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Independent Financial Viability Assessment

In respect of

Ancoats Dispensary
Old Mill Street
Ancoats
Manchester
M4 6EB

On behalf of

Great Places Housing Group
2A Derwent Avenue
Manchester
M21 7QP

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**INDEPENDENT FINANCIAL VIABILITY ASSESSMENT IN RELATION
TO THE PROPOSED DEVELOPMENT
AT:**

**ANCOATS DISPENSARY
OLD MILL STREET
ANCOATS, MANCHESTER
M4 6EB**

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1. INTRODUCTION

Lambert Smith Hampton is instructed by the Applicant, Great Places Housing Group, to assist in undertaking an assessment of the development viability of their full planning application proposals relating to the redevelopment of Ancoats Dispensary.

A full planning application is to be submitted for the “Partial demolition, and external and internal alterations” to facilitate conversion of the existing former Ancoats Dispensary Building to affordable residential apartments. We have been instructed to consider a number of redevelopment options for the site, relating to a variety of uses namely:

- A Hotel Scheme
- An Office Scheme
- A Market Facing Residential Scheme (Apartments)
- Market Facing Residential Scheme (Town Houses)
- A Community/Leisure Scheme
- An Affordable Residential Scheme

The commentary set out in this report, including appraisal summaries, seeks to demonstrate the level of viability attached to each of the potential redevelopment options.

The findings of this report will inform the Applicant’s discussions with Manchester City Council in respect of the most viable future use of the property having regard to current market sentiment and developer and end user demand. This report does not undertake a detailed review of planning policy or planning history relating to the site and is a subjective assessment of the development proposals.

2. FINANCIAL VIABILITY ASSESSMENT

There is no statutory definition of how financial viability is assessed on residential development sites. Some assistance is provided, however, by RICS Guidance Note (2012) “Financial Viability in Planning”. The guidance note directs valuers to assess whether the development delivers *both competitive return to the landowner* (i.e. generates a realistic land value or price) *and a market return to the developer* to incentivise both parties to release the land and bring it forward for development. If the development did not pass both these tests it would be considered unviable.

In July 2018, the Government sought to provide greater clarity on many factors around the issue of scheme viability in its Planning Guidance Note which accompanied the new National Planning Policy Framework. This included an attempt to move to greater standardisation of inputs to viability assessments such as:

- **Gross Development Value:**

Gross Development Value is an assessment of the value of development. For residential development this may be total sales and/or capitalised net rental income from developments. Grants and other external sources of funding should be considered. Commercial development, broad based assessment of value in line with industry practice may be necessary.

For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. Any market evidence used should be adjusted to take into account variations in use, form, scale, location, rents and yields, disregarding outliers. Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.

- **Costs:**

- Build costs based on appropriate data, for example, that of the Building Cost Information Service. We have been provided with a schedule of costs, prepared by Turner and Townsend (Stage 2 cost plan 22/03/21). The schedule sets out estimated cost analysis for each of the options under consideration and set out above. We have relied solely on these costs in undertaking this Viability Assessment and have included a copy of the same to the rear of this report.

- Abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining value.
- Site-specific infrastructure costs, which may include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining value. It is assumed that any such costs have been incorporated into the assessment complied by Turner and Townsend.
- The total costs of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and other relevant policies or standards. These costs should be taken into account when defining value.
- General finance costs including those incurred through loans.
- Professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining value.
- Explicit reference to project contingency costs should be included in circumstances where scheme's specific assessment is deemed necessary, with a justification for contingency relative to project risk and developer's return.
- **Alternative Use Value:**

In determining the value the Alternative Use Value can also be adopted. This is however restricted to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Also where it is assumed that an existing use will be refurbished or redeveloped it will be considered as an AUV when establishing value.

- **Developer Return:**

Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of complying with policy requirements should be accounted for the appraisal. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan.

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 chose 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 be appropriate for different development types.

Local Context

The Property lies within an area administered by Manchester City Council whose Core Strategy, adopted in July 2012, provides the framework for guiding, controlling and facilitating development.

Under this Plan, the site does not appear to be allocated for any specific use. Under policy H4, the subject area of East Manchester is designated to accommodate around 30% of new residential development over the lifetime of the Core Strategy up until 2027. Priority will be given to family housing and other high value, high quality development where this can be sustained, with high density housing being permitted within the parts of East Manchester that fall within the Regional Centre which are adjacent to the City Centre. These neighbourhoods include Ancoats, New Islington, Holt Town and Chancellor's Place; to the west of Alan Turing Way, and within Eastlands, Newton Heath, Openshaw and Gorton district centres as part of mixed-use schemes.

We understand from planning history obtained from the Council's website that the following pertinent applications have been decided:

Reference	Date	Decision	Detail
116665/FO/2017	Feb 2018	Not progressed any further	Reconstruction, restoration, reconfiguration and elevational alterations to former dispensary building to height of 3-storeys above a basement with re-instatement of a central tower and incorporation of dormer windows to roof in connection with the formation of internal community use, exhibition space and community café at ground floor and managed office space on 1st and 2nd floors (sui generis use) with new access arrangements, formation of an external service / court yard, mini-bus and cycle parking, bin storage areas and boundary treatments
116666/LO/2017	Feb 2018	Not progressed any further	Listed Building Consent relating to the reconstruction, restoration, reconfiguration and elevational alterations to former dispensary building to height of 3-storeys above a basement with re-instatement of a central tower and incorporation of dormer windows to roof in connection with the formation of internal community use, exhibition space and community café at ground floor and managed office space on 1st and 2nd floors (sui generis use) with new access arrangements, formation of an external service / court yard, mini-bus and cycle parking, bin storage areas and boundary treatment
1079983/LO/2015/N2	Oct 2015	Approved	Retrospective Listed Building Consent for the removal and stabilization of stone and brickwork to the roof and to building frontage.
096729/LL/2011/N2	June 2013	Withdrawn	Listed Building Consent for demolition of existing building.
074453/FO/2005/N2	13 May 2005	Approved	Mixed use development, comprising 12 residential units, together with 437 metre square of commercial space (A1 retail, B1 business, A3 food and drink) in two units on the ground floor (in conjunction with previous approval 067655/FO/NORTH2/03
074454/LO/2005/N2	13 May 2005	Approved	LISTED BUILDING CONSENT Alterations to listed building in conjunction with redevelopment for 12 residential units and commercial space at ground floor including removal of 4 chimneys, alterations to feature tower and installation of roof lights.

Overall

To assist with the Applicant's discussions with the local planning authority we have prepared a number of development appraisals, assessing various potential options for the building in order so ascertain the commercial viability of each option.

Statements/Disclosures

In accordance with Paragraph 20 of the PPG under Viability and Plan Making this FVA has been prepared by a suitably qualified and experienced Chartered Surveyor and seeks to set out the assumptions and findings of the FVA in a clear and concise manner. Should the decision maker struggle to interpret the findings of this report in any way, please do not hesitate to get in touch for further clarification.

In accordance with Paragraph 2.1 of the Financial viability in planning: conduct and reporting (1st edition, May 2019), when carrying out this FVA, we have acted with objectivity; impartially; without interference; and with reference to all appropriate available sources of information.

In accordance with Paragraph 2.2 of the Financial viability in planning: conduct and reporting (1st edition, May 2019), I can confirm that there are no conflicts of interest.

In accordance with Paragraph 2.3 of the Financial viability in planning: conduct and reporting (1st edition, May 2019), when preparing this report, no performance-related or contingent fees have been agreed.

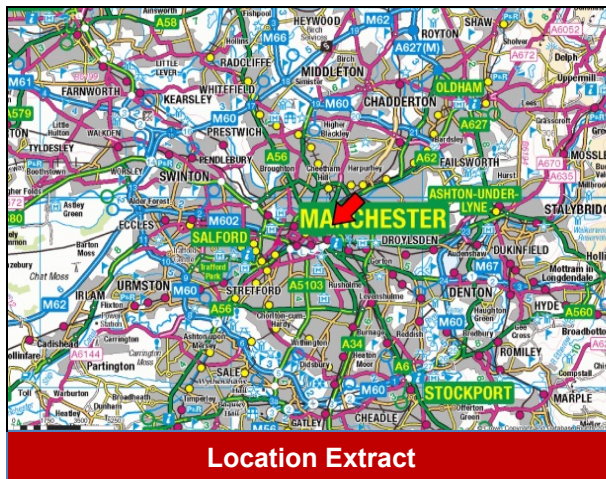
3. LOCATION

The property is located in Manchester in the North West region. The City has an estimated population of 502,900 (2011 Census). Manchester is the commercial and administrative capital of the North West and as such benefits from excellent direct road links to many other areas of England via the M60 Orbital Motorway network which connects with the M61, M62, M66, M56 and M6 Motorways.

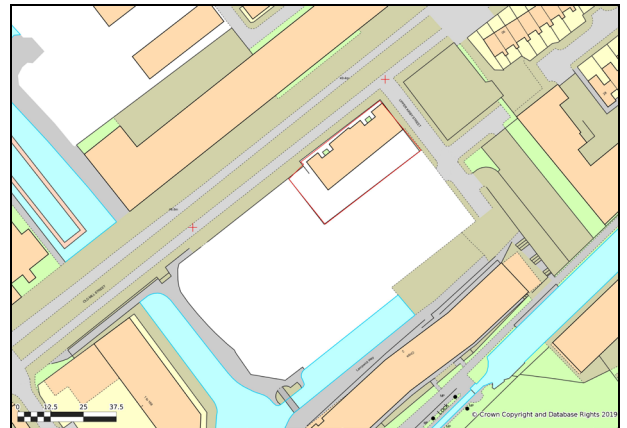
Manchester also has two mainline railway stations (Piccadilly and Victoria), two smaller commuter stations (Oxford Road and Deansgate) and a rail transit system (Metrolink) which extends as far north as Bury and as far south as Altrincham. A multi-million pound upgrade and extension to the Metrolink network, linking it with Manchester International Airport has further enhanced this network. The Airport is located approximately 10 miles to the south of the City Centre. Rail services to London Euston are available in approximately 2 hours 15 minutes.

Micro Location

The property is situated in the inner city regeneration area of New Islington, within a mixed residential/commercial location on the outskirts of Manchester City Centre which forms part of the area of Ancoats. New Islington is bounded by Great Ancoats Street to the west, the Rochdale Canal to the north-west, New Union Street to the north-east, Weybridge Road to the east and Pollard Street to the south.



Location Extract



Site Plan

Situation

The property is situated on Old Mill Street Lane at the junction with Lampwick Lane. Properties in the surrounding area include the former Central Retail Park site which has been earmarked for a new large mixed use development, Ancoats Primary Care Centre and New Islington Primary School. Urban Exchange, a small retail park, is situated on the adjacent side of Great Ancoats Street to the subject site and includes occupiers Aldi, Marks and Spencer, PureGym and Go Outdoors.

Manchester's Northern Quarter is situated a short walking distance away on the adjacent side of Great Ancoats Street, and is an area which is popular for its numerous bars and cafes, as well as its mix of music and clothes shops. The area is also served by New Islington Metrolink station on the East Manchester Line. The stop, situated adjacent to Pollard Street, opened in February 2013. Manchester Piccadilly Train Station is situated approximately 700m away from the property.

4. DESCRIPTION

The property comprises the three storey (with basement) gothic style Grade II Listed Building, known as Ancoats Dispensary. The building was constructed in 1874, to provide basic healthcare for the local laboring population to work alongside the Manchester Infirmary.

The original structure was extended over the years and by 1935 the hospital had grown to include a new four storey ward block, new theatres, a nurses home and ancillary accommodation. The building was in use until 1989 but has been empty ever since and has become increasingly dilapidated. As a consequence, most of the structures have been demolished and the Ancoats Dispensary is the only building remaining on site. Ultimately, all structures on the site that are not Grade II Listed; including the nurse's home, ward blocks, and various other building have been demolished.



Front Elevation



Internal

The image detailed above shows that much of the buildings internal features no longer remain and floors have collapsed. There is little remaining architectural form or detail in these spaces. The heritage significance of the buildings elevations and interior ranges High-Medium-low and the heritage significance of the spaces inside the building is almost all related to their historic uses.

The front, the main elevation of the Dispensary building has High significance based upon its architectural treatment as well as its communal and historical interest as part of the life of the local community. The loss of the central tower has somewhat lessened but not wholly removed the building's ability to convey its original impact.

The eastern elevation retains much of its original architectural detailing. It announces the building on a key approach, complementing the main elevation and demarcating the corner to Lampwick Lane. It has been accorded a level of High significance.

The western elevation was never treated in the same way as the others in terms of architectural detailing and although it is important in demarcating the original western extent of the Dispensary, recent redevelopment up to its curtilage has resulted in it being to a large part, hidden from the public realm. It has been accorded a level of Medium significance.

The Southern elevation was most affected by extension works over the years; its eastern side being broken through within 15 years of the Dispensary opening. With the final removal of the hospital's later extensions, the extent of scarring and disruption to the original balanced fenestration design is clear.

The heritage significance of the internal spaces is almost entirely related to their historical and communal significance based upon their assumed uses taken from the floorplan of 1873.

There is little by way of surviving architectural form or detail in these spaces, save for the partially intact spine walls and chimney flues which help demarcate plan form and the location of fireplaces, and a very small amount of decorative plasterwork.

For each floor, the cruciform central circulation space is judged to be of High significance and the radial corridors of Medium significance reflecting their roles of the former being fundamental to the design concept and the latter an essential part of that concept.

The form of the central four rooms at ground floor level area is discernible and these are rated as having Medium significance. Although now ineffectively expressed architecturally they hold historical and communal interest by being fundamental to the ethos of the foundation of the Dispensary. These are: the dispensary room itself and the accident treatment room, both underpinned by the surgeons and nursing staff rooms. Rising up the building the spaces were more amorphous being used for open plan wards, ancillary and offices and so these have been accorded a mixture of Medium and Low significance.

In summary, there is little architectural form or detail in the remaining building and the significance of the building has declined over the years as it has fallen into a state of disrepair. We set out below a brief overview of the condition of the building structure and many of the important architectural features, such as the central tower, no longer remain in situ or have been destroyed. Redevelopment of the Ancoats Dispensary is considered necessary in order to prevent further deterioration.

5. CURRENT CONDITION

Following the removal of the roof and floors the condition of the walls has deteriorated drastically. The building is not safe to access internally due to rotten and partially collapsed floors. The primary issue of concern for the existing building is the stability of the masonry walls. These have been secured around the perimeter by scaffold but internally the walls have loose bricks and vegetation growth that would provide a danger to anyone accessing the building

The primary structure of the building is currently kept stable and in place by the perimeter façade retention scheme. Should this be removed, without further structural intervention, the building will be at risk from collapse. Collapsed brickwork has filled the basement and now presents a serious hazard.

Scaffolding structure goes right up to the boundary. Construction access to the building would only be possible from above

We understand the building presents a number of practical challenges with regards to future redevelopment; including-

- External masonry walls have been secured around the perimeter by scaffold these extend to the site boundary.
- Basement is filled with loose masonry. It is likely to have voids and therefore has the potential to collapse.
- Walls previously restrained by floors have a very slender ratio and are partially supported at the base by collapsed brickwork. If this was to be removed the slenderness ratio would increase as would the chance of collapse.
- No machinery access to the building interior from ground level without removal of a section of wall
- Access from above is limited as the constrained site boundary provides no access for cranes

6. THE DEVELOPMENT OPTIONS

As part of this Viability Assessment, we have been instructed to consider 6 possible options based on a number of proposed alternative uses and against pre-determined inputs; namely

- Hotel Scheme
- Office Scheme
- Market Facing Residential Scheme (Apartments)
- Market Facing Residential Scheme (Town Houses)
- Community/Leisure Scheme
- Affordable Residential Scheme

The Applicant has provided us with a copy of a presentation to Manchester City Council dated 23rd October 2020 which details a number of assumptions in relation to each of the potential option and with specific regard to floor areas, potential room sizes and building extension options (primarily for residential options). We were provided with additional cost information by Great Places Housing Group on 27th April 2021 together with scheme refinements. We have relied upon this information and assumptions when modelling the development appraisals for each option.

We set out below a brief synopsis of each of the proposed uses, detailing assumptions, inputs and conclusions.

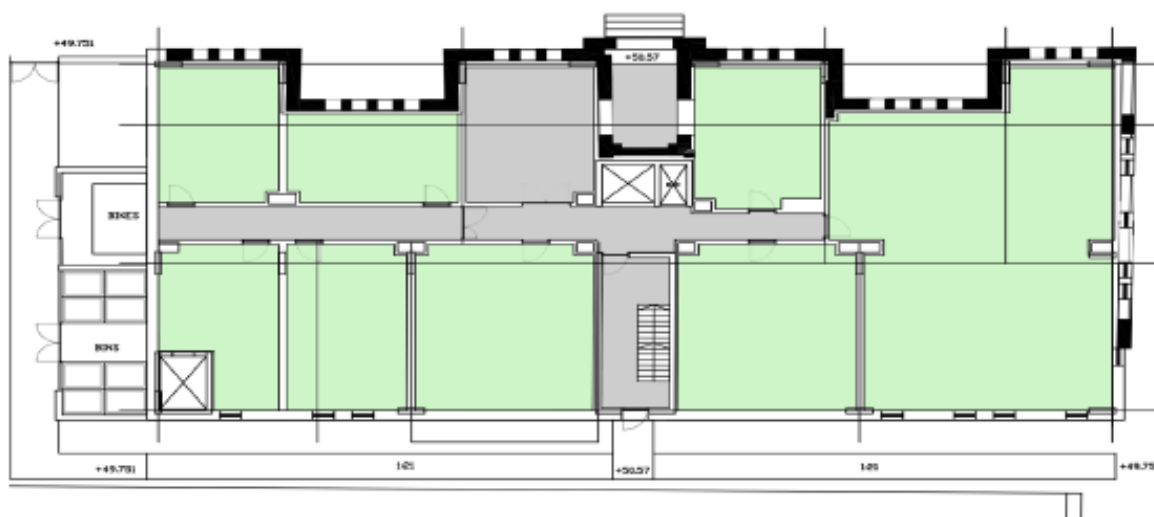
OPTION 1 – HOTEL SCHEME

Hotel Scheme

Assumptions

- 46 Guest Room Development
- Gross Area – 2,752.87 sq m (29,629 sq ft)
- Allows original cruciform plan arrangement to be retained
- Reuse of Grade II Listed Building
- Building footprint will limit capacity and economies of scale for end use
- Significant competition within regional market sector
- Significant pressure placed on market sector as a consequence of Covid19
- No car parking other than a single disabled car parking space

We have set out below an indicative scheme layout



Overview

It has been widely reported that hotels and the wider hospitality sector have been among the worst-hit industries during the COVID-19 lockdown. Accordingly, whilst there will be new challenges when hotels are able to re-open, we are of the opinion that there will also be opportunities for those operators and investors that are able to adapt quickly to the post-lockdown world.

Historically, the hotel industry has bounced back relatively quickly after economic downturns, but the current situation is unprecedented. COVID-19 has created challenges that may linger for some time. In the immediate term, the need for social distancing will present operational issues, while reduced international and business travel could have a structural impact on demand.

However, we believe that cities such as Manchester, Edinburgh and Glasgow are among the key European cities that are well positioned for hotel performance recovery post-lockdown. CBRE has just reported on the latest analysis of major European hotel markets and the report analyses future demand expectations across each major travel segment to identify which cities are likely to be most impacted.

Markets with material exposure to leisure demand and a lower reliance on International travel (particularly long-haul) and Meetings, Incentives, Conferences and Exhibition (MICE) demand are best positioned for a more rapid recovery. Domestic travel will be the first to see a return of activity, according to the research.

Markets such as Manchester will be predominantly supported by the gradual reopening of economic markets alongside the lifting of some travel restrictions. In 2019, 63% of tourism spend across Europe was from the domestic travel market, highlighting its importance in the sector.

Traditionally the UK has been one of the markets with the highest share of domestic tourism spend. This makes it well positioned for a more immediate recovery, notwithstanding the economic effect of COVID-19 at a country level and the consumer perception of risk which will differ by destination.

International travel demand will take longer to return, with short-haul recovering before long-haul. CBRE's findings suggest that as a result of this, accommodation providers in gateway cities and airport locations will be most exposed to the limited volume of international travel demand.

Interesting data is emerging in respect of the performance of the Extended Stay/Aparthotel sector, many businesses maintaining reasonable occupancy during lock down. In the shorter terms this segment of the market is expected to perform better as arguably the product provides the perfect format for the socially distanced world, offering customer's self-contained apartments where they can cook for themselves and need minimal contact with hotel staff. This already-growing sector could gain market share.

There is very little currently occurring in the hotel transactional market, as you would expect and we are yet to see any significant shift in distressed situations, although this may start to change in the build up to businesses gearing back up to trade. However, we expect cases that were already marginal pre-Covid 19 to make up the bulk. Ultimately, investors will be waiting to gauge the speed in which assets can ramp up trading, but this will inevitably be highly market and asset driven

In the case of the subject site we consider the peripheral location will place further pressure on developer and end user appetite for hotel use in the short to medium term. Manchester City Centre offers significant competition levels in more favorable locations. Additionally, the lack of available function/restaurant space within the subject would further deter potential operators in our opinion.

Manchester Hotel Market

The Manchester hotel market comprises approximately 160 hotels providing over 16,500 bedrooms and is dominated by the 4 star and budget sectors which account for 36% and 34% of the bed supply respectively. Of the total supply 40% is operated under a global or international brand and 46% are operated by a national or regional brand with the remainder being independent.

Occupancy rates in 2019 were boosted to just above 2018 levels for both the city centre and for Greater Manchester, whilst activity in the sector during 2018 has boosted revenue year-to-date for Greater Manchester, when compared with 2018, whilst the city centre's revenue performance is equal to 2018 performance.

As occupancy levels are a measure of how well demand is meeting supply, the levels of supply are monitored to provide context. For example, when an 80% daily occupancy rate is achieved in a market with 23,500 rooms, 18,800 rooms are sold per night but when a 78% daily occupancy rate is achieved in a market with 25,000 rooms, 19,500 rooms are sold per night.

The additional supply that opened in 2019 includes Crowne Plaza Manchester & Staybridge Suites – Oxford Road, the AC Hotel Manchester City Centre, Whitworth Locke, Hotel Indigo Manchester – Victoria Station and the Dakota Manchester. This equates to a net gain of 983 rooms.

Occupancy rates in Greater Manchester are driven by activity in a number of markets. Manchester city centre, particularly, is then boosted further by events taking place across a range of venues.

Demand Drivers

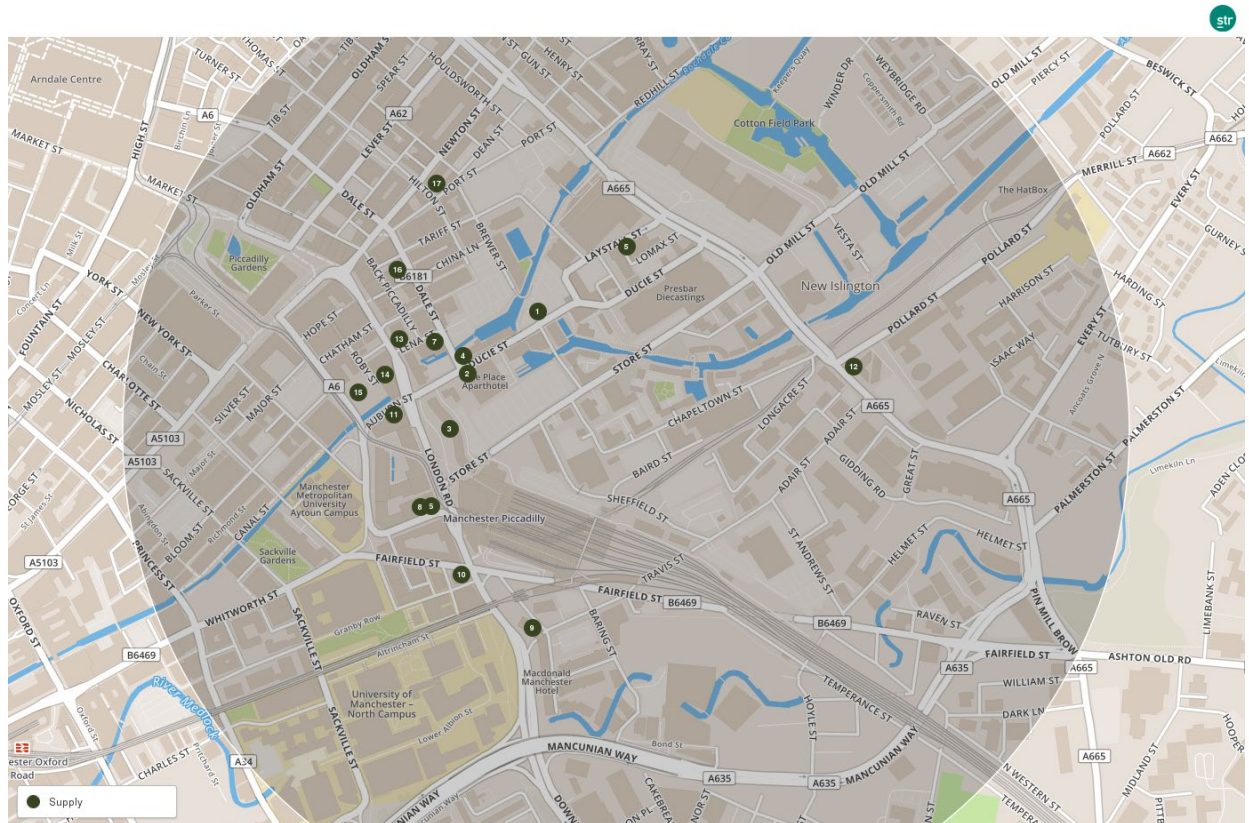
Manchester's hotel market has numerous drivers with the city boasting two of the largest Premier League football clubs in the UK both of which have large numbers of overseas supporters and play in Europe, in addition to hosting their own games the stadiums also host other sporting cup finals and live music events all of which generate overnight stay demand.

The city has numerous live music venues including The Manchester Arena which hosts numerous live music concerts and shows throughout the year, Old Trafford Cricket Ground, Bridgewater Hall, The Opera House, O2 Academy to name but a few. Manchester is also home to numerous large conventions throughout the year held at the Manchester Central Convention Centre. All this is in addition to the shopping available within the city centre and Manchester busy night life.

Manchester was ranked no.3 by Visit Britain in the UK's top cities/towns for inbound visitors to the UK and the current performance indicators support a positive long term outlook for the Manchester hotel market.

Hotel Supply

According to research undertaken by STR Global there are 17 trading hotels within the Piccadilly area providing a total of 2,503 bedrooms. Of these there are 5 no. serviced apartments, 3 no. budget, 3 no. 2 star rated and 6 no. 4 star rated.



Source: STR Global

Marker	Title	Grade	Rooms
1	Dakota Manchester	4	137
2	Native Manchester	Apts	162
3	StayCity Serviced Apartments Piccadilly	Apts	182
4	La Reserve Aparthotel	Apts	87
5	The Northern Quarters Serviced Apartments	Apts	84
6	Monroes	2	7
7	Premier Inn Manchester City Centre Piccadilly	Budget	193
8	Motel One Manchester Piccadilly	Budget	330
9	Macdonald Manchester Hotel & Spa	4	338
10	Bulls Head	2	5
11	DoubleTree by Hilton Hotel Manchester Piccadilly	4	285
12	ibis budget Manchester Centre Pollard Street	Budget	150
13	Abode Manchester Hotel	4	61
14	Malmaison Manchester	4	167
15	Holiday Inn Manchester City Centre	4	298

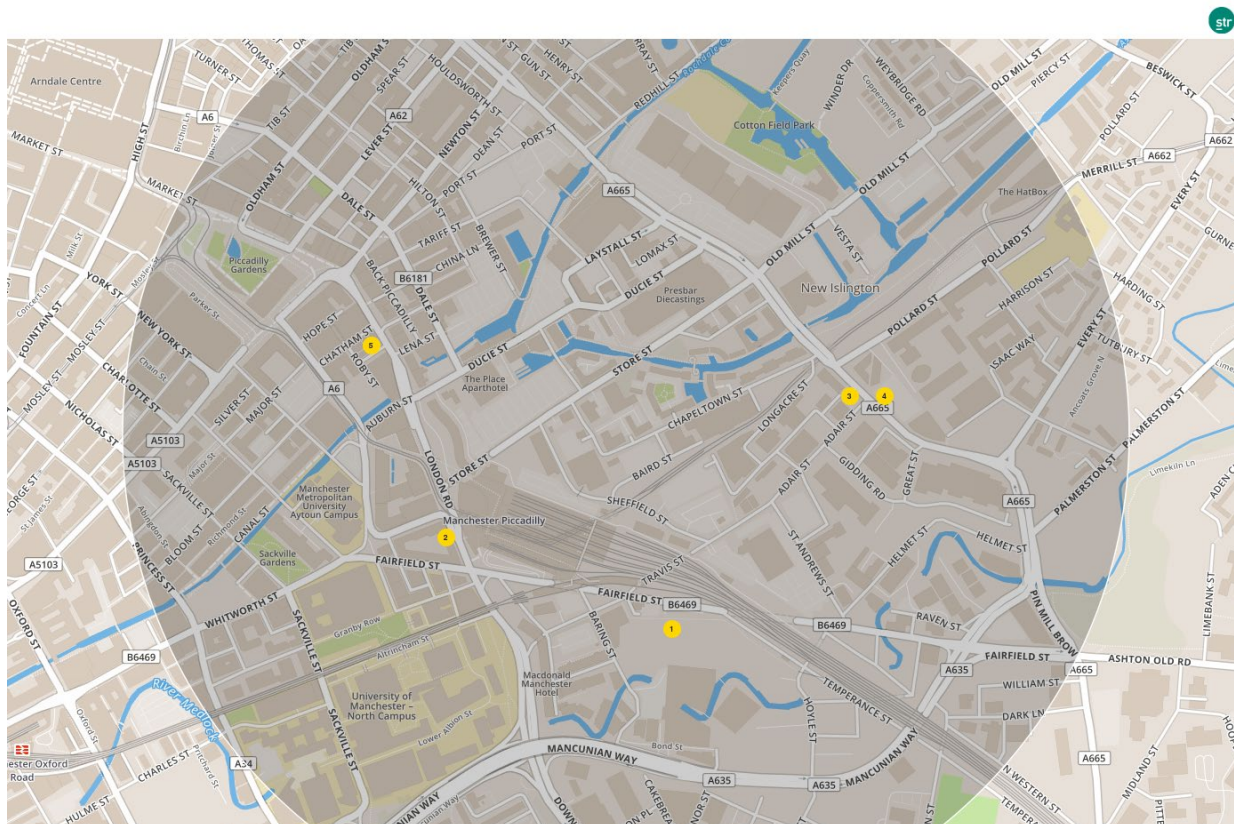
Marker	Title	Grade	Rooms
16	Eleska's Aparthotel	Apts	5
17	Crown & Anchor Hotel	2	12

We would also highlight that there are a number of venues in the wider area which provide competition for conferences and other events.

Hotel Pipeline

We would comment that the local and regional hotel market will continue to develop and increased competition could have a detrimental impact on future earnings.

According to research undertaken by STR Global there are 5 hotels in the pipeline within the Piccadilly area alone, most relevant to the subject, potentially providing an additional 1,113 bedrooms.



Source: STR Global

Marker	Title	Grade	Rooms
1	Mayfield Quarter	3	250
2	Zetter Hotel at London Road	5	42
3	Leonardo Hotel Manchester	3	275
4	MEININGER Hotel Manchester	Budget	212
5	Toyoko Inn Manchester	3	354

We understand that the Mayfield Quarter includes two hotels providing circa 650 bedrooms in addition to in excess of 154,000 sq. m. of office space, 32,000 sq. m., of retail space and 1,500 residential units. We are not aware of any operators being confirmed for either of the units.

Within Manchester the majority of confirmed hotel schemes in the city going forward are either of a four-star standard or are within the budget sector; however, it should be noted that the four star brands are far more location specific.

The majority of interest in the Manchester market is on the basis that the hotel will be operated under the terms of a Hotel Management Agreement (HMA) with or without a franchise from one of the major brands. Strong interest remains in the Manchester market both from brands and also third party operators seeking to work with the brands on a franchise basis.

There are currently only a limited number of hoteliers currently willing to enter into a lease; however in the absence of further information we have had regard to rents and yields achieved on hotel investments and capital values on trading hotels on a 'price per room' basis.

Hotel Rental Value Analysis

The majority of interest in the Manchester market is on the basis that the hotel will be operated under the terms of a management agreement either with or without a franchise from one of the major brands. Strong interest remains in the Manchester market both from brands and also third party operators seeking to work with the brands on a franchise basis. There are currently only a limited number of hoteliers currently willing to enter into a lease.

We detail below comparable hotel rents in the local market area. Rents detailed range from £5,000 to £10,000 per annum per room.

Address	Description	Lease Details	Rent Per Key
Hotel Gotham Manchester	Converted 5 star hotel providing 60 letting rooms, restaurant and function space	Let to Bespoke Hotels Group for a term of 25 years from Q1 2017 at an initial base rent of £375,000 p.a. An additional rent is payable based on turnover.	£6,250 p.a.
Gateway House Manchester	Converted Aparthotel providing 182 letting rooms	Let to Stay City for a term of 25 years from Q1 2017 at an initial rent of £1,500,050 p.a.	£8,544 p.a.
Travelodge Manchester	Purpose built budget hotel providing 104 letting rooms and car park	Let to Travelodge Hotels Ltd for a term of 25 years at a rent from Q3 2016 of £427,900 p.a.	£4,114 p.a.
Melia Hotel Manchester	Purpose built 4 star hotel providing 208 letting rooms	Let to Lomondo on a 25 year lease in Q2 2016 at a rent of £1,560,000 p.a.	£7,500 p.a.
North Western Hall Liverpool	Proposed converted 4 star hotel providing 200 letting rooms	Let to Radisson Hotel Group on a new 20 year lease at an initial rent of £925,000 p.a. rising to £1,500,000 p.a. in year 4.	£7,500 p.a.

The proposed development provides a limited service hotel. We would therefore expect a figure towards the lower range to apply to the subject.

Hotel Yield and Capital Value Analysis

Hotel and Leisure investments essentially come in the following forms:-

- i) Properties operated under lease, where the owner receives an annual rent, which will be reviewed periodically.
- ii) Properties operated under either a Management Agreement or lease, where the owner receives a minimum guaranteed return or rent from the operator, together with an additional sum or rent, which will be dependent upon the profitability of the business in any given year.

- iii) Properties operated under a Management Agreement, entered into with the “brand” in accordance with which the owner receives a return that varies from year to year, according to the level of profit achieved.
- iv) Properties operated under a “third party” Management Agreement, rather than the “brand” which is terminable in the event of a sale, with a separate franchise agreement being entered into with the “brand”. This provides a significantly more flexible position for the owner. In the event of a sale, the owner may sell the unencumbered freehold interest with the benefit of the franchise and accordingly brand, but without the burden of a long term management agreement. The owner may also receive a minimum guaranteed return or rent from the “third party” operator, which will be dependent upon the profitability of the business in any given year.

In recent years Management Agreements have become the mainstay for hotel groups such as Rezidor, Hilton, Accor, Intercontinental Hotel Group (IHG) etc. as it allows such hoteliers to operate as “manager” without the burden of the fixed property costs associated with a traditional lease or the repairing liabilities. Furthermore such agreements have enabled operators to expand much more rapidly without the need for large investment (without impairing their balance sheets).

Typically management agreements or contracts are for a term of 20 years or more with, the “manager” receiving a base fee based on a percentage of total revenue at the hotel, with a further incentive fee calculated on the adjusted gross operating profit (AGOP), the owner taking their return from the remaining profits generated. The manager has no formal rights over the property acting as agent for the owner who remains responsible for the building and the employees.

On the basis that the Management Agreement with Interstate Hotels and Resorts is terminable in the event of disposal of the asset we have assumed that the hotel would be available with vacant possession and disregarded the Management Agreement as this is the most likely basis upon which the Property would be sold.

By virtue of hotel trading information being confidentiality of information we are unable to fully verify the yield profile of comparable sales and therefore we have analysed on a per key basis; however where this is available we have taken it into consideration.

We detail below hotels which have sold in the local market area. The price detailed ranges from approximately £110,000 to £185,000 per key.

Address	Description	Sale Price	Date	Price per Key
Clayton Hotel Manchester	New 4 star hotel providing 329 letting rooms, bar, restaurant and meeting rooms	£60,000,000	Q2 2019	£182,000
Manchester Townhouse Hotel Manchester	Converted 4 star hotel providing 85 letting rooms, bar, restaurant, meeting and function rooms	£12,500,000	Q3 2017	£147,000
Holiday Inn Manchester	Purpose built 4 star hotel providing 298 letting rooms, bar, restaurant and meeting rooms	£55,000,000	Q2 2017	£185,000
Holiday Inn Express Trafford City Manchester	Purpose built limited service hotel providing 220 letting rooms, café bar and car parking	£24,200,000	Q2 2017	£110,000

Address	Description	Sale Price	Date	Price per Key
Holiday Inn Express Manchester	Purpose built limited service hotel providing 151 letting rooms, café bar and car parking	£17,200,000	Q1 2017	£115,000

Gross Development Value

Taking into account the evidence set out above, for valuation purposes we have adopted the comparable method of valuation for the hypothetical hotel scheme.

We have assumed the hotel will be delivered fully fitted out on a 'turn-key' basis and we have applied a tone of £150,000 per room and the basis of a 46 unit scheme which we consider to be reasonable and in line with what could be achieved if the hotel was developed to a basic 3 star offering with no restaurant on site. **The Gross Development Value is £12,481,527.**

Construction Costs

We have incorporated the cost of construction inputs set out in the Viability Assessment modelled by Turner Townsend and have relied upon the information provided.

Development Appraisal

In our development appraisal, in order to take into account the specific attributes of the subject, as well as the proposed option under consideration, we have adopted a residual valuation appraisal reflecting the stage of development existing at the valuation date.

In essence, we have estimated the completed value of the scheme, and then deducted the realisation costs and an element of profit to determine the residual amount, which is taken to represent the value of the site in its existing condition. In doing so, to arrive at our opinion of Gross Development Value (GDV), we have analysed direct comparable transactions in the area to determine what level of pricing is achievable.

The appraisal adopts the proposed scheme as its context.

For this exercise we have utilised industry standard software, the Argus Developer Appraisal Model.

A copy of our valuation calculations is attached at Appendix 3, which reflects the following:

Gross Development Value	£12,481,527
Purchaser's Costs	Nil
Construction Costs	£8,719,378 (£189,551 per room)
Professional Fees	10%
Marketing	£100,000
Disposal Fees	Agency 1% Solicitor's 0.5%
Rent Free Period	N/A
Finance Costs	6%
Development Period	24 months

Developers Profit	20% Profit on Cost
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On this basis our opinion of residualised value of the site produces a substantial negative value of circa £5,580,000. We have been advised no Homes England Grant Funding is available with this option.

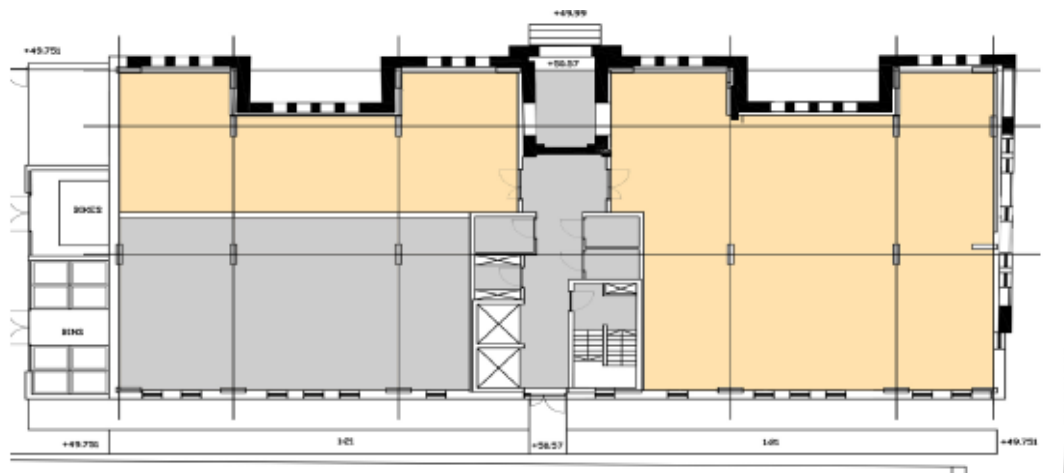
OPTION 2 – OFFICE SCHEME

Office Scheme

Assumptions

- Gross Area – 2,414.43 sq m (25,986 sq ft)
- Net Internal Area – 2,051.84 sq m (22,084 sq ft)
- Grade A Specification
- No On-site car parking
- Single let on completion
- Reuse of Grade II Listed Building
- No car parking other than single disable car parking space

We have set out below an indicative scheme layout



Overview

The impact of COVID19 is seen by some to be a turning point for the modern office occupier with acceleration in home working practices. At the same time the pandemic has shown the limitations of home working practices with limited opportunity for face-to-face interaction and collaboration.

If a business has a choice and the home working experiment has exposed a potential alternative, they must decide whether the inevitable cost savings outweigh the benefits of bringing their people together under one roof. If they decide to maintain the role of the office, they must ensure they can persuade their people to leave their home desks and return to the fold.

As workplaces start to reopen with physical distancing measures in place, offices in the centre of major cities are the most problematic, often necessitating commutes on crowded public transit. Suburban or out-of-town locations where workers typically drive will be able to resume something approaching normal operations much more quickly.

Anecdotal evidence suggests a short-term spike in interest in office sites with car parking and smaller private office suites as a result of COVID.

Despite the success of home working we expect the office to continue to have a key role in connection with culture, community and connection. For many occupiers the key question is without an office how will businesses attract, retain and nurture top talent without an office.

At one end of the range are occupiers that have adapted well to home working and could re-evaluate future in-office functions and ultimately reduce office size requirements.

But if offices become destinations to meet co-workers, get inspiration and exchange ideas, rather than just to sit at a desk, those in City Centre locations make more sense.

If organisations don't need as much space because people work remotely more often, they may choose not to cut their rent bill but to spend the same amount on a smaller, more characterful building in an amenity-rich central location – a much more attractive destination for employees than a featureless office park.

Demand is reduced for City Centre offices with requirements on hold. The reduction in demand begs the question is it short term and will demand recover.

Will demand from the Tech and E-Commerce sectors off set the falling demand from tourism and leisure industries? Will occupiers follow the example of Twitter, permitting full time home working?

Many are asking will occupiers seek to future proof their business with some element of homeworking in the event of a further pandemic. Flexible offices, in particular hot desks, could be impacted by the focus on hygiene in the short term. Will occupiers seek more space to facilitate social distancing or shrink it to account for lower density with increased home working. Companies could see this as an opportunity to downsize, to reduce operating costs and invest more in technology.

Landlords may have to seek to differentiate their offer, adopting a more collaborative and flexible approach with tenants.

Morgan Lovell summarise the Key Trends in the 'Future of the Office' as follows:

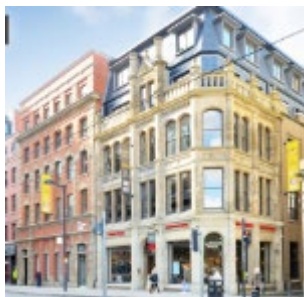
- Location – Will OOT offices benefit with ability to park on site?
- Floorspace - Will we occupy more or less space over time?
- Landlord and tenant relationships as they evolve – Will increased flexibility and collaboration be required?
- Workplace Design - How design and fit out will be reinvigorated post COVID?
- Office culture - How the business heartbeat will adapt to new rhythms of its people?
- Wellbeing - The emergence of physical and mental considerations for office workers.
- Environmental concerns - The associated modifications in our workplace.
- Technology, its impact - How it is being leveraged?

We are aware of the following Freehold/Long Leasehold sales:

Capital Value Evidence		Sale Price	£ per sq ft
	12 St John Street, Manchester Three storey mid terrace office property extending to 4,236 sq ft. Sold in April 2020 for £1,825,000 equating to £431 per sq ft.	£1,825,000	£431
	76 Quay Street, Manchester M3 4PR Four storey vacant office building extending to 5,556 sq ft. Situated on the fringes of Spinningfields and in close proximity to St John's/Former Granada Studios. Sold after auction in July 2019 for £1,980,000 equating to £356 per sq ft.	£1,980,000	£356

	Bartle House, Oxford Court, Manchester M2 3WQ Three storey Georgian style building extending to 7,071 sq ft which was fully refurbished in 2015. Sold in April 2018 for £2,000,000 equating to £282 per sq ft.	£2,000,000	£282
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We are aware of the following rental evidence:

Rental Evidence	Current Rent	£ per sq ft
	8 Oxford Court, Manchester Grade B refurbished 2nd floor office suite extending 1,044 sq ft set within a Georgian style mid terrace building. A five year lease was agreed in January 2020 at £20.00 per sq ft.	£20,880 £20.00
	Colwyn Chambers, 19 York Street, Manchester Grade B refurbished 6th floor office suite extending to 1,095 sq ft. Specification includes air conditioning, raised floors, cycle facilities, kitchenette and on site building manager. Let in May 2020 with a quoting rent of £21.50 per sq ft.	£23,542 £21.50
	Cobden House, 12-14 Moseley Street, Manchester Period property constructed in 1839 which underwent refurbishment during 2019. The newly installed specification includes reception, passenger lift, LED lighting, air conditioning, suspended ceilings, raised floors, new male, female & disabled WC's to all floors, cycle hub including showers, drying room & lockers, 24-hour, 7-day secure access. The 3rd floor of 4,467 sq. ft. let in Jan 2020 on a five year lease achieving £85,140 pa (£20.00 per sq. ft.).	£85,140 £20.00

In formulating our opinion of value, we have had regard to the proposed end scheme fit out, building configuration, size and location. The absence of car parking will also be a factor in occupier demand although public transport links will provide a degree of mitigation. Given the size of the building, we consider single occupier demand to be limited and in our view, it is more likely that a multi-let function would be provided. Our appraisal assumes deliverability on this basis. We have applied a Market Rent of £25.00 per sq ft, on a Net Internal Area basis, assuming day one income.

Comparable Analysis

The evidence ranges from £282 - £431 per sq ft. 12 St John Street, Manchester is the most recent sale at £431 per sq ft. This building is understood to have been acquired to convert back to a single private dwelling. The location is superior when compared to the subject given its position close to the central business district. Bartle House, Oxford Court at £282 per sq ft is an older transaction in a strong and established office development close to Oxford Road Station.

We consider this to be similar albeit stronger location when compared to the subject. The key evidence is 76 Quay Street, Manchester which sold in July 2019 for £356 per sq ft.

A former barristers chambers with a traditional office fit out. We consider this to be a strong comparable. The subject is larger than the comparable however but would benefit from an assumed modern fit out.

Gross Development Value

Taking into account the transactions set out within this report, for valuation purposes we have adopted the income capitalisation method of valuation which provides an indication of value by taking the potential income that could be generated by the Property with an allowance for its Market Rent, and capitalising this at an appropriate yield based on sales of other similar properties for which transactional information is available. We have adjusted these comparables to reflect the assumed differences in age, size, condition, location, covenant, lease term and any other relevant factors.

For the purpose of our valuation model we have assumed that the building will be redeveloped to provide office accommodation to a CAT A fit-out and will be let to either a single tenant or multi-let from day one completion. We have applied a rental tone consistent with our Market Rent assumptions, based upon a tone of £25.00 per sq ft and have assumed a new tenant full repairing and insuring lease, for a term of 10 years with rent review provision in year 5 to market rent. We have capitalized the rental income against a yield of 6.50%. **This produces a gross development value of £8,493,788 and net development value, after purchasers costs provision of £7,952,985 equating to £360 per sq ft against the deemed net lettable area of 22,084 sq ft.**

Construction Costs

We have incorporated the cost of construction inputs set out in the Viability Assessment modelled by Turner Townsend and have relied upon the information provided.

Development Appraisal

In our development appraisal, in order to take into account the specific attributes of the subject, as well as the proposed option, we have adopted a residual valuation appraisal reflecting the stage of development existing at the valuation date.

In essence, we have estimated the completed value of the scheme, and then deducted the realisation costs and an element of profit to determine the residual amount, which is taken to represent the value of the site in its existing condition. In doing so, to arrive at our opinion of Gross Development Value (GDV), we have analysed direct comparable transactions in the area to determine what level of pricing is achievable.

A copy of our valuation calculations is attached at Appendix 4, which reflects the following:

Gross Development Value	£8,493,788	
Purchaser's Costs	6.8%	
Construction Costs	£300 per sq. ft.	
Professional Fees	10%	
Marketing & Letting	Agency	10%
	Solicitor's	5%

Disposal Fees	Agency 1% Solicitor's 0.5%
Rent Free Period	Assumed none
Finance Costs	6%
Development Period	24 months
Developers Profit	20% Profit on Cost

On this basis our opinion of residualised value of the site produces a substantial negative value of circa £2,915,400. We have been advised no Homes England Grant Funding is available with this option.

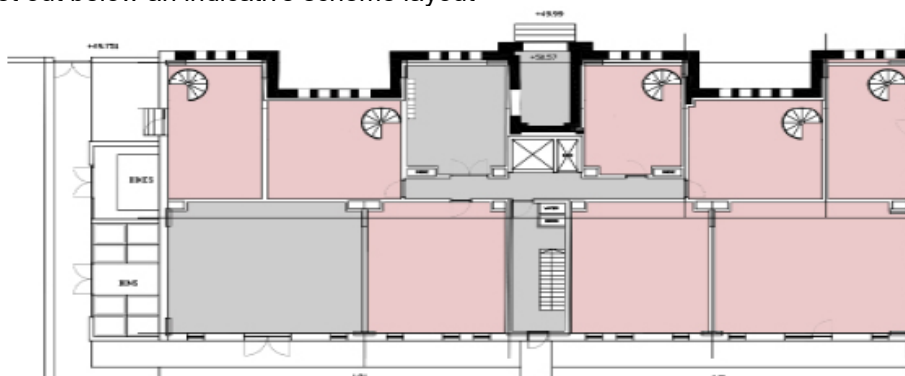
**OPTION 3 – MARKET RESIDENTIAL
(APARTMENTS)**

Market Residential- Apartment Scheme

Assumptions

- Gross Area – 2,876.86 sq m (30,966 sq ft)
- Net sales Area – 2,420.13 sq m (26,050 sq ft)
- Assumed Good Specification
- No car parking (1 disabled space)
- Individual sales upon completion
- Reuse of Grade II Listed Building
- No car parking other than a single disabled car parking space

We have set out below an indicative scheme layout



Overview

The market has evolved over the last five years into a three tier market place. The domestic market is arguably suffering substantially as there is limited stock being delivered which targets domestic buyers. As a consequence, domestic prices have continued on an upwards trajectory and now many first time buyers are finding both affordability and stock levels a challenge.

The overseas buy-to-let market is the most active within the City. The Far East in particular seems to be providing a substantial amount of investor demand on a forward purchase / off-plan basis. Manchester has arguably overtaken London in regards attractiveness of investment due to the possibility of higher yields within a growing, international UK city with all of the fundamentals for strong occupation, rental and capital growth.

Furthermore, following the result of the UK's decision to leave the European Union in June 2016, the Pound Sterling position weakened in comparison to all other major currencies including the US Dollar Euro, Yen and Renminbi. At the same time the occupational and investment fundamentals within the residential market remained constant and as a result, the currency position almost provides a discount for overseas investors entering into a safe and growing market place.

The UK and other international institutions have also got to grips with Build to Rent. Three or four years ago many institutional investors were still sceptical about the market as there was little information to benchmark against, especially when it came to yields, IRRs and operational costs. The market has evolved and has begun to crystallise. As a result, Manchester in particular has become a target hotspot for the UK institutions and many have now got a foothold in the Manchester PRS market including M&G, L&G, Rockspring, DTZ IM, Moorfield, Apache, Invesco, LaSalle IM and Hermes.

The schemes which have completed have primarily all sold off-plan including Wilburn Basin, One Regent and Vimto Gardens. In addition, the rental absorption rates in schemes such as Greengate (LaSalle IM) and Slate Yard (Legal & General) have been extremely high. These strong sales and rental absorption rates continue to demonstrate the large levels of demand in both the rental and sales markets.

Subject Location

The subject property is situated in the inner city regeneration area of New Islington, within a mixed residential/commercial location on the outskirts of Manchester City Centre which forms part of the area of Ancoats. The New Islington area was one of the seven Millennium Communities Programme areas and has subsequently been subject to a large amount of regeneration projects in recent years.

Properties in the immediate surrounding area of the subject site include the former Central Retail Park site which has been earmarked for a new large mixed use development, Ancoats Primary Care Centre and New Islington Primary School. Urban Exchange, a small retail park, is situated on the adjacent side of Great Ancoats Street to the subject site and includes occupiers Aldi, Marks and Spencers, PureGym and Go Outdoors. Manchester's Northern Quarter is situated a short walking distance away on the adjacent side of Great Ancoats Street, and is an area which is popular for its numerous bars and cafes, as well as its mix of music and clothes shops. The area is also served by New Islington Metrolink station on the East Manchester Line. The stop, situated adjacent to Pollard Street, opened in February 2013. Manchester Piccadilly Train Station is situated approximately 700m away from the property.

Capital Values

We detail below a guide to comparable sales of apartments within blocks situated within 0.5 miles of the subject site. The rates detailed range from approximately £296 to £440 per sq ft for 1, 2 and 3 bedroom apartments depending on the apartment type, size, specification and location.

**One Vesta Street, New Islington, Manchester,
M4 6LT**

£339 - 393 per sq ft

The One Vesta Street development comprises a scheme of 169 apartments and 3 townhouses constructed in 2020. The apartments all comprise either 1 or 2 bedrooms and have been released in phases. The property is situated opposite the subject site also within New Islington and adjacent to the marina. We are aware of the following recent sales within the scheme:



Address	Size (sq. ft.)	Apartment Type	Price	Price PSF	Status
Flat 7	764	2 bed	£295,000	£386	Sold Oct 20
Flat 117	527	1 bed	£190,000	£361	Sold Oct 20
Flat 125	753	2 bed	£255,000	£339	Sold Oct 20
Flat 165	527	1 bed	£195,000	£370	Sold Sept 20
Flat 98	764	2 bed	£278,750	£365	Sold Sept 20
Flat 77	753	2 bed	£258,000	£343	Sold Sept 20
Flat 52	764	2 bed	£269,000	£352	Sold Aug 20
Flat 132	764	2 bed	£300,000	£393	Sold Aug 20
Flat 118	883	2 bed	£330,000	£374	Sold Jul 20
Flat 96	883	2 bed	£316,500	£358	Sold Jun 20
Flat 142	883	2 bed	£325,000	£368	Sold Jun 20

**The Hatbox, 7 Munday Street, New Islington,
Manchester, M4 7AZ**
£304 - £378 per sq ft


The Hatbox development comprises the second phase of Milliners Wharf in New Islington providing 1, 2 and 3 bedroom apartments across two buildings adjacent to Milliners Wharf, totalling 405 apartments split across both buildings in total. We understand that the Hatbox building was constructed in circa 2016. The property is situated approximately 0.4 miles from the subject site also within New Islington. We are aware of the following recent sales within the scheme:

Address	Size (sq. ft.)	Apartment Type	Price	Price PSF	Status
Flat 212	764	2 bed	£237,000	£310	Sold May 20
Flat 114	753	2 bed	£255,000	£339	Sold Mar 20
Flat 806	1,044	3 bed	£395,000	£378	Sold Mar 20
Flat 113	1,044	3 bed	£317,500	£304	Sold Mar 20
Flat 312	764	2 bed	£245,000	£321	Sold Aug 19
Flat 808	753	2 bed	£278,000	£370	Sold June 19

**Murrays Mill, 50 Bengal Street, Manchester,
M4 6LR**
£296 - £365 per sq ft


The Murrays Mill development comprises 107 apartments within a refurbished Grade II listed mill building along with 16 new build apartments, providing 123 apartments in total. The scheme provides a mix of 1, 2 and 3 bedroom apartments. We understand that the development was constructed in 2019/2020. The property is situated fronting Redhill Street close to the subject site also within the New Islington area. We are aware of the following recent sales within the scheme:

Address	Size (sq. ft.)	Apartment Type	Price	Price PSF	Status
Flat 26	947	2 bed	£314,000	£332	Sold Sep 20
Flat 2	947	2 bed	£310,000	£327	Sold Jul 20
Flat 56	581	1 bed	£210,000	£361	Sold Mar 20
Flat 3	947	2 bed	£320,000	£338	Sold Mar 20
Flat 36	1,065	3 bed	£315,000	£296	Sold Jan 20
Flat 49	1,001	3 bed	£365,000	£365	Sold Jan 20

Royal Mills, 2 Cotton Street, Manchester, M4 5BZ
£387 - £439 per sq ft


The Royal Mills development comprises a refurbished Grade II listed mill building spread across the Kennedy Building, Paragon Mill and Royal Mill. The property was fully converted and refurbished in circa 2013/2014. The property is situated fronting Redhill Street close to the subject site also within the New Islington area. We are aware of the following recent sales within the scheme:

Address	Size (sq. ft.)	Apartment Type	Price	Price PSF	Status
Flat RM 310	753	2 bed	£330,000	£438	Sold Feb 20
Flat RM 406	775	2 bed	£300,000	£387	Sold Jan 20
Flat RM 409	753	2 bed	£320,000	£425	Sold Jan 20
Flat PM 602	861	2 bed	£335,000	£389	Sold Jul 20
Flat PM 105	840	2 bed	£368,500	£439	Sold Jun 20

Roper Court, George Leigh Street, Ancoats, Manchester, M4 6GG
£336 - £439 per sq ft


The Roper Court development comprises 24 apartments and 7 houses and was constructed in 2018. The scheme provides a mix of 1, 2 and 3 bedroom apartments and houses. The property is situated fronting George Leigh Street within Ancoats. We are aware of the following recent sales within the scheme:

Address	Size (sq. ft.)	Apartment Type	Price	Price PSF	Status
Flat 18	970	3 bed	£355,000	£366	Sold Sept 20
Flat 14	764	2 bed	£335,750	£439	Sold Aug 20
Flat 16	970	3 bed	£360,000	£371	Sold Jul 20
Flat 19	970	3 bed	£350,000	£361	Sold Jan 20
Flat 5	678	1 bed	£227,500	£336	Sold Jan 20

Comparable Analysis

The above transactional evidence reflects capital values for apartments within blocks situated within 0.5 miles of the subject site in New Islington and the surrounding area of Ancoats. The rates detailed range from approximately £296 to £440 per sq ft for 1, 2 and 3 bedroom apartments depending on the apartment type, size, specification and location. A number of the above comparable schemes comprise refurbished accommodation situated within converted mill buildings or apartment buildings situated in inferior positions within New Islington or Ancoats when compared with the subject.

Gross Development Value

In assessing the gross development value of the Property, assuming completion of the proposed development, we have adopted the market approach to valuation which provides an indication of value by comparing the Property with other similar properties for which price information is available. We have adjusted these comparables to reflect differences in age, size, condition, location, etc.

Based on the comparable evidence detailed above and allowing for the fact the units would be effectively new build, we assess the average market value of the units, assuming completion to a good standard, to be as follows:

Type	Average Sq Ft	Number	Average Price per Sq Ft	Average Market Value
1 Bedroom	650	25	£400	£260,000
2 Bedroom	700	14	£400	£280,000
Total Aggregate Market Value				£10,420,000

The Aggregate Market Value of the 39 apartments on this basis is £10,420,000. This valuation assumes that the units are in an effectively new build condition for sales to owner occupiers and investors. The current market has recently had a period of sustained uncertainty following Brexit Uncertainty and Covid-19 and an appropriate marketing period would be required to sell the apartments on this basis which is likely to be around 12- 24 months.

Construction Costs

We have incorporated the cost of construction inputs set out in the Viability Assessment modelled by Turner Townsend and have relied upon the information provided.

Development Appraisal

In our development appraisal, in order to take into account the specific attributes of the subject, as well as the existing planning consent granted, we have adopted a residual valuation appraisal reflecting the stage of development existing at the valuation date.

In essence, we have estimated the completed value of the scheme, and then deducted the realisation costs and an element of profit to determine the residual amount, which is taken to represent the value of the site in its existing condition. In doing so, to arrive at our opinion of Gross Development Value (GDV), we have analysed direct comparable transactions in the area to determine what level of pricing is achievable. We have based our valuation on the above 39 apartment scheme, should a policy compliant unit mix be adopted – i.e. if 1 beds are reduced to 33% max, this wouldn't affect the values as we have adopted a blended sales rate per sq ft.

A copy of our valuation calculations is attached at Appendix 4, which reflects the following:

Gross Development Value	£10,420,000
Construction Costs	£8,260,626 (£266.75 per sq. ft.)
Contingency	5%
Professional Fees	10%
Marketing	£78,000
Disposal Fees	Agency 1% Solicitor's 0.5%
Finance Costs	6%
Development	24 months plus 12 month sale period overlapped

Period	
Developers Profit	20% Profit on Cost

On this basis our opinion of residualised value of the site produces a substantial negative value of circa £1,505,000. It should be noted that the above appraisal does not include abnormal development costs associated with Section 106 contributions that if relevant would have a further negative impact on value. We have been advised no Homes England Grant Funding is available with this option.

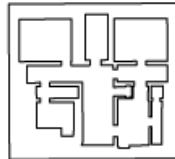
**OPTION 4 – MARKET RESIDENTIAL
(TOWNHOUSES)**

Market Residential- Town House Scheme

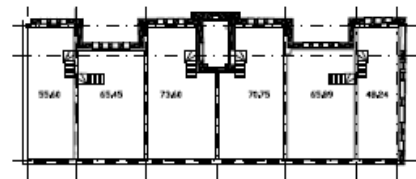
Assumptions

- Buttress scheme dated 29.04.21- Net Sales Area – 853.22 sq m (9,184 sq ft)
- High End Specification
- Assumed on-site car parking provided (two per plot)
- Individual sales upon completion

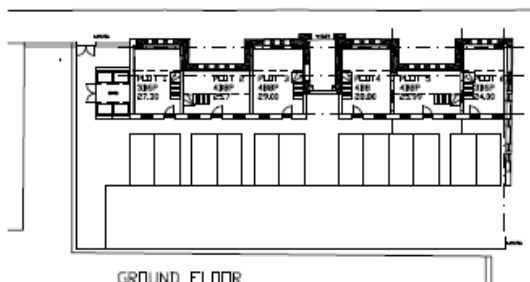
We have set out below an indicative scheme layout



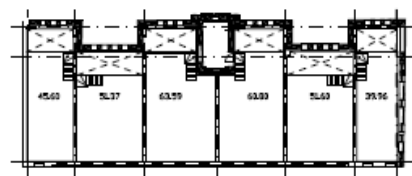
BASEMENT (NOT USED)



SECOND FLOOR



GROUND FLOOR



FIRST FLOOR

Overview

Townhouses are less commonplace in Manchester city centre with the majority of schemes situated on fringe city centre locations. We are aware of the following new build developments that include townhouse units, all of which are located on the periphery of Manchester city centre:-

- **New Islington (Urban Splash)** - New Islington is a new build scheme comprising modular housing by Urban Splash. The first phase was completed in 2016 which comprised 43 homes; two, three and four bedroom townhouses.
 - 2no. two bedroom units extending to 1,023 sq ft have sold on Lockyard Lane in the past 12 months at £355 per sq ft and £352 per sq ft respectively and another is Sold STC at a quoting price of £369,950 equating to £362 per sq ft.
 - Urban Splash have recently brought to the market an additional 21 units at New Islington Marina comprising three storey 3 / 4 bedroom townhouses extending to 1,500 sq ft. The average quoting price is £519,375 equating to £346 per sq ft.

- **Irwell Riverside (Urban Splash)** - Irwell Riverside is a new build scheme by Urban Splash that was completed in 2018. The development comprised 72 two and three bedroom townhouses.
 - 5no. two bedroom townhouses extending to 990 sq ft sold in 2018 at an average of £276,885 equating to £280 per sq ft.
 - A three bedroom townhouse is currently for sale on the development at quoting price of £420,000 equating to £280 per sq ft.
- **Islington Wharf Mews / Spindle Mews / Lockgate Mews, Islington Wharf Locks, M4 6DZ (Muse)** - Islington Wharf Locks is a new build scheme that comprises 101 units including apartments / 2, 3 and 4-bed mews houses / 3 and 4-bed canalside townhouses completed in 2015.
 - 12 Spindle Mews (1,238 sq ft) sold in January 2019 for £365,000 equating to £295 sq ft.
 - 11 Lockgate Mews (1,151 sq ft) sold in October 2019 for £369,950 equating to £321 sq ft.
 - 13 Lockgate Mews (1,346 sq ft) sold in September 2019 for £394,950 equating to £293 sq ft.
- **Timekeepers Square / Vimto Gardens, Salford, M3 6FJ (ECF)** - Vimto Gardens is a new development comprising 83 apartments and 14 townhouses. Timekeepers Square is a development comprising 36 Georgian style townhouses including 2, 3 and 4-bed unit types. The development began construction in November 2015 and completed in 2017.
 - 2 Encombe Place (1,356 sq ft) sold in January 2018 for £426,000 equating to £310 sq ft.
 - 5 Great George Street (1,184 sq ft) sold in April 2020 for £286,000 equating to £242 sq ft.
 - 9 Great George Street (1,184 sq ft) sold in May 2019 for £284,000 equating to £240 sq ft.
 - 19 St Phillips Square (1,023 sq ft) sold in November 2018 for £330,000 equating to £323 sq ft.

Comparable Analysis

The above townhouses situated within fringe of town centre developments are generally achieving between £250 and £350 per sq ft. Most units are much smaller and in the 1,000 – 1,250 sq ft size bracket with the exception of the Urban Splash development at New Islington Marina. City centre sales are notably more expensive at £400 to £600 per sq ft.

Gross Development Value

In assessing the gross development value of the Property, assuming completion of the proposed development, we have adopted the market approach to valuation which provides an indication of value by comparing the Property with other similar properties for which price information is available. We have adjusted these comparables to reflect differences in age, size, condition, location, etc.

Based on the comparable evidence detailed above and allowing for the fact the units would be effectively new build, we assess the average market value of the units, assuming completion to a good standard, to be as follows:

Type	Average Sq Ft	Number	Average Price per Sq Ft	Average Market Value
Town Houses	1,530	6	£380	£581,500
Total Aggregate Market Value				£3,490,000

The Aggregate Market Value of the 6 town houses on this basis is £3,490,000. This valuation assumes that the units are in an effectively new build condition for sales to owner occupiers and investors. The current market has recently had a period of sustained uncertainty following Brexit Uncertainty and Covid-19 and an appropriate marketing period would be required to sell the apartments on this basis which is likely to be around 12 months.

Construction Costs

We have incorporated the cost of construction inputs set out in the Viability Assessment modelled by Turner Townsend and have relied upon the information provided.

Development Appraisal

In our development appraisal, in order to take into account the specific attributes of the subject, as well as the existing planning consent granted, we have adopted a residual valuation appraisal reflecting the stage of development existing at the valuation date.

In essence, we have estimated the completed value of the scheme, and then deducted the realisation costs and an element of profit to determine the residual amount, which is taken to represent the value of the site in its existing condition. In doing so, to arrive at our opinion of Gross Development Value (GDV), we have analysed direct comparable transactions in the area to determine what level of pricing is achievable.

A copy of our valuation calculations is attached at Appendix 3, which reflects the following:

Gross Development Value	£3,490,000
Construction Costs	£5,024,540 (£547.09 per sq. ft.)
Contingency	5%
Professional Fees	10%
Marketing	£30,000
Disposal Fees	Agency 1% Solicitor's 0.5%
Finance Costs	6%
Development Period	18 months plus 12 month sale period overlapped
Developers Profit	20% Profit on Cost

On this basis our opinion of residualised value of the site produces a substantial negative value of circa £3,570,000. It should be noted that the above appraisal does not include abnormal development costs associated with Section 106 contributions that if relevant would have a further negative impact on value. We have been advised no Homes England Grant Funding is available with this option.

OPTION 5 – COMMUNITY USE

Community Use

With regards to Option 5 – Community Use, we have not been provided with a definitive scheme or costing programme upon which to base a viability assessment. We are however, aware of previous work undertaken by the Ancoats Dispensary Trust (ADT). ADT was created on the back of a local community campaign to raise awareness around the building and secure funds for restoration.

The vision for the building put forward by ADT was based upon a community themed scheme to include a Health and Wellbeing Centre across each floor. Under the proposals, the first and second floors would have been 'let out' to commercial ventures and the ground floor would have been retained and made available for public use. Under the plans, income would have been generated by charging the operators of the first and second floor premises a commercial rent which would in turn, sustain the operation of the entire building, ensuring the ground floor remained an open accessible community space.

We have not been provided with any detailed financial appraisals relating to the proposed scheme however, we are aware that the proposals were withdrawn in 2018. This followed an unsuccessful application to the Heritage Lottery Fund for additional funding amounting to over £4.3m above what had already been secured.

Within this report, we have sought to provide analysis of potential commercial returns for Hotel and Office led schemes, both being commercially active sector bases, regularly transacted on the open market. In the case of the subject building, both are considered to provide very limited potential for financially viable schemes. We are of the opinion that the financial returns associated with a community led scheme would come under even greater pressure as the margins for income generation and associated capital return would be weak. This would appear to have been affirmed by the unsuccessful ADT campaign.

Within the context of this report and conclusions therefore, whilst we have had regard to the community led option, we have not undertaken a detailed development appraisal but have concluded this to be a financially unviable future use for the building. We have also been advised no Homes England Grant Funding is available with this option.

**OPTION 6 – SOCIAL HOUSING
(APARTMENTS)**

Social Housing- Apartment Scheme

Assumptions

- Gross Area – 2,876.86 sq m (30,966 sq ft)
- Net sales Area – 2,420.13 sq m (26,050 sq ft)
- Assumed Specification commensurate with use
- No car parking (1 disabled space)
- Built and retained by Housing Association

Overview

We anticipate that there will be a substantial section of the rental market who would rather be located on the periphery and pay a lower rent than be located within the prime areas and pay a prime rent.

With rental values exceeding those of neighbouring cities Liverpool and Leeds, renters in Manchester are opting to take out long term rental contracts (twelve months plus) in order to protect themselves from the inevitable rental rises when their tenancy expires.

Of the 80,000 households that currently exist in the city centre postcodes M1, M3, M4, M5, and M50, over half are in the private rented sector, of this amount, 10% are renting 'Prime' properties. These are predominantly in convenient locations, finished to a high specification with the added prestige of access to balconies, concierge and in some cases onsite amenities such as a gym.

The majority of supply within the Manchester market has been within the mid-range mid-market level. Average rental values for standard specification stock within Manchester is approximately £650 - £750 pcm for studios, £800 - £950 pcm for one beds, £1,000 - £1,300 pcm for two beds and £1,450 - £1,750 pcm for three beds.

Taking transactional evidence into account it is clear that Manchester city centre has primarily seen new development around the mid-market, with few low value schemes and prime schemes available. This supports a continued demand for more affordable schemes in and around the city centre. There are few super-prime schemes in the City Centre and low value properties are gradually being eased out; either through refurbishment or due to increasing build costs and market demand.

We are satisfied that, considering the market trends and demographic profile, the predominant amount of demand is for mid-range stock. We also believe that trends have dictated that locations on the periphery have become more attractive for renters as the market has continued to evolve and more affordable schemes would be well received.

Rental Values

We detail below a guide to comparable 1 and 2 bedroom apartments situated in the local market area. Rents detailed range from £995 to £1,800 per calendar month.

Royal Mills, Cotton Street, Manchester

£1,800 PCM



2 bedroom duplex apartment situated on the fifth floor, which is the top floor within the development. Includes a private roof terrace, en-suite to the larger bedroom and an allocated car parking space. The property is currently on the market at a quoting rent of £1,800 per calendar month (£21,600 per annum). We understand that a letting has recently been agreed.

**Apartment 6.10, The Ice Plant, 39 Blossom Street,
Manchester**

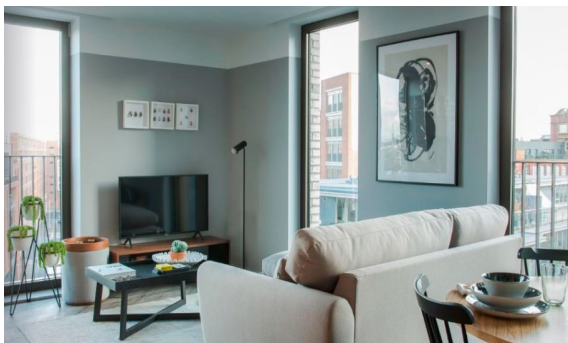
£1,650 PCM



Large 2 bedroom apartment situated on the top floor extending to approximately 1,237 sq ft. Includes an en-suite to the larger bedroom and has available underground car parking. The property is currently on the market at a quoting rent of £1,635 per calendar month (£19,620 per annum). We understand that the property is currently under offer.

Blossom Street, Manchester

£1,330 PCM



2 bedroom apartment extending to approximately 739 sq ft. Includes an en-suite to the larger bedroom and the building has a rooftop terrace for use by tenants. The property is currently on the market at a quoting rent of £1,330 per calendar month (£15,960 per annum).

New Sedgwick, Royal Mills, Manchester

£1,300 PCM



2 bedroom apartment. Includes an en-suite to the larger bedroom and an allocated car parking space. The property is currently on the market at a quoting rent of £1,300 per calendar month (£15,600 per annum).

Paragon Mill, Cotton Street, Manchester

£1,295 PCM



2 bedroom duplex apartment situated on the third floor. Includes an en-suite to the larger bedroom and an allocated car parking space at an additional cost. The property is currently on the market at a quoting rent of £1,295 per calendar month (£15,540 per annum).

**186 Cotton Field Wharf, New Union Street,
Manchester**

£1,250 PCM



2 bedroom apartment situated on the sixth floor extending to approximately 747 sq ft. Includes two en-suite bathrooms and an allocated car parking space. The property is currently on the market at a quoting rent of £1,254 per calendar month (£15,048 per annum). We understand that a letting has recently been agreed.

Paragon Mill, Cotton Street, Manchester

£1,250 PCM



2 bedroom apartment situated on the second floor. Includes an en-suite to the larger bedroom. The property is currently on the market at a quoting rent of £1,250 per calendar month (£15,000 per annum). We understand that a letting has recently been agreed.

**Apartment 6.01, The Ice Plant, 39 Blossom Street,
Manchester**

£995 PCM



1 bedroom apartment situated on the sixth floor. Includes an en-suite to the bedroom. The property is currently on the market at a quoting rent of £995 per calendar month (£11,940 per annum).

Paragon Mill, Cotton Street, Manchester

£995 PCM



1 bedroom apartment. The property is currently on the market at a quoting rent of £995 per calendar month (£11,940 per annum).

The above evidence reflects rents for 1 and 2 bedroom apartments situated within 0.25 miles of the subject site ranging from approximately £995 to £1,800 per calendar month. The level of rent achieved is dependent on the prominence of the site, the size of the property and its specification.

In forming our opinion of Market Rent for the subject affordable scheme, we have had regard to the above comparable evidence and have analysed the evidence depending on the size, configuration, location, age and specification of the units.

Our opinion of Market Rent for the subject apartments is £800 for the 1 bedroom apartments and £1,050 per calendar month for the 2 bedroom apartments. For the purpose of this viability appraisal we have discounted the rents by 20% to reflect affordable rents.

Great Places need to comply with the contents of the Capital Funding Guide which is produced by Homes England. Part 2.1.1 of Section 4 (Housing for Rent) of the Capital Funding Guide stipulates that Affordable Rent properties must be made available for rent up to a maximum of 80% of gross market rent (inclusive of service charges). If Great Places were to exceed this threshold they would be in breach of the funding conditions set by Homes England.

Gross Development Value

Taking into account the transactions set out within this report, for valuation purposes we have adopted the income capitalisation method of valuation which provides an indication of value by taking the potential affordable income that could be generated by the Property, and capitalising this at an appropriate yield based on sales of other similar properties for which transactional information is available. We have adjusted these comparables to reflect the assumed differences in age, size, condition, location, covenant, lease term and any other relevant factors.

For the purpose of our valuation model we have assumed that the building will be redeveloped to provide 39 affordable apartments comprising 25 no 1 bedroom apartments at 650 sq ft and 14 no 2 bedroom apartments at 700 sq ft. We have applied a rental tone consistent with our Market Rent assumptions, based upon a tone of £800 for the 1 bedroom apartments and £1,050 per calendar month for the 2 bedroom apartments. For the purpose of this viability appraisal we have discounted the rents by 20% to reflect affordable rents and deducted 10% to allow for management and repairs. We have capitalized the net rental income against a yield of 4%. **This produces a gross development value of £7,495,000 and net development value, after purchasers costs provision of £7,018,000 equating to £269 per sq ft against the deemed net sales area of 26,050 sq ft.**

Construction Costs

We have incorporated the cost of construction inputs set out in the Viability Assessment modelled by Turner Townsend and have relied upon the information provided.

Development Appraisal

In our development appraisal, in order to take into account the specific attributes of the subject, as well as the existing planning consent granted, we have adopted a residual valuation appraisal reflecting the stage of development existing at the valuation date.

In essence, we have estimated the completed value of the scheme, and then deducted the realisation costs and an element of profit to determine the residual amount, which is taken to represent the value of the site in its existing condition. In doing so, to arrive at our opinion of Gross Development Value (GDV), we have adopted the income capitalisation method of valuation based upon discounted rents.

A copy of our valuation calculations is attached at Appendix 4, which reflects the following:

Net Development Value	£7,018,000
Purchaser's Costs	6.8%
Construction Costs	£7,919,749 (£255.74 per sq. ft.)
Professional Fees	10%

Disposal Fees	Agency 1% Solicitor's 0.5%
Finance Costs	6%
Development Period	24 months
Developers Profit	15% Profit on Cost (reduced to reflect the scheme would be constructed and retained by a housing association)

On this basis our opinion of residualised value of the site produces a substantial negative value of circa £3,620,000. It should be noted that the above appraisal does not include abnormal development costs associated with Section 106 contributions that if relevant would have a further negative impact on value.

We understand there is an amalgamated pot of funding available totaling £3,809,000. This includes for Homes England Funding, MCC Risk funding, GMCA funding and Great Places subsidies to bridge the shortfall. If this sum is included in our appraisal this would show a positive land value.

7. CONCLUSIONS

Having considered the options available for the site we are of the opinion the property would be well suited to an affordable residential scheme which although appears to be unviable based on the build costs provided could become a more viable option with the introduction of grant funding.

The private market is prepared to pay significantly higher capital values and rents than the social housing market and accordingly the GDV arising from such a scheme would be higher than if to be rented via the social housing market. However our development appraisals indicate that should grant funding become available to construct an affordable scheme then such a scheme would be the more viable option depending on the level of funding.

The Property will be capable of supporting an affordable residential development upon grant of planning consent with the support of grant funding. If a S106 contribution was required this would make the scheme unviable.

8. NON-TECHNICAL SUMMARY

Lambert Smith Hampton has been instructed by the Applicant, to undertake an assessment of the development viability of their proposals for the Ancoats Dispensary.

The proposed development would deliver an established building, which has stood vacant for a number of years and retains livery few of its original features.

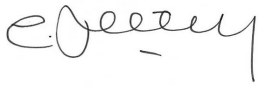
As demonstrated the viability of the proposed development is however clearly challenged. Our FVA analysis is supported by a comprehensive review of sales values and a cost plan undertaken by Turner & Townsend Consultants.

The findings of our development appraisal process indicates a much lower level of return than normal market expectations for a scheme of this nature.

When current policy expectations are reflected our appraisal produces a negative level of return.

We trust the above is sufficient for your purposes, but should you wish to discuss any aspect further then please do not hesitate to contact me.

Yours faithfully



Christiaan Flatley MRICS
RICS Registered Valuer
Director
RICS Membership Number 1127706
For and on behalf of
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Christopher Taylor BSc (Hons) MRICS
RICS Registered Valuer
Director
For and on behalf of
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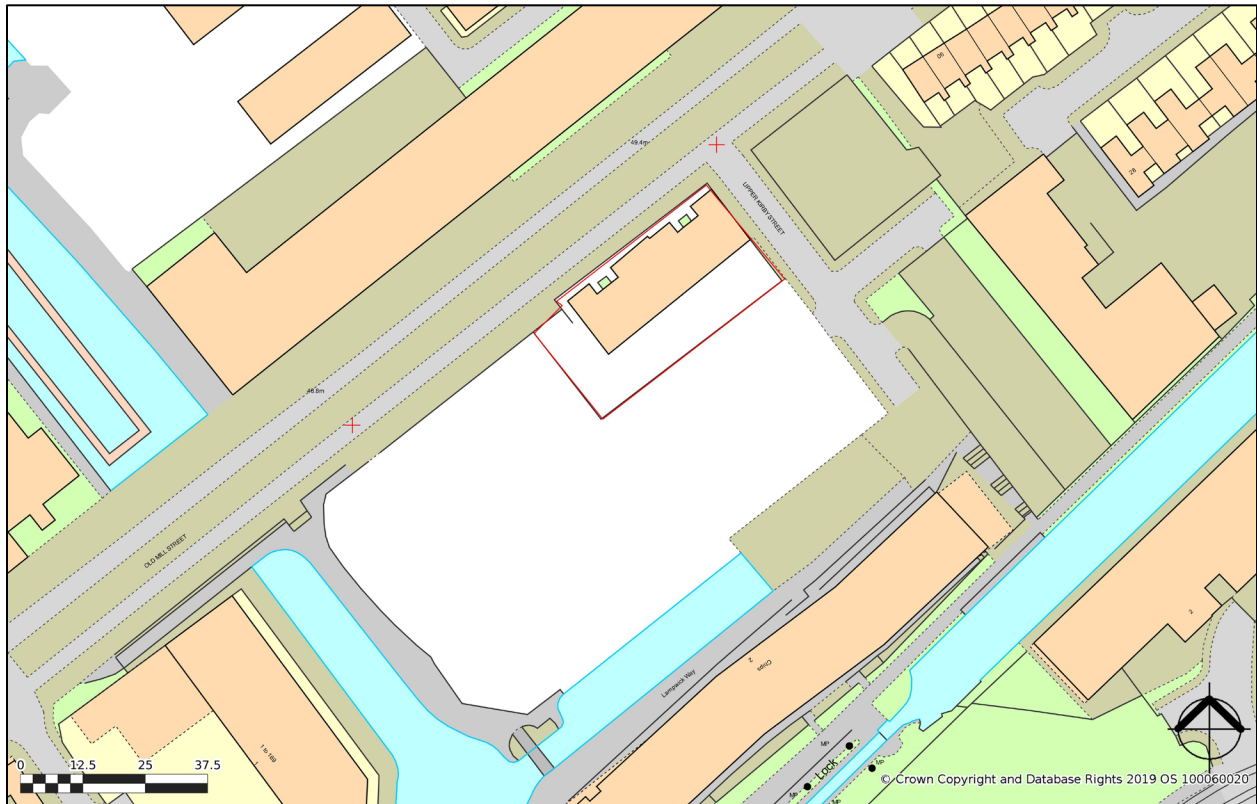
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APPENDIX 1 – LOCATION PLANS

Ancoats Dispensary
Old Mill Street
Ancoats
Manchester
M4 6EB



Ancoats Dispensary
Old Mill Street
Ancoats
Manchester
M4 6EB



APPENDIX 2 – TURNER AND TOWNSEND COST PLAN

Section 1.1 - Viability Assessment



		Option 1	Option 2	Option 3	Option 4	Option 5
		Office	Hotel	Social Housing (Apartments)	Market Residential (Apartments)	Market Residential (Townhouses)
Ref	Element	TOTAL (£)	TOTAL (£)	TOTAL (£)	TOTAL (£)	TOTAL (£)
1	Construction Costs	£ 7,793,059	£ 8,719,378	£ 7,854,171	£ 8,195,048	£ 5,058,304
	Overall Total	£ 7,793,059	£ 8,719,378	£ 7,854,171	£ 8,195,048	£ 5,058,304

Options Assumptions

Base	:	CAT A fit-out	Basic offering 3 star hotel, no restaurant on site	39 unit, based on stage 2 design	39 unit private apartments	High end Townhouses (6nr)
Substructure	:	Additional cost associated with deeper piling based on increased building height and structure	Retained basement, allowance made for basement fitout and additional works to support and survey.	CFA Piles, basement infill, 250mm thick slab as per stage 2 design	As Option 3	Reduced based on height and load reduction
Frame, upper floors and roof	:	Additional weight to the frame increased from 70kg/m2 to assumed 80kg/m2	Additional weight to the frame increased from 70kg/m2 to assumed 80kg/m2. Additional allowance made for plant screens	Frame weight 70kg/m2 with metal deck floors	As Option 3	Reduced based on height and load reduction
External walls, windows and external doors	:	Increased area of glazing required to façade.	Increased allowance for hotel signage and associated additional support	Retained North and East façade, Euroclad Vileo system for level 4 and 5 and brickwork from level 0 to 3 south and west façade, ppc aluminium	As Option 3	Remove Level 04 & 05 and remove level 03, increased external door spec
Internal walls and doors	:	Open plan office	Higher spec doors		Higher spec doors	Higher spec doors
Internal Finishes	:	Include for screeding to flooring and raised access flooring, paint finish only	Increased spec finish for flooring to communal areas and ceiling spec within guestrooms, wallpaper wall finish allowed for within guestrooms.	Paint to walls, tiled finish to bathrooms only, splashbacks to vanity units and kitchen. Vinyl floor finish to apartments, carpet finish to communal areas, plasterboard ceiling within apartments.	Enhanced floor finish	Enhanced floor, wall and ceiling finishes
Fittings, furnishings and equipment	:	kitchens to each level office space, shared amenity space (reception and WCs vanity units) and bike store	Added vanity units & reception / bar allowance. Assumed no cooking e.g. restaurant etc	Kitchens - allowance for worktops and units; excluded white goods, oven, blinds, vanity units, post boxes and cycle / bin store	Kitchen spec increased + increased fitted wardrobe allowance	Kitchen spec increased + increased fitted wardrobe allowance
Mechanical & Electrical Services	:	2 nr lifts, £450/m2 for MEP	£25.5k/bed based on 39 nr + additional lift + increase capacity of current	Basic lift up 5 floors and allowance for PV panels.	Increased allowance / m2 + sanitaryware quality	£32k / apartment
Main Contractor's Preliminaries	:					Reduced preliminaries based on scope of works
Main Contractor's Design Fees	:	Reduced design fees from 3.5% to 3%	Increased design fees from 3.5% to 4%			Reduced design fees
Main Contractor's Risk	:		Increased risk from 2.5% to 5% based on Basement works and Hotel			

Section 1.1 - Viability Assessment**General exclusions for all options.**

- Contingency, professional fees, surveys, client direct items, developers margin, land cost all excluded
- VAT and any associated recovery
- Sales and Marketing Costs
- Any matters arising from Party Walls issues
- Revenue / Operating Costs (rent / sales, rates, service charges, PPM)
- Costs associated with treatment / removal of contaminated and / or hazardous material over and above current cost plan allowances.
- Costs for extraordinary site investigations - archaeological, wildlife, reptiles, bats etc.
- Temp stopping up orders, local authority fees and the like
- Traffic diversions, TPPO, Traffic Management
- Hazardous spoil
- Any matters arising from Rights to Light agreements
- Costs associated with network reinforcements
- Works to existing highways, utility diversions / lowering in the footpath
- Works to level change at the north of the site
- Any and all items procured directly by Great Places
- Specialist de-watering, ground stabilisation, underpinning requirements, gas membrane to the substructures
- Street Furniture, Internal furniture , Reception Desk, Internal & External Signage
- Incoming gas supply
- Costs arising from land easements/covenants
- Local Authority Fees and Charges

General assumptions for all options.

- Costs based on concept only, with option 3 based on stage 2 design information
- The costs are based on the Building Regulations as at December 2019
- Unhindered access and egress will be available for the duration of the works
- No specialist acoustic measures to the façade have been included over and above Building regulations requirements.
- Programme for all works based upon a 91 week period except option 5
- No appliances are being provided by the Main Contractor.
- Construction sequencing currently assumes façade retention to be erected, building to be demolished, with demolition material being used as backfill for basements, with imported fill for piling matt remaining in situ below suspended ground floor slab.
- External works assumed to be tarmac only.

Section 1.2 - Options Summary

		Option 1		Option 2		Option 3		Option 4		Option 5	
		Office		Hotel		Social Housing (Apartments)		Market Residential (Apartments)		Market Residential (Townhouses)	
Ref	Element	£/m²	TOTAL (£)	£/m²	TOTAL (£)	£/m²	TOTAL (£)	£/m²	TOTAL (£)	£/m²	TOTAL (£)
	GIA:	2,440 m²		2,440 m²		2,728 m²		2,728 m²		1,513 m²	
	NIA:	26,264 ft²		26,264 ft²		29,364 ft²		29,364 ft²		16,286 ft²	
0	Facilitating works	226	552,141	226	552,141	202	552,141	202	552,141	365	552,141
1	Substructure	181	442,314	218	531,314	149	406,314	149	406,314	247	373,314
2	Superstructure	1,279	3,120,354	1,406	3,429,509	1,200	3,274,509	1,209	3,299,509	1,552	2,348,440
3	Internal finishes	70	170,832	162	396,408	97	265,408	111	302,408	148	223,408
4	Fittings, furnishings and equipment	35	86,500	94	228,318	51	138,375	91	249,525	41	61,375
5	Services	537	1,309,560	440	1,074,560	391	1,065,560	438	1,194,115	129	195,560
6	External works	91	223,066	91	223,066	82	223,066	82	223,066	147	223,066
Sub Total: Construction Costs		2,420	5,904,766	2,637	6,435,316	2,172	5,925,372	2,283	6,227,078	2,629	3,977,303
8	Main contractor's preliminaries	421	1,026,256	421	1,026,256	376	1,026,256	376	1,026,256	339	513,128
Sub Total: Construction Costs Inc Prelims		2,841	6,931,022	3,058	7,461,572	2,548	6,951,628	2,659	7,253,334	2,968	4,490,431
9	Main contractor's design fees	85	207,931	138	335,771	89	243,307	93	253,867	95	143,307
Sub Total: Construction Costs Inc design fees		2,926	7,138,953	3,196	7,797,343	2,637	7,194,935	2,752	7,507,201	3,063	4,633,738
10	Main contractor's OHP	195	475,633	218	532,169	176	479,363	183	500,167	204	308,723
Sub Total: Construction Costs Inc OHP		3,121	7,614,586	3,414	8,329,511	2,813	7,674,298	2,935	8,007,368	3,267	4,942,461
11	Inflation	-	-	-	-	-	-	-	-	-	-
Sub Total: Construction Costs Inc Inflation		3,121	7,614,586	3,414	8,329,511	2,813	7,674,298	2,935	8,007,368	3,267	4,942,461
12	Risks	73	178,474	160	389,867	66	179,873	69	187,680	77	115,843
Total: Construction Costs		3,194	7,793,059	3,574	8,719,378	2,879	7,854,171	3,004	8,195,048	3,343	5,058,304

Option 1 - Offices

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 1 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000	£	10,000	
0.2	Major Demolition works	£	446,827	£	446,827	
0.3	Specialist groundworks	£	85,314	£	85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000	£	10,000	
1	Substructure	£	406,314	£ 36,000	£ 442,314	
1.1	Foundations	£	239,130	£ 15,000	£ 254,130	Taller building; deeper piling
1.2	Basement Excavation	£	65,900		£ 65,900	
1.3	Ground floor construction	£	101,284	£ 21,000	£ 122,284	Screeding / raised access floor
2	Superstructure	£	3,024,509	-£ 154,155	£ 2,870,354	
2.1	Frame	£	508,547	£ 53,000	£ 561,547	Additional weight, Kg/m2 increaaased from 70kg/m2 to 80kg/m2
2.2	Upper floors	£	196,929	£ 88,500	£ 285,429	5F omitted; additional screeding / RAF required
2.3	Roof	£	268,670		£ 268,670	
2.4	Stairs and ramps	£	54,200		£ 54,200	
2.5	External walls	£	906,365	£ 72,500	£ 978,865	Enhanced façade treatment, increased area of glazing
2.6	Windows and external doors	£	297,214		£ 297,214	Additional glazing factored within external wall
2.7	Internal walls and partitions	£	510,600	-£ 278,530	£ 232,070	Open plan office
2.8	Internal doors	£	135,625	-£ 89,625	£ 46,000	Open plan office
2.9	Access Scaffolding	£	146,359		£ 146,359	
3	Internal finishes	£	265,408	-£ 94,577	£ 170,832	
3.1	Wall finishes	£	76,130	-£ 32,500	£ 43,630	Open plan; enhanced core areas
3.2	Floor finishes	£	103,461	-£ 62,077	£ 41,385	Assumed Cat A
3.3	Ceiling finishes	£	85,818		£ 85,818	
4	Fittings, furnishings and equipment	£	138,375	-£ 51,875	£ 86,500	
4.1	General fittings, furnishings and equipment	£	138,375	-£ 51,875	£ 86,500	Allowance for Kitchens to each level office space, shared amenity space, vanity units and bike store
5	Services	£	1,065,560	£ 244,000	£ 1,309,560	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	£ 244,000	£ 1,309,560	£450/m2 + addtnl lift + enhance capacity of current lift

Option 1 - Offices

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 1 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,925,372	-£ 20,606	£ 5,904,766	
8	Main Contractor's Preliminaries	17%	1,026,256	£	1,026,256	
9	Main Contractor's Design Fees	3.0%	243,307	-£ 35,376	£ 207,931	Reduced design fees from 3.5% to 3%
10	Main Contractor's Risk	2.5%	179,873.39	-£ 1,400	£ 178,474	
11	Main Contractor's OH&P	6.5%	479,362.58	-£ 3,730	£ 475,633	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,854,171	-£ 61,112	£ 7,793,059	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,854,171	-£ 61,112	£ 7,793,059	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,854,171	-£ 61,112	£ 7,793,059	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,854,171	-£ 61,112	£ 7,793,059	

Option 2 - Hotel

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 2 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000	£	10,000	
0.2	Major Demolition works	£	446,827	£	446,827	
0.3	Specialist groundworks	£	85,314	£	85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000	£	10,000	
1	Substructure	£	406,314	£ 125,000	£ 531,314	
1.1	Foundations	£	239,130	£ 15,000	£ 254,130	
1.2	Basement Excavation	£	65,900	£ 100,000	£ 165,900	Basement fit out, allowance for additional works to support & surveys
1.3	Ground floor construction	£	101,284	£ 10,000	£ 111,284	
2	Superstructure	£	3,024,509	£ 155,000	£ 3,179,509	
2.1	Frame	£	508,547	£ 53,000	£ 561,547	Additional weight, Kg/m2 increaaased from 70kg/m2 to 80kg/m2
2.2	Upper floors	£	196,929	£	£ 196,929	
2.3	Roof	£	268,670	£ 30,000	£ 298,670	Additional cost for plant screen
2.4	Stairs and ramps	£	54,200	£	£ 54,200	
2.5	External walls	£	906,365	£ 27,000	£ 933,365	Additional allowance for hotel signage
2.6	Windows and external doors	£	297,214	£	£ 297,214	
2.7	Internal walls and partitions	£	510,600	£ 20,000	£ 530,600	Allowance for more internal walls within amenity space
2.8	Internal doors	£	135,625	£ 25,000	£ 160,625	High spec door
2.9	Access Scaffolding	£	146,359	£	£ 146,359	
3	Internal finishes	£	265,408	£ 131,000	£ 396,408	
3.1	Wall finishes	£	76,130	£ 68,000	£ 144,130	Wallpapered
3.2	Floor finishes	£	103,461	£ 37,000	£ 140,461	Increased spec for communal area
3.3	Ceiling finishes	£	85,818	£ 26,000	£ 111,818	Increase spec for ceilings to guestrooms
4	Fittings, furnishings and equipment	£	138,375	£ 89,943	£ 228,318	
4.1	General fittings, furnishings and equipment	£	138,375	£ 89,943	£ 228,318	Omit kitchen; add vanity units & reception / bar allowance. Assumed no cooking e.g. restaurant etc
5	Services	£	1,065,560	£ 9,000	£ 1,074,560	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	£ 9,000	£ 1,074,560	£25.5k/bed based on 39 nr + addtnl lift + increase capacity of current

Option 2 - Hotel

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 2 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,925,372	£ 509,943	£ 6,435,316	
8	Main Contractor's Preliminaries	17%	1,026,256	£	1,026,256	
9	Main Contractor's Design Fees	4.5%	243,307	92,464	£ 335,771	Increased design fees from 3.5% to 4%
10	Main Contractor's Risk	5.0%	179,873.39	209,994	£ 389,867	Increased risk from 2.5% to 5% based on Basement works and Hotel
11	Main Contractor's OH&P	6.5%	479,362.58	52,806	£ 532,169	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,854,171	£ 865,207	£ 8,719,378	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,854,171	£ 865,207	£ 8,719,378	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,854,171	£ 865,207	£ 8,719,378	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,854,171	£ 865,207	£ 8,719,378	

Option 3 - Social housing (Apartments)

Ref	Element	Current Total (£)	Comments
0	Facilitating works	£ 552,141	
0.1	Toxic/hazardous material removal	£ 10,000	
0.2	Major Demolition works	£ 446,827	
0.3	Specialist groundworks	£ 85,314	
0.4	Temporary diversion works	excl	
0.5	Toxic and hazardous waste	£ 10,000	
1	Substructure	£ 406,314	
1.1	Foundations	£ 239,130	
1.2	Basement Excavation	£ 65,900	
1.3	Ground floor construction	£ 101,284	
2	Superstructure	£ 3,024,509	
2.1	Frame	£ 508,547	
2.2	Upper floors	£ 196,929	
2.3	Roof	£ 268,670	
2.4	Stairs and ramps	£ 54,200	
2.5	External walls	£ 906,365	
2.6	Windows and external doors	£ 297,214	
2.7	Internal walls and partitions	£ 510,600	
2.8	Internal doors	£ 135,625	
2.9	Access Scaffolding	£ 146,359	
3	Internal finishes	£ 265,408	
3.1	Wall finishes	£ 76,130	
3.2	Floor finishes	£ 103,461	
3.3	Ceiling finishes	£ 85,818	
4	Fittings, furnishings and equipment	£ 138,375	
4.1	General fittings, furnishings and equipment	£ 138,375	
5	Services	£ 1,065,560	
5.1	Mechanical & Electrical Services Generally	£ 1,065,560	

Option 3 - Social housing (Apartments)

Ref	Element		Current Total (£)	Comments
6	External works	£	223,066	
6.1	Site preparation works	£	-	
6.2	Roads, paths and pavings	£	22,941	
6.3	Planting	£	5,000	
6.4	Fencing, railings and walls	£	20,500	
6.5	Site/street furniture and equipment	£	-	
6.6	External drainage	£	65,625	
6.7	External services	£	109,000	
7	EWC Prov Sums	£	250,000	
7.1	Tower Rebuild	£	250,000	
Sub Total: Construction Costs		£	5,925,372	
8	Main Contractor's Preliminaries	17%	1,026,256	
9	Main Contractor's Design Fees	3.5%	243,307	
10	Main Contractor's Risk	2.5%	179,873.39	
11	Main Contractor's OH&P	6.5%	479,362.58	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,854,171	
12	Inflation		excl	
Sub Total: Construction Costs Including Inflation		£	7,854,171	
13	Client Contingency		excl	
Sub Total: Construction Costs Including Contingency		£	7,854,171	
16	Surveys & Client Direct Items		excl	
17	Land Costs		excl	
Total: Ancoats Dispensary Development Costs		£	7,854,171	

Option 4 - Market Residential (Apartments)

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 4 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000		£ 10,000	
0.2	Major Demolition works	£	446,827		£ 446,827	
0.3	Specialist groundworks	£	85,314		£ 85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000		£ 10,000	
1	Substructure	£	406,314	£ -	£ 406,314	
1.1	Foundations	£	239,130		£ 239,130	
1.2	Basement Excavation	£	65,900		£ 65,900	
1.3	Ground floor construction	£	101,284		£ 101,284	
2	Superstructure	£	3,024,509	£ 25,000	£ 3,049,509	
2.1	Frame	£	508,547		£ 508,547	
2.2	Upper floors	£	196,929		£ 196,929	
2.3	Roof	£	268,670		£ 268,670	
2.4	Stairs and ramps	£	54,200		£ 54,200	
2.5	External walls	£	906,365		£ 906,365	
2.6	Windows and external doors	£	297,214		£ 297,214	
2.7	Internal walls and partitions	£	510,600		£ 510,600	
2.8	Internal doors	£	135,625	£ 25,000	£ 160,625	Enhanced door spec
2.9	Access Scaffolding	£	146,359		£ 146,359	
3	Internal finishes	£	265,408	£ 37,000	£ 302,408	
3.1	Wall finishes	£	76,130		£ 76,130	
3.2	Floor finishes	£	103,461	£ 37,000	£ 140,461	Enhanced floor finish
3.3	Ceiling finishes	£	85,818		£ 85,818	
4	Fittings, furnishings and equipment	£	138,375	£ 111,150	£ 249,525	
4.1	General fittings, furnishings and equipment	£	138,375	£ 111,150	£ 249,525	Kitchen spec increased +£850 fitted wardrobe allowance
5	Services	£	1,065,560	£ 128,556	£ 1,194,115	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	£ 128,556	£ 1,194,115	Increased allowance / m2 + sanitaryware quality

Option 4 - Market Residential (Apartments)

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 4 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,925,372	£ 301,706	£ 6,227,078	
8	Main Contractor's Preliminaries	17%	1,026,256	£	1,026,256	
9	Main Contractor's Design Fees	3.5%	243,307	10,560	£ 253,867	
10	Main Contractor's Risk	2.5%	179,873.39	7,807	£ 187,680	
11	Main Contractor's OH&P	6.5%	479,362.58	20,805	£ 500,167	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,854,171	£ 340,877	£ 8,195,048	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,854,171	£ 340,877	£ 8,195,048	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,854,171	£ 340,877	£ 8,195,048	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,854,171	£ 340,877	£ 8,195,048	

Option 5 - Market Residential (Townhouses)

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 5 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000		£ 10,000	
0.2	Major Demolition works	£	446,827		£ 446,827	
0.3	Specialist groundworks	£	85,314		£ 85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000		£ 10,000	
1	Substructure	£	406,314	-£ 33,000	£ 373,314	
1.1	Foundations	£	239,130	-£ 33,000	£ 206,130	Reduced cost due to reduced height & load.
1.2	Basement Excavation	£	65,900		£ 65,900	
1.3	Ground floor construction	£	101,284		£ 101,284	
2	Superstructure	£	3,024,509	-£ 926,069	£ 2,098,440	
2.1	Frame	£	508,547	-£ 207,000	£ 301,547	
2.2	Upper floors	£	196,929	-£ 91,000	£ 105,929	
2.3	Roof	£	268,670		£ 268,670	
2.4	Stairs and ramps	£	54,200	-£ 21,000	£ 33,200	
2.5	External walls	£	906,365	-£ 326,000	£ 580,365	Remove Level 04 & 05 and remove level 03.
2.6	Windows and external doors	£	297,214	-£ 80,164	£ 217,050	Increased door spec and patio doors
2.7	Internal walls and partitions	£	510,600	-£ 153,180	£ 357,420	
2.8	Internal doors	£	135,625	-£ 47,725	£ 87,900	Increased door spec, based on 11nr internal doors each and loft access hatch
2.9	Access Scaffolding	£	146,359		£ 146,359	
3	Internal finishes	£	265,408	-£ 42,000	£ 223,408	
3.1	Wall finishes	£	76,130	-£ 4,000	£ 72,130	Uplift tile spec
3.2	Floor finishes	£	103,461	-£ 20,000	£ 83,461	Enhanced floor finish
3.3	Ceiling finishes	£	85,818	-£ 18,000	£ 67,818	Enhanced ceiling finish
4	Fittings, furnishings and equipment	£	138,375	-£ 77,000	£ 61,375	
4.1	General fittings, furnishings and equipment	£	138,375	-£ 77,000	£ 61,375	£7k kitchen, £1.8k wardrobes, £1.5k general uplift for WC spec
5	Services	£	1,065,560	-£ 870,000	£ 195,560	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	-£ 870,000	£ 195,560	£32k / apartment

Option 5 - Market Residential (Townhouses)

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 5 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,925,372	-£ 1,948,069	£ 3,977,303	
8	Main Contractor's Preliminaries	17%	1,026,256	- 513,128	£ 513,128	Reduced prelims allowance
9	Main Contractor's Design Fees	3.5%	243,307	- 100,000	£ 143,307	Reduced Design Fees
10	Main Contractor's Risk	2.5%	179,873.39	- 64,030	£ 115,843	
11	Main Contractor's OH&P	6.5%	479,362.58	- 170,640	£ 308,723	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,854,171	-£ 2,795,867	£ 5,058,304	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,854,171	-£ 2,795,867	£ 5,058,304	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,854,171	-£ 2,795,867	£ 5,058,304	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,854,171	-£ 2,795,867	£ 5,058,304	

Appendix A - Area Schedule

T&T Area Schedule - based on the stage 2 cost plan and design (Option 3)

LEVEL	One Bed Apartments	Two Bed Apartments	One Bed Duplex	NIA				Remaining Floor Area		GIFA		Nett : Gross
	Units (nr)	Units (nr)	Units (nr)	Units (nr)	m2	Bike Store	ft2	m2	ft2	m2	ft2	%
<i>Residential</i>												
Ground	2	2	5	9	368	0	3,961	147	1,582	515	5,543	71.46%
Level 1	2	2	incl	4	355		3,823	144	1,548	499	5,371	71.18%
Level 2	6	2		8	413		4,448	86	924	499	5,371	82.81%
Level 3	6	2		8	414		4,458	85	913	499	5,371	83.01%
Level 4	5	1		6	337		3,626	91	981	428	4,607	78.71%
Level 5	3	1		4	225		2,426	63	674	288	3,100	78.26%
SUB-TOTAL	24	10	5	39	2,113	0	22,743	615	6,621	2,728	29,364	77.45%
Last Report	24	10	5	39	2,198	13	23,799	599	6,621	2,810	29,364	78.68%
Variance	0	0	0	0	-85.1	-13	-1,056	16	0	-82	0	-0

Section 1.1 - Viability Assessment



		Option 1	Option 2	Option 3	Option 4	Option 5
		Office	Hotel	Social Housing (Apartments)	Market Residential (Apartments)	High End Townhouses
Ref	Element	TOTAL (£)	TOTAL (£)	TOTAL (£)	TOTAL (£)	TOTAL (£)
1	Construction Costs	£ 7,863,605	£ 8,789,542	£ 7,919,749	£ 8,260,626	£ 5,024,540
	Overall Total	£ 7,863,605	£ 8,789,542	£ 7,919,749	£ 8,260,626	£ 5,024,540

Options Assumptions

Base	:	CAT A fit-out	Basic offering 3 star hotel, no restaurant on site	39 unit, based on stage 2 design	39 unit private apartments	High end Townhouses (6nr)
Substructure	:	Additional cost associated with deeper piling based on increased building height and structure	Retained basement, allowance made for basement fitout and additional works to support and survey.	CFA Piles, basement infill, 250mm thick slab as per stage 2 design	As Option 3	Reduced based on height and load reduction
Frame, upper floors and roof	:	Additional weight to the frame increased from 70kg/m2 to assumed 80kg/m2	Additional weight to the frame increased from 70kg/m2 to assumed 80kg/m2. Additional allowance made for plant screens	Frame weight 70kg/m2 with metal deck floors	As Option 3	Reduced based on height and load reduction
External walls, windows and external doors	:	Increased area of glazing required to façade.	Increased allowance for hotel signage and associated additional support	Retained North and East façade, Euroclad Vieo system for level 4 and 5 and brickwork from level 0 to 3 south and west façade, ppc aluminium	As Option 3	Remove Level 03, 04 & 05, increased external door spec
Internal walls and doors	:	Open plan office	Higher spec doors		Higher spec doors	Higher spec doors
Internal Finishes	:	Include for screeding to flooring and raised access flooring, paint finish only	Increased spec finish for flooring to communal areas and ceiling spec within guestrooms, wallpaper wall finish allowed for within guestrooms.	Paint to walls, tiled finish to bathrooms only, splashbacks to vanity units and kitchen. Vinyl floor finish to apartments, carpet finish to communal areas, plasterboard ceiling within apartments.	Enhanced floor finish	Enhanced floor, wall and ceiling finishes
Fittings, furnishings and equipment	:	kitchens to each level office space, shared amenity space (reception and WCs vanity units) and bike store	Added vanity units & reception / bar allowance. Assumed no cooking e.g. restaurant etc	Kitchens - allowance for worktops and units; excluded white goods, oven, blinds, vanity units, post boxes and cycle / bin store	Kitchen spec increased + increased fitted wardrobe allowance	Kitchen spec increased + increased fitted wardrobe and bathroom allowance
Mechanical & Electrical Services	:	2 nr lifts, £450/m2 for MEP	£25.5k/bed based on 39 nr + additional lift + increase capacity of current	Basic lift up 5 floors and allowance for PV panels.	Increased allowance / m2 + sanitaryware quality	£/ m2 + sanitaryware quality
Main Contractor's Preliminaries	:					Reduced preliminaries based on scope of works
Main Contractor's Design Fees	:	Reduced design fees from 3.5% to 3%	Increased design fees from 3.5% to 4%			Reduced design fees
Main Contractor's Risk	:		Increased risk from 2.5% to 5% based on Basement works and Hotel			

Section 1.1 - Viability Assessment**General exclusions for all options.**

- Contingency, professional fees, surveys, client direct items, developers margin, land cost all excluded
- VAT and any associated recovery
- Sales and Marketing Costs
- Any matters arising from Party Walls issues
- Revenue / Operating Costs (rent / sales, rates, service charges, PPM)
- Costs associated with treatment / removal of contaminated and / or hazardous material over and above current cost plan allowances.
- Costs for extraordinary site investigations - archaeological, wildlife, reptiles, bats etc.
- Temp stopping up orders, local authority fees and the like
- Traffic diversions, TPPO, Traffic Management
- Hazardous spoil
- Any matters arising from Rights to Light agreements
- Costs associated with network reinforcements
- Works to existing highways, utility diversions / lowering in the footpath
- Works to level change at the north of the site
- Any and all items procured directly by Great Places
- Specialist de-watering, ground stabilisation, underpinning requirements, gas membrane to the substructures
- Street Furniture, Internal furniture , Reception Desk, Internal & External Signage
- Incoming gas supply
- Costs arising from land easements/covenants
- Local Authority Fees and Charges

General assumptions for all options.

- Costs based on concept only, with option 3 based on stage 2 design information
- The costs are based on the Building Regulations as at December 2019
- Unhindered access and egress will be available for the duration of the works
- No specialist acoustic measures to the façade have been included over and above Building regulations requirements.
- Programme for all works based upon a 91 week period except option 5
- No appliances are being provided by the Main Contractor.
- Construction sequencing currently assumes façade retention to be erected, building to be demolished, with demolition material being used as backfill for basements, with imported fill for piling matt remaining in situ below suspended ground floor slab.
- External works assumed to be tarmac only.

Section 1.2 - Options Summary

		Option 1		Option 2		Option 3		Option 4		Option 5	
		Office		Hotel		Social Housing (Apartments)		Market Residential (Apartments)		High End Townhouses	
Ref	Element	£/m²	TOTAL (£)	£/m²	TOTAL (£)	£/m²	TOTAL (£)	£/m²	TOTAL (£)	£/m²	TOTAL (£)
	GIA:	2,440 m²		2,440 m²		2,728 m²		2,728 m²		985 m²	
	NIA:	26,264 ft²		26,264 ft²		29,364 ft²		29,364 ft²		10,602 ft²	
0	Facilitating works	226	552,141	226	552,141	202	552,141	202	552,141	561	552,141
1	Substructure	181	442,314	218	531,314	149	406,314	149	406,314	235	231,314
2	Superstructure	1,305	3,183,096	1,430	3,489,551	1,222	3,332,551	1,231	3,357,551	2,025	1,994,666
3	Internal finishes	70	170,832	162	396,408	97	265,408	111	302,408	231	227,408
4	Fittings, furnishings and equipment	35	86,500	94	228,318	51	138,375	91	249,525	106	104,375
5	Services	537	1,309,560	440	1,074,560	391	1,065,560	438	1,194,115	441	434,560
6	External works	91	223,066	91	223,066	82	223,066	82	223,066	309	304,066
Sub Total: Construction Costs		2,446	5,967,508	2,662	6,495,358	2,193	5,983,414	2,304	6,285,120	3,907	3,848,529
8	Main contractor's preliminaries	421	1,026,256	421	1,026,256	376	1,026,256	376	1,026,256	608	598,628
Sub Total: Construction Costs Inc Prelims		2,866	6,993,764	3,083	7,521,614	2,570	7,009,670	2,680	7,311,376	4,515	4,447,158
9	Main contractor's design fees	86	209,813	139	338,473	90	245,338	94	255,898	158	155,651
Sub Total: Construction Costs Inc design fees		2,952	7,203,577	3,221	7,860,087	2,659	7,255,009	2,774	7,567,275	4,673	4,602,808
10	Main contractor's OHP	197	479,938	220	536,451	177	483,365	185	504,170	311	306,662
Sub Total: Construction Costs Inc OHP		3,149	7,683,515	3,441	8,396,537	2,837	7,738,374	2,959	8,071,444	4,984	4,909,470
11	Inflation	-	-	-	-	-	-	-	-	-	-
Sub Total: Construction Costs Inc Inflation		3,149	7,683,515	3,441	8,396,537	2,837	7,738,374	2,959	8,071,444	4,984	4,909,470
12	Risks	74	180,089	161	393,004	66	181,375	69	189,182	117	115,070
Total: Construction Costs		3,223	7,863,605	3,602	8,789,542	2,903	7,919,749	3,028	8,260,626	5,101	5,024,540

Option 1 - Offices

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 1 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000	£	10,000	
0.2	Major Demolition works	£	446,827	£	446,827	
0.3	Specialist groundworks	£	85,314	£	85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000	£	10,000	
1	Substructure	£	406,314	£ 36,000	£ 442,314	
1.1	Foundations	£	239,130	£ 15,000	£ 254,130	Taller building; deeper piling
1.2	Basement Excavation	£	65,900		£ 65,900	
1.3	Ground floor construction	£	101,284	£ 21,000	£ 122,284	Screeding / raised access floor
2	Superstructure	£	3,082,551	-£ 149,455	£ 2,933,096	
2.1	Frame	£	508,547	£ 53,000	£ 561,547	Additional weight, Kg/m2 increaaased from 70kg/m2 to 80kg/m2
2.2	Upper floors	£	196,929	£ 88,500	£ 285,429	5F omitted; additional screeding / RAF required
2.3	Roof	£	268,670		£ 268,670	
2.4	Stairs and ramps	£	54,200		£ 54,200	
2.5	External walls	£	964,407	£ 77,200	£ 1,041,607	Enhanced façade treatment, increased area of glazing
2.6	Windows and external doors	£	297,214		£ 297,214	Additional glazing factored within external wall
2.7	Internal walls and partitions	£	510,600	-£ 278,530	£ 232,070	Open plan office
2.8	Internal doors	£	135,625	-£ 89,625	£ 46,000	Open plan office
2.9	Access Scaffolding	£	146,359		£ 146,359	
3	Internal finishes	£	265,408	-£ 94,577	£ 170,832	
3.1	Wall finishes	£	76,130	-£ 32,500	£ 43,630	Open plan; enhanced core areas
3.2	Floor finishes	£	103,461	-£ 62,077	£ 41,385	Assumed Cat A
3.3	Ceiling finishes	£	85,818		£ 85,818	
4	Fittings, furnishings and equipment	£	138,375	-£ 51,875	£ 86,500	
4.1	General fittings, furnishings and equipment	£	138,375	-£ 51,875	£ 86,500	Allowance for Kitchens to each level office space, shared amenity space, vanity units and bike store
5	Services	£	1,065,560	£ 244,000	£ 1,309,560	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	£ 244,000	£ 1,309,560	£450/m2 + addtnl lift + enhance capacity of current lift

Option 1 - Offices

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 1 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,983,414	-£ 15,906	£ 5,967,508	
8	Main Contractor's Preliminaries	17%	1,026,256	£	1,026,256	
9	Main Contractor's Design Fees	3.0%	245,338	-£ 35,526	£ 209,813	Reduced design fees from 3.5% to 3%
10	Main Contractor's Risk	2.5%	181,375.22	-£ 1,286	£ 180,089	
11	Main Contractor's OH&P	6.5%	483,364.97	-£ 3,427	£ 479,938	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,919,749	-£ 56,144	£ 7,863,605	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,919,749	-£ 56,144	£ 7,863,605	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,919,749	-£ 56,144	£ 7,863,605	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,919,749	-£ 56,144	£ 7,863,605	

Option 2 - Hotel

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 2 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000	£	10,000	
0.2	Major Demolition works	£	446,827	£	446,827	
0.3	Specialist groundworks	£	85,314	£	85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000	£	10,000	
1	Substructure	£	406,314	£ 125,000	£ 531,314	
1.1	Foundations	£	239,130	£ 15,000	£ 254,130	
1.2	Basement Excavation	£	65,900	£ 100,000	£ 165,900	Basement fit out, allowance for additional works to support & surveys
1.3	Ground floor construction	£	101,284	£ 10,000	£ 111,284	
2	Superstructure	£	3,082,551	£ 157,000	£ 3,239,551	
2.1	Frame	£	508,547	£ 53,000	£ 561,547	Additional weight, Kg/m2 increaaased from 70kg/m2 to 80kg/m2
2.2	Upper floors	£	196,929	£	£ 196,929	
2.3	Roof	£	268,670	£ 30,000	£ 298,670	Additional cost for plant screen
2.4	Stairs and ramps	£	54,200	£	£ 54,200	
2.5	External walls	£	964,407	£ 29,000	£ 993,407	Additional allowance for hotel signage
2.6	Windows and external doors	£	297,214	£	£ 297,214	
2.7	Internal walls and partitions	£	510,600	£ 20,000	£ 530,600	Allowance for more internal walls within amenity space
2.8	Internal doors	£	135,625	£ 25,000	£ 160,625	High spec door
2.9	Access Scaffolding	£	146,359	£	£ 146,359	
3	Internal finishes	£	265,408	£ 131,000	£ 396,408	
3.1	Wall finishes	£	76,130	£ 68,000	£ 144,130	Wallpapered
3.2	Floor finishes	£	103,461	£ 37,000	£ 140,461	Increased spec for communal area
3.3	Ceiling finishes	£	85,818	£ 26,000	£ 111,818	Increase spec for ceilings to guestrooms
4	Fittings, furnishings and equipment	£	138,375	£ 89,943	£ 228,318	
4.1	General fittings, furnishings and equipment	£	138,375	£ 89,943	£ 228,318	Omit kitchen; add vanity units & reception / bar allowance. Assumed no cooking e.g. restaurant etc
5	Services	£	1,065,560	£ 9,000	£ 1,074,560	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	£ 9,000	£ 1,074,560	£25.5k/bed based on 39 nr + addtnl lift + increase capacity of current

Option 2 - Hotel

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 2 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,983,414	£ 511,943	£ 6,495,358	
8	Main Contractor's Preliminaries	17%	1,026,256	£	1,026,256	
9	Main Contractor's Design Fees	4.5%	245,338	93,134	£ 338,473	Increased design fees from 3.5% to 4%
10	Main Contractor's Risk	5.0%	181,375.22	211,629	£ 393,004	Increased risk from 2.5% to 5% based on Basement works and Hotel
11	Main Contractor's OH&P	6.5%	483,364.97	53,086	£ 536,451	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,919,749	£ 869,793	£ 8,789,542	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,919,749	£ 869,793	£ 8,789,542	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,919,749	£ 869,793	£ 8,789,542	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,919,749	£ 869,793	£ 8,789,542	

Option 3 - Social housing (Apartments)

Ref	Element	Current Total (£)	Comments
0	Facilitating works	£ 552,141	
0.1	Toxic/hazardous material removal	£ 10,000	
0.2	Major Demolition works	£ 446,827	
0.3	Specialist groundworks	£ 85,314	
0.4	Temporary diversion works	excl	
0.5	Toxic and hazardous waste	£ 10,000	
1	Substructure	£ 406,314	
1.1	Foundations	£ 239,130	
1.2	Basement Excavation	£ 65,900	
1.3	Ground floor construction	£ 101,284	
2	Superstructure	£ 3,082,551	
2.1	Frame	£ 508,547	
2.2	Upper floors	£ 196,929	
2.3	Roof	£ 268,670	
2.4	Stairs and ramps	£ 54,200	
2.5	External walls	£ 964,407	
2.6	Windows and external doors	£ 297,214	
2.7	Internal walls and partitions	£ 510,600	
2.8	Internal doors	£ 135,625	
2.9	Access Scaffolding	£ 146,359	
3	Internal finishes	£ 265,408	
3.1	Wall finishes	£ 76,130	
3.2	Floor finishes	£ 103,461	
3.3	Ceiling finishes	£ 85,818	
4	Fittings, furnishings and equipment	£ 138,375	
4.1	General fittings, furnishings and equipment	£ 138,375	
5	Services	£ 1,065,560	
5.1	Mechanical & Electrical Services Generally	£ 1,065,560	

Option 3 - Social housing (Apartments)

Ref	Element		Current Total (£)	Comments
6	External works	£	223,066	
6.1	Site preparation works	£	-	
6.2	Roads, paths and pavings	£	22,941	
6.3	Planting	£	5,000	
6.4	Fencing, railings and walls	£	20,500	
6.5	Site/street furniture and equipment	£	-	
6.6	External drainage	£	65,625	
6.7	External services	£	109,000	
7	EWC Prov Sums	£	250,000	
7.1	Tower Rebuild	£	250,000	
Sub Total: Construction Costs		£	5,983,414	
8	Main Contractor's Preliminaries	17%	1,026,256	
9	Main Contractor's Design Fees	3.5%	245,338	
10	Main Contractor's Risk	2.5%	181,375.22	
11	Main Contractor's OH&P	6.5%	483,364.97	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,919,749	
12	Inflation		excl	
Sub Total: Construction Costs Including Inflation		£	7,919,749	
13	Client Contingency		excl	
Sub Total: Construction Costs Including Contingency		£	7,919,749	
16	Surveys & Client Direct Items		excl	
17	Land Costs		excl	
Total: Ancoats Dispensary Development Costs		£	7,919,749	

Option 4 - Market Residential (Apartments)

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 4 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000		£ 10,000	
0.2	Major Demolition works	£	446,827		£ 446,827	
0.3	Specialist groundworks	£	85,314		£ 85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000		£ 10,000	
1	Substructure	£	406,314	£ -	£ 406,314	
1.1	Foundations	£	239,130		£ 239,130	
1.2	Basement Excavation	£	65,900		£ 65,900	
1.3	Ground floor construction	£	101,284		£ 101,284	
2	Superstructure	£	3,082,551	£ 25,000	£ 3,107,551	
2.1	Frame	£	508,547		£ 508,547	
2.2	Upper floors	£	196,929		£ 196,929	
2.3	Roof	£	268,670		£ 268,670	
2.4	Stairs and ramps	£	54,200		£ 54,200	
2.5	External walls	£	964,407		£ 964,407	
2.6	Windows and external doors	£	297,214		£ 297,214	
2.7	Internal walls and partitions	£	510,600		£ 510,600	
2.8	Internal doors	£	135,625	£ 25,000	£ 160,625	Enhanced door spec
2.9	Access Scaffolding	£	146,359		£ 146,359	
3	Internal finishes	£	265,408	£ 37,000	£ 302,408	
3.1	Wall finishes	£	76,130		£ 76,130	
3.2	Floor finishes	£	103,461	£ 37,000	£ 140,461	Enhanced floor finish
3.3	Ceiling finishes	£	85,818		£ 85,818	
4	Fittings, furnishings and equipment	£	138,375	£ 111,150	£ 249,525	
4.1	General fittings, furnishings and equipment	£	138,375	£ 111,150	£ 249,525	Kitchen spec increased +£850 fitted wardrobe allowance
5	Services	£	1,065,560	£ 128,556	£ 1,194,115	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	£ 128,556	£ 1,194,115	Increased allowance / m2 + sanitaryware quality

Option 4 - Market Residential (Apartments)

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 4 Total (£)	Comments
6	External works	£	223,066	£ -	£ 223,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£	22,941	
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,983,414	£ 301,706	£ 6,285,120	
8	Main Contractor's Preliminaries	17%	1,026,256	£	1,026,256	
9	Main Contractor's Design Fees	3.5%	245,338	10,560	£ 255,898	
10	Main Contractor's Risk	2.5%	181,375.22	7,807	£ 189,182	
11	Main Contractor's OH&P	6.5%	483,364.97	20,805	£ 504,170	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,919,749	£ 340,877	£ 8,260,626	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,919,749	£ 340,877	£ 8,260,626	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,919,749	£ 340,877	£ 8,260,626	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,919,749	£ 340,877	£ 8,260,626	

Option 5 - High End Townhouses

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 5 Total (£)	Comments
0	Facilitating works	£	552,141	£ -	£ 552,141	
0.1	Toxic/hazardous material removal	£	10,000	£	10,000	
0.2	Major Demolition works	£	446,827	£	446,827	
0.3	Specialist groundworks	£	85,314	£	85,314	
0.4	Temporary diversion works		excl		excl	
0.5	Toxic and hazardous waste	£	10,000	£	10,000	
1	Substructure	£	406,314	-£ 175,000	£ 231,314	
1.1	Foundations	£	239,130	-£ 114,000	£ 125,130	Reduced cost due to reduced height & load.
1.2	Basement Excavation	£	65,900		£ 65,900	
1.3	Ground floor construction	£	101,284	-£ 61,000	£ 40,284	Reduced ground floor slab
2	Superstructure	£	3,082,551	-£ 1,337,885	£ 1,744,666	
2.1	Frame	£	508,547	-£ 345,000	£ 163,547	
2.2	Upper floors	£	196,929	-£ 92,000	£ 104,929	
2.3	Roof	£	268,670	-£ 40,000	£ 228,670	Reduced size
2.4	Stairs and ramps	£	54,200	£ 30,000	£ 84,200	Stairs to each townhouse up to level 02
2.5	External walls	£	964,407	-£ 325,000	£ 639,407	Remove Level 03, 04 & 05.
2.6	Windows and external doors	£	297,214	-£ 154,000	£ 143,214	Increased door spec and patio doors
2.7	Internal walls and partitions	£	510,600	-£ 306,360	£ 204,240	
2.8	Internal doors	£	135,625	-£ 61,525	£ 74,100	Increased door spec, based on 11nr internal doors each and loft access hatch
2.9	Access Scaffolding	£	146,359	-£ 44,000	£ 102,359	Reduced scaffolding to new façade
3	Internal finishes	£	265,408	-£ 38,000	£ 227,408	
3.1	Wall finishes	£	76,130	-£ 16,000	£ 60,130	Uplift specifications
3.2	Floor finishes	£	103,461	-£ 5,000	£ 98,461	Enhanced floor finish @ +£100/m2
3.3	Ceiling finishes	£	85,818	-£ 17,000	£ 68,818	Enhanced ceiling finish allowance
4	Fittings, furnishings and equipment	£	138,375	-£ 34,000	£ 104,375	
4.1	General fittings, furnishings and equipment	£	138,375	-£ 34,000	£ 104,375	£9k kitchen, £1.2k wardrobes per bedroom, £1.5k general per bathroom
5	Services	£	1,065,560	-£ 631,000	£ 434,560	
5.1	Mechanical & Electrical Services Generally	£	1,065,560	-£ 631,000	£ 434,560	£/m2 + sanitaryware quality

Option 5 - High End Townhouses

Ref	Element		Option 3 Total (£)	Adjustments Total (£)	Option 5 Total (£)	Comments
6	External works	£	223,066	£ 81,000	£ 304,066	
6.1	Site preparation works	£	-	£	-	
6.2	Roads, paths and pavings	£	22,941	£ 81,000	£ 103,941	Car park area allowance made, high end spec
6.3	Planting	£	5,000	£	5,000	
6.4	Fencing, railings and walls	£	20,500	£	20,500	
6.5	Site/street furniture and equipment	£	-	£	-	
6.6	External drainage	£	65,625	£	65,625	
6.7	External services	£	109,000	£	109,000	
7	EWC Prov Sums	£	250,000	£ -	£ 250,000	
7.1	Tower Rebuild	£	250,000	£	250,000	
Sub Total: Construction Costs		£	5,983,414	-£ 2,134,885	£ 3,848,529	
8	Main Contractor's Preliminaries	17%	1,026,256	- 427,628	£ 598,628	Reduced prelims allowance
9	Main Contractor's Design Fees	3.5%	245,338	- 89,688	£ 155,651	Reduced Design Fees
10	Main Contractor's Risk	2.5%	181,375.22	- 66,305	£ 115,070	
11	Main Contractor's OH&P	6.5%	483,364.97	- 176,703	£ 306,662	
Sub Total: Construction Costs Inc Contractor Mark Up		£	7,919,749	-£ 2,895,209	£ 5,024,540	
12	Inflation		excl	excl	excl	
Sub Total: Construction Costs Including Inflation		£	7,919,749	-£ 2,895,209	£ 5,024,540	
13	Client Contingency		excl	excl	excl	
Sub Total: Construction Costs Including Contingency		£	7,919,749	-£ 2,895,209	£ 5,024,540	
16	Surveys & Client Direct Items		excl	excl	excl	
17	Land Costs		excl	excl	excl	
Total: Ancoats Dispensary Development Costs		£	7,919,749	-£ 2,895,209	£ 5,024,540	

Appendix A - Area Schedule

T&T Area Schedule - based on the stage 2 cost plan and design (Option 3)

LEVEL	One Bed Apartments	Two Bed Apartments	One Bed Duplex	NIA				Remaining Floor Area		GIFA		Nett : Gross
	Units (nr)	Units (nr)	Units (nr)	Units (nr)	m2	Bike Store	ft2	m2	ft2	m2	ft2	%
Residential												
Ground	2	2	5	9	368	0	3,961	147	1,582	515	5,543	71.46%
Level 1	2	2	incl	4	355		3,823	144	1,548	499	5,371	71.18%
Level 2	6	2		8	413		4,448	86	924	499	5,371	82.81%
Level 3	6	2		8	414		4,458	85	913	499	5,371	83.01%
Level 4	5	1		6	337		3,626	91	981	428	4,607	78.71%
Level 5	3	1		4	225		2,426	63	674	288	3,100	78.26%
SUB-TOTAL	24	10	5	39	2,113	0	22,743	615	6,621	2,728	29,364	77.45%
Last Report	24	10	5	39	2,198	13	23,799	599	6,621	2,810	29,364	78.68%
Variance	0	0	0	0	-85.1	-13	-1,056	16	0	-82	0	-0

APPENDIX 3 – DEVELOPMENT APPRAISALS

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 1 Hotel****Summary Appraisal for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	Unit Price	Gross Sales
Hotel	46	150,000	6,900,000

NEGATIVE LAND ALLOWANCE

Residualised Price	5,581,527	5,581,527
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NET REALISATION**12,481,527****OUTLAY****ACQUISITION COSTS**

Negative Land Allowance	(5,581,527)
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CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost	
Hotel	46 un	189,551	8,719,346	8,719,346
Contingency		5.00%	435,967	435,967

PROFESSIONAL FEES

Professional Fees	10.00%	915,531	915,531
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MARKETING & LETTING

Marketing	100,000	100,000
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DISPOSAL FEES

Sales Agent Fee	1.00%	69,000
Sales Legal Fee	0.50%	34,500
		103,500

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Mar 2021
Construction	24	Jun 2021
Letting	6	Jun 2023
Sale	12	Jun 2023
Total Duration	39	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(437,352)
Construction	564,280
Total Finance Cost	126,928

TOTAL COSTS**10,401,273****PROFIT****2,080,255****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	30.15%
Profit on NDV%	30.15%

IRR N/A

Profit Erosion (finance rate 6.000%) 3 yrs 1 mth

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 2 Office****Summary Appraisal for Phase 1**

Currency in £

REVENUE**Rental Area Summary**

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Office	1	22,084	25.00	552,096	552,096	552,096

Investment Valuation**Office**

Current Rent	552,096	YP @	6.5000%	15.3846	8,493,788	
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GROSS DEVELOPMENT VALUE**8,493,788**

Purchaser's Costs	6.80%	(540,803)		(540,803)		
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NET DEVELOPMENT VALUE**7,952,985****NET REALISATION****7,952,985****OUTLAY****ACQUISITION COSTS**

Residualised Price (Negative land)		(2,915,400)		(2,915,400)		
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CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost			
Office	25,981 ft ²	299.95 pf ²	7,793,059	7,793,059		
Contingency		5.00%	389,653		389,653	

PROFESSIONAL FEES

Professional Fees	10.00%	818,271		818,271		
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MARKETING & LETTING

Marketing		100,000				
Letting Agent Fee	10.00%	55,210				
Letting Legal Fee	5.00%	27,605				
					182,814	

DISPOSAL FEES

Sales Agent Fee	1.00%	79,530				
Sales Legal Fee	0.50%	39,765				
					119,295	

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Mar 2021
Construction	24	Jun 2021
Letting	6	Jun 2023
Sale	12	Jun 2023
Total Duration	39	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)						
Land		(264,540)				
Construction		504,334				
Total Finance Cost					239,795	

TOTAL COSTS**6,627,487****PROFIT****1,325,498****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.61%

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 2 Office**

Profit on NDV%	16.67%
Development Yield% (on Rent)	8.33%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR	N/A
Rent Cover	2 yrs 5 mths
Profit Erosion (finance rate 6.000%)	3 yrs 1 mth

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 3 Market Residential Apartments****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Apartments- One Bed	25	16,250	400.00	260,000	6,500,000
Apartments- Two Bed	14	9,800	400.00	280,000	3,920,000
Totals	39	26,050			10,420,000

NEGATIVE LAND ALLOWANCE

Residualised Price	1,506,099	1,506,099
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NET REALISATION**11,926,099****OUTLAY****ACQUISITION COSTS**

Negative Land Allowance	(1,506,099)
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CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost
Apartments- One Bed	19,318 ft²	266.75 pf²	5,152,981
Apartments- Two Bed	11,650 ft²	266.75 pf²	3,107,644
Totals	30,968 ft²		8,260,625

8,260,625

Contingency	5.00%	413,031	413,031
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PROFESSIONAL FEES

Professional Fees	10.00%	867,366	867,366
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MARKETING & LETTING

Marketing	78,000	78,000
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DISPOSAL FEES

Sales Agent Fee	1.00%	104,200
Sales Legal Fee	0.50%	52,100
		156,300

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Apr 2021
Construction	24	Jul 2021
Sale	12	Jan 2023
Total Duration	33	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land	(104,733)
Construction	267,827
Total Finance Cost	163,094

TOTAL COSTS**9,938,416****PROFIT****1,987,683****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	19.08%
Profit on NDV%	19.08%

IRR	N/A
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Profit Erosion (finance rate 6.000%)	3 yrs 1 mth
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APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 4 Market Residential Town Houses****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
Town House- Plot 1	1	1,383	380.00	525,540	525,540
Town House- Plot 2	1	1,534	380.00	582,920	582,920
Town House- Plot 3	1	1,789	380.00	679,820	679,820
Town House- Plot 4	1	1,726	380.00	655,880	655,880
Town House- Plot 5	1	1,544	380.00	586,720	586,720
Town House- Plot 6	1	1,208	380.00	459,040	459,040
Totals	6	9,184			3,489,920

NEGATIVE LAND ALLOWANCE

Residualised Price	3,572,872	3,572,872
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NET REALISATION**7,062,792****OUTLAY****ACQUISITION COSTS**

Negative Land Allowance	(3,572,872)
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CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Town House- Plot 1	1,383 ft²	547.09 pf²	756,625	
Town House- Plot 2	1,534 ft²	547.09 pf²	839,236	
Town House- Plot 3	1,789 ft²	547.09 pf²	978,744	
Town House- Plot 4	1,726 ft²	547.09 pf²	944,277	
Town House- Plot 5	1,544 ft²	547.09 pf²	844,707	
Town House- Plot 6	1,208 ft²	547.09 pf²	660,885	
Totals	9,184 ft²		5,024,475	5,024,475

Contingency	5.00%	251,224	251,224
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PROFESSIONAL FEES

Professional Fees	10.00%	527,570	527,570
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MARKETING & LETTING

Marketing	30,000	30,000
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DISPOSAL FEES

Sales Agent Fee	1.00%	34,899	
Sales Legal Fee	0.50%	17,450	
			52,349

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Apr 2021
Construction	18	Jul 2021
Sale	12	Jul 2022
Total Duration	27	

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)	
Land	(133,835)
Construction	133,878
Total Finance Cost	43

TOTAL COSTS**5,885,660****PROFIT****1,177,132****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	33.73%

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 4 Market Residential Town Houses**

Profit on NDV%	33.73%
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IRR	(44.58)%
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Profit Erosion (finance rate 6.000%)	3 yrs 1 mth
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APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Ancoats Dispensary - Option 6 Social Housing Apartments****Summary Appraisal for Phase 1**

Currency in £

REVENUE**Rental Area Summary**

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Affordable Apts- 1 Bed	25	16,250	11.82	7,680	172,800	192,000	172,800
Affordable Apts- 2 Bed	14	9,800	14.40	10,080	127,008	141,120	127,008
Totals	39	26,050			299,808	333,120	299,808

Investment Valuation**Affordable Apts- 1 Bed**

Current Rent 172,800 YP @ 4.0000% 25.0000 4,320,000

Affordable Apts- 2 BedCurrent Rent 127,008 YP @ 4.0000% 25.0000 3,175,200
7,495,200**GROSS DEVELOPMENT VALUE****7,495,200**

Purchaser's Costs

6.80% (477,222)

(477,222)

NET DEVELOPMENT VALUE**7,017,978****NEGATIVE LAND ALLOWANCE**

Residualised Price

3,620,136

3,620,136

NET REALISATION**10,638,114****OUTLAY****ACQUISITION COSTS**

Negative Land Allowance

(3,620,136)

CONSTRUCTION COSTS**Construction**

	ft ²	Rate ft ²	Cost	
Affordable Apts- 1 Bed	19,318 ft ²	255.74 pf ²	4,940,294	
Affordable Apts- 2 Bed	11,650 ft ²	255.74 pf ²	2,979,377	
Totals	30,968 ft²		7,919,671	7,919,671

Contingency

5.00% 395,984

395,984

PROFESSIONAL FEES

Professional Fees

10.00% 831,565

831,565

MARKETING & LETTING

Letting Agent Fee

10.00% 29,981

Letting Legal Fee

5.00% 14,990

44,971

FINANCE**Timescale****Duration****Commences**

Pre-Construction

3

May 2021

Construction

24

Aug 2021

Sale

12

Feb 2023

Total Duration

33

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land

(243,198)

Construction

301,541

Total Finance Cost

58,343

TOTAL COSTS**9,250,534****PROFIT****1,387,580****Performance Measures**

Ancoats Dispensary - Option 6 Social Housing Apartments

Profit on Cost%	15.00%
Profit on GDV%	18.51%
Profit on NDV%	19.77%
Development Yield% (on Rent)	3.24%
Equivalent Yield% (Nominal)	4.00%
Equivalent Yield% (True)	4.10%
IRR	N/A
Rent Cover	4 yrs 8 mths
Profit Erosion (finance rate 6.000%)	2 yrs 4 mths