



Homes
England

Date: 1 July 2020
Our Ref: RFI2980
Tel: 0300 1234 500
Email: infogov@homesengland.gov.uk

Making homes happen

██████████
By Email Only

Windsor House
Homes England – 6th Floor
50 Victoria Street
London
SW1H 0TL

Dear ██████████

RE: Request for Information – RFI2980

Thank you for your request for information, which was processed under the Freedom of Information Act 2000 (FOIA). For clarification, you requested the following information:

Homes England acquired the Fence Avenue Site in 2018 .

It was reported at the time that this deal would unlock an additional 260 additional units at an additional Campus (operated by Kings)

Would you please confirm

- 1 . Was the funding / residual valuation for the site undertaken on the basis of 30% affordable home provision ? If so , has a suitable covenant been placed on the sale ?*
- 2 . Please can you provide details of the full assumptions used and the price paid*
- 3 Was the sale unconditional with the exception of a claw back provision (from Kings School) in the event of the granted planning consent approving fewer houses than assumed in the development appraisal ? Please note that Kings is an Independent School NOT a state school . In the event of the opposite scenario happening , has an overage payment been included that would benefit Kings ?*
- 4 in making reference to the additional campus , what regard did HE have to the affordable homes targets / consents (on that Site) on the second campus ? As Jake Berry references 500 homes in a press article , it seems reasonable to assume the combination of the sites was considered when approving this purchase (but I wait on you clarifying the point) . Given your intervention , the combined sites total affordable housing provision will be an interesting statistic .*
- 5 Would you please confirm the rent agreed with Kings School and the main terms eg repair liability .*
- 6 Does HE have a requirement to provide 30% affordable homes on the sites you buy / sell ?*

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Response

We can confirm that we do hold some of the information you have requested. We will address each of your points in turn.

1) Was the funding / residual valuation for the site undertaken on the basis of 30% affordable home provision ?

The valuation for the site was undertaken in accordance with the Section 106 agreement which accompanied the outline planning permission 15/4287M. The Section 106 agreement details the affordable housing provision required for the site.

We are able to inform you that we do hold the information that you have requested. However, we rely on section 21, exemption where information is available to the applicant elsewhere.

The full text of the legislation can be found on the following link and we have quoted section 21 below for ease: <https://www.legislation.gov.uk/ukpga/2000/36/section/21>

21 - Information accessible to applicant by other means.

(1) Information which is reasonably accessible to the applicant otherwise than under section 1 is exempt information.

(2) For the purposes of subsection (1)—

(a) information may be reasonably accessible to the applicant even though it is accessible only on payment, and

(b) information is to be taken to be reasonably accessible to the applicant if it is information which the public authority or any other person is obliged by or under any enactment to communicate (otherwise than by making the information available for inspection) to members of the public on request, whether free of charge or on payment.

(3) For the purposes of subsection (1), information which is held by a public authority and does not fall within subsection (2)(b) is not to be regarded as reasonably accessible to the applicant merely because the information is available from the public authority itself on request, unless the information is made available in accordance with the authority's publication scheme and any payment required is specified in, or determined in accordance with, the scheme.

Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA, as such we can advise that the S106 agreement can be found on Cheshire East Council's planning portal on the following link:

<http://planning.cheshireeast.gov.uk/applicationdetails.aspx?pr=15/4287M&query=77bc9c8eeb654707bfdbd36ac8201ab5&start=&from=m>.

If so, has a suitable covenant been placed on the sale ?

I am able to confirm that Homes England does not hold the information detailed in your request. This is because this information relates to an ongoing disposal which is currently being negotiated.



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The FOIA does not oblige a public authority to create information to answer a request if the requested information is not held. The duty under section 1(1) is only to provide the recorded information held.

The full text of section 1 in the legislation can be found here:

<https://www.legislation.gov.uk/ukpga/2000/36/section/1>

2) Please can you provide details of the full assumptions used

The valuation report undertaken for the site is provided alongside this response as Annex A.

Section 40 – Personal information

We have redacted information contained within Annex A on the grounds that it constitutes third party personal data and therefore engages section 40(2) of the FOIA.

To disclose personal data, such as names, contact details, addresses, email addresses and personal opinions could lead to the identification of third parties and would breach one or more of the data protection principles.

Section 40 is an absolute exemption which means that we do not need to consider the public interest in disclosure. Once it is established that the information is personal data of a third party and release would breach one or more of the data protection principles, then the exemption is engaged.

The full text in the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/40>

Section 43 - Commercial interests

Under section 43(2) Homes England is not obliged to disclose information that would, or would be likely to, prejudice the commercial interests of any party.

The information requested relating to the market value assumption price and the fee paid to the valuers engages section 43(2) of the FOIA as it is commercial in nature and its release would be likely to prejudice the commercial interests of Homes England and other interested parties to the information.

Homes England has identified that the information requested, if released, would be likely to prejudice both current and future use of the site, and our relationships with third parties.

Section 43 is a qualified exemption. This means that once we have decided that the exemption is engaged, Homes England must carry out a public interest test to assess whether or not it is in the wider public interest for the information to be disclosed.

Arguments in favour of disclosure:

- Homes England acknowledges there is a general public interest in promoting accountability, transparency, public understanding and involvement in how Homes England undertakes its work and how it spends public money; and
- Homes England acknowledges there is a public and local interest in the proposals for the site.



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Arguments in favour of withholding:

- If the market value assumptions were in the public domain there could be expectations from the public and potential future partners about the value of the site and the value of potential works. This would mean that prices could be inflated and negotiating positions put at risk. This would not be in the public interest as it would result in poorer value for public money and could result in mis-allocation of public funds. Therefore, release would negatively affect the public purse;
- Disclosure would adversely affect the relationship between Homes England and current and potential partners. There would be significant reputational, commercial and financial loss to Homes England and our partners if third parties could use the information to distort the market for their own gain;
- Releasing the information would be likely to negatively impact future development processes and proposals as interested parties may feel unable to provide all the relevant information necessary for fear of disclosure. This would impact the ability of Government officials to make effective, informed decisions regarding allocation of public funds;
- The consequences of releasing data that is part of a wider ongoing proposal could damage our relationships with partners and put potential negotiations and planning at risk. This would not be in the public interest as this could put potential homes in jeopardy and would undermine Homes England's position and ability to deliver against its objectives and targets in our Strategic Plan;
- If the fee paid by Homes England to the valuation agency were in the public domain it would negatively impact our ability to procure services from future partners. If organisations felt that information relating to their fees would be available to their competitors, they would be unlikely to want to provide these services to Homes England. This would mean that Homes England would not be able to procure and engage the best services. Both value for money and quality of applicant could be adversely affected. It would not be in the public interest for Homes England to have limited access to procured or engaged services; and
- Homes England has been unable to identify a wider public interest in disclosing the information requested.

Having considered the arguments for and against disclosure of the information, we have concluded that at this time, the balance of the public interest favours non-disclosure.

The full text of the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/43>

and the price paid

We are able to inform you that we do hold the information that you have requested. However, we rely on section 21, exemption where information is available to the applicant elsewhere.

The full text of the legislation can be found on the following link:

<https://www.legislation.gov.uk/ukpga/2000/36/section/21>



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Our Ref: RFI2980

Tel: 0300 1234 500

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Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA. As such we can advise that the Transfer for the site detailing the price paid is available from Land Registry under Title Number CH673970.

3) Was the sale unconditional with the exception of a claw back provision (from Kings School) in the event of the granted planning consent approving fewer houses than assumed in the development appraisal ? Please note that Kings is an Independent School NOT a state school . In the event of the opposite scenario happening , has an overage payment been included that would benefit Kings ?

We are able to inform you that we do hold the information that you have requested. However, we rely on section 21, exemption where information is available to the applicant elsewhere.

The full text of the legislation can be found on the following link:

<https://www.legislation.gov.uk/ukpga/2000/36/section/21>

Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA. As such we can advise that the Transfer for the site detailing the conditions is available from Land Registry under Title Number CH673970. Furthermore, we can advise that the sale was unconditional. No clawback provision was included in the purchase agreement. There was no overage provision within the purchase agreement.

4) in making reference to the additional campus , what regard did HE have to the affordable homes targets / consents (on that Site) on the second campus ? As Jake Berry references 500 homes in a press article , it seems reasonable to assume the combination of the sites was considered when approving this purchase (but I wait on you clarifying the point) . Given your intervention , the combined sites total affordable housing provision will be an interesting statistic .

I am able to confirm that Homes England does not hold recorded information that falls within the scope of your request. This is because there is no legal or business reason for Homes England to do so.

The FOIA does not oblige a public authority to create information to answer a request if the requested information is not held. The duty under section 1(1) is only to provide the recorded information held.

The full text of section 1 in the legislation can be found here:

<https://www.legislation.gov.uk/ukpga/2000/36/section/1>

Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA. To comply with this duty we are able to advise that Homes England has not provided any funding to these sites and therefore the outputs from them are not captured within our output statistics.



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Email: infogov@homesengland.gov.uk

5) Would you please confirm the rent agreed with Kings School and the main terms eg repair liability.

Section 43 - Commercial interests

Under section 43(2) Homes England is not obliged to disclose information that would, or would be likely to, prejudice the commercial interests of any party.

The information requested relating to the Lease agreement with King's School engages section 43(2) of the FOIA as it is commercial in nature and its release would be likely to prejudice the commercial interests of Homes England and other interested parties to the information.

Homes England has identified that the information requested, if released, would be likely to prejudice our relationship with a third party and the requirements of legal agreements.

Section 43 is a qualified exemption. This means that once we have decided that the exemption is engaged, Homes England must carry out a public interest test to assess whether or not it is in the wider public interest for the information to be disclosed.

Arguments in favour of disclosure:

- Homes England acknowledges there is a general public interest in promoting accountability, transparency, public understanding and involvement in how Homes England undertakes its work and how it spends public money; and
- Homes England acknowledges there is an interest in potential development at this site.

Arguments in favour of withholding:

- The information relates to an ongoing relationship between Homes England and the third party. Homes England have to support our relationships with third parties and tenants in order to achieve best value for public money and care of 'public' assets. Disclosure would adversely affect the relationship between Homes England and both current and potential partners. There would be significant reputational, commercial and financial loss to Homes England and our partners as third parties could use the information to distort the market for their own gain;
- Homes England frequently negotiate leases and rents with landowners. If information relating to lease agreements were in the public domain it could distort future negotiations and agreements of a similar nature. There is a high risk that if Lease arrangements were in the public domain Homes England would not be able to negotiate effectively which would negatively affect public money. Releasing the information would undermine Homes England's position and ability to deliver against its objectives and targets in our strategic plan; and
- Homes England has been unable to identify a wider public interest in disclosing the information requested.

Having considered the arguments for and against disclosure of the information, we have concluded that at this time, the balance of the public interest favours non-disclosure.

The full text of in the legislation can be found on the following link;

<https://www.legislation.gov.uk/ukpga/2000/36/section/43>



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6) Does HE have a requirement to provide 30% affordable homes on the sites you buy / sell ?

I am able to confirm that Homes England does not hold the information detailed in your request. This is because there is no legal or business reason for Homes England to do so.

The FOIA does not oblige a public authority to create information to answer a request if the requested information is not held. The duty under section 1(1) is only to provide the recorded information held.

The full text of section 1 in the legislation can be found here:

<https://www.legislation.gov.uk/ukpga/2000/36/section/1>

Advice and Assistance

We have a duty to provide advice and assistance in accordance with Section 16 of the FOIA. To comply with this duty we are able to confirm that Homes England is not required to provide 30% affordable housing on sites it buys and sells.

Right to Appeal

If you are not happy with the information that has been provided or the way in which your request has been handled you may request an internal review by writing to;

The Information Governance Team
Homes England – 6th Floor
Windsor House
50 Victoria Street
London
SW1H 0TL

Or by email to infogov@homesengland.gov.uk

You may also complain to the Information Commissioner however, the Information Commissioner does usually expect the internal review procedure to be exhausted in the first instance.

The Information Commissioner's details can be found via the following link

<https://ico.org.uk/>

Please note that the contents of your request and this response are also subject to the Freedom of Information Act 2000. Homes England may be required to disclose your request and our response accordingly.

Yours sincerely,

The Information Governance Team
For Homes England

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Valuation Advisory

Client: Homes and Communities Agency

Property: Land at Fence Avenue, Kings School, Macclesfield

November 2017



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Appendix 1 Letter of Instruction

Appendix 2 General Principles
..... Definition of Market Value

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Appendix 4 Valuation Print-Out

Land at Fence Avenue, Kings School, Macclesfield

Executive Summary

Key Property Facts	
Inspection Basis:	External inspection
Sector:	Land
County:	Cheshire
Total Property Area:	33.43 acres (13.53 hectares)
Tenure:	Freehold

Valuation as at: 30 November 2017	
Market Value on the Special Assumption of Vacant Possession:	S43(2)



Location

- The site is located in Macclesfield, a market town in Cheshire on the edge of the Peak District National Park.
- Macclesfield is approximately 16 miles south east of Manchester, 28 miles south west of Sheffield and 18 miles north of Stoke-on-Trent.
- Macclesfield is a high value location popular with families due to good schools and transport connections along with local facilities such as leisure centre, Tesco Superstore and a hospital. As a result of the good local facilities and historic mill/industry workforce there are also a high proportion of elderly people living in Macclesfield.
- The site is situated close to Macclesfield Town Centre and within walking distance of the train station.

Description

- The site is currently used as a private school who occupy buildings and sports pitches on the site. There is also some agricultural land which is used by a local farmer for grazing sheep.
- The land has planning permission for a residential development of up to 300 units, including the conversion of the historic school building at the site frontage and demolition of remaining school buildings.
- You have instructed us to value the site on the Special Assumption of Vacant Possession. In reality, the school is not looking to vacate the premises until August 2020 when their new facility will be complete.

Tenure

- Freehold
- We have not been provided with a report on title and have assumed that the site has a good and marketable title with no unusual restrictions, covenants or easements which impact on the ability to develop the property.

Tenancy Summary & Income Profile

- Part of the site not occupied or used by the school is let under a Farm Business Tenancy on a fixed term of 2 years until 31 March 2019 to a local farmer for grazing livestock. The rent is £1,350 per annum payable on 1 April.
- We have made the Special Assumption of Vacant Possession.

Analysis

Strengths

- High value residential location popular with a range of purchasers
- The site has outline planning permission for the development proposed
- Attractive views from the elevated land at the rear of the site
- Excellent proximity to town centre facilities
- Lack of recent new build development in the town therefore little competition from other sites

Weaknesses

- Large site will take a number of years to complete the development
- Difficulty in accurately forecasting build costs for conversion of historic building at site frontage
- Significant demolition works required which will add to the project timeline

Information Requiring Clarification and Key Assumptions

- This valuation is based on the Special Assumption of Vacant Possession.

This Overview forms part of the Valuation Report dated November 2017 and should not be read in isolation.

Homes and Communities Agency
Arpley House
110 Birchwood Boulevard
Birchwood
Warrington
WA3 7QH

Your ref NP/NEWST/MECH/94
Our ref 294501MAN
Direct line 0161 238 6291
S40(2) @eu.jll.com

FAO S40(2)

17 January 2018

Dear Sir/Madam

Terms of Reference

Addressee: Homes and Communities Agency
Arpley House
110 Birchwood Boulevard
Birchwood
Warrington
WA3 7QH

For the attention of S40(2)

Property Address: Land at Fence Avenue, Kings School, Macclesfield

Reliance: This report is confidential to the party to whom it is addressed.

If at any stage it is intended to include the valuation or report, or any reference thereto, in any Prospectus or Circular to shareholders or similar public document, our written consent will be required. No part of this report may be disclosed to any third parties without our prior written approval of the form and context in which it will appear.

Save in respect of our liability for death or personal injury caused by our negligence, or the negligence of its employees, agents or subcontractors or for fraud or fraudulent misrepresentation (which is not excluded or limited in any way):

a) we shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with this report; and

b) our total liability in respect of all losses arising out of or in connection with this report, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £10,000,000. This amount shall be an aggregate cap on our liability to all relying parties together.

Purchaser: Homes and Communities Agency

Tenure: Freehold

Valuation Date: 30 November 2017

Instruction Date: 16 November 2017

Instruction and Purpose of Valuation:	In accordance with your email dated 15 November 2017 (attached to Appendix 1) we are instructed to provide you with a report and valuation to support the acquisition of the site.
Proposed Loan Details:	Not applicable.
Purchase Price:	We understand that the agreed purchase price is c.£21,000,000.
Basis of Valuation:	<p>We confirm that our valuation and report will be prepared in accordance with the current RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the RICS Red Book) on the basis of Market Value as defined in Appendix 2.</p> <p>The report is subject to, and should be read in conjunction with, the service agreement between HCA and JLL and our General Principles Adopted in the Preparation of Valuations and Reports which are attached in Appendix 2.</p> <p>No allowance has been made for any expenses of realisation, or for taxation (including VAT) that might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges that may be secured thereon.</p>
Inspection:	<p>The property was inspected specifically for this valuation. The property was inspected externally only.</p> <p>The property was inspected on 30 November 2017 by S40(2).</p> <p>We understand that we saw representative parts of the property and we have assumed that any physical differences in parts we did not inspect will not have a material impact on value.</p>
Personnel:	<p>The valuation has been prepared by S40(2) MRICS under the direction of S40(2) MRICS, Director.</p> <p>We confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards and are RICS Registered Valuers.</p>
Status:	In preparing this valuation we have acted as External Valuers, subject to any disclosures made to you.
Disclosure:	We have previously disclosed to you any recent involvement in this property.
Assumptions:	<p>We have made the Special Assumption of Vacant Possession on the site.</p> <p>We have not had sight of a Report on Title and have assumed that the site has good and marketable title with no unusual easements, covenants or restrictions.</p>

Sources of Information:

We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment.

We have not been supplied with a Report on Title and have assumed that the property has good and marketable title free from unusual easements or covenants.

We have been provided with the following reports/documents, which we have relied upon:

- Abnormal Cost Review Report by The Vinden Partnership dated 3 July 2017.
- Email from Campbell Reith re Utilities Abnormals dated 13 December 2017.
- Phase II Geo-Environmental Assessment by WSP dated 3 May 2013.
- Illustrative Masterplan by Savills ref (FA)MP001 Rev E dated 16 February 2016.

Market Value on the Special Assumption of Vacant Possession:

S43(2) [Redacted]

Confidentiality and Publication:

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully

S40(2) [Redacted]

Yours faithfully

S40(2) [Redacted]

S40(2) MRICS

Associate Director

For and on behalf of Jones Lang LaSalle Limited

S40(2) MRICS

Director

For and on behalf of Jones Lang LaSalle Limited

1 Location

1.1 Location

The site is located in Macclesfield, a market town in Cheshire on the edge of the Peak District National Park. Macclesfield is approximately 16 miles south east of Manchester, 28 miles south west of Sheffield and 18 miles north of Stoke-on-Trent.

Macclesfield is well connected to Manchester with a train station located in the town centre providing services every 20 minutes at peak times. The journey time is less than 25 minutes whilst London can also be reached by train in under 2 hours. For this reason, Macclesfield is an appealing location for commuters.



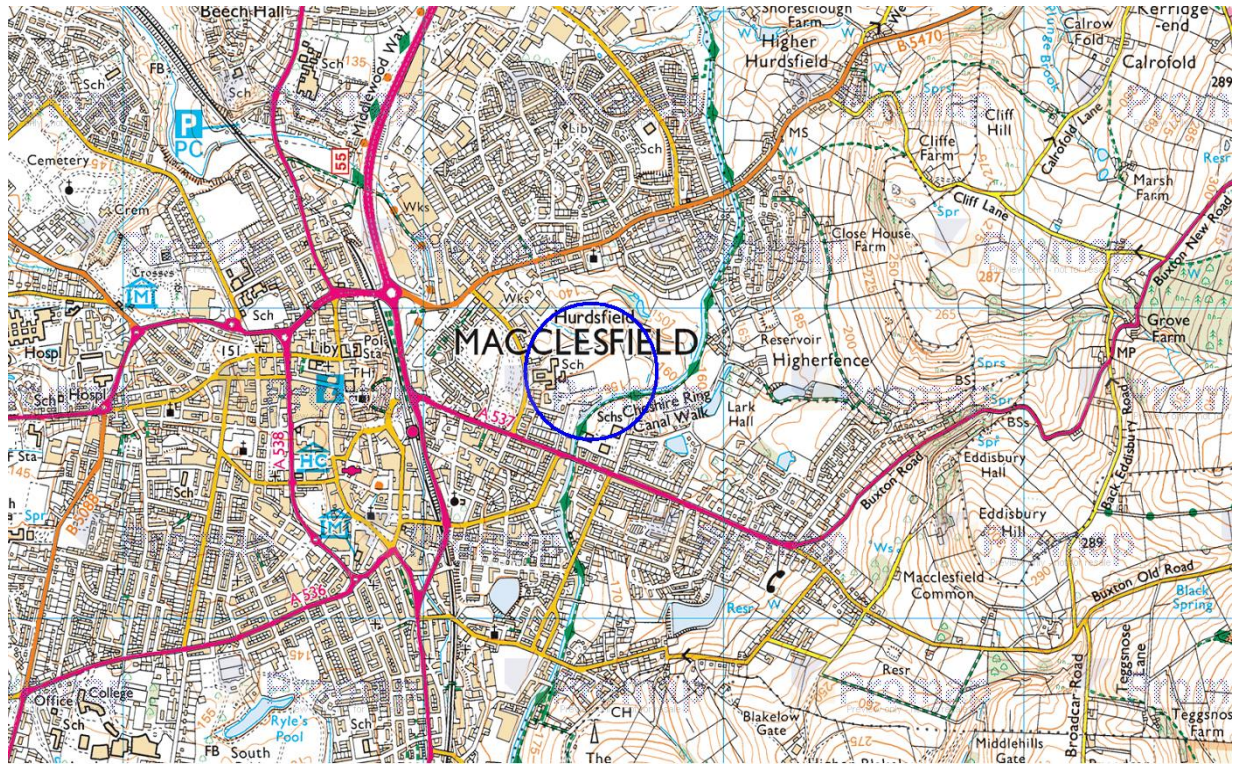
Macclesfield is a high value location popular with families due to good schools and transport connections along with local facilities such as leisure centre, Tesco Superstore and a hospital. As a result of the good local facilities and historic mill/industry workforce there are also a high proportion of elderly people living in Macclesfield. Macclesfield generally provides more affordable properties than the likes of nearby villages such as Alderley Edge and Poynton, where property prices are extremely high.

1.2 Situation

The site is located fairly centrally within Macclesfield, to the east of the town centre. The entrance to the site is just 400m east of the Macclesfield Train Station and well within walking distance.

The immediate surroundings of the site are mixed in nature; residential properties run along the eastern side of Fence Avenue whilst Victoria Park is on the western side. To the north of the site is Fence Avenue Industrial Estate whilst to the south are more residential properties and a new retirement development under construction by Adlington.

Local housing stock is a mix of 19th century semi-detached properties and a cluster of more modern detached houses and apartments on Lime Grove.



2 Description

2.1 Existing Site

The site is currently used as The King's School's Girls' and Infant & Junior Divisions. The western part of the site is covered by school buildings whilst the central part of the site is covered by sports pitches. The remainder of the site is separated from the school by a fence and is in agricultural use, used for grazing livestock.

The existing buildings on the site include the historic original school building, which fronts onto Fence Avenue, along with a number of subsequent additions including classrooms, kitchen and dining areas etc.

The Macclesfield Canal makes up part of the southern boundary of the site, although the canal towpath lies on the opposite side.

The site is irregular in shape and varied in topography. Existing access and egress from the site is via Fence Avenue, which is an adopted highway. An alternative access point also exists along Lime Grove.



The property is shown for identification purposes on the Ordnance Survey extract above, the extent of the site being outlined in red in accordance with our understanding of the site boundaries. We calculate that the site extends to a total of 13.53 hectares (33.43 acres). Your solicitors should verify that we have correctly identified the extent of the site.



Existing buildings on site which will be demolished.



Agricultural land – varied topography.

2.2 Proposed Development

The site has outline planning permission for the development of up to 300 residential units, including the conversion of the main historic school building and demolition of the remaining buildings on the site. There is very limited detail at this stage due to the outline nature of the planning permission.

We have made informed assumptions on the proposed development.

2.3 Proposed Construction

We have not been provided with details of construction but have assumed that modern construction methods will be used with brick and block construction under pitched, tiled roofs.

We have assumed that the properties would be built to a good specification in line with other large-scale housing developments.

2.4 Services

Mains water, gas and electricity will be connected to the property, and we understand that the property will drain into the public sewer.

2.5 Accommodation

As there is no detailed accommodation schedule to base our valuation on, we have made assumptions in relation to the accommodation to be delivered on the site.

The net developable area of the site has been calculated by Barton Willmore at circa 20.63 acres. We have utilised this figure for the purpose of our valuation.

The building to be converted at the front of the site sits on a plot of approximately 0.63 acres and we have deducted this in order to calculate the amount of new build development on the site. We have applied an assumed density of 16,000 sq ft per acre to arrive at an overall site coverage of 320,000 sq ft of new build.

We have assumed that the maximum of 300 units, as permitted by the outline application, would be delivered, with 25 of these within the retained building. Whilst there is potential for a small number of

the new build units on the site to be delivered as apartments, we have assumed for the purposes of our appraisal that all of the new build units will be 2-3 storey housing as a result of the 300 unit limit on numbers. The 275 new build units would therefore be delivered at an average of 14 units per acre and 1,164 sq ft per unit.

2.6 Environmental Considerations

We have been provided with a Phase II Geo-Environmental Assessment Report undertaken by WSP dated 03 May 2013 (ref: 38331/01/9906). The report states the following:

- No significant sources of contamination have been identified. However the site investigation was preliminary and the potential for localised contamination should not be discounted.
- Data obtained indicates that gas protection measures should not be required, however further monitoring may be necessary to comply with current UK guidance.
- Within the existing school area, the nature of the existing foundations is unknown and the presence of basement areas cannot be discounted. Where foundations are removed and are relatively shallow, new spread foundations (strip footings or trench fill) could be excavated to competent.
- Within the area of the sports pitches approximately 50% of the area may be suitable for traditional spread foundations, with alternative foundations adopted in areas of deeper Made Ground. Alternative foundations may comprise piles, or vibro replacement stone columns.
- The area to the north and east of the sports pitches is defined by a series of low hills and whilst relatively competent natural ground is present close to ground level, it seems likely that significant earthworks will be required to create suitable development platforms. For areas subjected to cut and fill, foundations may comprise traditional spread foundations bearing on natural ground, or rafts on suitably reengineered fill.
- Further ground investigation will required post-demolition and once a development is layout is available.

We have checked the government's flood map for planning website which states that the site lies within Flood Zone 1. This means that it is categorized as land having a less than 1 in 1,000 annual probability of river or sea flooding.

Since our normal enquiries and inspections did not suggest that there are likely to be archaeological remains present in or on the property, we have assumed that no abnormal constraints or costs would be imposed on any future development at the property by the need to investigate or preserve historic features.

2.6.1 Sustainability Considerations

In the light of the current expectation that F and G EPC rated properties will not be capable of letting from 2018, all new build homes must meet expected EPC requirements. You should be aware that the requirements may change before 2018.

3 Legal

3.1 Tenure

We have not been provided with a Report on Title but would be happy to comment on this if made available to us.

3.1.1 Tenure

Freehold.

3.1.2 Title No.

CH356243, CH212503 and CH589143.

3.1.3 Commentary

We have assumed that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoings or conditions, likely to have an adverse effect upon the value of the property, and we have assumed that a good and marketable title is held.

We would recommend that the information regarding tenure is verified by your legal advisors and, furthermore, we would stress that the above assumptions regarding tenure should not be relied upon until they have been confirmed as being accurate by your legal advisors.

3.2 Planning

3.2.1 General

The property lies within the jurisdiction of Cheshire East Council whose planning policies are contained within the Local Plan Strategy (adopted 27 July 2017).

We have made online enquiries with the Council, however your solicitors should confirm our assumptions and advise otherwise.

We detail the most relevant planning history of the site below.

3.2.2 Planning Application Reference 15/4287M

An outline planning application was submitted in November 2015 for “partial change of use and partial demolition of existing buildings and structures, residential development for up to 300 units, landscaping, supporting infrastructure and means of access”. The application was approved on 23 January 2017.

The outline planning application was approved subject to 26 conditions. We have highlighted the most pertinent condition below;

- Condition 4 states that *'no development shall commence until the new Kings School and its associated leisure facilities including playing pitches, to be located off Alderley Road, Prestbury, subject of application 15/4286M is fully operational.'*

The remainder of the conditions are not considered to be particularly onerous or unusual for a development of this scale.

3.2.3 Section 106 Agreement

A Section 106 Agreement was granted on 23 January 2017. The agreement is made between the Cheshire East Borough Council and Kings School.

The agreement requires for the following:

- 10% of the first 280 dwellings shall be provided as discounted sale dwellings
- If the development includes more than 280 dwellings, 30% of the number of dwellings provided in excess of 280 shall be provided as social rent
- An education contribution calculated as £2,397 per unit for secondary education and £607 per unit for SEN provision, subject to a maximum of £370,000, is to be paid in the following instalments: 50% prior to occupation of 50% of the dwellings, 50% prior to occupation of 75% of the dwellings.

3.2.4 Listed Building Consent and Conservation Area

The site is located completely within the Green Belt, the main school building is within the Buxton Road (Macclesfield) Conservation Area. The canal running to the south of the site is within the Macclesfield Canal Conservation Area.

There are no listed buildings on the site.

3.2.5 Current Planning Issues

There are no outstanding planning applications in relation to the site. A reserved matters application is required to be submitted prior to any works commencing on the site.

3.2.6 Proposals for Local Area

We are not aware of any further proposals in the vicinity of the property.

A large urban extension to the south of Macclesfield has recently been given a resolution to grant planning permission for 950 new homes and associated uses. This will likely provide an element of competition for residential sales at the subject site if the two come to the market at a similar time.

3.2.7 Highways

We are not aware of any highway proposals in the vicinity of the property.

3.2.8 Conclusion

The site has outline planning permission for residential development. However this is not yet implementable as reserved matters are required to be submitted first. Additionally, there is a condition attached to the outline permission which states that the development shall not commence until the new school is fully operational.

3.3 Rating Assessment and Council Tax

3.3.1 General

Business rates are a form of property tax, usually paid by the occupier of property, and related to property rental value (known as Rateable Value). The level of rates paid is generally revised annually to reflect inflationary increases. The Rateable Value may be revised every five years to reflect changes in the value of the premises.

The property is assessed for rating purposes as follows:

Description and Address	Rateable Value
The Kings School, Fence Avenue, Macclesfield, Cheshire, SK10 1LS	£257,500

The annual amount of rates payable is arrived at by applying a multiplier known as the Uniform Business Rate (UBR) to the rateable value. The UBR for 2017/2018 is 47.9 pence in the (£) pound. Phasing relief may apply. We understand that the school operates as a Registered Charity and therefore may be entitled to relief from Business Rates.

The property is not listed for Council Tax Rates as it does not yet comprise of residential properties. Upon completion of development works the property will need to be reassessed for Council Tax by the Valuation Office Agency. Therefore, we are unable to comment further on this matter at this time.

3.3.2 Stamp Duty

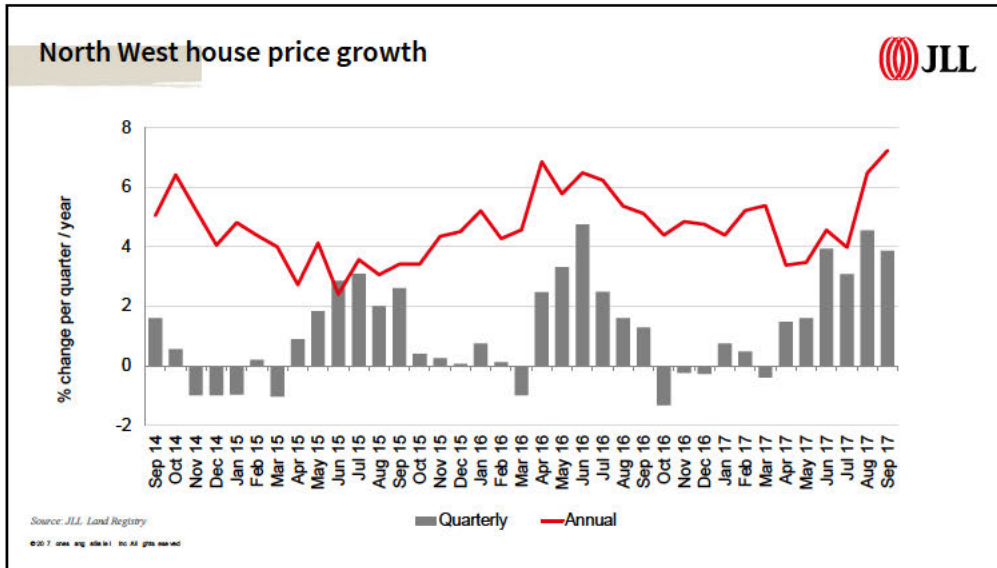
Stamp Duty Land Tax (SDLT) would be chargeable on the purchase of the property. The current rates for commercial property transactions are as follows:

Property or lease premium or transfer value	SDLT Rate
Up to £150,000	Zero
The next £100,000 (the portion from £150,001 to £250,000)	2%
The remaining amount (the portion above £250,000)	5%

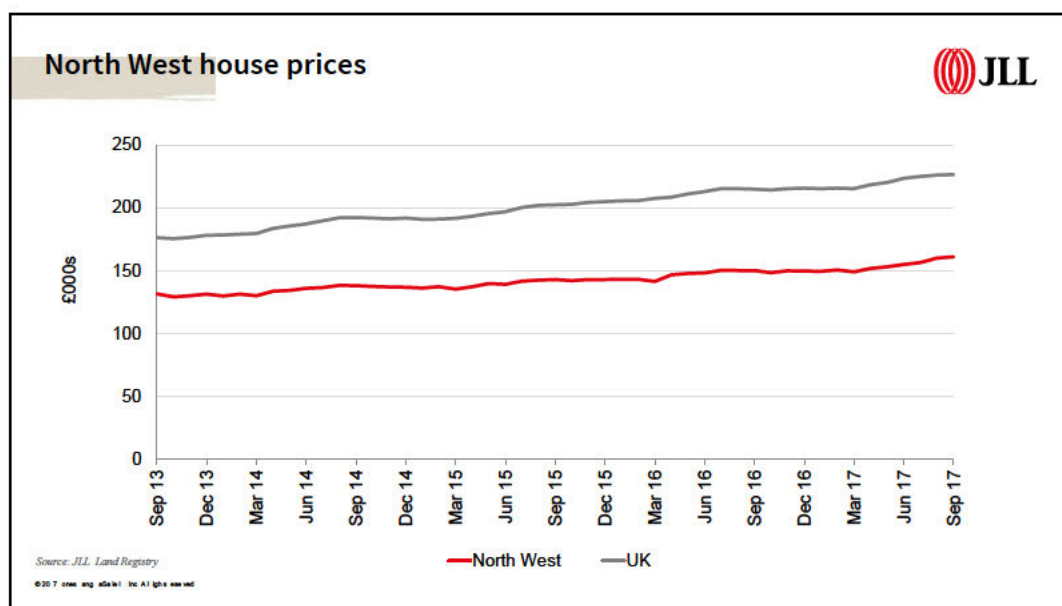
4 Market Commentary

4.1 North West Housing Market

House prices in the North West rose by 3.9% in the three months to end-September 2017. This increase in price compares with an increase of 1.4% across the UK. The gain of 3.9% in the North West follows a rise of 3.9% in the three months to end-June 2017 and a decrease of 0.4% three months earlier. In the year to end-September 2017, house prices in the North West increased by 7.3% while average prices across the UK rose by 5.4%. This is the highest annual increase of all the UK regions. (Source: Land Registry).

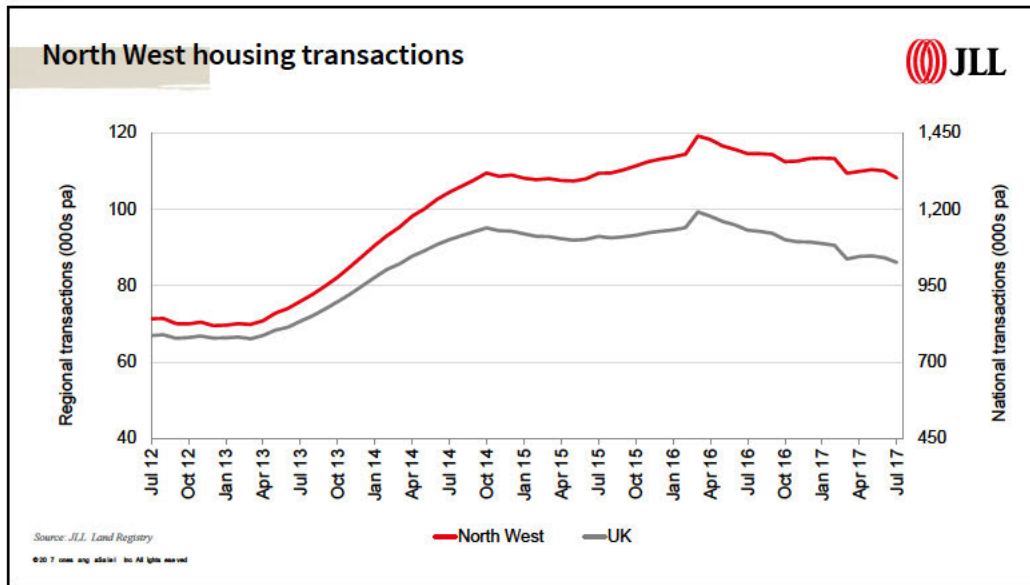


House prices in the North West are notably lower than the average across the UK. The average house price in the North West was £160,951 in September 2017 compared with £226,367 across the UK. (Source: Land Registry).



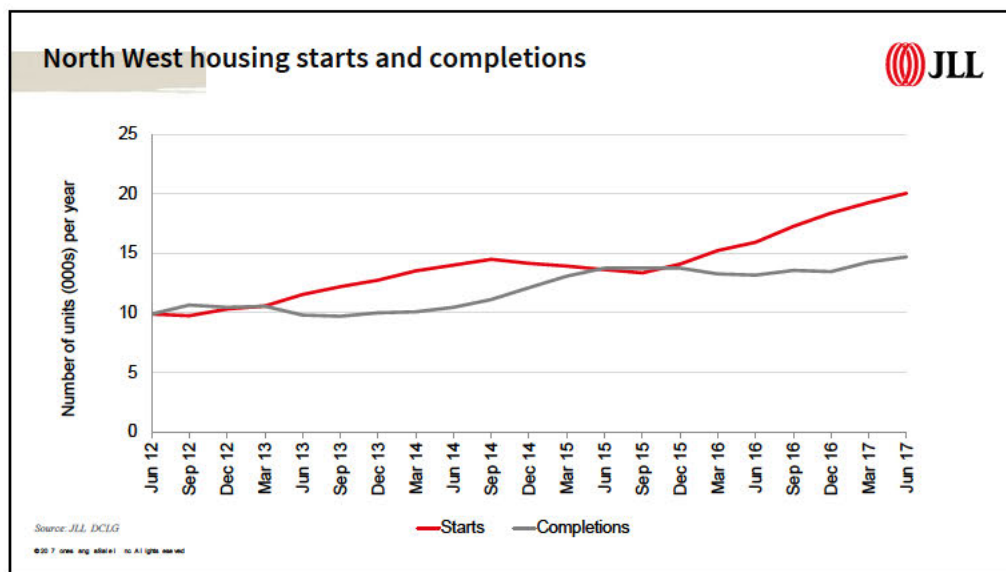
The annual number of property transactions in the North West were 109,900 for the year to end-July 2017 which compares with 114,800 annual housing transactions for the previous year. In the North West, annual transaction levels in the year to July 2017 have decreased by 4.2%; this compares with a decrease of 7.9% averaged across the UK over the same period.

Annual transaction levels in the North West are above the 10-year average but remain below the 2006 average. The current level of transactions in the North West is 31.7% lower than the 2006-2007 average while across the UK annual sales volumes are 34.0% lower. The annual number of transactions is 21.7% above the 10-year average while annual levels across the UK are 12.7% higher. (Source: Land Registry).



The number of development starts per year in the North West increased by 25.8% compared with a year earlier. At 20,040, the number of housing starts in the past year is 6.4% below 2006-2007 levels but 52.7% greater than the 10-year average.

The number of development completions in the year to Q2 2017, at 14,700 units, is 11.6% higher than a year earlier, 26.1% below 2006-2007 levels and 12.6% above the 10-year average. (Source: DCLG).

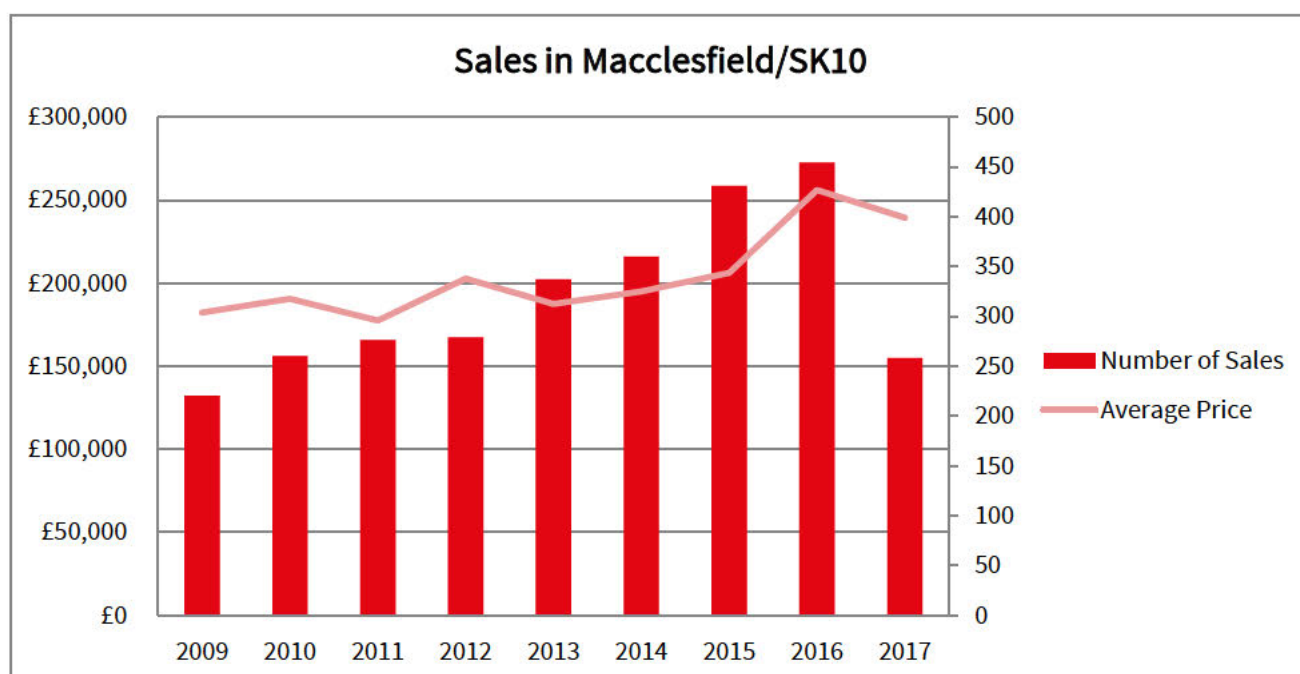


4.2 Local Market Review

There are currently 297 properties listed for sale in Macclesfield on Rightmove, with a further 354 properties listed as 'under offer' or 'sold subject to contract'. Of the available properties these are split 34 x 1 beds, 80 x 2 beds, 80 x 3 beds, 76 x 4 beds and 27 x 5+ beds. This represents a good spread of the different property types. Asking prices range from £35,000 (shared ownership) up to £1,650,000.

Within ½ mile of the subject site the available housing stock reduces to just 37 properties, thus demonstrating the lack of residential stock in the vicinity of the site.

We have created the below graph using Land Registry sold price data. It demonstrates the number of sales and average price achieved in the Macclesfield/SK10 postcode area. This does include more high value areas to the north of Macclesfield but also includes the subject site. The graph demonstrates that there has been a gradual increase in numbers of sales since 2009. Average prices have generally increased although we would note that in 2016, for example, this includes a single property transaction at £10,125,000 which may be skewing the figures. The data for 2017 is only available up to the end of September and therefore represents an incomplete data set.



The market in Macclesfield appears to be strong across all house types/sizes but we would comment that there is a particular shortage of smaller new build properties aimed at first time buyers and young families. It will be important to get a good mix of property types on the subject site in order to maximise sales rates and ensure consistent demand for the houses.

5 Valuation Commentary

5.1 Residential and Land Sales Comparable Evidence and Considerations

We have detailed below comparable evidence of residential property sales in the locality and land transactions in and around Cheshire.

5.2 Sales Comparables

In arriving at our opinion of Sales values in respect of the property, we have had regard to a range of sales achieved at comparable development sites.

Jones Homes, Tytherington

Located approximately 1.5 miles north of the subject site, in a desirable residential area, Jones Homes are currently into the fourth phase of their development marketed as Kingsfield Park.

We have obtained the following sales evidence which demonstrates prices ranging from £266 psf up to £315 psf. Jones Homes have a strong reputation locally and properties are built to a good specification. Tytherington is arguably a more soughtafter location than the subject site and therefore we would expect the subject site to achieve a lower value on a per square foot basis.

Sale Date	Price	Address	Postcode	Housetype	Size (Sq Ft)	£ psf
15-Jan-16	£360,000	4 Curtis Close	SK10 2YR	Banbury	1295	£278
23-Feb-16	£445,000	1 Curtis Close	SK10 2YR	Hartford II	1671	£266
15-Apr-16	£415,000	3 Curtis Close	SK10 2YR	Styal	1553	£267
01-Feb-16	£330,000	5 Kew Close	SK10 2YS	Davenham	1223	£270
10-Feb-16	£475,000	12 Livesley Road	SK10 2ZL	Latchford II	1745	£272
20-Apr-16	£449,950	2 Livesley Road	SK10 2ZL	Stratton	1665	£270
09-Jun-16	£479,000	12 Livesley Road	SK10 2ZL	Latchford II	1740	£275
30-Sep-16	£219,950	7 Livesley Road	SK10 2ZJ	Huxley	748	£294
13-Oct-16	£436,550	9 Livesley Road	SK10 2ZJ	Hamilton	1595	£274
21-Oct-16	£433,950	18 Livesley Road	SK10 2ZL	Dorchester	1572	£276
21-Dec-16	£385,000	20 Livesley Road	SK10 2ZL	Holcombe	1264	£305
31-Mar-17	£385,000	19 Livesley Road	SK10 2ZJ	Davenham	1223	£315
13-Apr-17	£465,000	17 Livesley Road	SK10 2ZJ	Beaumont	1695	£274
21-Apr-17	£439,950	11 Livesley Road	SK10 2ZJ	Hamilton	1595	£276

Redrow Homes, Tytherington

The Redrow Homes site is adjacent to the Jones Homes development mentioned above, approximately 1.5 miles north of the subject site.

The values achieved by Redrow are similar to those achieved by Jones Homes, ranging from £256 psf to £298 psf. Again, considering the location of the site we would consider the subject site to achieve towards the lower end of these values.

Sale Date	Price	Address	Postcode	Housetype	Beds	Size (Sq Ft)	£ psf
21/01/2016	£519,995	2 Canute Close	SK10 2AT	Richmond	4	2,030	£256
22/01/2016	£409,995	8 Merlin Close	SK10 2AS	Welwyn	4	1,533	£267
19/02/2016	£507,995	9 Merlin Close	SK10 2AS	Balmoral	4	1,807	£281
19/02/2016	£537,995	7 Merlin Close	SK10 2AS	Richmond	4	2,030	£265
23/02/2016	£522,995	4 Merlin Close	SK10 2AS	Richmond	4	2,030	£258
11/03/2016	£354,995	10 Merlin Close	SK10 2AS	Oxford	4	1,300	£273
15/04/2016	£439,995	14 Merlin Close	SK10 2AS	Sunningdale	4	1,621	£271
06/05/2016	£419,995	16 Merlin Close	SK10 2AS	Welwyn	4	1,533	£274
03/06/2016	£516,995	13 Springwood Way	SK10 2GW	Marlborough	5	1,901	£272
09/12/2016	£462,995	15 Springwood Way	SK10 2GW	Sunningdale	4	1,621	£286
10/03/2017	£559,995	21 Springwood Way	SK10 2GW	Marlborough	5	1,901	£295
10/03/2017	£559,995	19 Springwood Way	SK10 2GW	Marlborough	5	1,901	£295
31/03/2017	£578,995	23 Springwood Way	SK10 2GW	Richmond	4	2,030	£285
12/04/2017	£478,995	25 Springwood Way	SK10 2GW	Sunningdale	4	1,621	£295
26/05/2017	£411,995	27 Springwood Way	SK10 2GW	Cambridge	4	1,382	£298

Bellway Homes, Macclesfield

Development at this site on Gunco Lane has recently commenced with Bellway currently advertising their 3 bed semi-detached Rufford house type for £215,000 (£266 psf) and 3 bed detached Bennet house type for £256,000 (£262 psf). Whilst these do not represent achieved sales values this gives an indication of the gross prices likely to be achieved by the developer. We would expect Bellway's net sales receipts to be slightly lower than this to account for an element of sales incentives.

The subject site is in a more desirable location than Gunco Lane, which is surrounded by commercial premises but does benefit from backing on to the canal. We would therefore expect the subject site to achieve prices exceeding those at the Bellway site, although the final sales values here are yet to be determined.

Elan Homes, Macclesfield

Elan Homes have also recently launched a development approximately 1 miles west of the subject site, adjacent to Macclesfield District hospital. The site will see the development of 34 three and four bedroom houses.

Release prices range from £232,000 for a 3 bed semi-detached and £275,000 for a 4 bed townhouse, which equates to £286 psf and £265 psf respectively. We would expect the net sales receipts to be slightly lower to account for sales incentives.

We anticipate that similar values are likely to be achievable at the subject site, however no sales have been completed to date.

Re-Sale Comparables

As there is fairly limited evidence in relation to new built properties in Macclesfield, we have also sought evidence of modern re-sale properties which have recently sold:

Property

Details



2 Dingle Close, Tytherington

5 bedroom detached house. 1,930 sq ft.

Sold for £475,000 in August 2017 (£246 psf).

Set on attractive plot with detached double garage, front and rear gardens.

Property is well presented internally but kitchen slightly dated.



7 Kershaw Grove, Macclesfield

5 bedroom detached house.

Sold for £460,000 in April 2017.

Built by Linden Homes in 1996. Well presented internally. Conservatory to the rear.

Small garden to rear but large driveway with double garage.



32 Calveley Road, Macclesfield

4 bedroom detached house.

Sold for £489,500 in May 2017.

Built by Jones Homes in 2001. Well presented internally. Large driveway with double garage to front.



24 Linnet Grove, Macclesfield

4 bedroom detached house.

Sold for £378,000 in February 2017.

Well presented internally with large kitchen/dining area, double garage and reasonable sized rear garden.





19 Eldon Road, Macclesfield

3 bedroom detached house.

Sold for £280,000 in June 2017.

Well presented internally with front and rear gravelled gardens, driveway and single garage.

Property	Details
	<p>2 bedroom end of terrace house.</p> <p>Sold for £215,000 in April 2017.</p> <p>Well presented internally. Drive providing off-road parking. Long garden to rear.</p>
<p>11 Livingstone Close, Macclesfield</p>	
	<p>Apartment block located close to the subject site. Built by Persimmon Homes approximately 15 years ago.</p> <p>99 – 2 bed – Sold for £145,000 in August 2017 75 – 1 bed – Sold for £117,750 in July 2017 3 – 2 bed – Sold for £142,000 in June 2017 111 – 1 bed – Sold for £124,950 in May 2017 109 – 1 bed – Sold for £115,000 in May 2017</p>
<p>Eastgate, Macclesfield</p>	
	<p>Apartments are generally very well presented and have allocated parking.</p>

Sales Comparable Conclusion

The comparable evidence of which we are aware equates to new build sales values ranging from £260 psf up to £315 psf. The re-sale evidence, whilst not comparable on a price per square foot basis, demonstrate the capital values achievable for different sizes of houses in Macclesfield. On researching the re-sale market it is evident that there are a lot of large 4 and 5 bedroom properties in Macclesfield and fewer smaller units with 2 and 3 bedrooms.

The best available new build evidence is that of Jones Homes and Redrow Homes in Tytherington, however the difference in location of these developments and the subject site requires an adjustment to be made. The subject site is closer to the town centre and the train station whilst still having easy access to the A523 Silk Road. However, Tytherington is arguably a more sought after location and the properties being constructed are of a higher specification than may ordinarily be offered by a large-scale house builder. The two Tytherington developments have been constructed during a period of no other new build developments in Macclesfield and we believe they have achieved a premium as a result of this and on the back of a significant level of pent-up demand for new homes.

We have therefore discounted the values achieved at the two sites in Tytherington and adopted an average rate of £270 psf at the subject site which is above what we anticipate being achieved at the Bellway Homes site on Gunco Lane to account for the superior situation of the subject site.

5.3 Land Comparables

We have obtained evidence of local land transactions in order to cross-check our residual appraisal. However, land comparables are notoriously difficult to analyse due to differing levels of abnormal

costs associated with every site; for example s106 costs, site remediation and earthworks, drainage etc.

Chester Road, Macclesfield

This site was sold in April 2017 with the benefit of full planning permission for the construction of 75 dwellings, including 20% affordable housing. The site was purchased by Watkin Jones Homes, a small scale house builder operating in the north west and Wales. The purchase price was £5,250,000. The site has a net developable area of 4.95 acres thereby representing a price of £1.06million per acre.

Gunco Lane, Macclesfield

The Bellway Homes site referred to in our sales comparable section was purchased in October 2016 for £3,900,000. The net developable area of the site is 5.55 acres, thereby representing a purchase price of £700,000 per acre.

The site had an 11% affordable housing requirement which was negotiated through a viability assessment stating that the level of abnormal development costs associated with developing the brownfield site were so high that the full level of affordable housing would make it unviable.

This is considered to be a less desirable location with higher development costs, therefore we would expect the subject site to achieve a higher price on a per acre basis.

Manchester Road, Tytherington

The Redrow Homes site was purchased in 2014 for just over £900,000 per net developable acre. The site extends to approximately 15 acres (net) and had a requirement for 30% affordable housing. The site was purchased with the benefit of outline planning permission.

This transaction is now slightly dated having been purchased over 3 years ago. We would expect it to achieve a higher level if sold in today's market.

Wellington Road, Bollington

Bollington is located approximately 2.5 miles north of the subject site. Bellway Homes purchased a brownfield site here for £7,900,000 in May 2013. The site had the benefit of planning permission and a requirement for 15% affordable housing alongside other planning obligations. The site is being developed for 91 units with individual unit prices ranging up to £520,000. The site has a gross area of 9.79 acres which is believed to net down to circa 8.75 acres. This therefore equates to c. £900,000 per acre.

Bollington is a slightly different area to Macclesfield however we would expect land values to be similar. However, this transaction is now over 4 years old and we would therefore expect a higher price to be achieved if sold in today's market.

Adlington Road, Wilmslow

In Wilmslow, which is approximately 6 miles north west of the subject site, Jones Homes purchased a 24 acre site for £29,000,000 in 2014. Approximately 14 acres were immediately sold to David Wilson Homes for £14,500,000. Both of these transactions equate to land values in excess of £1,000,000 per acre. The site also had a 30% affordable housing requirement and significant s106 contributions.

Knutsford Road, Chelford

Approximately 7 miles west of the subject site, in Chelford, Jones Homes has purchased a brownfield site for £7,493,944 in November 2016. The site had planning permission for up to 100 dwellings with 30% affordable housing and has a total site area of 7.5 acres. The net developable area is 7 acres, thereby equating to a purchase price of £1.07million per acre.

Land Comparable Conclusion

The land market in Cheshire is generally very strong, particularly in locations where there has been a lack of consented land brought to the market. Land values in excess of £1million per acre are now regularly being achieved for sites, even when there are high abnormal costs involved.

6 Valuation Approach

6.1 Valuation Method

We have approached our assessment of the Market Value by way of the residual method of valuation which we have then cross-checked against comparable land transactions. The residual method of valuation considers the Gross Development Value of the completed development under the Special Assumption that all works are complete at the date of valuation and then makes assumptions and deductions for all costs and an allowance for a Developers Profit, to arrive at a residual land Market Value. We summarise below our principal assumptions.

6.1.1 Gross Development Value

As detailed in *Section 5.2*, we have adopted a sales value of £260 per square foot on the Open Market units on the site.

For the Affordable Housing element, in line with the S106 Agreement, we have assumed that 28 units will be delivered as Discount for Sale Housing at 80% of Open Market Value (£208 psf) and that 6 units will be delivered as Social Rented Housing. We have applied a rate of £120 psf to these units which equates to approximately 46% of Open Market Value. This is in line with our expectations for this tenure type and is informed by transfer values at other development sites in the North West.

6.1.2 Project Development Costs

We have not been provided with build costs and therefore have relied upon RICS Build Cost Information Services (BCIS) average build cost data. This is taken from recent similar schemes, adjusted for the regional location. We have also considered build costs provided to us by large-scale house builders as a cross-check against the BCIS figures.

Accordingly, we have adopted a build cost of £105, which sits between the BCIS lower quartile and mean figures for 'estate housing' in the North West. We believe this is appropriate given the volume nature of the scheme but also accounting for the properties being finished to a good specification. We have applied this to the proposed total new build floor area of 320,000 sq ft. We have also allowed for an additional contingency of 5%.

We have allowed separately for the abnormal costs provided to us by Campbell Reith. These include the following:

- Drainage – New infrastructure £614,068.50
- Site development abnormalities (primarily demolition) - £405,416.30
- Foundations and Retaining walls - £205,282.50
- Utilities Abnormals - £1,170,000

For the conversion element of the historic school, we have been advised of a cost of £116 psf by Campbell Reith. We have applied this to the Gross Internal Area of 25,263 sq ft to arrive at a conversion cost of £2,930,508.

This cost excludes any other development costs such as professional fees, acquisition costs, finance, agency fees, or profit which we have allowed for separately.

You should consider the effect of a change in build cost on the residual value of the site. We recommend that we are advised of any changes to our assumptions in respect of build costs in order that we may consider any impact on value.

6.1.3 S106 Costs

We have allowed for S106 costs as detailed in *Section 3.2.3*.

6.1.4 Timescale

The timescales that we have assumed include construction starting in September 2018 and lasting for 76 months. We have assumed the first sale will take place in September 2019 and that sales will last for a total of 67 months, averaging 4.5 sales per month for the duration.

Due to the size of the site, we consider it likely that a developer would either seek to sell from two outlets, or bring a second house builder onto the site to enhance cash flow, however this would likely only be for part of the duration of the build hence the use of a slightly higher than average sales rate. It is also probable that the building to be retained and converted at the front of the site would be developed separately from the new build houses.

6.1.5 Residual Appraisal Summary

In arriving at an opinion of Market Value we have adopted both the comparable and the residual method of valuation. The residual is summarised below:

S43(2)



S43(2)



6.1.6 Sensitivity Analysis

Development site values / residual valuations are inherently volatile and increases or decreases in build costs and sales values can have a dramatic effect on value.

We have undertaken a sensitivity analysis which illustrates the range of residual values for increases/decreases in build costs and sales values in 5% changes and the effect on profit on cost. Consideration should be given to such fluctuations within the residual approach:-

S43(2)



6.2 Key Attributes

We would highlight the following key attributes in respect of the subject premises.

- High value residential location popular with a range of purchasers
- The site has outline planning permission for the development proposed
- Attractive views from the elevated land at the rear of the site
- Excellent proximity to town centre facilities
- Lack of recent new build development in the town therefore little competition from other sites

6.3 Principal Risks

In considering this property as security for the proposed loan, we would draw your attention to the following main risks.

- Large site will take a number of years to complete the development
- Difficulty in accurately forecasting build costs for conversion of historic building at site frontage
- Significant demolition works required which will add to the project timeline

7 Valuation

7.1 Market Value on the Special Assumption of Vacant Possession

We are of the opinion that the Market Value (as defined in Appendix 2) of the freehold interest in the site with the benefit of full vacant possession as at 30 November 2017 is:-


S43(2)

Assumed to be in the same physical state as in currently exists.

7.2 Confidentiality and Publication

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Appendix 1
Letter of Instruction

Home Instructions... Panel Members... Edit 

NP/NWST/MECH/94

Details Invoices Audit

Transparency Agenda - Please Note: Details of instructions over £10,000 may be disclosed.

Consultant		Status	
Name	Jones Lang LaSalle	In Progress	
Office	Jones Lang LaSalle (2014-2018 Property) (45 Church Street, Birmingham, B3 2RT)	Prepared by	S40(2)
Lead Partner	S40(2) Jones Lang LaSalle	Directorate	North West
Delegated Person	S40(2) Jones Lang LaSalle	Division	Liverpool City Region, Cheshire, Warrington
Reference		Instructing Date	22/05/2017
Instruction Details		Approvals	
Instruction Number	NP/NWST/MECH/94	Total Cost	S43(2)
Panel Group	Property	Approved Cost	
Panel	Property	Cost Approved By	S40(2)
Instruction Title	SH Due Dilligence - Fence Avenue	Finance Code	ADTNW - 3410 - ST - 02894436
Instructing Officer	S40(2) Warrington (Arpley House, 110 Birchwood Boulevard, Birchwood, Warrington, WA3 7QH)	Purchase Order Number	IT73478
Work Details		Key Dates	
-Provide commercial input into the masterplanning process		Accepted Date	22/05/2017 Reset
- Produce nil liability letter report to include: (i) Market Value; (ii) MVSA 30% Starter Homes; and (iii) MVSA 50% Stater Homes		Completion Date	
- Produce Red Book valuation if the HCA's offer is accepted on the basis of the non liability letter -Provide commercial input into the masterplanning process			
- Produce nil liability letter report to include: (i) Market Value; (ii) MVSA 30% Starter Homes; and (iii) MVSA 50% Stater Homes			
- Produce Red Book valuation if the HCA's offer is accepted on the basis of the non liability letter			
Attachments			
File Reference			
Previous References			
Verbal Confirmation?	No		
Estimates			
Fee Type	Fixed		
	Original	Latest	Actual
Completion Date	16/06/2017	08/12/2017	
Cost (GBP)	S43(2)		

Appendix 2
General Principles
Definition of Market Value

General Principles

Adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

1 RICS Valuation - Global Standards 2017

All work is carried out in accordance with the Professional Standards, Valuation Technical and Performance Standards and Valuation Applications contained in the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) as applicable (“the RICS Red Book”), by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS. The valuations are undertaken by currently Registered RICS Valuers.

2 Valuation Basis:

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in “the RICS Red Book”. The full definition of the basis, which we have adopted, is either set out in our report or appended to these General Principles.

3 Assumptions and Special Assumptions:

Where we make an ‘assumption’ or ‘special assumption’ in arriving at our valuations, we define these terms in accordance with “the RICS Red Book” as follows:

Assumption: A supposition taken to be true.

Special Assumption: An assumption that either assumes facts that differ from the actual facts existing at the valuation date, or that would not be made by a typical market participant in a transaction on the valuation date.

We will not take steps to verify any assumptions.

4 Disposal Costs Taxation and Other Liabilities:

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser’s costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration.

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

5 Sources of Information:

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.

6 Title and Tenancy Information:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

7 Tenants:

Although we reflect our general understanding of a tenant's status in our valuations i.e. the market's general perception of their creditworthiness, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

8 Measurements/Floor Areas:

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

9 Site Areas:

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

10 Estimated Rental Values:

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in "the RICS Red Book". Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

11 Town Planning, Acts of Parliament and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:

- i the position is correctly stated in our report;
- ii the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities; and
- iii that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace, the Energy Performance of Buildings Directive and any applicable bye laws. All buildings are assumed to have Energy Performance Certificates.

Our valuation does not take into account any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972, or the Health and Safety at Work etc. Act 1974.

12 Structural Surveys:

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

13 Deleterious Materials:

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

14 Site Conditions:

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

15 Environmental Contamination:

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

16 Insurance:

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

Composite Panels

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

Terrorism

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the 2000 Terrorism Act. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

Flood and Rising Water Table

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

17 Outstanding Debts:

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

18 Confidentiality and Third Party Liability:

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

19 Statement of Valuation Approach:

We are required to make a statement of our valuation approach. In the absence of any particular statements in our report the following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

20 Capital Expenditure Requirement:

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

21 Goodwill, Fixtures and Fittings:

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

22 Plant and Machinery:

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

23 Services:

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

24 Land and Building Apportionments:

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

25 Portfolio Valuations:

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complimentary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

26 Rating:

Any information regarding rating has generally been obtained from the Valuation Office website. We will not investigate whether any rating assessment is a fair assessment or considered the likelihood of an appeal being successful.

27 Plans and Maps:

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

Market Value

Definition and Interpretive Commentary reproduced from the RICS Valuation – Global Standards 2017, VPS 4 and IVS Framework

1.1 Market Value

1.1.1 The definition of *Market Value* as defined in IVS 104 paragraph 30.1 is:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.1.2 *Market value* is a basis of *value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

1.1.3 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.

1.1.4 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

1.1.5 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of *marriage value* arising from merger with another property or asset, or interests within the same property or asset, at a future date.

1.1.6 The impact on value arising by use of an *assumption* or *special assumption* should not be confused with the additional value that might be attributed to an asset by a *special purchaser*.

1.1.7 In some jurisdictions a *basis of value* described as 'highest and best use' is adopted and this may either be defined by statute or established by common practice in individual countries or states.

IVS Framework

30.2 The definition of *Market Value* shall be applied in accordance with the following conceptual framework:

(a) “the estimated amount”

refers to a price expressed in terms of money payable for the *asset* in an arm’s length market transaction. *Market Value* is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

(b) “an asset or liability should exchange”

refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

(c) “on the valuation date”

requires that the value is time-specific as of a given date. Because markets and market conditions *may* change, the estimated value *maybe* incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

(d) “between a willing buyer”

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

(e) “and a willing seller”

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price *maybe*. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

(f) “in an arm’s length transaction”

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant that *may* make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently;

(g) “after proper marketing”

means that the *asset* has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that *there must* have been sufficient time to allow the asset to be brought to the attention of an adequate number of market *participants*. The exposure period occurs prior to the valuation date;

(h) “where the parties had each acted knowledgeably, prudently”

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the *asset*, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell *assets* in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

(i) “and without compulsion”

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

- 30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the *participants* are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market *participants*. The market in which the asset is presumed exposed for sale is the one in which the *asset* notionally being exchanged is normally exchanged.
- 30.4 The Market Value of an *asset* will reflect its highest and best use. The highest and best use is the use of an *asset* that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use *may* be for continuation of an *asset's* existing use or for some alternative use. This is determined by the use that a market *participant* would have in mind for the *asset* when formulating the price that it would be willing to bid.
- 30.5 The nature and source of the valuation inputs *must* be consistent with the basis of value, which in turn *must* have regard to the *valuation purpose*. For example, various approaches and methods *may* be used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.
- 30.6 The data available and the circumstances relating to the market for the *asset* being valued *must* determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used *should* provide an indication of Market Value.
- 30.7 Market Value does not reflect attributes of an *asset* that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages *may* relate to the physical, geographic, economic or legal characteristics of an *asset*. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

1.2 Special Value

Special value is an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*.

A *special purchaser* is a particular buyer for whom a particular asset has *special value* because of advantages arising from its ownership that would not be available to other buyers in a market.

Appendix 3

Photographs







Appendix 4
Valuation Print Out

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