

22 January 2026

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

VIA EMAIL



Robert Waterhouse

Belvedere
12 Booth Street
Manchester M2 4AW
savills.com

Dear Ken,

Re: Review of Roger Hannah Viability Report addendum (Plot D, 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 D 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

- 642 residential units
- Commercial floorspace: 8,202 sq.ft
- Office: 16,971 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	16	437	£1,250	£15,000	£240,000
1 bed	187	588	£1,700	£20,400	£3,814,800
2 bed	402	777	£2,500	£30,000	£12,060,000
3 bed	31	980	£3,000	£36,000	£1,116,000
3 bed penthouse	6	1,276	£6,000	£72,000	£432,000
car parking	214		£125	£1,500	£321,000
				Total:	£17,983,800



This results in a total anticipated gross rent of £17,983,800 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% (£4,495,950), resulting in net rent of £13,487,850.

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 mot 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 £269,757,000. 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 £264,942,000.

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 £13,901,792. We have also kept our assumptions of our review, adopting a softer yield of 7.5% resulting in a GDV of £10,752,285.

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 £253,452,207 and public realm costs of £2,716,723.
- 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, (excluding a bullet payment as build cost are higher than GDV), 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.

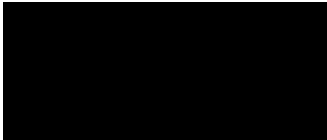
6. Appraisal Outcome & Conclusion

Roger Hannah's appraisal results in a developer return of **-1.78%** 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 **-0.97%** profit on cost. We therefore agree with Roger Hannahs 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



Robert Waterhouse
Associate

Encl. Savills BtR Appraisal

Appendix 1

Plot D Great Jackson Street
100% BtR

**Plot D 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
Offices	1	16,971	30.00	509,130	509,130	509,130
Commercial	1	8,202	40.00	328,080	328,080	328,080
Apartments (inc Parking)	642			28,012	13,487,850	17,983,800
Totals	644	25,173			14,325,060	18,821,010

Investment Valuation
Offices

Current Rent	509,130	YP @	7.5000%	13.3333	6,788,400
Rent Free	(509,130)	YP 9mths @	7.5000%	0.7039	
		PV 5yrs @	7.5000%	0.6966	(249,646)
					6,538,754

Commercial

Current Rent	328,080	YP @	7.5000%	13.3333	4,374,400
Rent Free	(328,080)	YP 9mths @	7.5000%	0.7039	
		PV 5yrs @	7.5000%	0.6966	(160,870)
					4,213,530

Apartments (inc Parking)

Current Rent	13,487,850	YP @	4.7500%	21.0526	283,954,737
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Total Investment Valuation
294,707,021
GROSS DEVELOPMENT VALUE
294,707,021

Purchaser's Costs	(5,157,373)
Effective Purchaser's Costs Rate	1.75%
	(5,157,373)

NET DEVELOPMENT VALUE
289,549,648
NET REALISATION
289,549,648
OUTLAY
ACQUISITION COSTS

Fixed Price	1,650,000		
Fixed Price		1,650,000	
			1,650,000
Agent Fee	1.00%	16,500	
Legal Fee	0.50%	8,250	
			24,750

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
Apartments	877,212	288.93	253,452,863
Public realm			2,716,723
			256,169,586
Other Construction Costs			
Furniture Pack	642 un	4,000.00 /un	2,568,000
			2,568,000

PROFESSIONAL FEES

Plot D Great Jackson Street
100% BtR

Fees	8.00%	20,276,229	
			20,276,229

MARKETING & LETTING

Letting Agent Fee	10.00%	1,432,506	
Letting Legal Fee	5.00%	716,253	
			2,148,759

TOTAL COSTS BEFORE FINANCE
282,837,324
FINANCE

Debit Rate 4.7500%, Credit Rate 0.0000% (Nominal)			
Total Finance Cost			9,552,659

TOTAL COSTS
292,389,983
PROFIT
(2,840,334)
Performance Measures

Profit on Cost%	-0.97%
Profit on GDV%	-0.96%
Profit on NDV%	-0.98%
Development Yield% (on Rent)	4.90%
Equivalent Yield% (Nominal)	4.85%
Equivalent Yield% (True)	5.00%
IRR% (without Interest)	3.06%
Rent Cover	-2 mths
Profit Erosion (finance rate 4.750)	N/A

Plot D Great Jackson Street
100% BtR

Net MRV
at Sale
509,130
328,080
13,487,850
14,325,060

Plot D Great Jackson Street
100% BtR

Plot D Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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	001:Jan 2024	002:Feb 2024	003:Mar 2024	004:Apr 2024	005:May 2024
Monthly B/F	0	(1,674,750)	(1,681,379)	(1,688,008)	(3,139,188)
Revenue					
Cap - Offices	0	0	0	0	0
Cap - Apartments (inc Parking)	0	0	0	1,646,937	0
Cap - Commercial	0	0	0	0	0
Disposal Costs					
SDLT	0	0	0	(8,235)	0
Legal & agent fees	0	0	0	(20,587)	0
Unit Information					
Apartments					
Acquisition Costs					
Fixed Price	(1,650,000)	0	0	0	0
Agent Fee	(16,500)	0	0	0	0
Legal Fee	(8,250)	0	0	0	0
Construction Costs					
Public realm	0	0	0	(10,183)	(20,753)
Con. - Apartments	0	0	0	(950,030)	(1,936,151)
Furniture Pack	0	0	0	(9,626)	(19,617)
Professional Fees					
Fees	0	0	0	(76,002)	(154,892)
Marketing/Letting					
Letting Agent Fee	0	0	0	(1,348,785)	0
Letting Legal Fee	0	0	0	(674,393)	0
Net Cash Flow Before Finance	(1,674,750)	0	0	(1,450,903)	(2,131,414)
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	(6,629)	(6,629)	(277)	(12,425)
Net Cash Flow After Finance	(1,674,750)	(6,629)	(6,629)	(1,451,180)	(2,143,839)
Cumulative Net Cash Flow Monthly	(1,674,750)	(1,681,379)	(1,688,008)	(3,139,188)	(5,283,027)

Plot D Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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006:Jun 2024 (5,283,027)	007:Jul 2024 (8,459,223)	008:Aug 2024 (12,610,313)	009:Sep 2024 (17,678,321)	010:Oct 2024 (23,605,160)	011:Nov 2024 (30,333,106)	012:Dec 2024 (37,802,980)
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
(30,723)	(40,093)	(48,862)	(57,031)	(64,599)	(71,568)	(77,936)
(2,866,269)	(3,740,384)	(4,558,496)	(5,320,604)	(6,026,710)	(6,676,813)	(7,270,912)
(29,041)	(37,898)	(46,187)	(53,909)	(61,063)	(67,650)	(73,669)
(229,302)	(299,231)	(364,680)	(425,648)	(482,137)	(534,145)	(581,673)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(3,155,335)	(4,117,605)	(5,018,224)	(5,857,192)	(6,634,509)	(7,350,175)	(8,004,190)
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%
(20,862)	(33,484)	(49,783)	(69,647)	(93,437)	(119,699)	(148,793)
(3,176,197)	(4,151,090)	(5,068,008)	(5,926,839)	(6,727,946)	(7,469,874)	(8,152,983)
(8,459,223)	(12,610,313)	(17,678,321)	(23,605,160)	(30,333,106)	(37,802,980)	(45,955,963)

Plot D Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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013:Jan 2025 (45,955,963)	014:Feb 2025 (54,734,426)	015:Mar 2025 (64,077,630)	016:Apr 2025 (73,926,024)	017:May 2025 (84,222,387)	018:Jun 2025 (94,904,108)	019:Jul 2025 (105,910,904)
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
(83,704)	(88,871)	(93,438)	(97,405)	(100,772)	(103,538)	(105,704)
(7,809,008)	(8,291,102)	(8,717,192)	(9,087,279)	(9,401,363)	(9,659,444)	(9,861,521)
(79,121)	(84,006)	(88,323)	(92,073)	(95,255)	(97,870)	(99,918)
(624,721)	(663,288)	(697,375)	(726,982)	(752,109)	(772,755)	(788,922)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(8,596,554)	(9,127,267)	(9,596,328)	(10,003,739)	(10,349,499)	(10,633,607)	(10,856,065)
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%
(181,909)	(215,937)	(252,066)	(292,624)	(332,222)	(373,189)	(419,231)
(8,778,463)	(9,343,204)	(9,848,394)	(10,296,363)	(10,681,721)	(11,006,796)	(11,275,296)
(54,734,426)	(64,077,630)	(73,926,024)	(84,222,387)	(94,904,108)	(105,910,904)	(117,186,200)

Plot D Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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020:Aug 2025 (117,186,200)	021:Sep 2025 (128,665,274)	022:Oct 2025 (140,287,112)	023:Nov 2025 (82,533,664)	024:Dec 2025 (93,988,630)	025:Jan 2026 (105,401,853)	026:Feb 2026 (116,715,207)
0	0	0	0	0	0	0
0	0	70,420,775	0	0	0	0
0	0	0	0	0	0	0
0	0	(352,104)	0	0	0	0
0	0	(880,260)	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
(107,270)	(108,235)	(108,601)	(108,365)	(107,530)	(106,094)	(104,058)
(10,007,596)	(10,097,668)	(10,131,736)	(10,109,802)	(10,031,864)	(9,897,924)	(9,707,980)
(101,398)	(102,310)	(102,655)	(102,433)	(101,643)	(100,286)	(98,362)
(800,608)	(807,813)	(810,539)	(808,784)	(802,549)	(791,834)	(776,638)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(11,016,871)	(11,116,027)	58,034,880	(11,129,385)	(11,043,587)	(10,896,138)	(10,687,038)
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%
(462,203)	(505,811)	(281,432)	(325,582)	(369,636)	(417,216)	(460,346)
(11,479,074)	(11,621,838)	57,753,448	(11,454,966)	(11,413,222)	(11,313,354)	(11,147,385)
(128,665,274)	(140,287,112)	(82,533,664)	(93,988,630)	(105,401,853)	(116,715,207)	(127,862,591)

Plot D Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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027:Mar 2026 (127,862,591)	028:Apr 2026 (138,781,528)	029:May 2026 (79,952,475)	030:Jun 2026 (89,957,695)	031:Jul 2026 (99,545,568)	032:Aug 2026 (108,656,376)	033:Sep 2026 (117,222,682)
0	0	0	0	0	0	0
0	70,420,775	0	0	0	0	0
0	0	0	0	0	0	0
0	(352,104)	0	0	0	0	0
0	(880,260)	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
(101,422)	(98,186)	(94,349)	(89,912)	(84,874)	(79,236)	(72,998)
(9,462,033)	(9,160,083)	(8,802,130)	(8,388,174)	(7,918,214)	(7,392,252)	(6,810,287)
(95,870)	(92,811)	(89,184)	(84,989)	(80,228)	(74,899)	(69,002)
(756,963)	(732,807)	(704,170)	(671,054)	(633,457)	(591,380)	(544,823)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(10,416,287)	59,104,526	(9,689,833)	(9,234,129)	(8,716,773)	(8,137,767)	(7,497,110)
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%
(502,649)	(275,473)	(315,388)	(353,744)	(394,035)	(428,538)	(460,750)
(10,918,937)	58,829,053	(10,005,221)	(9,587,872)	(9,110,808)	(8,566,306)	(7,957,861)
(138,781,528)	(79,952,475)	(89,957,695)	(99,545,568)	(108,656,376)	(117,222,682)	(125,180,542)

Plot D Great Jackson Street
100% BtR

Detailed Cash flow Phase 1

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034:Oct 2026 (125,180,542)	035:Nov 2026 (63,008,569)	036:Dec 2026 (69,287,943)	037:Jan 2027 (74,765,579)	038:Feb 2027 (79,379,497)	039:Mar 2027 (83,061,595)	040:Apr 2027 (2,829,136)
0	0	0	0	0	6,538,754	0
70,420,775	0	0	0	0	71,045,475	0
0	0	0	0	0	4,213,530	0
(352,104)	0	0	0	0	(408,989)	0
(880,260)	0	0	0	0	(1,022,472)	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(66,160)	(58,722)	(50,683)	(42,044)	(32,804)	0	0
(6,172,318)	(5,478,346)	(4,728,372)	(3,922,394)	(3,060,413)	0	0
(62,538)	(55,507)	(47,908)	(39,742)	(31,008)	0	0
(493,785)	(438,268)	(378,270)	(313,792)	(244,833)	0	0
0	0	0	0	0	(83,721)	0
0	0	0	0	0	(41,861)	0
62,393,609	(6,030,843)	(5,205,232)	(4,317,971)	(3,369,059)	80,240,717	0
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%
(221,636)	(248,532)	(272,404)	(295,947)	(313,039)	(8,258)	(11,199)
62,171,974	(6,279,374)	(5,477,636)	(4,613,918)	(3,682,098)	80,232,459	(11,199)
(63,008,569)	(69,287,943)	(74,765,579)	(79,379,497)	(83,061,595)	(2,829,136)	(2,840,334)

Plot D Great Jackson Street 100% BtR

Detailed Cash flow Phase 1

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041:May 2027
(2,840,334)

0
0
0

00

0
0
00
0
0

0

00

0

4.7500%
0.0000%

0

0

(2,840,334)

Plot D Great Jackson Street
100% BtR

Project Timescale

Project Start Date	Jan 2024
Project End Date	May 2027
Project Duration (Inc Exit Period)	41 months

Phase 1

