

25 November 2025

To Whom It May Concern,

Section 106 Agreement Discussions – Plots D, Great Jackson Street

This letter is provided following a request from Manchester City Council (“MCC”) for scheme appraisals that are based on a Build to Rent (“BtR”) delivery model for the proposed development at the above site. We understand this is required in the context of the discussions about the S.106 Agreement which is currently in draft form.

We understand that it is not the intention of the applicant to deliver the proposed development on a BtR forward funded basis, with the submitted Viability Assessment produced by Roger Hannah that formed part of the planning application documentation reflecting the intended sales delivery model. We have however provided appraisals for consideration, with this letter setting out the assumptions that are different to those in the submitted Viability Assessment.

This letter is provided on a without prejudice and private and confidential basis. It provides site specific commentary that is relevant to the reporting and correspondence relating to this instruction only. It should not be reproduced or shared with any third parties, save for MCC and their advisors, without our prior express written consent.

Gross Development Value

In order to assess the GDV for a BtR scheme across the proposed 642 apartments, we have had reference to the gross rental income, operating costs and yields.

With reference to Rightmove and discussions with Renaker we have reviewed recent rents at Deansgate Square and the other Renaker schemes in this locale, including The Blade, Three60, and Elizabeth Tower, which are as follows:

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

Figure 1: Rental Market Evidence

Rental values will vary based on a range of factors including unit size, layout, aspect, floor, specification, and access to amenities / facilities. Considering the scale of the proposed developments, we have adopted averaged rental values across the average unit types.

In respect of the penthouses, these units are particularly large with the 2 bedroom penthouses in the sample ranging in size from c. 1,500 – 2,000 sq ft, and the 3 bedroom penthouses ranging in size from c. 2,500 – 3,500 sq ft.

With reference to the market evidence above and proposed development, and we applied the following rental values to the average unit types:

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

Figure 5: Rental Values

This results in a total gross rental income of £17,983,800 per annum. Across the 642 unit development this equates to an average rental income of £2,334 per month and £28,012 per annum across each apartment.

These rents need to be adjusted to assess the net income after allowing for operating costs ("opex"). These typically include an allowance for voids, debts, maintenance, insurance, management costs, lettings costs, amenity costs, and other costs. The proposed scheme, as per the current Renaker schemes, include relatively extensive resident amenities and facilities. We have therefore allowed for opex costs of 25% to calculate the net rental income to an investor:

Unit Type	No.	Gross Rent pa	Net Rent pa
Studio	16	£240,000	£180,000
1 bed	187	£3,814,800	£2,861,100
2 bed	402	£12,060,000	£9,045,000
3 bed	31	£1,116,000	£837,000
3 bed penthouse	6	£432,000	£324,000
car parking	214	£321,000	£240,750
Total:		£17,983,800	£13,487,850

Figure 6: Net Rental Values

In order to ascertain the investment value, a yield needs to be applied to the net income. We enclose a schedule of investment yield evidence at Appendix 1, and have applied a yield of 5% to the income as follows:

Unit Type	No.	Net Rent pa	Investment Value
Studio	16	£180,000	£3,600,000
1 bed	187	£2,861,100	£57,222,000
2 bed	402	£9,045,000	£180,900,000
3 bed	31	£837,000	£16,740,000
3 bed penthouse	6	£324,000	£6,480,000
car parking	214	£240,750	£4,815,000
Total:		£13,487,850	£269,757,000

Figure 7: Investment Values

This results in a total investment value of £269,757,000, which equates to an average value of £577 per sq ft across the proposed scheme. Without the car parking, this results in a total value of £264,942,000 which equates to an average value of £567 per sq ft across the scheme.

Assuming that the investment properties would be held in SPV, a SDLT payment of 0.5% would be payable upon transfer, plus the fund's agent and legal fees. We have therefore allowed purchaser's costs of 1.75%.

Construction Costs

The submitted Viability Assessment is dated March 2024, and we have therefore applied inflation to the Edmund Shipway costs to reflect a current day assessment of a potential BtR scheme. Whilst there are limitations to the BCIS data set, particularly in terms of comparability to the proposed scheme, for indicative purposes we have referred to the indices data. The BCIS All-in Tender Price Index, as enclosed at Appendix 2, shows an index of 390 in Q1 2024 and 407 in Q4 2025, an increase of 4.36%.

We have therefore applied this to the construction costs of £242,865,751 (adjusted following the cost review to account for an error in the formula relating to internal doors) and public realm costs of £2,603,249. The inflated costs are therefore construction costs of £253,452,207 and public realm costs of £2,716,723, and these have been included in our appraisals accordingly.

We have also included furniture costs for each apartment at a cost of £4,000 per unit. This results in a total cost of £2,568,000.

Cash Flow

To reflect a forward funded transaction with an institutional fund, we have adopted a finance rate of 5% to match the yield. We have also assumed that the total costs before finance are paid over the construction period (offset by 1 month), with the remaining balance of the GDV paid at the end of the completion of the scheme. In this case, the total costs are more than the investment value generated by the scheme, and we have therefore phased all of the GDV over the construction period on this basis.

Other Appraisal Inputs

All other remaining appraisal inputs and assumptions remain the same as per the submitted Viability Assessment.

Appraisal Results

As per the submitted Viability Assessment, we have appraised with reference to the residual value and profit generated. This results in a profit of -1.78% on GDV / -1.78% on cost when the Benchmark Land Value is inserted into the appraisal as a fixed input.

As a residual land value, this results in a negative sum of -£31,560,553. This is tested against a profit level of 12% on cost as stated within the draft S.106 Agreements. This also equates to c. 10.5% on GDV which is generally in line with market and investor expectations and therefore considered acceptable.

The scheme on a BtR basis is therefore unviable compared to the scheme on a sales basis as per the submitted Viability Assessment. We have not undertaken any appraisals with the inclusion of 20% affordable housing and any additional S.106 contributions on the basis that the results would be less viable.

Summary

We have provided appraisals of the proposed scheme on the basis it is delivered as BtR as requested by MCC as part of the commercial discussions relating to the S.106 Agreement. The results of the appraisals are summarised below:

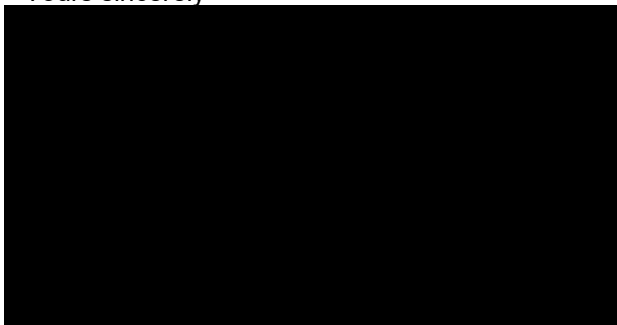
Scheme	Profit Margin	Residual Land Value
Plot D	-1.78% on GDV / -1.78% on cost	-£31,560,553

Figure 8: Summary Table

The scheme as a BtR development is therefore unviable compared to the scheme on a sales basis as per the submitted Viability Assessment. The appraisals also demonstrate that should the developer choose to progress the scheme as BtR, this would result in no additional affordable housing or Section 106 contributions payable.

I trust the above addresses your queries. Should you have any queries then please do not hesitate to contact me.

Yours sincerely



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

Base date:
1985 mean = 100

Updated:
12-Sep-2025

Series no.
#101

			Percentage change		
Date	Index	Equivalent sample	On year	On quarter	On month
1Q 2024	390	Provisional	2.9%	0.5%	
2Q 2024	392	Provisional	2.3%	0.5%	
3Q 2024	394	Provisional	2.1%	0.5%	
4Q 2024	397	Provisional	2.3%	0.8%	
1Q 2025	399	Provisional	2.3%	0.5%	
2Q 2025	401	Provisional	2.3%	0.5%	
3Q 2025	404	Provisional	2.5%	0.7%	
4Q 2025	407	Forecast	2.5%	0.7%	

			Percentage change		
Date	Index	Status	On year	On quarter	On month
Jan-2024	455.9	Firm	3.4%	0.4%	0.7%
Feb-2024	456.1	Firm	3.1%	0.7%	0.0%
Mar-2024	458.4	Firm	3.4%	1.3%	0.5%
Apr-2024	459.4	Firm	3.1%	0.8%	0.2%
May-2024	460.6	Firm	3.1%	1.0%	0.3%
Jun-2024	459.9	Firm	3.6%	0.3%	-0.2%
Jul-2024	466.3	Firm	2.8%	1.5%	1.4%
Aug-2024	465.8	Firm	2.8%	1.1%	-0.1%
Sep-2024	464.8	Firm	2.7%	1.1%	-0.2%
Oct-2024	465.8	Firm	2.6%	-0.1%	0.2%
Nov-2024	466.0	Firm	2.8%	0.0%	0.0%
Dec-2024	465.3	Provisional	2.8%	0.1%	-0.2%
Jan-2025	467.0	Provisional	2.4%	0.3%	0.4%
Feb-2025	468.0	Provisional	2.6%	0.4%	0.2%
Mar-2025	469.0	Provisional	2.3%	0.8%	0.2%
Apr-2025	475.1	Provisional	3.4%	1.7%	1.3%
May-2025	476.0	Provisional	3.3%	1.7%	0.2%
Jun-2025	476.0	Provisional	3.5%	1.5%	0.0%
Jul-2025	481.4	Provisional	3.2%	1.3%	1.1%
Aug-2025	481.4	Provisional	3.3%	1.1%	0.0%
Sep-2025	481.7	Provisional	3.6%	1.2%	0.1%

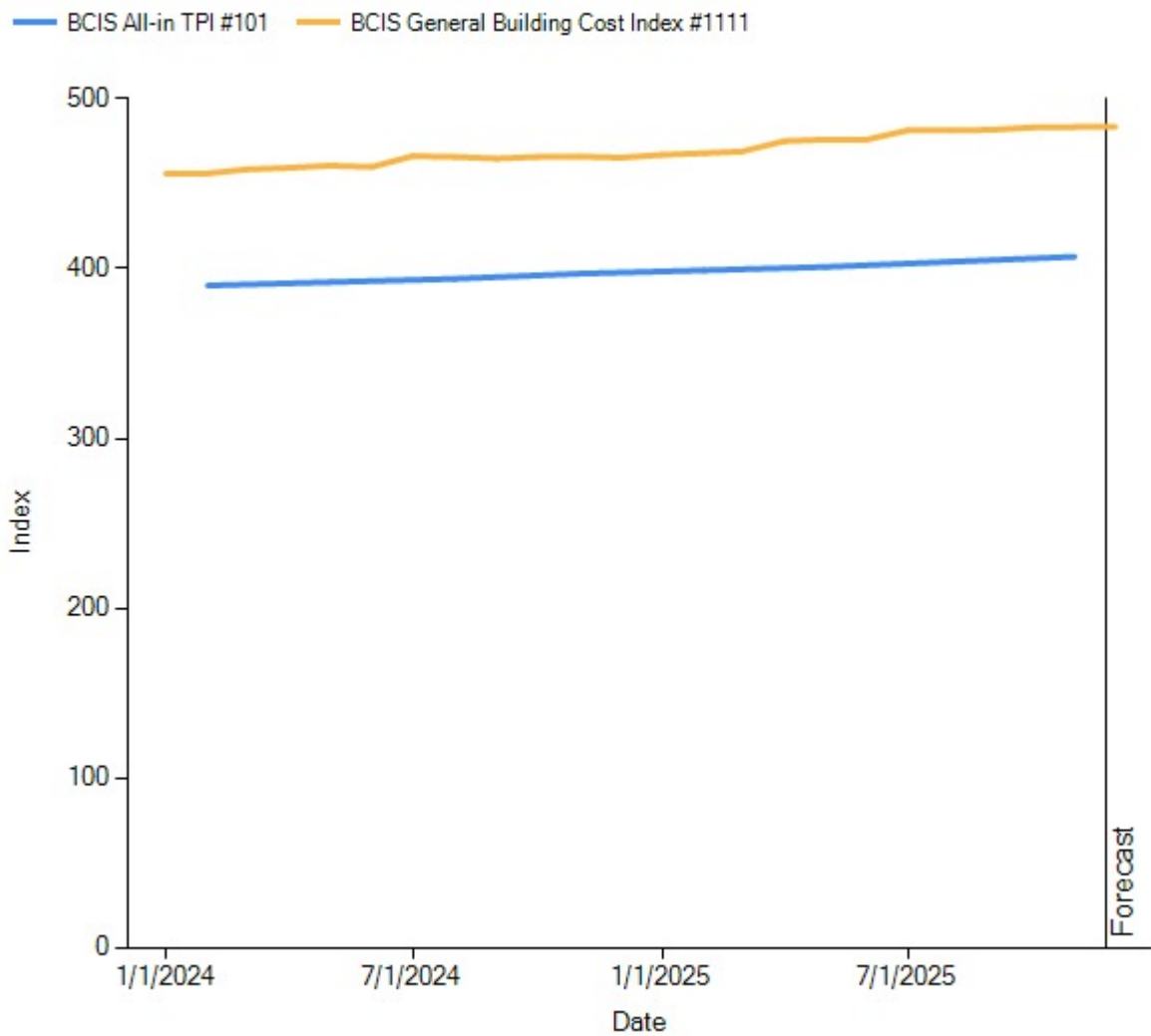
Base date:
1985 mean = 100

Updated:
28-Oct-2025

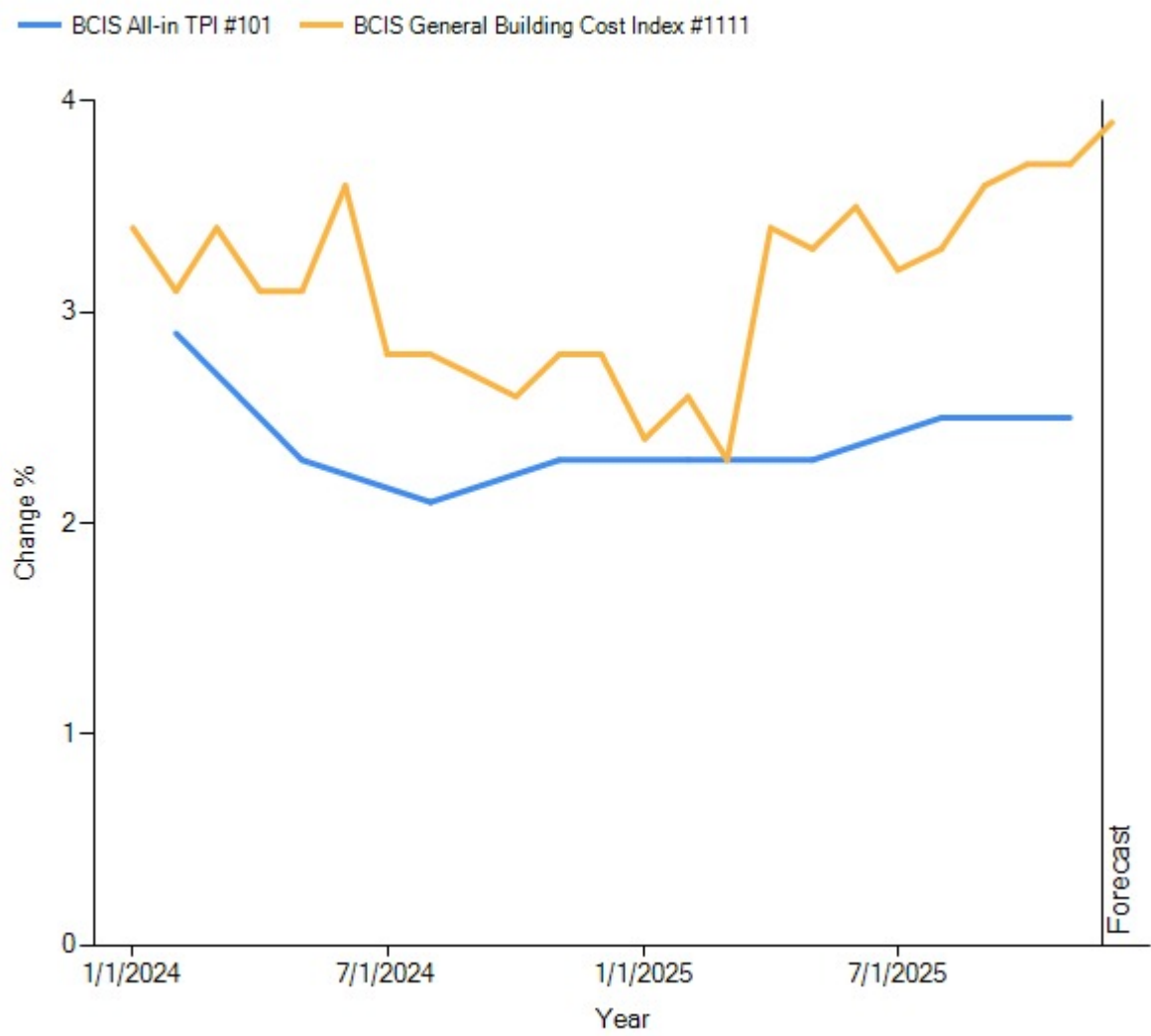
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			Percentage change		
Date	Index	Status	On year	On quarter	On month
Oct-2025	483.2	Forecast	3.7%	0.4%	0.3%
Nov-2025	483.4	Forecast	3.7%	0.4%	0.0%
Dec-2025	483.5	Forecast	3.9%	0.4%	0.0%

Index value over time



Percentage change over time
Percentage change: Year on year



Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Apartments	642	467,174	567.12	412,682	264,942,000
Car parking	<u>214</u>	<u>0</u>	0.00	22,500	<u>4,815,000</u>
Totals	856	467,174			269,757,000

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	<u>1</u>	<u>8,202</u>	40.00	328,080	<u>328,080</u>	<u>328,080</u>
Totals	2	25,173			837,210	837,210

Investment Valuation

Offices

Current Rent	509,130	YP @	6.0000%	16.6667	8,485,500
Rent Free	(509,130)	YP 9mths @	6.0000%	0.7127	
		PV 5yrs @	6.0000%	0.7473	(271,138)
					8,214,362

Commercial

Current Rent	328,080	YP @	6.5000%	15.3846	5,047,385
Rent Free	(328,080)	YP 9mths @	6.5000%	0.7097	
		PV 5yrs @	6.5000%	0.7299	(169,954)
					4,877,431

Total Investment Valuation

13,091,792

GROSS DEVELOPMENT VALUE

282,848,792

SDLT		(644,090)
Legal & agent fees	1.50%	(196,377)
BtR purchaser's costs	1.75%	(4,720,748)
Effective Purchaser's Costs Rate	37.56%	
		(5,561,214)

NET DEVELOPMENT VALUE

277,287,578

NET REALISATION

277,287,578

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	253,452,207
Public realm			2,716,723
Furniture packs	642 un	4,000.00 /un	2,568,000
			258,736,930

PROFESSIONAL FEES

Fees	8.00%	20,276,177
		20,276,177

APPRAISAL SUMMARY**ARGUS SOFTWARE****MARKETING & LETTING**

Letting Agent Fee	10.00%	83,721	
Letting Legal Fee	5.00%	41,861	
			125,582

TOTAL COSTS BEFORE FINANCE**280,813,438****FINANCE**

Debit Rate 5.000%, Credit Rate 0.000% (Nominal)

Land		277,357	
Construction		1,183,735	
Other		40,535	
Total Finance Cost			1,501,627

TOTAL COSTS**282,315,065****PROFIT****(5,027,487)****Performance Measures**

Profit on Cost%	-1.78%
Profit on GDV%	-1.78%
Profit on NDV%	-1.81%

IRR% (without Interest)	-7.29%
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Profit Erosion (finance rate 5.000)	N/A
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Appraisal Summary for Phase 1

Currency in £

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SDLT		(644,090)
Legal & agent fees	1.50%	(196,377)
BtR purchaser's costs	1.75%	(4,720,748)
Effective Purchaser's Costs Rate	37.56%	
		(5,561,214)

NET DEVELOPMENT VALUE

277,287,578

NET REALISATION

277,287,578

OUTLAY

ACQUISITION COSTS

Residualised Price (Negative land)	(31,560,553)	(31,560,553)
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CONSTRUCTION COSTS

Construction

	ft²	Build Rate ft²	Cost
Apartments	877,212	288.93	253,452,207
Public realm			2,716,723
Furniture packs	642 un	4,000.00 /un	2,568,000
			5,284,723

PROFESSIONAL FEES

Fees	8.00%	20,276,177	20,276,177
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MARKETING & LETTING

Letting Agent Fee	10.00%	83,721
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APPRAISAL SUMMARY**ARGUS SOFTWARE**

Letting Legal Fee	5.00%	41,861	125,582
TOTAL COSTS			247,578,135
PROFIT			29,709,443

Performance Measures

Profit on Cost%	12.00%
Profit on GDV%	10.50%
Profit on NDV%	10.71%
IRR% (without Interest)	N/A
Profit Erosion (finance rate 5.000)	2 yrs 3 mths