

22 January 2026

Ken Richards
Manchester City Council
Town Hall,
Manchester
M60 2LA

savills

Robert Waterhouse

VIA EMAIL

Belvedere
12 Booth Street
Manchester M2 4AW
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Dear Ken,

Re: Review of Roger Hannah Viability Report addendum (Plot C & E, Great Jackson Street, Manchester)

We write further to the submission of our Financial Viability Assessment (FVA) review dated August 2024 and subsequent addendum prepared by Roger Hannah in relation to the above site. As instructed, Savills has reviewed the assumptions and methodology adopted by Roger Hannah in their Build to Rent (BTR) appraisal, as set out in the addendum dated 25 November 2025.

1. Background and Purpose

Roger Hannahs original FVA (March 2024) and subsequent addendum (November 2025) assess the viability of the proposed scheme at Plot C & E Great Jackson Street, initially on an open market sales basis and, in the addendum, from a BTR perspective. Both Roger Hannahs and Savills' previous reviews concluded the scheme was 'unviable' on an open market sales basis. The addendum now considers the investment value of the anticipated rental income, which we are to review.

2. Scheme Overview

- 1,746 residential units across four blocks
- Commercial floorspace: 10,384 sq.ft

3. Residential Rental Assumptions

Rental Value

Roger Hannah have adopted the following rental values in their BtR appraisal:

Unit Type	No.	Sqft	Rent pcm	Rent pa	Total Rent pa
Studio	108	442	£1,200	£14,400	£1,555,200
1 bed	458	599	£1,600	£19,200	£8,793,600
2 bed	1,082	813	£2,400	£28,800	£31,161,600
3 bed	74	1,053	£3,000	£36,000	£2,664,000
2B penthouse	12	944	£4,000	£48,000	£576,000
3B penthouse	12	1,519	£5,000	£60,000	£720,000
Car parking	467		£125	£1,500	£700,500
Total:					£46,170,900

This results in a total anticipated gross rent of £46,170,900 per annum. Roger Hannah have detailed a summary of comparable rents from neighbouring developments including The Blade, Three60 and Elizabeth Tower detailing the following range:



Unit Type	Rent pcm	Rent pa
1 bed	£1,400 - £1,800	£16,800 - £21,600
2 bed	£1,850 - £2,800	£22,200 - £33,600
2 bed penthouse	£4,800 - £4,950	£57,600 - £59,400
3 bed	£2,500 - £3,500	£30,000 - £42,000
3 bed penthouse	£9,000 - £10,000	£108,000 - £120,000

We have reviewed the current rental market, including the above and confirm the above comparable range is reflective of the current asking rents within the Deansgate Square area.

e therefore consider the rents adopted by Roger Hannah to be reasonable, and have adopted the same rental values within our appraisal.

OPEX Costs

Roger Hannah have then applied Operational Expenditure (OPEX) deductions of 25% (£11,542,725), resulting in net rent of £34,628,175.

We consider 25% OPEX costs to be a reasonable assumption and in line with what most BtR operators are currently experiencing. We have therefore adopted the same rate in our appraisal.

BtR Investment Yield

Roger Hannah have adopted an investment yield of 5.00% based on the most recent forward funding and investment transactions of BtR schemes across Manchester, detailing the following:

Property	Purchaser	Type	Units	Consideration	Net Yield	Date
Slate Yard, Manchester	KKR	Let investment	424	£100m+	4.85%	Q2 2025
Great Jackson St, Manchester	L&G / Nest / PGGM	Forward fund	494	£160m	5.00%	Q1 2025
Trinity Island, Manchester	Starlight Capital	Forward commit	532	P&C	5.00%	Q4 2024
Parkside, Greengate	Starlight Capital	Forward commit	517	P&C	5.00%	Q4 2024
Broadside, Manchester	Citra Living	Let investment	274	£78.15m	4.25%	Q3 2024
The Astley, Manchester	Grainger	Let investment	135	£31m	4.50%	Q3 2024
C2 New Bailey, Manchester	CBREim	Forward Fund	196	£53m	4.65%	Q1 2024
1NQ, Manchester	CDL	Forward fund	261	£75.6m	5.00%	Q4 2023
Project Domus, North West	PGIM	Let investment	918	£175m	4.75 – 5.00%	Q1 2023

We consider this to be a reasonable assumption albeit arguably pessimistic considering the achieved yields of Let Investments and consider the prime location of the subject site in comparison to the comparable investments to drive a keener yield. The reality in the current market is that schemes will be lucky to achieve a funding yield of sub 5%, however likely that investors/ developers will hold back until the market improves and yields contract to sub 5%. For consistency in our approach across the reviews undertaken of BtR schemes across the city, we have adopted a yield of 4.75%.

Residential GDV

Roger Hannahs rental assumptions results in a residential GDV of £692,563,500. Accounting for purchasers costs of 1.75% (assuming the property will be held in an SPV, including SDLT at 0.5% plus agents and legal fees) results in a Net Residential Development Value of £680,221,586.

We consider Roger Hannahs assumptions to be reasonable, and have adopted the same assumptions in our appraisal.

4. Commercial Rental Assumptions

Roger Hannah have kept the same commercial assumptions as in their original FVA, which we were in agreement of, resulting in a commercial GDV of £3,577,744. We have also kept our assumptions of our review, adopting a softer yield of 7.5% resulting in a GDV of £3,334,042.

5. Cost Assumptions

Roger Hannah have adopted the following:

- Build Costs suggested by Edmund Shipman in their 2024 assessment, inflated by 4.36%, reflective of the BCIS All-in Tender Price Index (Q1 2024 and Q4 2025) equating to inflated construction costs of £578,896,089 and public realm costs of £7,290,357.
- Furnishing packs: £4,000 per unit
- No marketing/sales costs for residential (letting costs included in OPEX)
- Finance rate of 5% (Forward Fund coupon rate reflective of yield)
- All other cost input remain the same as the submitted viability assessment dated 2024.

Savills consider the costs assumptions to remain reasonable as per our adopted costs in our August 2024 review, therefore we have adopted the same costs in our appraisal of the BtR scheme.

Roger Hannah have cash flowed the GDV over the whole construction period, with a bullet payment of the remaining GDV at PC, reflective of a forward funded model. We consider this a reasonable approach, however in order for our review to remain consistent with our approach on other BtR schemes we have reviewed, we have cash flowed the GDV as four payments over the construction cycle of all 4 block during the last 2 years of construction. The difference in our approach will effect the finance costs as Roger Hannahs appraisal captures interest on a lower sum as the GDV income is throughout the whole construction phase.

Furniture Packs

Roger Hannah have included an additional costs for furnishing packs of £4,000 per unit. We are aware of furniture packs costing between £3,000 to £5,000 per unit, therefore we consider £4,000 per unit to be reasonable and we have adopted the same within our appraisal.

6. Appraisal Outcome & Conclusion

Roger Hannah's appraisal results in a developer return of 5.17% profit on cost, concluding that whilst there is an improvement in the viability deficit, the scheme remains 'unviable' as it remains below the minimum developer return of 15% profit on cost. In both the Open Market Sales and BtR scenarios, the development cannot afford any affordable units or additional S106 contributions.



Savills appraisal adopts broadly the same inputs, with some minor differences in inputs due to rounding and background calculations in Argus, albeit draws to a similar result of a developer return of 5.36% profit on cost. We therefore agree with Roger Hannah's conclusion, that the BtR scheme, whilst reducing the viability deficit, remains unviable and that in both the Open Market Sales and BtR scenarios, the development cannot afford any affordable units or additional S106 contributions.

Yours sincerely

A black rectangular redaction box covering the signature of Robert Waterhouse.

Robert Waterhouse
Associate

Encl. Savills BtR Appraisal

Appendix 1

Plot C & E Great Jackson Street
100% BtR

**Plot C & E Great Jackson Street
100% BtR**
Appraisal Summary for Phase 1
Currency in £
REVENUE
Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Commercial	4	10,384	25.00	64,900	259,600	259,600
Apartments	<u>1,746</u>			26,444	<u>34,628,242</u>	<u>46,170,990</u>
Totals	1,750	10,384			34,887,842	46,430,590

Investment Valuation
Commercial

Current Rent	259,600	YP @	7.5000%	13.3333	3,461,333
Rent Free	(259,600)	YP 9mths @	7.5000%	0.7039	
		PV 5yrs @	7.5000%	0.6966	(127,292)
					3,334,042

Apartments

Current Rent	34,628,242	YP @	4.7500%	21.0526	729,015,632
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Total Investment Valuation
732,349,673
GROSS DEVELOPMENT VALUE
732,349,673

Purchaser's Costs	(12,816,119)
Effective Purchaser's Costs Rate	1.75%
	(12,816,119)

NET DEVELOPMENT VALUE
719,533,554
NET REALISATION
719,533,554
OUTLAY
ACQUISITION COSTS

Fixed Price	7,987,500	
Fixed Price		7,987,500
		7,987,500
Stamp Duty		388,875
Effective Stamp Duty Rate	4.87%	
Agent Fee	1.00%	79,875
Legal Fee	0.50%	39,938
		508,687

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Apartments Build Costs	2,023,503	286.09	578,896,089
Public realm			7,290,357
			586,186,446

Other Construction Costs

Furniture Packs	1,746 un	4,000.00 /un	6,984,000
			6,984,000

PROFESSIONAL FEES

Fees	8.00%	46,870,407
		46,870,407

MARKETING & LETTING

Letting Agent Fee	10.00%	3,488,784
Letting Legal Fee	5.00%	1,744,392

**Plot C & E Great Jackson Street
100% BtR**

5,233,176

TOTAL COSTS BEFORE FINANCE
653,770,217
FINANCE

Debit Rate 4.7500%, Credit Rate 0.0000% (Nominal)

Total Finance Cost

29,169,881

TOTAL COSTS
682,940,098
PROFIT
36,593,456
Performance Measures

Profit on Cost% 5.36%

Profit on GDV% 5.00%

Profit on NDV% 5.09%

Development Yield% (on Rent) 5.11%

Equivalent Yield% (Nominal) 4.76%

Equivalent Yield% (True) 4.91%

IRR% (without Interest) 9.41%

Rent Cover 1 yr 1 mth

Profit Erosion (finance rate 4.750) 1 yr 1 mth

Plot C & E Great Jackson Street
100% BtR

Net MRV
at Sale
259,600
34,628,242
34,887,842

Plot C & E Great Jackson Street
100% BtR

Plot C & E Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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Monthly B/F	001:Jan 2026	002:Feb 2026	003:Mar 2026	004:Apr 2026	005:May 2026
	0	(8,496,187)	(8,529,818)	(8,563,449)	(7,379,009)
Revenue					
Cap - Commercial	0	0	0	0	0
Cap - Apartments	0	0	0	8,019,260	0
Disposal Costs					
Legal and agent	0	0	0	(100,241)	0
SDLT	0	0	0	(40,096)	0
Unit Information					
Apartments Build Costs					
Acquisition Costs					
Fixed Price	(7,987,500)	0	0	0	0
Stamp Duty	(388,875)	0	0	0	0
Agent Fee	(79,875)	0	0	0	0
Legal Fee	(39,938)	0	0	0	0
Construction Costs					
Public realm	0	0	0	(17,058)	(32,371)
Con. - Apartments Build Costs	0	0	0	(1,354,473)	(2,570,425)
Furniture Packs	0	0	0	(16,341)	(31,010)
Professional Fees					
Fees	0	0	0	(109,665)	(208,115)
Marketing/Letting					
Letting Agent Fee	0	0	0	(3,462,824)	0
Letting Legal Fee	0	0	0	(1,731,412)	0
Net Cash Flow Before Finance	(8,496,187)	0	0	1,187,150	(2,841,921)
Debit Rate 4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
Credit Rate 0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Finance Costs (All Sets)	0	(33,631)	(33,631)	(2,710)	(29,198)
Net Cash Flow After Finance	(8,496,187)	(33,631)	(33,631)	1,184,440	(2,871,119)
Cumulative Net Cash Flow Monthly	(8,496,187)	(8,529,818)	(8,563,449)	(7,379,009)	(10,250,128)

Plot C & E Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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006:Jun 2026 (10,250,128)	007:Jul 2026 (14,422,052)	008:Aug 2026 (19,845,345)	009:Sep 2026 (26,469,778)	010:Oct 2026 (34,245,195)	011:Nov 2026 (43,122,169)	012:Dec 2026 (53,049,161)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(47,059)	(61,124)	(74,563)	(87,378)	(99,569)	(111,135)	(122,076)
(3,736,786)	(4,853,558)	(5,920,739)	(6,938,329)	(7,906,330)	(8,824,740)	(9,693,561)
(45,082)	(58,555)	(71,430)	(83,706)	(95,385)	(106,465)	(116,946)
(302,549)	(392,969)	(479,373)	(561,763)	(640,137)	(714,496)	(784,841)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(4,131,477)	(5,366,205)	(6,546,105)	(7,671,177)	(8,741,421)	(9,756,836)	(10,717,424)
4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(40,447)	(57,087)	(78,329)	(104,240)	(135,554)	(170,155)	(208,776)
(4,171,924)	(5,423,292)	(6,624,433)	(7,775,417)	(8,876,974)	(9,926,992)	(10,926,200)
(14,422,052)	(19,845,345)	(26,469,778)	(34,245,195)	(43,122,169)	(53,049,161)	(63,975,361)

Plot C & E Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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013:Jan 2027 (63,975,361)	014:Feb 2027 (75,851,780)	015:Mar 2027 (88,625,139)	016:Apr 2027 (102,243,979)	017:May 2027 (116,660,188)	018:Jun 2027 (131,818,307)	019:Jul 2027 (147,666,225)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(132,393)	(142,086)	(151,154)	(159,597)	(167,416)	(174,611)	(181,181)
(10,512,791)	(11,282,430)	(12,002,480)	(12,672,939)	(13,293,809)	(13,865,088)	(14,386,776)
(126,830)	(136,115)	(144,802)	(152,891)	(160,381)	(167,273)	(173,567)
(851,170)	(913,484)	(971,783)	(1,026,066)	(1,076,335)	(1,122,589)	(1,164,827)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(11,623,183)	(12,474,115)	(13,270,218)	(14,011,494)	(14,697,941)	(15,329,560)	(15,906,352)
4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(253,236)	(299,244)	(348,621)	(404,716)	(460,178)	(518,357)	(584,512)
(11,876,419)	(12,773,359)	(13,618,839)	(14,416,210)	(15,158,119)	(15,847,918)	(16,490,864)
(75,851,780)	(88,625,139)	(102,243,979)	(116,660,188)	(131,818,307)	(147,666,225)	(164,157,088)

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Report Date: 22/01/2026

Plot C & E Great Jackson Street
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Detailed Cash flow Phase 1

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027:Mar 2028 (293,060,011)	028:Apr 2028 (312,758,655)	029:May 2028 (332,626,868)	030:Jun 2028 (352,597,335)	031:Jul 2028 (372,615,343)	032:Aug 2028 (392,641,536)	033:Sep 2028 (412,605,187)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(211,257)	(212,207)	(212,531)	(212,232)	(211,307)	(209,758)	(207,585)
(16,775,040)	(16,850,417)	(16,876,204)	(16,852,401)	(16,779,007)	(16,656,024)	(16,483,450)
(202,380)	(203,289)	(203,600)	(203,313)	(202,428)	(200,944)	(198,862)
(1,358,194)	(1,364,297)	(1,366,384)	(1,364,457)	(1,358,515)	(1,348,557)	(1,334,585)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(18,546,871)	(18,630,210)	(18,658,720)	(18,632,403)	(18,551,257)	(18,415,284)	(18,224,482)
4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(1,151,773)	(1,238,003)	(1,311,748)	(1,385,605)	(1,474,936)	(1,548,368)	(1,621,262)
(19,698,644)	(19,868,213)	(19,970,468)	(20,018,008)	(20,026,193)	(19,963,651)	(19,845,744)
(312,758,655)	(332,626,868)	(352,597,335)	(372,615,343)	(392,641,536)	(412,605,187)	(432,450,931)

Plot C & E Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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034:Oct 2028 (432,450,931)	035:Nov 2028 (233,552,588)	036:Dec 2028 (252,152,098)	037:Jan 2029 (270,466,299)	038:Feb 2029 (288,449,889)	039:Mar 2029 (306,035,485)	040:Apr 2029 (323,166,418)
833,510	0	0	0	0	0	833,510
220,811,202	0	0	0	0	0	220,811,202
(2,770,559)	0	0	0	0	0	(2,770,559)
(1,108,224)	0	0	0	0	0	(1,108,224)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(204,787)	(201,365)	(197,318)	(192,647)	(187,351)	(181,430)	(174,885)
(16,261,286)	(15,989,532)	(15,668,187)	(15,297,252)	(14,876,728)	(14,406,613)	(13,886,907)
(196,182)	(192,903)	(189,026)	(184,551)	(179,478)	(173,806)	(167,536)
(1,316,597)	(1,294,595)	(1,268,577)	(1,238,544)	(1,204,496)	(1,166,434)	(1,124,355)
(25,960)	0	0	0	0	0	0
(12,980)	0	0	0	0	0	0
199,748,138	(17,678,394)	(17,323,109)	(16,912,995)	(16,448,053)	(15,928,283)	202,412,245
4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(849,795)	(921,115)	(991,092)	(1,070,596)	(1,137,543)	(1,202,650)	(417,210)
198,898,343	(18,599,510)	(18,314,201)	(17,983,591)	(17,585,596)	(17,130,933)	201,995,035
(233,552,588)	(252,152,098)	(270,466,299)	(288,449,889)	(306,035,485)	(323,166,418)	(121,171,383)

Plot C & E Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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041:May 2029 (121,171,383)	042:Jun 2029 (136,373,627)	043:Jul 2029 (150,949,900)	044:Aug 2029 (164,848,332)	045:Sep 2029 (178,005,503)	046:Oct 2029 (190,363,443)	047:Nov 2029 16,647,780
0	0	0	0	0	833,510	0
0	0	0	0	0	220,811,202	0
0	0	0	0	0	(2,770,559)	0
0	0	0	0	0	(1,108,224)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(167,716)	(159,922)	(151,504)	(142,461)	(132,793)	(122,501)	(111,584)
(13,317,612)	(12,698,726)	(12,030,250)	(11,312,184)	(10,544,528)	(9,727,282)	(8,860,445)
(160,668)	(153,202)	(145,137)	(136,474)	(127,213)	(117,353)	(106,895)
(1,078,262)	(1,028,154)	(974,031)	(915,893)	(853,739)	(787,571)	(717,387)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(14,724,259)	(14,040,004)	(13,300,922)	(12,507,012)	(11,658,273)	207,011,223	(9,796,312)
4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
(477,985)	(536,269)	(597,510)	(650,160)	(699,666)	0	0
(15,202,244)	(14,576,273)	(13,898,432)	(13,157,171)	(12,357,940)	207,011,223	(9,796,312)
(136,373,627)	(150,949,900)	(164,848,332)	(178,005,503)	(190,363,443)	16,647,780	6,851,468

Plot C & E Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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048:Dec 2029	049:Jan 2030	050:Feb 2030	051:Mar 2030	052:Apr 2030	053:May 2030
6,851,468	(1,931,622)	(9,654,307)	(16,284,653)	(21,763,385)	36,593,456
0	0	0	0	833,510	0
0	0	0	0	58,562,765	0
0	0	0	0	(742,453)	0
0	0	0	0	(296,981)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(100,043)	(87,878)	(75,088)	(61,673)	0	0
(7,944,018)	(6,978,002)	(5,962,394)	(4,897,197)	0	0
(95,839)	(84,185)	(71,932)	(59,081)	0	0
(643,189)	(564,975)	(482,746)	(396,502)	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(8,783,090)	(7,715,039)	(6,592,161)	(5,414,454)	58,356,841	0
4.7500%	4.7500%	4.7500%	4.7500%	4.7500%	4.7500%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
0	(7,646)	(38,185)	(64,279)	0	0
(8,783,090)	(7,722,685)	(6,630,345)	(5,478,732)	58,356,841	0
(1,931,622)	(9,654,307)	(16,284,653)	(21,763,385)	36,593,456	36,593,456

Plot C & E Great Jackson Street
100% BtR

Project Timescale

Project Start Date	Jan 2026
Project End Date	May 2030
Project Duration (Inc Exit Period)	53 months

Phase 1

