892
Construction	553,986
Sales	297,383
Total Finance Cost	1,345,261

TOTAL COSTS 13,744,000

APPRAISAL SUMMARY**ARGUS SOFTWARE**

V3 - Fairways Lodge - Final for Repo

Prestwich

PROFIT

3,436,000

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
IRR% (without Interest)	20.61%

Appendix 4 - Sensitivity Analysis - V3 Capita Assessed Open Market Version

SENSITIVITY ANALYSIS REPORT

ARGUS SOFTWARE

V3 - Fairways Lodge - Final for Repo
Prestwich

Table of Land Cost and IRR%

Sales: Rate /ft²	Construction: Rate /ft²				
	-6.000%	-3.000%	0.000%	+3.000%	+6.000%
	138.42 /ft²	142.83 /ft²	147.25 /ft²	151.67 /ft²	156.09 /ft²
-6.000%	-£2,289,506	-£2,071,935	-£1,854,363	-£1,636,791	-£1,419,219
470.81 /ft²	20.6344%	20.9121%	21.2035%	21.5100%	21.8327%
-3.000%	-£2,591,455	-£2,373,883	-£2,156,312	-£1,938,740	-£1,721,168
481.84 /ft²	20.3648%	20.6211%	20.8894%	21.1706%	21.4656%
0.000%	-£2,893,404	-£2,675,832	-£2,458,260	-£2,240,689	-£2,023,117
500.86 /ft²	20.1225%	20.3604%	20.6087%	20.8682%	21.1397%
+3.000%	-£3,195,353	-£2,977,781	-£2,760,209	-£2,542,637	-£2,325,066
511.89 /ft²	19.9036%	20.1253%	20.3563%	20.5970%	20.8483%
+6.000%	-£3,497,300	-£3,279,730	-£3,062,158	-£2,844,586	-£2,627,014
530.92 /ft²	19.7047%	19.9123%	20.1280%	20.3524%	20.5860%

Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²

Original Values are varied by Steps of 3.000%.

Heading	Phase	Rate	No. of Steps
OM - 1 Bed Apt - Pre Sales	1	£147.25	2.00 Up & Down
OM - 1 Bed Apt	1	£147.25	2.00 Up & Down
OM - 2 Bed Apt - Pre Sales	1	£147.25	2.00 Up & Down
OM - 2 Bed Apt	1	£147.25	2.00 Up & Down

Sales: Rate /ft²

Original Values are varied by Steps of 3.000%.

Heading	Phase	Rate	No. of Steps
OM - 1 Bed Apt - Pre Sales	1	£500.86	2.00 Up & Down
OM - 1 Bed Apt	1	£500.86	2.00 Up & Down
OM - 2 Bed Apt - Pre Sales	1	£493.05	2.00 Up & Down
OM - 2 Bed Apt	1	£493.05	2.00 Up & Down