

Old Mill Street, Manchester FVA Review – Addendum Note – 11th October 2024 (DRAFT)

Cushman and Wakefield ('C&W') were instructed by Manchester City Council ('the Council / MCC') to provide an independent review of the financial viability assessment ('FVA') prepared by Roger Hannah on behalf of Urban Splash ('the applicant') for a proposed residential development at Land at Old Mill Street, Manchester ('the subject site').

C&W submitted the FVA review to MCC in late August 2024 which concluded that the proposed scheme was sufficiently viable to support a policy compliant affordable housing provision based on the information submitted in the Roger Hannah FVA at the time of our view. C&W have since been in discussions with Roger Hannah on the findings of our initial review and elements of disagreement which have now been satisfied following the provision of further evidence by the applicant.

This note acts as an addendum to our FVA review and provides an overview of the further post submission engagement with Roger Hannah and the concluded agreed position between the parties.

Initial FVA Review Summary

Roger Hannah's FVA (June 2024) suggested that the proposed scheme, based on a policy compliant provision of 20% affordable housing (as affordable market rent) produced a residual value of £28,894 which represented a viability deficit of **-£499,006** when compared to their adopted Benchmark Land Value of £528,000. Roger Hannah therefore concluded that the proposed scheme could not viably support a policy compliant provision of affordable housing.

As instructed by MCC, C&W conducted their own market assessment and review of Roger Hannah's assumptions, with a high-level cost review of the Turner & Townsend cost plan (17th May 2024) prepared by RBC. Based on our review, we considered that many of the Roger Hannah assumptions were reasonable however there were some key differences in respect of the residential GDV, the adopted forward funded yield and build costs based on the advice of RBC. The full review is provided in our report dated August 2024.

C&W initially prepared two appraisals for the proposed scheme based on a 100% Market Rent and Policy Complaint scenarios (20% AH as Discounted Market Rent) assuming a forward funded delivery and adopting our view of reasonable appraisal assumptions as set out in our report (August 2024), with the reported residual land values within the table below:

Scenario	Roger Hannah Residual Land Value	C&W Residual Land Value
100% MR	£369,108	£913,050
Policy Complaint	£28,984	£570,193

C&W then compared the residual values against the Benchmark Land Value (which was in agreement with Roger Hannah) for the site as summarised below:

Scenario	C&W Residual Land Value	Benchmark Land Value	Viability Position
100% MR	£913,050	£528,000	£385,050
Policy Complaint	£570,193	£528,000	£42,193

The above surpluses suggested the scheme was sufficiently viable to support a policy compliant provision of affordable housing and/or s106 contributions.

Post Submission Engagement Summary

Following our review, C&W received a response from Roger Hannah (dated 5th September 2024) which provided a response to C&W's review and specifically comments related to the adopted Base Build Costs, Rental Values and Finance Costs within our appraisal which were the main areas of difference.

The most significant difference was in relation to the build costs where T&T had not provided sufficient justification or evidence for key cost assumptions/rates according to RBC, with key items appearing high for a scheme of this nature and no explanation provided to support the higher rates.

There have been multiple rounds of correspondence between RBC and Roger Hannah/T&T to justify and evidence the cost allowances. The largest difference in the costs related to the external envelope allowance which RBC viewed as being particularly high as noted in the initial response note prepared by C&W in Appendix 1 (dated 11th September). RBC requested an elemental breakdown of the façade (as would normally be provided) to confirm whether this allowance was reasonable, as T&T had simply applied an overall average allowance at a high rate with no actual build up or justification.

Roger Hannah/T&T provided several further responses but none of which included the required level of detail or justification to support the allowances, with T&T continuing to primarily refer to benchmarks from other schemes but without actually evidencing what was driving their high costs for certain rates on the subject scheme.

After several weeks and repeated requests from RBC/C&W, T&T presented a reassessment of façade costs on the basis of measurements taken from current elevations, applying separate costs for the terracotta and windows, rather than an averaged allowance. The costing was c. £92.7k higher than that allowed for within their feasibility estimate.

RBC reviewed this further information and stated that the costs proposed for the windows and solid elements of the façade are significantly higher than average benchmark façade cost for similar projects, however this mainly relates to the design / specification of the envelope and also due to the relative scale of project. Based on this information provided and the build up, RBC confirmed they were in agreement with the cost build for the proposed façade.

RBC also provided the below comments on further elements within the cost model which were subsequently agreed.

1. *M&E Services costs – we have adjusted our assessment of the M&E costs up to the level of the applicant cost. No additional information has been provided to justify this, however we have taken a view on this and accepted higher/upper quartile figure based on the following:*
 - *The relatively small size of project is likely to provide lower economies of scale*
 - *The likely sustainability requirements required by planning*
2. *Incoming utility allowance – utility infrastructure credits are available on utilities, and these will reduce the overall cost. However, as applicant has not undertaken any utility survey / design, this element is a risk and as such we have accepted the allowance.*

Following the above C&W have adopted the same build cost allowance as Roger Hannah within our revised appraisals as summarised in the following section. We have maintained our allowances for the other disputed items as we maintain that the assumptions adopted in our original review were reasonable and robust (as further justified in our response to Roger Hannah (dated 11th September 2024) to which they did not respond any further on these items).

Final C&W Appraisal

Following the agreement on costs being reached between RBC and T&T, C&W have produced a revised appraisal based on 100% Market Rent scenario as attached in Appendix 2.

The revised appraisal produces a residual land value of £474,873 which is c. £105k higher than that presented within Roger Hannah's FVA. However, when compared to the agreed BLV of £528,000 this presents a viability deficit of **-£53,127**.

Based on the above viability deficit we are in agreement with Roger Hannah's conclusion that the scheme cannot viably support an affordable housing contribution based on the information currently provided.

However, we would recommend that the Council ensures that a clawback mechanism is included within the S106 agreement for a future viability review of the scheme at an appropriate trigger point on an open book basis to capture any improvement in this position, with any surplus generated at the future review stage utilised to contribute towards the policy compliant affordable housing provision of 20%

Appendix 1 – C&W Response note to RBC

DRAFT

Old Mill Street – C&W Response to Roger Hannah (September 2024)

Cushman and Wakefield ('C&W') were instructed by Manchester City Council ('the Council / MCC') to provide an independent review of the financial viability assessment ('FVA') prepared by Roger Hannah on behalf of Urban Splash ('the applicant') for a proposed residential development at Land at Old Mill Street, Manchester ('the subject site').

C&W submitted the FVA review to MCC in late August 2024. We have since received a response from Roger Hannah (dated 5th September 2024) which provides a response to C&W's review and specifically comments on the following elements of contention:

- Base Build Costs
- Rental Values
- Finance Costs

We provide a review of Roger Hannah's response and further comments to further justify the adopted assumptions within the following subsections.

Total Build Costs

Within their response Roger Hannah have provided comments obtained from Turner & Townsend on the cost adjustments proposed by RBC with relation to external elevation allowance, M&E services, and external works, which in summary are not agreed by Turner & Townsend.

In response, RBC have provided the following comments:

We have reviewed the comments from the applicant's cost consultant and respond below to the specific points. However, as a general point it should be noted that it is our view, that the proposed construction cost is very high, and it is in this context we have highlighted areas which are contributing to the high cost.

We have highlighted a number of schemes currently being developed in the region, which support our assessment that the overall construction cost is high:

Scheme	Overall Construction Cost £
Cross Keys Manchester	£239 per sq. ft. (Q4 2024)
Manchester Waters Trafford (T&T cost plan)	£220 per sq. ft. (Q3 2023) uplift for inflation up to Q3 2024 - £227 per sq. ft.
34 – 41 Cheetham Hill Road	£230 per sq. ft. (Q1 2024) uplift for inflation up to Q3 2024 - £235 per sq. ft.
Gateway Building 66 units (Royal George Village Stockport)	£208 per sq. ft. (Q4 2024) contract sum
Trafford Gardens Block A 33 units	£207 per sq. ft. (Q4 2023) contract sum, uplift for inflation up to Q3 2024 - £212 per sq. ft.
Trafford Gardens Block B private sales 116 units	£210 per sq. ft. (Q4 2023) contract sum, uplift for inflation up to Q3 2024 - £216 per sq. ft.

1. *External elevation allowance (façade) - RBC state that our allowance of £1,000/m² is high. This has been informed by benchmark data based on projects in the immediate vicinity (Ancoats) that are delivering a façade with similar materiality (terracotta cladding panels) at the moment. After discussion with Manchester City Council, the applicant ensured that additional detailing of the cladding build up was undertaken, to educate this cost.*

The information presented and subsequent comments does not indicate any specific reason which is contributing towards the high rate applied.

We would normally expect the cost plan to have differentiated individual material to build up the cost. Currently the applicant's cost plan is based on £1000/m² as an average for the entire envelope.

It is our view some elements (i.e. terracotta cladding) may attract cost up £1000/m², but other elements will be much lower (i.e. windows).

2. *RBC have stated that they think the cost allowance is high as a % of overall costs but have not given an indication of what they think is a suitable rate would be, with the cost wrapped within the Frame and Upper Floors allowance. It is assumed that they have applied between 15-22% of what? to achieve a reduction. RBC are requested to advise on their assessed façade allowance and confirm what materiality of the façade they have assumed.*

It is not for RBC to advise on materiality, but to comment on the applicant cost allowance in the context of the design and information presented. As noted above these comments need to be taken in the context of our view that the overall construction cost is high, and we have aimed to highlight elements which stand out.

As a comparison to the schemes highlighted above the façade cost can be compared as follows:

- **Old Mill Street – blended façade average £1,173 / m²**
 - *Cross Keys Manchester – blended façade average £638 / m²*
 - *Manchester Waters Trafford (T&T cost plan) – blended façade average (excluding balconies) £842 / m²*
 - *34 – 41 Cheetham Hill Road – blended façade average £918 / m²*
 - *Gateway Building 66 units (Royal George Village Stockport) – blended façade average £665 / m²*
 - *Trafford Gardens Block A 33 units – blended façade average £695 / m²*
 - *Trafford Gardens Block B private sales 116 units – blended façade average £708/m²*
3. *M&E Services – The T&T allowance of £33,500 per apartment is based on several recent projects in close proximity in Manchester, and more particularly in Ancoats, which, given the close proximity to Old Mill Street is deemed a suitable allowance to make at this time – as reflective of the current market offering in the immediate local area.*

The current information presented, and subsequent comments do not provide substantiation / back up to support the cost allowance included for M&E. Where we have seen higher cost on projects these tend to be as a result of abnormal design requirements or enhancements. Tenders received in the last month on several M&E packages have averaged around £30k per apartment.

As a comparison to the schemes highlighted above the façade cost can be compared as follows:

- ***Old Mill Street – blended façade average - £33.825k per apartment***
 - *Cross Keys Manchester – £35.7k per apartment*
 - *Manchester Waters Trafford (T&T cost plan) – £29.9k per apartment*
 - *34 – 41 Cheetham Hill Road (less sanitary and builders work) – £32k per apartment*
 - *Gateway Building 66 units (Royal George Village Stockport) – £28.5k per apartment*
 - *Trafford Gardens Block A 33 units – £27k per apartment*
 - *Trafford Gardens Block B private sales 116 units – £29.2k per apartment*
4. *External services – The T&T budget allowance is deemed sufficient at this time, subject to engagement with statutory undertakers as the design of the project progresses. RBC comment on infrastructure credits, however, the adopted allowance is again based on benchmark information from local schemes and it would not be appropriate to reduce at this stage. The adopted allowance is £2,500 per apartment and RBC's reduction is based on £1,375/apartment, which in our opinion is too low.*

Whilst we can agree an allowance of £2,500 per apartment is appropriate, we would expect developments to receive credits from utility providers which would offset the initial expenditure, unless there are potential abnormals expected (i.e. potential network upgrades, diversions, disconnections etc.) in relation to the new incoming services which may prevent credits to be fully realised.

Gross Development Value

Within their initial FVA (dated December 2023) Roger Hannah presented rents of £1,100pcm / £28.50psf for the proposed 1-bed apartments (463 sq.ft.) and £1,500pcm / £27.40psf for the proposed 2-bed apartments (657 sq.ft.).

Since the date of their initial FVA the proposed scheme was revised with the 1-bed apartments decreasing in size by 32 sq.ft. to 431 sq.ft. and the 2-bed apartments having increased to 807 sq.ft. This represented a nominal reduction in size to the one-bed apartments while there was a somewhat significant increase in size for the 2-bed units.

Within their revised FVA (June 2024), which takes account of the revised scheme, Roger Hannah presented reduced rents of £1,050pcm / £29.30psf for the one bed apartments and increased rents of £1,600pcm / £23.79psf for the two bed apartments

We note that Roger Hannah did not present any further evidence within their updated FVA to justify these rents or changes, despite the changes to the scheme and the passage of time (6 months) since the date of their original FVA.

Roger Hannah have had reference to their previous sample of evidence of 1-bed apartments within the Lampwick Quay scheme which were commanding rents between £1,036pcm and £1,186pcm equating to between £23.11 and £28.03psf. The properties were situated on the 2nd to 7th floor.

We are in agreement with Roger Hannah the Lampwick Quay is the most suitable comparable to the subject site given its proximity to the subject site.

We would note however that within the provided sample by Roger Hannah all but 3 of the 5 units are for rents over £1,115pcm, with a 1-bed unfurnished unit of 500 sq.ft. available on the 6th floor of the scheme for £1,168pcm at the time of their sample. We note that during our FVA review we were not able to identify any 1-bed apartments available during this period.

It is the case that a 1 bed apartment that is materially larger in size than another 1 bed apartment in the same scheme would have capacity to command a higher rent, however nominal differences of sq. ft. would not justify a difference in rent in our view (assuming that all other factors such as aspect, layout, storey height etc were the same).

Roger Hannah's reduction in rental value for the one bed type based on a nominal 32 sq. ft. reduction in floor area is unevidenced and unjustified in our view, particularly given that their updated FVA was prepared 6 months later, during which rental values generally continued to increase in the Manchester market.

In addition, according to our enquires the Lampwick Quay scheme completed in September 2021. While the scheme is therefore relatively recently completed, we would still expect some modest new build premium to be achievable given the new build nature of the subject development.

We would also note that there is an emphasis on the good quality design of the scheme within the submitted planning documents, including being more than just another BtR building and given the small nature of the scheme (including 20x 1-bed apartments).

In respect of this we believe the scheme could be viewed as somewhat more bespoke when compared to other competing developments which could improve the desirability of the scheme.

In relation, there are high build costs associated with the scheme (even after RBC's reductions) which we would expect is reflective of the good quality nature of the proposed scheme as set out in the planning documents, with RBC advising that the costs they have assessed would deliver a good quality specification commensurate with other good quality schemes in the city centre.

Roger Hannah have not referenced any of the key factors outlined above and instead made an unevidenced £50pcm reduction to their assumed rents for what is, in our view, an immaterial change in floor area and despite their updated FVA being prepared c. 6 months after their original assessment, in a rising rental market, with Roger Hannah not actually updating the comparable evidence in their June 2024 report in any case.

Another key point to note is that having regard to the other BTR schemes we referenced, the assumed rents for the 1-bed apartments are still significantly below the quoted rents for the other high quality PRS/BTR schemes with asking rents at the time of our report ranging from £1,150pcm - £1,450pcm at Victoria House, from £1,310pcm/£31.25psf to £1,450pcm/£34.66psf at the Castings and from £1,200pcm/£30.77psf at the Astley. The rents for the subject scheme must be below these superior

developments/locations however this still helps to further demonstrate the reasonableness of our adopted rents.

In conclusion we would view a base asking rent of £1,100pcm for the 1-bed apartments as being reasonable considering the above, noting that this was the initial rent adopted by Roger Hannah in their initial FVA in December 2023 (9 months ago). If Roger Hannah are able to supply further evidence that they feel justifies their lower rental figures we are happy to review this, but the evidence and information currently before us supports the rents that we have adopted in our view.

Floor Uplift/Height Premium

Roger Hannah have specifically queried the floor uplifts adopted within our FVA.

For clarity we have adopted height premium uplifts of £15pcm for the 1-bed units and £20pcm for the 2-bed apartments. We have applied these uplifts on the second floor, fourth floor and a further uplift on the fifth floor (given this is the top floor of the scheme).

It is typical to adopt a slightly higher uplift for 2 beds vs. 1 beds, and 3 beds vs 2 beds given the higher base rents for each type, with some developers and consultants adopting a % approach to reflect this principle.

The assumptions only resulted in a modest uplift to the rents given the mid-rise nature of the subject scheme up to 6 storeys. With respect of comparable evidence as requested by Roger Hannah, it is common practice for BTR schemes to adopt floor premiums within the scheme.

It is very difficult to obtain publicly available comparable asking price evidence of BTR storey height premiums as this ideally requires the full schedule of rents from each scheme to enable direct comparison of the exact same types (layout, size, aspect, balcony provision etc) to evidence and isolate the height premium only.

We have been provided with pricing schedules as part of previous capital markets and valuation instructions which evidence the height premium applied but cannot share this information due to confidentiality. In the absence of this information, there would be a need to identify the exact same unit types on each scheme on different storey levels. If such evidence of the same unit types on different stories is not available at the time of data collection, this does not mean that a height premium does not apply as this would be inconsistent with market practice.

The height premium that we have applied is reasonable in our view. By way of evidence to address Roger Hannah's clarification, we have referenced the below publicly available FVA's which further supports the approach:

- Jersey Wharf (May 2022) – 7 storey scheme, where the applicant adopted a floor uplift of £40pcm every two floors.
- Phoenix Ironworks (June 2023) – 5 to 10 storey scheme, where the applicant adopted a floor uplift of £20pcm every two floors.

In addition, from actual personal experience we are aware of other schemes in the city centre such as Vox which during the stabilisation period for the scheme adopted rental uplifts of £15 to £20pcm per floor dependent on the unit type.

From our experience and as referenced above, this approach involves adopting a base rent figure for the properties on the lowest floor of the building and adopting rental uplifts upwards. This is how the market typically approaches the scheme pricing in our experience (similarly for sales scheme, a base sales value is adopted with height premiums introduced to reflect that units further from the ground floor will quite clearly command higher values).

We would not view Roger Hannah's approach as stated within their response of adopting an "average blended rental value" as robust and aligning with the methods typically adopted in the market. Roger Hannah are requested to evidence their approach of adopting notional average values and the storey height premiums assumed within their blended average figure, noting that this would reduce their base rental to even less than £1,050 pcm.

Finance Costs

Within our FVA we adopted a yield of 4.75% to reflect the assumed forward funded nature of the scheme. We note this yield allowance was a 25 bps outward shift from the yield adopted Roger Hannah (4.5%) with finance costs assumed to be rolled up within this allowance. This aligns with how we are now seeing the market appraise BTR schemes according to the advice of our capital markets team and our experience across other FVAs in Manchester and key regional cities.

We note that within our FVA by adopting this approach this actually decreases the resulting residual land value of the scheme as the quantum lost from the reduced GDV is higher than the finance costs for the scheme as calculated by Argus Developer.

If we were to leave all other assumptions the same and adopted the same yield and finance rate as Roger Hannah with an allowance of finance in the appraisal, this produces a greater land value of **£809,613** (compared to £570,193 in our FVA), which produces a greater viability surplus of **£281,613** when compared to the benchmark land value of £528,000. We provide this appraisal within Appendix 1.

Conclusion

In conclusion, we consider that the evidence provided in our original FVA review fully justified the adopted rental values and approach to scheme finance. Nevertheless, within this response we have provided further justification and substantiation for the adopted approach. The comments in the Roger Hannah review do not provide robust justification or evidence to alter our original opinion.

If Roger Hannah are able to supply further evidence to robustly justify their lower rents, we would be happy to review this. The information and evidence currently before us supports the rents that we have adopted in our view.

In respect of build costs, there remains a difference of opinion between RBC and T&T, and we suggest that further dialogue takes place between the cost consultants to identify if any of the differences can be reduced.

Based on the information currently before us, we remain of the view that the proposed scheme is sufficiently viable to support an affordable housing provision of 20% with a small surplus of **£42,193** for additional contributions as concluded in our original FVA. We do however reserve the right to review the FVA following the suggested further dialogue/clarifications on the build costs as suggested above.

Kind Regards,



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Appendix 1: Residual Appraisal

Old Mill Street, Manchester
C&W Appraisal - Policy Compliant
4.5% Yield and finance

Development Pro Forma
Cushman & Wakefield
September 11, 2024

Old Mill Street, Manchester
C&W Appraisal - Policy Compliant
4.5% Yield and finance

Project Pro Forma for Phase 1

Currency in GBP

REVENUE

Rental Area Summary

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
Open Market Rental	32	24,796	21.45	16,620	404,198	531,840	404,198
Retail	1	980	20.00	19,600	19,600	19,600	19,600
Parking	4			1,800	7,200	7,200	7,200
Affordable Rental	8	4,952	20.94	12,960	78,797	103,680	78,797
Totals	45	30,728			509,795	662,320	509,795

Investment Valuation

Open Market Rental

Current Rent	404,198	YP @	4.5000%	22.2222	8,982,187
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Retail

Market Rent	19,600	YP @	8.0000%	12.5000	
(6mths Rent Free)		PV 6mths @	8.0000%	0.9623	235,751

Parking

Current Rent	7,200	YP @	4.5000%	22.2222	160,000
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Affordable Rental

Current Rent	78,797	YP @	4.5000%	22.2222	1,751,040
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Total Investment Valuation

11,128,978

GROSS DEVELOPMENT VALUE

11,128,978

Purchaser's Costs	(166,935)
Effective Purchaser's Costs Rate	1.50%
	(166,935)

NET DEVELOPMENT VALUE

10,962,043

TOTAL PROJECT REVENUE

10,962,043

DEVELOPMENT COSTS

ACQUISITION COSTS

Residualized Price	809,613
	809,613
Land Transfer Tax	27,981
Effective Land Transfer Tax Rate	3.46%

PROJECT PRO FORMA**CUSHMAN & WAKEFIELD****Old Mill Street, Manchester
C&W Appraisal - Policy Compliant
4.5% Yield and finance**

Agent Fee	1.00%	8,096	
Legal Fee	0.50%	4,048	
			40,125

CONSTRUCTION COSTS

Construction	ft ²	Build Rate	ft ²	Cost	
Construction Cost	32,886	237.07		7,796,123	
Contingency		3.00%		233,884	
					8,030,007

PROFESSIONAL FEES

Professional Fees	8.00%	642,401	
			642,401

MARKETING & LEASING

Retail Letting Agent and Legal Fee	15.00%	2,940	
			2,940

DISPOSAL FEES

Investment Agent Fee	1.00%	111,290	
Investment Legal Fee	0.50%	55,645	
			166,935

TOTAL COSTS BEFORE FINANCE**9,692,020****FINANCE**

Timescale	Duration	Commences
Purchase	1	Jul 2024
Pre-Construction	2	Aug 2024
Construction	15	Oct 2024
Sale	1	Jan 2026
Total Duration	19	

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

Land	55,625	
Construction	217,845	
Total Finance Cost		273,470

TOTAL COSTS**9,965,490****PROFIT****996,553****Performance Measures**

Profit on Cost%	10.00%
Profit on GDV%	8.95%
Profit on NDV%	9.09%
Development Yield% (on Rent)	5.12%
IRR% (without Interest)	18.85%

Old Mill Street, Manchester
C&W Appraisal - Policy Compliant
4.5% Yield and finance



Appendix 2: C&W Amended Residual Appraisal

DRAFT

Old Mill Street, Manchester
C&W Appraisal - 100% MR

Development Pro Forma
Cushman & Wakefield
October 10, 2024

PROJECT PRO FORMA**CUSHMAN & WAKEFIELD**

Old Mill Street, Manchester
C&W Appraisal - 100% MR

Project Pro Forma for Phase 1

Currency in GBP

REVENUE**Rental Area Summary**

	Units	ft ²	Rent Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Open Market Rental	40	24,760	26.65	16,494	501,418	659,760
Retail	1	980	20.00	19,600	19,600	19,600
Parking	4			1,800	7,200	7,200
Totals	45	25,740			528,218	686,560

Investment Valuation**Open Market Rental**

Current Rent	501,418	YP @	4.7500%	21.0526	10,556,160
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Retail

Market Rent	19,600	YP @	8.0000%	12.5000	
(6mths Rent Free)		PV 6mths @	8.0000%	0.9623	235,751

Parking

Current Rent	7,200	YP @	4.7500%	21.0526	151,579
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Total Investment Valuation**10,943,490****GROSS DEVELOPMENT VALUE****10,943,490**

Purchaser's Costs

(164,152)

Effective Purchaser's Costs Rate

1.50%

(164,152)

NET DEVELOPMENT VALUE**10,779,338****TOTAL PROJECT REVENUE****10,779,338****DEVELOPMENT COSTS****ACQUISITION COSTS**

Residualized Price

474,873

474,873

Land Transfer Tax

11,244

Effective Land Transfer Tax Rate

2.37%

Agent Fee

1.00%

4,749

Legal Fee

0.50%

2,374

18,367

CONSTRUCTION COSTS**Construction****ft² Build Rate ft²****Cost**

Construction Cost

32,886

257.32

8,462,098

8,462,098

PROFESSIONAL FEES

PROJECT PRO FORMA**CUSHMAN & WAKEFIELD****Old Mill Street, Manchester****C&W Appraisal - 100% MR**

Professional Fees	8.00%	676,968	676,968
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MARKETING & LEASING

Retail Letting Agent and Legal Fee	15.00%	2,940	2,940
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DISPOSAL FEES

Investment Agent Fee	1.00%	109,435	
Investment Legal Fee	0.50%	54,717	164,152

TOTAL COSTS**9,799,398****PROFIT****979,940****Performance Measures**

Profit on Cost%	10.00%
Profit on GDV%	8.95%
Profit on NDV%	9.09%
IRR% (without Interest)	301.35%

Old Mill Street, Manchester
C&W Appraisal - 100% MR

Net MRV**at Sale**

501,418

19,600

7,200

528,218

Old Mill Street, Manchester
C&W Appraisal - 100% MR