



Viability Appraisal Assessment

Land at 33-41 Cheetham Hill,
Manchester, M4 4FT



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Quality Management

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1. Executive Summary

Applicant	ZX Cheetham Hill Developments Limited	
Site	33-41 Cheetham Mill Road	
Scheme	The applicant has submitted a planning application for a development comprising a 17 and 23 storey building providing 237 build to rent apartments and a ground floor commercial unit. The table below provides an executive summary of the inputs adopted by the applicant for the proposed scheme and those deemed appropriate by the reviewer for the purpose of determining the financial viability of the scheme, and its ability to meet its planning obligations.	
	Applicant Assumptions	Capita Assumptions
Gross Development Value (GDV)	£70,068,197	£68,894,259
Rental income during letting period	£2,200,798	£0
Total Revenue	£72,268,995	£68,894,259
Build Cost including externals and abnormals	Base build cost equating to £221 per sq. ft.	Base build cost equating to £221 per sq. ft.
Abnormal Costs	£38,070	£38,070
Section 106 Contribution	£950,000	
Developers Profit Margin	15% of GDV	12% of Main Build Cost
Benchmark Land Value	£1	£360,000
Residual Land Value	-£7,383,326	£1,209,935
Viability/Surplus Deficit	-£7,383,326	£849,935

Conclusion

In conclusion it is Capita's view that the proposed scheme does show a surplus, however, does not support a full affordable housing and section 106 cost contribution.

2. Introduction

In accordance with the instructions received from Manchester City Council, Capita have been commissioned to review a revised assessment of a viability appraisal for a proposed development scheme of the land at 33-41 Cheetham Hill Road, Manchester.

The application is seeking consent for the development of a 17 and 23 three-storey building providing 237no. build to rent apartments and a ground floor commercial unit. It is understood that the scheme will be delivered for ZX Cheetham Hill Developments Limited.

The applicant has advised that the proposed development is not able to contribute to the full section 106 asks being requested by the authority.

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

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

3. Purpose of Valuation

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

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

applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available.'

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

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

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

More recently the July 2018 NPPF (and the latest July 2021 revision), has been further updated following a technical consultation, resulting in the February 2019 published framework being the definitive current guidance. These updates supersede the original 2012 intentions and go a long way in dealing with inefficiencies and misinterpretation to give a clearer position on the use of viability assessments in the planning decision making process.

Fundamentally, the current primary policy and guidance on assessing viability in a planning context is provided in the NPPF 2021 and the PPG 2019. These have sought to change the emphasis on how viability should be approached in the planning system

and the weight that should be given to viability assessments at the plan-making and development management stages.

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

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

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

'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project.'

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

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

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

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

In this instance the appraisal, dated May 2024, has been carried out by DS2 LLP on behalf of ZX Cheetham Hill Developments Limited. It is the assessment of this appraisal that Capita will analyse and confirm whether the conclusions arrived at are reasonable and appropriate.

4. Site Location & Description

33-41 Cheetham Hill Road, Manchester M4 4F.

The site comprises brownfield land, formally used as a car wash & dealership and has an area of approximately 0.3 acres (0.12 hectares).

The site is located around 0.5km north of Victoria Station. The local area has range of residential and mixed-use developments, reflecting its proximity to the City Centre. The site has frontages to Carnarvon St, Gibson Place and Cheetham Hill Road with two existing vehicle access points from Cheetham Hill and one existing vehicle access from Carnarvon St.

Cheetham Hill Road (A665) is a main artillery road leading in and out of North Manchester. To the east of Cheetham Hill is the Green Quarter, which has a number of tall mixed-use residential developments, constructed in recent years.

The site is shown in the plan in Appendix 1.

5. Proposed Development

The application is seeking consent for the development a part 17 / part 23-storey residential development comprising 237 apartments (Use Class C3a) and ground floor commercial uses (Use Class E) together with landscaping, cycle parking and other associated works following demolition of existing buildings.

It is understood that the development will be a Build to Rent (BTR) scheme and would be managed and operated as a single entity, rather than units being sold individually.

The applicant has assessed the scheme on the basis that it is to be 100% debt financed. However, Capita are aware that BTR schemes are increasingly being forward funded and therefore the scheme has been assessed on a forward funded basis.

The proposed development will comprise a mix of studios, one-bed, and two-bed units. There will be no car parking provision. Cycle parking will be provided within the proposed development at a rate of 1 space per apartment. 50% of the cycle parking will be provided within a ground floor store and the remainder within the apartments.

There will be residents' amenity space provided at ground floor and on the 17th floor. The ground floor amenity space will be 382 sq. ft in area and will provide concierge and a visitors' lounge. The 17th floor amenity space is significantly larger at 4,744 sq. ft and will provide a gym/yoga studio, social area, private dining area and a lounge. There is no affordable housing proposed for the site.

The gross building area will be approximately 205,514 sq. ft, reflecting a net to gross ratio of 75%.

The planning application reference is 138696/FO/2023 and the intended site layout is shown in Appendix 2.

6. Development Value

The applicant has provided an appraisal based on the proposed dwellings and has sought to assess matters based on a full open market built to rent scheme.

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

The gross development value of the proposed scheme has been assessed by the applicant as shown in the table below:

Applicant Assessment of Proposed Scheme

Residential Units

Beds	Units	Rent PCM	Annual Rent	Total Rental Income	Net Rental Income
Studio	39	£925	£11,100	£432,900	£324,675.00
1b 2p	43	£1,300	£15,600	£670,800	£503,100.00
2 bed 3p	43	£1,550	£18,600	£799,800	£599,850.00
2 bed 4p	112	£1,650	£19,800	£2,217,600	£1,663,200.00
			Total	£4,121,100	£3,090,825.00

Capita have carried out a detailed assessment of the rental values within the local area attributable to the site location and have concluded that the rental figures adopted by the applicant are a fair reflection of the current market. A schedule of comparable BTR rents that Capita have considered can be found in Appendix 2.

The total gross rental income from the residential units is £4,121,100 per annum. The gross income has then been adjusted to account for management costs, maintenance costs, voids, and debt issues. This has been deducted by 25% to achieve a net rental income of £3,090,825.

The applicant has utilised a yield of 4.425%, which is midway between the Knight Frank residential yield guide (April 2024) showing Tier 1 regional Build to Rent yields at 4.5% and the CBRE UK Investment Yields guide (April 2024) showing prime regional residential yields at 4.35%.

Capita have utilised a yield of 4.5%, which reflects the higher yield applicable to a forward funded scheme and results in a GDV of £68,685,000

Commercial unit

Size (sq. ft)	Rent per (sq. ft)	Annual Rent	Yield
904	£20	£18,080	8%

The commercial unit has been assessed on the basis of an annual rent of £20 per sq. ft and capitalised at a yield of 8%, deferred for 12 months to cover an initial void and rent-free period. This provides a value of £209,259. Capita accept that the rental and yield applied for the commercial unit are within market value range.

Therefore, the GDV of the site is £ **68,894,259**.

7. Development Costs

Various inputs and assumptions are made in making viability assessments having due regard to RICS guidelines and appropriate best practice in determining the figures. In assisting the applicants Capita have used the Argus Developer modelling programme in their assessments.

Main Build Costs

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

A cost plan has been prepared by KS4 Consulting Services Limited, which estimates a total build cost at £47,322,132.

After excluding abnormals, external costs and risk at 2% results in a base cost rate of £221 per sq. ft. This cost is inclusive of base build, prelims and OHP.

Capita acting appropriately and reasonably have utilised BCIS figures and also compared build costs of other similar schemes in order to establish an applicable rate to be applied. Considering the size and scale of the scheme, the base build cost rate of £221 is considered reasonable. A build cost analysis can be found in Appendix 3.

External and Abnormal Costs

There is limited external accommodation/works required within the proposed development. The applicant has applied a figure of £876,712 and Capita deem this reasonable and have also adopted this figure.

The applicant has listed abnormal works for the site as follows and these figures are accepted:

- Site Clearance and Demolition £38,070

Should the outcome of this assessment herein be inconclusive then Capita would suggest a more detailed review of these costs is undertaken in due course and Capita retain the right to review matters accordingly should this arise. Our initial view is the costs of the abnormals seem reasonable and appropriate for a site of this size and location.

Section 106/CIL

There is no affordable housing proposed for the scheme, however the applicant has included a contribution of £950,000 towards Section 106 and affordable housing within their initial appraisal.

Developers Contingency

Capita believes a rate of between 3% and 5% is generally accepted, though in recent years higher rates are becoming more common. The applicant has utilised a rate of 5% and Capita deem this reasonable and appropriate.

Professional Fees

The applicant has used a professional fees rate of 10% of the main construction cost. Professional fees can range between 6% and 12%. Capita have adopted a rate of 8%. The rate we have adopted we believe reflects the scale of the scheme.

Site Acquisition and Disposal Costs

The applicant has adopted a marketing fee of 1%, a letting agent fee of £10,000 and letting legal fee of £5,000. Having considered the relatively short letting period of 12 months, and the availability of other units on the market, this would require a relatively aggressive marketing campaign, and therefore Capita have utilised a marketing fee of 1.5%. We have also applied a letting agents fee of 10% and legal fee of 5%.

The applicant has adopted sales agent fees of 1% and legal fees of 0.5%, which Capita accept.

The applicant has also adopted purchasers' costs of 6.8% of the GDV, which accounts for SDLT, agents and legal fees. However, on a forward funded scheme stamp duty would be paid by the purchaser on the land value not the full GDV. Capita have therefore applied purchaser's costs of 2.5%, which accounts for 1% agents fee, 0.75% legal fee, bank set up costs and an element of SDLT on the land.

Finance

The applicant has adopted a finance rate of 8% on the basis of a 100% debt financed scheme. However, it is understood that the market is increasingly assessing forward funded schemes, which would result in much lower finance costs. Capita have therefore adopted a rate of 4.5%, which is a coupon rate which is expected to be equal to the net initial yield.

Profit

The applicant has adopted a profit margin of 15% of GDV. However, Capita are of the opinion that profit for BTR schemes such as that proposed, would be assessed on a percentage of cost rather than GDV. Capita have applied a rate of 12% on the main build cost in our assessment. The rate adequately reflects current economic uncertainty, with interest rate increases and uncertainty in the markets linked to larger economic issues and a change in government which suggests caution is correct.

Development timings

The applicant has assumed the following timescale for delivery:

- Site purchase and pre-construction – 6 months
- Build – 24 months
- Letting – 12 months
- Sale 1 month

However, Capita have assumed that the hypothetical BTR scheme is most likely to be forward funded and therefore an assumption has been made the investment sale will take place upon practical completion of the build.

Additional costs/revenues.

The applicant has assumed that the investment sale will not take place for 12 months from completion and has assessed a level of income and expenditure during the letting period.

The rental income has been calculated on the basis of 30 lettings per month, with the development fully occupied within 9 months. Total income during the letting period of £2,200,795.

The applicant has also included the following costs:

- FF&E £474,000
- Stabilisation £592,500

The FF&E cost, which is assumed to be furnishings, equates to a rate of £2,000 per residential unit. We understand that the units are to be fully furnished and therefore this cost is accepted.

The Stabilisation cost equates to £2,500 per residential unit. Which covers costs incurred for vacant units during a 12-month letting period, including letting costs and one off set up costs.

However, as Capita have assumed a forward funded scheme, the expectation would be that the investment would be sold on practical completion of the build. Therefore, the rental income has not been considered. However, we do accept that there would be a cost for FF&E and costs for non-recoverable outgoings upon transfer of the development, as investors would have an expectation for a product which is fully set up and generating returns.

Empty property costs or non-recoverable outgoings are an industry accepted property operating cost and are widely accepted as being reasonable costs that are borne by the developer and/or operators until the schemes are 100% occupied.

As following the practical completion of a scheme, they will incur operation, maintenance, insurance and utility costs for the buildings and common parts and facilities and the employment of an estate manager who is onsite from first occupation.

Most often these costs are recovered by the operators by way of the service charge once apartments are sold or occupied. Therefore, until the apartments are sold or occupied there remains a shortfall in the recovery of the service charge outgoings. A schedule setting out the calculation of the monthly non-recoverable costs is attached in Appendix 4 for this scheme which is currently anticipated to be in the region of £560,000. It has been calculated by assessing the difference between the gross and net rental income on a monthly basis.

8. Appraisal Inputs

The table below sets out the standard inputs adopted by both parties for scheme being considered in this application:

Proposed Housing Scheme	Applicant Assumptions	Capita Assumptions
Gross Development Value (GDV)	£70,068,197	£68,894,259
Rental income during letting period	£2,200,798	£0
Total Revenue	£72,268,995	£68,894,259
Build Cost including externals and abnormals	Base build cost equating to £221 per sq. ft.	Base build cost equating to 221 per sq. ft.
Contingency	5%	5%
Abnormal Costs	£38,070	£38,070

Externals	£876,712	£876,712
Professional Fees	10%	8%
Section 106 Contribution	£950,000	£0
Purchasers Costs	6.8%	2.5%
Marketing and Letting	Marketing 1% Letting Agent £10,000 Letting Legal £5,000 Sales Agent 1% Sales Legal 0.5%	Marketing 1.5% Letting Agent 10% Letting Legal 5% Sales Agent 1% Sales Legal 0.5%
Additional Costs	£1,066,500	£1,034,000
Finance	8%	4.5%
Developers Profit Margin	15% of GDV	12% of cost
Benchmark Land Value	£1	£360,000
Residual Land Value	-£7,383,326	£1,209,935
Surplus	-£7,383,326	£849,935

9. Methodology & Site Value

Methodology

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

Recent guidance has changed the emphasis on assessing a BLV, with focus falling on an assessment of the existing use value (EUV), *The EUV is the value of the land in its existing use and does not account for the price paid and should disregard hope value*. An appropriate premium is then applied to reflect a reasonable incentive for the landowner to be persuaded to sell.

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

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

Existing Use Value

The site comprises brownfield land, formally used as a car wash & dealership. The applicant has stated that as the site is a vacant parcel of land with no existing use and no income generated, the land value applied is £1 for the purposes of establishing a BLV for the Site.

However, the site has had previous commercial use and therefore Capita are of the opinion that brownfield land values of previously developed sites should apply.

Having considered comparable land sales within the Manchester area, the assessment of existing use value would be in the region of £1,000,000 per acre in the context of viability for planning, which results in an EUV of £300,000 for the site area of 0.3 acres. A schedule of comparable commercial land sales can be found in Appendix 5.

Landowner Incentive (multiplier)

The multiplier to be applied to the EUV to create the EUV+ or Benchmark Land Value (BLV) is emerging and will have number of differing factors that will influence the final multiple applied.

The existing use value is important, with higher multipliers/percentage increases applicable to lower value land (e.g., agricultural as opposed to industrial as opposed to retail) and the multipliers/percentage increases reducing as existing land values increase. Higher value residential locations mean more can be attributed to persuading the landowner, which of course they will be aware of if the location is seen as more valuable.

Applying a typical premium of between 10% - 30% to the EUV is generally deemed appropriate for previously developed brownfield land such as this. Therefore, a premium of 20% is deemed acceptable.

Capita have therefore utilised the same **BLV at a figure of £360,000.**

10. Conclusion

The appraisal in Appendix 2 has been prepared by Capita using the industry acceptable Argus Developer programme.

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

The appraisal model produces a Residual Land Value of **£1,209,935** for a build to rent scheme on a forward funded scheme, however this does not take into consideration any section 106 or affordable housing costs. After comparing this with the BLV of **£360,000**, amounts to a surplus of **£849,935.**

To conclude if this scheme was to be developed in line with the planning permission sought by the applicant, the scheme would provide a surplus, however, it would not support a full Section 106 planning gain package in the form of financial contributions and affordable housing.

11. Sensitivity Analysis

As part of the RICS guidelines on Viability Appraisals Capita have undertaken sensitivity analysis to gauge the effect small changes in the major inputs would have on the results and conclusions derived from the assessment. The sensitivity analysis is based on the social rental scenario with no Section 106 contributions.

In this regard Capita have considered 3% and 6% fluctuations in the rental income of the residential dwellings and the main build costs calculated using BCIS on the proposed affordable housing scheme.

From this we can see that should the rental income increase, and the costs remain the same then the scheme viability improves. Indeed, should rental income rise by 6% and main build costs fall by 6% the land value generated is £6,888,150, presenting a positive position. However, should the rental income reduce by 6% and the build costs increase by 6%, the land value deficit increases to -£4,793,968.

It is more likely that build costs will continue to increase and therefore the conclusion remains that the site development as proposed provides a surplus, but not enough to provide a full contribution to affordable housing and section 106 costs.

12. Caveats and Confidentiality

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

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

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

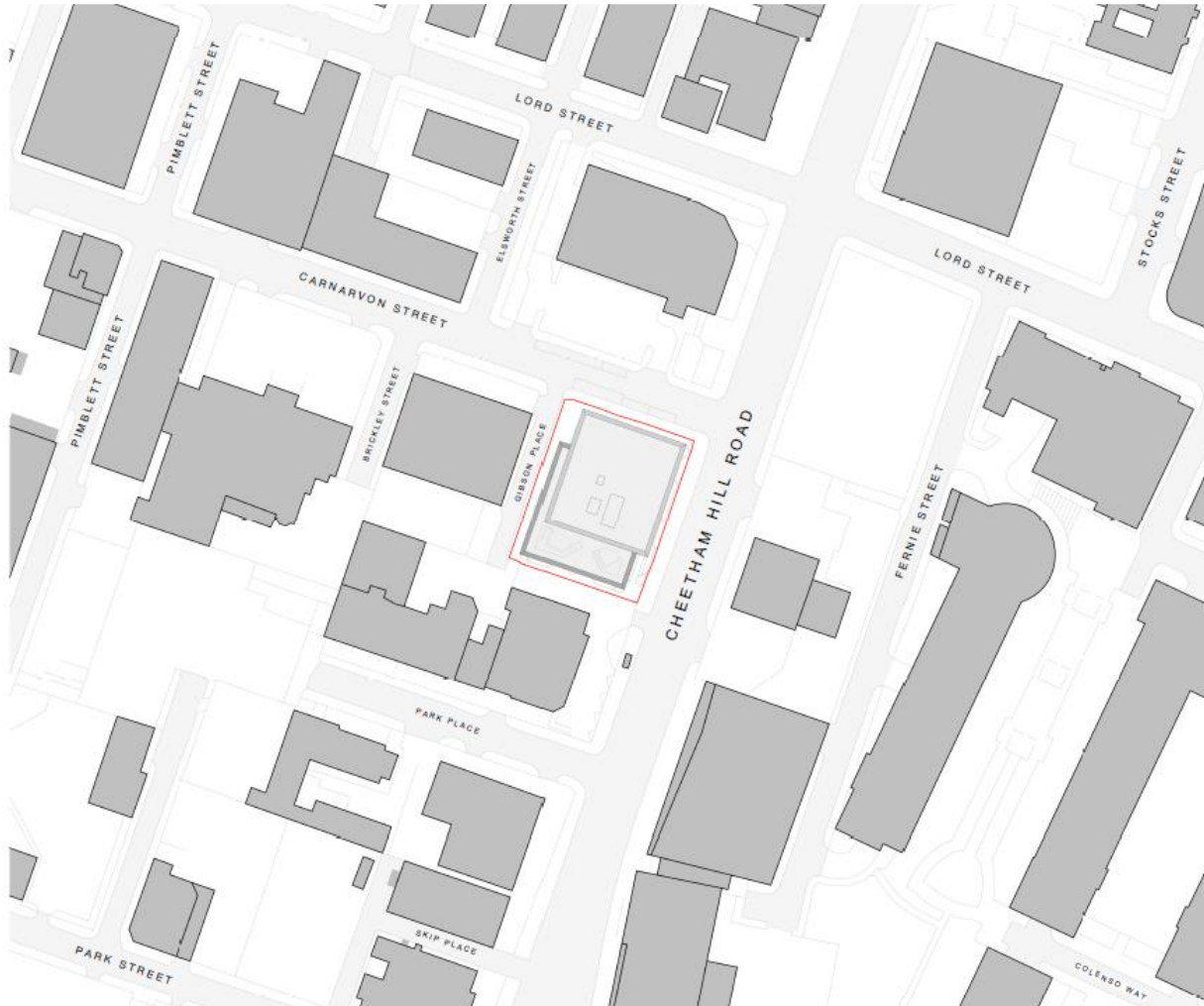
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If the content of this report is to be relied on as part of a planning appeal, further consultation would be expected at that stage and take into account any additional evidence available before the case reaches the appeal stage. Seeking legal advice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

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

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

Appendix 1 – Location/Site Plan



Appendix 2 -Comparable Rental Evidence for BTR Schemes within 0.5 Miles of Subject

Address	Asking rent PCM	Bed	Comments
113 Newton Street, Northern Quarter	£1,100	studio	0.26 miles from subject
Great Ancoats Street	£750- £897	studio	0.25 miles from subject
little Lever Street	£836 - £880	studio	0.33 miles
New Vic, 103 Corporation Street M4 4dz	£1,415 - £1,500	1 bed	New build. 23rd floor. 0.3 miles from subject next to Victoria Rail Station.
Flint Glass Wharf, M4 6AD	£1,225	1 bed	1 mile from subject
Eastbank Tower, 277 Great Ancoats Street	£1,000	1 bed	
Apt 6.05 One Silk Street	£1,275	1 bed	0.15 miles from subject
49 Old Mill Street	£1,083	1 bed	0.25 miles from subject
Flint Glass Wharf, M4 6AD	£2,550	2 bed	
Ancoats Gardens, Thompson Street	£1,612- £1,677	2 bed	
50 Store Street	£1,750	2 bed	
New Union Street	£1,415	2 bed	0.4 miles
Eastbank Tower, 277 Great Ancoats Street	£1,300	2 bed	
Angel Gardens	£1,610-£2,270	2 bed	35 storeys, 0.46 miles from subject
Apt 8.10 One Silk Street	£1,800	2 bed	0.15 miles from subject
Flat 1, 11 Keepers Quay, New Islington	£1,700	2 bed	0.11 miles from subject.
Blosson Street	£1,460	2 bed	0.1 miles from subject.
New Vic, 103 Corporation Streetm M4 4dz	£2,250-£2,400	3 bed	

Appendix 3 - Build Cost Analysis

Capita in discussion with other applicants have been advised of a number of BTR schemes in the north west.

We have been provided evidence ranging from 8 to 19 storeys with costs between £177 to £241 per sq ft including externals. These were dated August 2021 and with inflation would be in the region of £197.22 to £278 per sq ft now (using BCIS All-in TPI increases).

We have also been provided rates of between £171.74 to £196.62 per sq ft on eight schemes being constructed/planned for construction by one of the areas main building contractors. Again, these figures are slightly dated being from April 2020 to July 2021. Adjusting them accordingly for inflation suggests figures of £204.19 to £233.78 per sq ft currently.

We have also considered BCIS costs for flats of 6 storeys or more, which results in an upper quartile rate of £216 per square foot.

It can be seen from the above that cost rates vary across the tower heights. In finalising the most appropriate and reasonable rate Capita have taken into account internal discussions also with colleagues who are involved, and have been involved, in major tower constructions across the UK and specifically in the Salford and Manchester localities.

Appendix 4 – Non recoverable Outgoings

Month	Unit % Let	% Holding cost payable	Monthly holding Cost	Holding Cost
0	0%	100	85,856	85,856
1	8.33	91.67	85,856	78,704
2	16.66	83.34	85,856	71,552
3	24.99	75.01	85,856	64,401
4	33.32	66.68	85,856	57,249
5	41.65	58.35	85,856	50,097
6	49.98	50.02	85,856	42,945
7	58.31	41.69	85,856	35,793
8	66.64	33.36	85,856	28,642
9	74.97	25.03	85,856	21,490
10	83.3	16.7	85,856	14,338
11	91.63	8.37	85,856	7,186
12	99.96	0.04	85,856	34
			Total	558,287
			Say	£560, 000

Appendix 5 – Comparable Commercial Land Sales

Comparable Land Sales	Area Acres	Sale Date	Per acre
Ashton Old Road	4.7	2022	2,000,000
James Corbett Road	3.8	2021	1,000,000
Plot 2 Icon IE	18.88	2020	900,000
Shearings site, Warrington	7.28	2020	780,000
Gemini 8	5	2020	712,000

Appendix 6 - Viability Appraisal

PROJECT PRO FORMA

ARGUS SOFTWARE

33-41 Cheetham Hill Road (1)

Project Pro Forma for Phase 1

Currency in £

REVENUE

Rental Area Summary	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Residential	1	153,880	26.78	4,121,100	3,090,825	4,121,100	3,090,825
Commercial	1	904	20.00	18,080	18,080	18,080	18,080
Totals	2	154,784			3,108,905	4,139,180	3,108,905

Investment Valuation

Residential							
Current Rent	3,090,825	YP @	4.5000%	22.2222	68,685,000		
Commercial							
Market Rent	18,080	YP @	8.0000%	12.5000			
(1yr Rent Free)		PV 1yr @	8.0000%	0.9259	209,259		
Total Investment Valuation					68,894,259		

GROSS DEVELOPMENT VALUE

68,894,259

Purchaser's Costs		(1,722,356)		
Effective Purchaser's Costs Rate	2.50%		(1,722,356)	

NET DEVELOPMENT VALUE

67,171,903

TOTAL PROJECT REVENUE

67,171,903

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price		1,209,935		
			1,209,935	
Land Transfer Tax (Land cost includes GST)		49,997		
Effective Land Transfer Tax Rate	4.13%			
Agent Fee		50,000		
Legal Fee		25,000		
			124,997	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Residential	204,610	221.00	45,218,810	
Commercial	904	221.00	199,784	
Totals	205,514 ft²		45,418,594	
Contingency		5.00%	2,316,669	
Ground Works			38,070	
				47,773,333

Other Construction Costs

Externals		876,712		
			876,712	

PROFESSIONAL FEES

Professional Fees	8.00%	3,703,624		
			3,703,624	

MARKETING & LEASING

Marketing	1.50%	1,033,414		
Leasing Agent Fee	10.00%	310,891		
Leasing Legal Fee	5.00%	155,445		

Project: 33-41 Cheetham Hill Road (1)

ARGUS Developer Version: 8.30.005

Date: 10/15/2024

33-41 Cheetham Hill Road (1)

1,499,750

DISPOSAL FEES

Sales Agent Fee	1.00%	671,719
Sales Legal Fee	0.50%	344,471

1,016,190

MISCELLANEOUS FEES

Loose FF&E		474,000
Stabilisation Cost		560,000

1,034,000

TOTAL COSTS BEFORE FINANCE

57,238,541

FINANCE

Timescale	Duration	Commences
Pre-Construction	6	Sep 2024
Construction	24	Mar 2025
Sale	1	Mar 2027
Total Duration	31	

Debit Rate 4.500%, Credit Rate 0.000% (Nominal)

Land 158,057

Construction 2,578,316

Total Finance Cost 2,736,372

TOTAL COSTS

59,974,913

PROFIT

7,196,989

Performance Measures:

Profit on Cost%	12.00%
Profit on GDV%	10.45%
Profit on NDV%	10.71%
Development Yield% (on Rent)	5.18%
IRR% (without Interest)	15.04%

Appendix 7 – Sensitivity Analysis

SENSITIVITY ANALYSIS REPORT

ARGUS SOFTWARE

33-41 Cheetham Hill Road (1)

Table of Land Cost and Profit on Cost%

Construction: Rate /ft ²					
Rent: Gross Rent	-6.000%	-3.000%	0.000%	+3.000%	+6.000%
	207.74 /ft ²	214.37 /ft ²	221.00 /ft ²	227.63 /ft ²	234.26 /ft ²
-6.000%	(\$1,021,685) 12.000%	\$378,845 12.000%	\$1,831,543 12.000%	\$3,309,158 12.000%	\$4,793,968 12.000%
-3.000%	(\$2,488,301) 12.000%	(\$1,115,810) 12.000%	\$280,015 12.000%	\$1,730,349 12.000%	\$3,207,223 12.000%
0.000%	(\$3,954,908) 12.000%	(\$2,582,426) 12.000%	(\$1,209,935) 12.000%	\$181,185 12.000%	\$1,629,557 12.000%
+3.000%	(\$5,421,535) 12.000%	(\$4,049,033) 12.000%	(\$2,676,551) 12.000%	(\$1,304,060) 12.000%	\$82,354 12.000%
+6.000%	(\$6,888,150) 12.000%	(\$5,515,659) 12.000%	(\$4,143,158) 12.000%	(\$2,770,676) 12.000%	(\$1,398,184) 12.000%