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## VIABILITY APPRAISAL REPORT

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### Report of James A S Lockhart FRICS FCI Arb IRRV (Hons)

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| Address of the Property  | Waterperry Court, Middleton Road, Banbury, OX16 4QD                               |
| Specialist Field   | Commercial Property and its valuation   |
| On Instructions of   | Edgars Ltd, The Old Bank, 39 Market Square, Witney OX28 6AD                       |
| On behalf of   | Joe Brown and David Russell<br>Directors of Waterperry Court Development Ltd      |
| Subject Matter   | Appraisal regarding the future viability of retaining Waterperry Court as offices |
| Date   | 17 <sup>th</sup> November 2021  |
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## INTRODUCTION

### Context

1. This report refers to a Property known as Waterperry Court (The Property), which is currently vacant. The Property is formed from five terrace blocks, referred to as "Houses", which were constructed over 31 years ago. The buildings are multi-storey with basement car parking/storage. Waterperry Court is situated immediately adjacent to a Royal Mail Sorting Depot and approximately 230 yards from Banbury Railway Station.
2. Bretherton Solicitors are in the process of moving to alternative premises in Banbury, last occupied the Property approximately 18 months ago. Although Bretherton's occupied the majority of the space, it had been by gradual expansion, rather than occupying the entire space from day one.
3. Waterperry Court has been purchased by Waterperry Court Developments Limited, with the intention of converting the offices to other uses.
4. The Cherwell District Council Local Plan Policy SLE1 seeks to resist the loss of office space in Banbury, unless an applicant can demonstrate there are valid reasons why the use of the site, for the existing or another employment use, is not economically viable. **Note:** The Property is not suitable for light industrial, warehouse or retail use.
5. This report addresses the viability of the continued use of the Property for offices.

### The Parties

6. The freehold owner is Waterperry Court Developments Limited.
7. White Commercial were instructed by the previous owners of Waterperry Court in January 2020 to sell the Property. Following the implementation of the marketing strategy a sale was arranged to Waterperry Court Development Limited.
8. The sale was completed in December 2020.
9. The owner has instructed Edgars, Planning Consultants of Witney, to advise them on the application for a change of use of the Property.
10. Chris White of White Commercial Surveyors Ltd, Banbury's leading commercial property agency and surveyors, has produced separate reports on the Property, including a rebuttal of the Council's Economic Growth Services Department's objection to the removal of the condition restricting the existing Property to B1 Use only.

## **Author of this Report**

11. James Lockhart is a Partner of Whitmarsh Lockhart LLP, commercial property advisors based in Swindon. James Lockhart has over 40 years' experience in the commercial property market in Wiltshire, Gloucestershire and Oxfordshire and estimates over his career he has been involved in the letting, sale and valuation of over 22 million ft<sup>2</sup> of commercial property.
12. James Lockhart is:
  - a Fellow of the Royal Institution of Chartered Surveyors
  - a Fellow of the Chartered Institute of Arbitrators
  - an Accredited Expert Witness
  - a Registered Valuer of the RICS
13. James Lockhart acts as an expert witness in court proceedings, including Small Claims Court, County Court and High Court. In addition, he acts as an Expert Witness in planning appeals.
14. From now on in this report, James Lockhart will refer to himself in the first person singular.

## **Documents Replied Upon**

15. I have relied on:
  - the plans produced by Landmark Surveys and Developments, which are detailed, accurate and up to date
  - the reports of White Commercial Surveyors Ltd, Banbury
  - my own inspection of the Property, carried out on Monday, 28<sup>th</sup> June 2021

## **Summary of Conclusions**

16. The low level of demand for offices in Banbury, which corresponds with low rents, plus the high cost of refurbishing a building, such as the Property, combined with the long letting period for a property of this nature, means my Viability Appraisals show varying degrees of loss for the developer.

## **INSTRUCTIONS**

17. I am instructed by Edgars Limited, Town Planning Consultants and Advisors, to prepare a Viability Assessment of the building known as Waterperry Court, on the assumption of continued use as offices, and on the basis of:

- i) single occupancy
- ii) multiple occupancy
- iii) cosmetic upgrade only
- iv) a more comprehensive overhaul of the premises to meet modern day office requirements and expectations for flexible, open plan space

## FACTS / OPINION EVIDENCE

### Accommodation

| <b>Ashbourne House</b> | Ft <sup>2</sup>  |
|------------------------|--|
| Basement               | 406  |
| Lower Ground Floor     | 247  |
| Ground Floor           | 590  |
| First Floor            | 594  |
| <br>                   |  |
| <b>Strathmore West</b> |  |
| Basement               | 600  |
| Lower Ground           | 582  |
| Ground                 | 936  |
| First                  | 943  |
| Second                 | 943  |
| <br>                   |  |
| <b>Strathmore East</b> |  |
| Basement               | 600  |
| Lower Ground           | 582  |
| Ground                 | 936  |
| First                  | 943  |
| Second                 | 943  |
| <br>                   |  |
| <b>Malvern</b>         |  |
| Basement               | 565  |
| Ground                 | 977  |
| First                  | 977  |
| Second                 | 977  |
| <br>                   |  |
| <b>Buxton</b>          |  |
| Basement               | 565  |
| Ground                 | 840  |
| First                  | 977  |
| Second                 | 977  |
| <br>                   |  |
| <b>Chiltern</b>        |  |
| Ground                 | 553  |
| First                  | 1,163  |
| <br>                   |  |
| <b>TOTAL</b>           | <b>18,416</b> ft <sup>2</sup> , based on Net Internal Area |

18. The plot size is 0.617 acres or 0.25 ha.

## The Property

19. The plot on which Waterperry Court stands is best described as being a quarter of a circle. The five Houses forming Waterperry Court are constructed along the circumference of the quarter. As such, each House is built on a slight curve, some Houses being more prominent, i.e. closer to the back of the street pavement, with some set back. The front elevations of each House have a slightly longer width than the rear elevations. Thus, internally, the office suites do not have strict rectangular layouts.
20. Each House has a separate entrance, which comprises a single pedestrian door, leading either directly into the office space or, alternatively, as in the case of Milton and Buxton Houses, a small reception. Each House has a central core incorporating a staircase and in the case of Strathmore House, there is a lift, but this is the only House to have a lift. There is a single toilet on each floor of the Houses, with the exceptions of Ashbourne House and Chiltern House, which only have one single toilet per house. The original developers must have envisaged the Property will be let in multiple suites, rather than to a single occupier, hence the central staircases in all of the Houses.
21. In addition to the curved design of the development, the plot also has a difference surface height. For example, Ashbourne House, which fronts Middleton Road and Bridge Road, has two-storeys by the bridge, however, at the rear, adjacent to the car park, there are three-storeys, including a lower ground floor. This is replicated for other Houses.
22. Due to the fragmented nature of the development, there is no one suite of offices on any of the floors with an open plan floor area of over 1.163 ft<sup>2</sup>.
23. As mentioned above, there is only one operating lift, in Strathmore House. The other Houses have no lifts and little scope for the physical inclusion of a lift.
24. Toilet accommodation is very limited, with one unisex toilet per floor, accessed from the corridor, linking the two separate suites of offices on each floor.
25. In the case of Chiltern House, the single toilet opens directly into the office space. From the perspective of staff privacy and odours undoubtedly in my opinion a vestibule will need to be provided to separate the toilet from the main office space.
26. The offices have raised access floors, for the distribution of 13 amp power and computer cabling.
27. A majority of the Houses have basement car parking, the only exception being Chiltern House. Brethertons solicitors, the former occupier of the Property, in fact converted the ground floor garaging to storage, by installing timber racking. With this in mind, I have included the basement car parking as storage space in my Viability Appraisals placing a rent per ft<sup>2</sup> on the relevant area.
28. There is a tarmac car park at the rear, which can accommodate approximately 52 cars.

### **Constraints of the Physical Layout of the Property**

29. The physical layout of the Property makes it very difficult to create a true, open plan, accommodation. Open plan has traditionally been the preference of office occupiers over the last 20 years. By opening up the dividing wall, at the rear of each floor, one can create a "U" shaped open plan area. However, a director, manager or partner sitting at one end could not see around the corner of the "U" to the staff at the other end of the open plan area, thus negating some of the advantages of a true rectangular open plan area, where staff, directors and partners can all see each other and communicate easily.
30. Due to the central core nature of each House it is difficult to link Houses, without reducing the net floor area of offices.
31. With only one lift in the whole Property, staff traversing the Property from one end, say Ashbourne House through to Chiltern House, have to navigate through the various Houses and up and down stairs. In a simple, open plan, single floor, there would be no need to duplicate a lot of staircases, toilets, kitchens, etc. Therefore, the Property is not efficient to a single occupier, hence my view it will be extremely difficult to find a single occupier to take the entirety from day one.
32. The Property is sandwiched between a busy road junction and the railway station. The double-glazed windows can be opened, only in a limited way. With opening windows, there is more opportunity for noise from passing traffic and trains arriving and leaving the station. With no air circulation systems, comfort cooling is inevitable addition to let the Property satisfactorily.
33. A positive feature of the building is the car park, which is relatively generous by traditional office standards.

### **Location**

34. Over recent decades, offices are often characterised by whether they are in town, i.e. in the centre, or out of town on business parks. Waterperry Court falls into neither category. The Property is not in the geographical business centre of Banbury, in other words close to the traditional office and retail quarter, but is not on an out-of-town business park either. I suspect one of the original "drivers" for office development in this location was the proximity of the railway station, which is 230 yards away.
35. The shops and other amenities which normally benefit office workers are within a 15-minute walking distance of the Property. This walk includes crossing the busy thoroughfare, skirting Banbury town centre, namely the A4260 at the point where the A4260 meets Bridge Street forming a traffic light-controlled crossroads. I note pedestrians have to wait, in some cases up to 3 minutes, to be able to safely cross such a busy road. The perception is the wait to cross feels a lot longer than 3 minutes.

36. The area surrounding Waterperry Court has no other similar office premises. Walking along Bridge Street, to Banbury town centre, one passes the tired quarter of Cherwell Street and Canal Street, which is earmarked for a new waterside development.
37. Banbury railway station lies on the Chiltern line. In July 2019 the service operator Great Western Railway, announced they were intending to produce new timetables from December 2019, offering faster journey times and more frequent services to key locations. I note the "express" service takes approximately 51 minutes to reach London Marylebone.

### **Tenure**

38. Waterperry Court is a freehold Property and, other than "live in guardians" is, for all intents and purposes, vacant.
39. My Viability Appraisal assumes lettings of either individual Houses or floors, or part floors. The Appraisals also assume a possible single occupier, although the chances of the Property being let to a single occupier are very slim indeed. If an occupier for the whole is found, the Tenant, in my opinion, will seek a discount on the rent to reflect the quantum and disadvantages the Property offers to a single occupier.
40. The owner is advised to place any leases of part outside the Security of Tenure Provisions of the Landlord & Tenant Act 1954.
41. I anticipate when tenants are eventually found for parts of the building, then the maximum lease duration will be 5 years. In most cases, I suspect the tenants will require the opportunity to break the lease at year 3. It is commonplace for rent-free periods to be granted on new leases, to cover a period for fitout, usually one month, for small offices, plus an element as incentive. Normally, 1-month rent free for every year certain of the lease taken. I have assumed 6 months' rent free on each letting of 5-years.
42. Due to the age of the Property, prospective tenants will no doubt be advised to limit their liability for external repairs, particularly the aging roof covering.

### **Market Conditions for Offices in Banbury**

43. An overview of the Banbury market, is described in the White Commercial report. A significant highlight of the report is the very low level of demand for offices. White Commercial report the total of office requirements currently circulating in the Banbury market is 18,500 ft<sup>2</sup>, much of this is as a result of two companies looking for a total of 11,000 ft<sup>2</sup>, leaving just 7,500 ft<sup>2</sup> of enquiries for other sized offices in the whole of Banbury.
44. This low level of demand has resulted in, for example, the second floor of the office building, known as Blenheim Court, being on the market for over six years, without a taker, even in a fully refurbished, ready to occupy condition.



45. The Banbury Business Park scheme, known as Somerville Court, has six available units, totalling some 27,000 ft<sup>2</sup> in various sizes. The agents are finding it very difficult to sell or lease the accommodation. White Commercial Surveyors Ltd helpfully produce a table setting out the unit numbers and sizes and when marketing commenced.
46. Due to the low level of demand, net effective rents, i.e., rents taking into account rent free periods and other incentives granted to tenants, to persuade them to take accommodation, mean rents, in the Banbury area, are circa £11 to £13 per ft<sup>2</sup>. Banbury office rents, in real terms, have not increased since 1990. This corresponds with my own experience in other towns, including Swindon.

### **Occupiers' Requirements and Preferences**

47. I consider it is worthy of note that GL Hearn, Property Consultants of London, carried out an office viability study on behalf of Maidstone Borough Council. Part of this detailed study involved an occupier study where office occupiers were asked to comment on the biggest priorities they have with regard to offices. Participants in the survey were asked to rank their top 3 considerations, when considering an office building, (1 being the most important), attracted 3 points, 2 points for No. 2 and 1 point for No. 3. This resulted in the following ranking:

|                             |    |
|-----------------------------|----|
| Cost                        | 21 |
| Car parking                 | 15 |
| Location                    | 14 |
| Internal Layout flexibility | 9  |
| IT Connections              | 9  |
| Air Conditioning            | 5  |
| Energy Efficiency           | 2  |
| Raised Floors               | 1  |
| Security                    | 1  |
| Other                       | 1  |

### **Works to Waterperry Court Houses**

48. I consider the following works are necessary to make the Property as attractive to the market as possible.
49. **External Works**
- Redecorate the previously painted rendering and concrete, used to construct the balconies at the rear of the Property
  - Redecorate railings
  - Repair and replace sections of beading on the double glazed windows, which have deteriorated
  - Redecorate and make all windows serviceable

- All existing signage to be removed
- Weed car park and freshly paint lines for allocated car park spaces
- Improve, redecorate rear stairway from car park

50. **Internal Works**

- Replace carpets throughout
- Floor boxes repaired, where necessary
- Redecorate office walls and skirting's and remove the paper from the walls in the stairwells and emulsion
- Replace all internal doors
- Replace suspended ceilings, as the existing are tired and old fashioned
- Install new LED lighting in offices and common areas/stairwells
- Redecorate all radiators
- Install new comfort cooling and remove the existing comfort cooling
- Install an additional toilet per floor and upgrade the existing facilities with new tiles, fixtures and fittings
- Install kitchen sinks and work surfaces in each suite in Strathmore, Malvern Buxton and Chiltern Houses and a kitchenette in Ashbourne House
- Existing kitchens need to be upgraded with new ceramic tiles and unit doors
- Service and repair lift in Strathmore House
- Security and fire systems to be configured to assume multi-occupiers in each House.<sup>1</sup>

**Estimated Time for the Full Letting of the Property**

51. I often find individuals who are not actively involved in the commercial property market, in particular offices, have little, practical, concept of how long it takes to fully let an empty office block. In many cases, those individuals only experience of the property market is when they come to sell their own house. Depending on the state of the residential market, at any one time, a dwelling can come under offer within a matter of hours, or alternatively up to six months. However, in the office property market, the marketing period can last over many years. This is not to be compared with the industrial/warehouse market, which is currently very active.

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<sup>1</sup> The above works are intended to upgrade the Property to Grade B Plus

52. One will see, from the White Commercial Surveyors Ltd's report, quite a significant number of their offices have been on the market for many years, without achieving a letting. The most telling and instructive is the second-floor suite of Blenheim Court, George Street, Banbury. The suite comprises 3,410 ft<sup>2</sup> of Grade A refurbished office accommodation, with the benefit of two 13 passenger lifts and full air-conditioning. Blenheim Court is described by White Commercial as the "most modern office in Banbury Centre" and is close to the prime retail centre and a comfortable walking distance of the Station. The suite has been on the market for over 6 years. Bearing in mind Waterperry Court has over five times the amount of floorspace, I consider it reasonable and on the verge of optimistic to make an informed judgement to allow 8 years to find occupants for the entire Property. This timescale may sound extraordinary and incredulous to someone not involved in the office property market but is very much a reality for Landlords. One should also note Chiltern House, arguably the more attractive of the "Houses", was on the market for 4 years until being eventually purchased by an investor. I conclude finding a single occupier for the Property, is going to be a very remote possibility, however, for the sake of the Viability Appraisals I have chosen an 8-year marketing period. Multi-lettings hide a practical issue namely, whenever one lets a property of this nature, in multiple suites, the lease lengths will vary and, in some cases, tenants will go into occupation and leave the Property whilst there is still vacant space within the building. Therefore, it is not even guaranteed over an 8-year period, one will have a stable situation of the building being fully let at any one time. Nevertheless, for the purposes of my Appraisals, I have assumed a full marketing period of 8 years for the building, to be totally income producing.

## Trends

53. As one can reasonably imagine, there is an uncertain prospect for offices with a wide range of conflicting opinions regarding the future of traditional offices, occupancy rates, etc. The British Council for Offices (BCO) recently issued a statement in which the BCO's chief executive, Richard Kauntze, said the BCO will almost certainly be revising recommended space per person upwards. This is in the wake of the COVID pandemic and the perception staff will require a greater distance between their desk and their colleague's desk. According to Gavin Kamara, head of leasing at Kontor, "*generally speaking, most companies are looking to occupy in a less dense way*". In my view, it is too early to be definitive on whether less dense working will increase the demand for office space or, alternatively, with regular home working, being demanded by staff, and the introduction of more "hot-desking", companies may keep their existing office space and spread out the desks and have a weekly rota for staff attending the office.

## **VIABILITY APPRAISAL**

### **Introduction**

54. My Viability Appraisals are predicated on a fixed land value. Conventional appraisals are generally residual in they start with the Gross Development Value of the completed development and subtract costs and profit to arrive at a land value. In my Appraisals, the land value is inserted as a known and so it is the profitability, or otherwise, that is being determined. I have carried out my Appraisals using the actual "land value" and I have also carried out a second series of Appraisals using a "bare minimum land value", which is equivalent to £50 per ft<sup>2</sup> for each square foot of the property.
55. Please note the purchase price I have used in land element, is actually current, i.e. there has been a full marketing campaign carried by White Commercial commencing in early 2020 and therefore the figure paid in December 2020 is relevant and timely.

### **Methodology**

56. As mentioned above, my Viability Appraisals cover various scenarios based on the quality and scale of the refurbishment and whether the Property is let to a single occupant or multi tenanted.
57. The property industry has sought to classify offices into three grades, namely Grade A, which is perceived to be top quality, usually brand new, office accommodation in prime locations, such as City centres, or well connected business parks. Grade B is, generally speaking, for a lesser grade of property in non-prime locations but, nevertheless, functional. Grade C is the lowest specification and tends to be utilitarian in nature or located in un-popular locations. It often refers to buildings that are at least 25 plus years old. A good example of a Grade C building would be a tired office, comprising part of an industrial building, on a traditional industrial estate, with the only redeeming feature being low rent, but coming at the expense of little presence or ambiance.
58. For the purposes of the Viability Appraisals, I have shown two grades within Grade B, namely Grade B Plus and Grade B Basic. B Plus means carrying out works to the Property, as described above in section on works and Grade B Basic is a much simpler refurbishment, with nothing fundamentally changing in the Property, other than external and internal redecoration. For example, the existing doors remain, existing ceilings, lighting systems, radiators, etc. A budget re carpet would be included.
59. My Appraisals also deal with both single and multi-occupancy, although, as a word of caution, one will see in the earlier sections of this report, the chance a single occupier taking all of the accommodation, in its present configuration, is remote and, frankly, in practical terms, can be discounted as being an unrealistic scenario.

60. Nevertheless, one of the advantages of a single occupier is the owner / landlord has a much reduced need to manage the Property and in fact a single occupier is usually largely responsible for the day-to-day maintenance of the building leaving little for the landlord to do. The reverse is true for a multi occupancy building where the landlord is often responsible for common areas and normally employs a managing agent to administer the cleaning, repairs, maintenance of the Property, by organing contractors, etc. You will see in the multi-let scenarios that I have made allowance for professional fees to manage the building. In many cases, the managing agent's fees can be reclaimed via the service charge. However, given the anticipated long marketing period, this ability is very limited. Deducting management fees has an impact on the net rent the landlord receives and hence the value of the building. Multi let buildings also tend to have a higher percentage of voids as tenants regularly move in and out, etc. There are usually separate meters for utilities. A single tenant for the entire Property will most likely commit to a lease for a minimum of 5 years, as the cost of moving and refitting another office building of a similar size will be quite prohibitive.
61. The rental values reported in the Appraisals are taken from White Commercial's reports and my own experience. As is common practice in valuation methodology, the Appraisals are based on today's values. Changes in market sentiment are usually reflected in the yield's investors seek.
62. The refurbishment costs are best estimates prepared by a firm of qualified quantity surveyors a copy of which accompanies the application.
63. Please see the appendix for the standard valuation assumptions I have adopted in preparing my Viability Appraisals.
64. With regard to borrowing, I have used an annual rate of interest of 4%, which is Handelsbanken's current lending rate for development work. Banks are cautious to lend anything more than 60% of value and, therefore, the interest has been calculated on 60% of the "land value". Interest is charged to the point of completion of all lettings, which is the theoretical point of a freehold sale of the Property, when the maximum revenue will be realised.
65. One of the significant costs of empty buildings is void business rates, which, in offices, occur after three months of vacancy. I calculate the full rateable value of the Property is £139,000 and rates will be charged based on the current multiplier of 0.512. If suites of the buildings are let, a rateable value will be assigned to each individual suite and void business rates payable by the owner will eventually fall to zero in year 8. There are legitimate methods of minimising rates liability on empty commercial Property. Therefore, it is possible, this element of the appraisal outlay can be reduced. Nevertheless, there are associated costs of this, including payment to companies that operate such mitigation systems/services. Therefore, there will still be an element of cost associated with business rates.

66. Central government has already carried out a consultation with regard to the intention to require all commercial properties, from 2030 onwards, to have a minimum Energy Performance Certificate rating of "B" or better. The commercial property industry is still waiting to see the final recommendations and legislation. However, already, the property industry is beginning to realise there may be significant costs for the landlord in achieving this objective. I have placed a modest provisional cost for these works in my Appraisals.
67. The rents shown in the Appraisals are rents per ft<sup>2</sup>, which is the standard form used for valuation, i.e. the rents per ft<sup>2</sup> are based on net effective rents, being the rent after incentives are taken into account on new lettings.
68. An example is, if the landlord lets a suite of offices at a rent of £14 per ft<sup>2</sup>, on a 5-year lease, with a tenant only break at year 3, with a 6-month rent free period, the transaction can be analysed as follows.
69. One-month rent free for a small suite of offices will be allocated for fitout and the remainder of the rent free period, i.e. 5 months, will be treated as an incentive. As a tenant can break the lease in year 3, the potential fixed term of the lease is only 3-years and, therefore the tenant will pay a rent for 2.58 years, ignoring one month for fit out. Therefore, the average rent the tenant will be paying over the three years is:  
 $£14 \text{ per ft}^2 \times 2.58 \div 3 = £12.04$ , which I round to £12 per ft<sup>2</sup>
70. In my Appraisals I have taken my opinion of market rent, and multiplied this by years purchased, based on an All Risks Yield, to arrive at a gross value.
71. You will see from the Appraisals I have used a yield of 7.50% for a single letting of the Property and 7.75% for multi-lets, to reflect the burden of more management needed, for a multi-let building.
72. I calculate the "revenue" from the sale of the investment, created by the lettings, by deducting the purchaser's costs from the gross development value. This is normal practice as investors seek a return on their total costs of acquisition, not just the purchase price itself.
73. Purchaser's costs include stamp duty land tax, surveyors and legal fees, which are shown at 5.76%. This includes 4% for SDLT the remained being surveyor and legal fess
74. The Appraisals include deductions for marketing, letting fees and disposal fees.
75. The letting fee is shown at 15% of the market rent. As it is a very difficult office market, I anticipate more than one agent will be involved. It is common practice when two agents are involved they share a letting fee based on 7.5% of one year's annual rent each. This contrasts with a straightforward industrial letting, where the fee is normally 10% with only one agent is involved.
76. On disposal of the ultimate investment, I have assumed the sale agent will receive a fee of 1.25% of the eventual sale price, when let.

77. The Viability Appraisal Scenarios are contained in Appendix 4.

## PROFIT / LOSS

## CONCLUSION

78. I have created a table showing a summary of the Viability Appraisals – Profit/Loss. One will see from this table the only profit is generated on a Grade B Basic refurbishment and using a notional figure for land acquisition.

| <b>ACTUAL FIGURE FOR LAND ACQUISITION</b> |                  |                      |
|---|------------------|----------------------|
| <b>Refurbishment Standard</b>             | <b>Occupancy</b> | <b>Profit / Loss</b> |
| Grade B Plus                              | Single let       | -£2,930,947          |
| Grade B Plus                              | Multi Let        | -£2,512,996          |
| Grade B Basic                             | Single Let       | -£2,032,234          |
| Grade B Basic                             | Multi Let        | -£1,652,842          |

| <b>NOTIONAL FIGURE FOR LAND ACQUISITION</b> |                  |                      |
|---|------------------|----------------------|
| <b>Refurbishment Standard</b>               | <b>Occupancy</b> | <b>Profit / Loss</b> |
| Grade B Plus                                | Single let       | -£1,271,981          |
| Grade B Plus                                | Multi Let        | -£855,083            |
| Grade B Basic                               | Single Let       | -£373,267            |
| Grade B Basic                               | Multi Let        | £6,127               |

79. In my Appraisals, I have indicated a period of 8 years to secure either a single letting or 8 years to obtain full occupancy on multiple lettings. If contrary to my view of the market for offices in Banbury, this period of 8 years is, in practice, compressed to 1-year, the following potential savings could be made:

|   |          |
|---|----------|
| Business Rates                                  | £480,000 |
| Interest on Refurbishment Costs and Land Value: | £893,000 |
| Security Savings                                | £150,000 |

80. These potential savings amount to £1.5 million. If one deducts this £1.5 million using the actual figure for land acquisition, the situation remains there is no profit to be made in retaining the property as offices. My appraisals show one can only make a small profit for office use, if one makes a notional / hypothetical assumption the vendor is in a forced sale situation and will accept a very low figure for the empty office building. In this regard, I have assumed the lowest figure will be £50 per ft<sup>2</sup> or £920,000.

81. As you will see from White Commercial Report and my own views, a letting at that speed is so unlikely as not to be worthy of serious consideration.

82. I have specifically not been asked to explore other alternative uses for the building, but a reasonable observer, looking at the buildings and inspecting them internally, will come to the conclusion these buildings will be ideal for residential conversion, with possible scope for further additional residential in the corner of the car park.



**JAMES A S LOCKHART FRICS FCI Arb IRRV (Hons)**  
**Partner**  
e-mail: [james@whitmarshlockhart.com](mailto:james@whitmarshlockhart.com)  
**Dir Dial: 01793 544842**

17<sup>th</sup> November 2021

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**DATE**



## **Appendix 1**

### **Experience, Qualifications/Training of the Author of the Report**

# Credentials Sheet



## JAMES A S LOCKHART FRICS FCIArb IRRV (Hons)

Mobile: 07990515785

Email: james@whitmarshlockhart.com

### Qualifications

- RICS Diploma in Arbitration. Elected Fellow of the Chartered Institute of Arbitrators.
- RICS Accredited Expert Witness. RICS sponsored course with Penny Harper of Legal Training, London. Regularly operating in the role of Expert Witness in the Small Claims, County Courts & High Court.
- Fellow of the Royal Institution of Chartered Surveyors.
- Masterclass in Rating. Honorary Member of the IRRV.
- Business Management & Marketing Diploma, Gold Medal Student Award. Devised by Henley College, sponsored by RICS.

### Current & Previous Posts

- Equity partner of Whitmarsh Lockhart LLP.
- Director Whitmarsh Lockhart Development Consultancy Ltd.
- Registered Valuer of the Royal Institution of Chartered Surveyors.
- Honorary Member of the Institute of Rating and Revenue Valuers.
- Board member of the Royal Institution of Chartered Surveyors, Commercial Market Professional Board.
- Swindon Development Delivery Panel Committee member. Advising Swindon Borough Council regarding future land allocations within The Local Plan.
- Chairman of Forward Swindon, the generation arm of Swindon Borough Council.
- Board Member of Cirencester Housing Society.
- External Examiner for Royal Agricultural University Real Estate Course.
- Member of the validation panel of the College of Estate Management for the MBA and MSc course.

## **Appendix 2**

### **Photographs of the Property**





**Front Elevation of Waterperry Court**



**Rear Elevation showing Malvern, Buxton & Chiltern Houses**



**Rear car park, with railway station in the background**



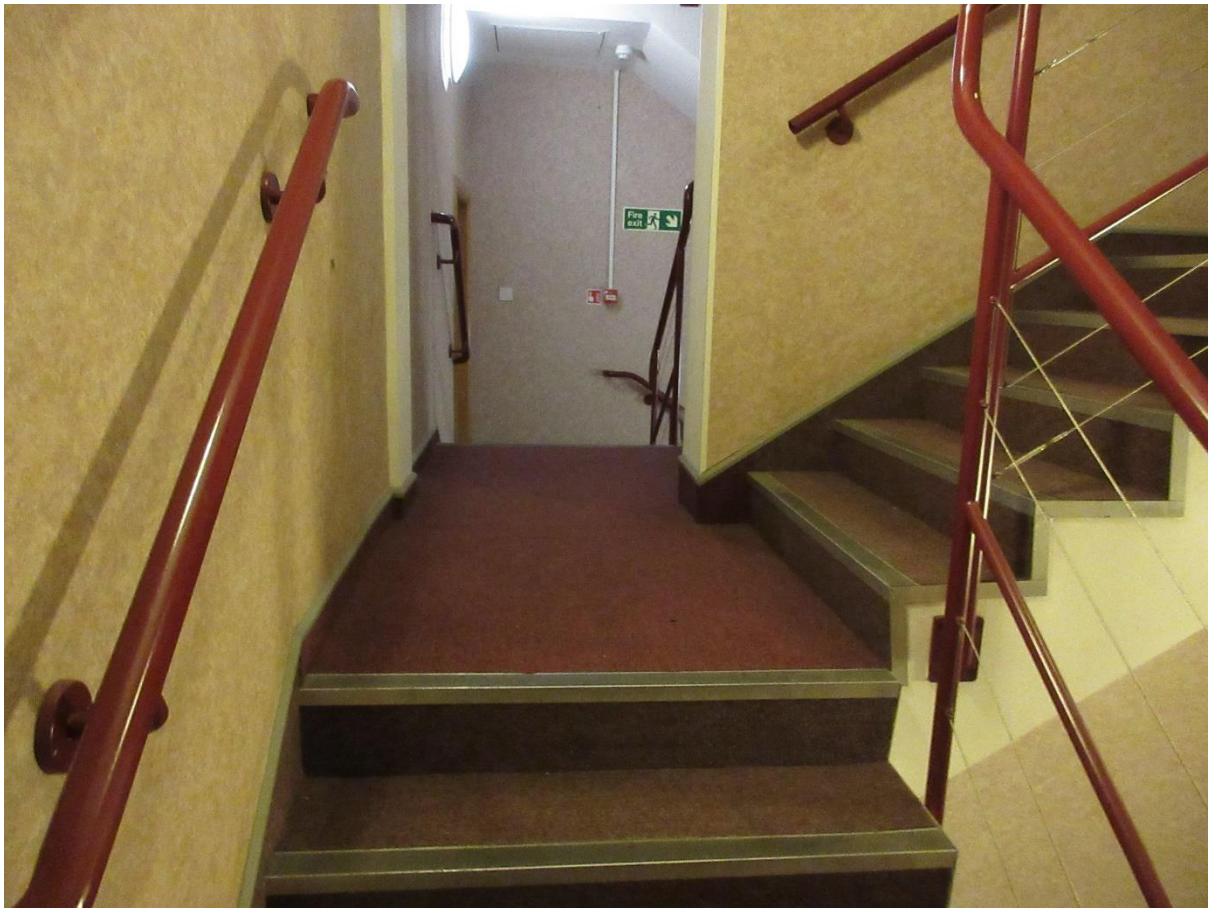
**Basement parking / Storage**



Former file storage racking in the basement



Office entrance foyer



**Stairwell**



**Lift**



**Typical floor layout**

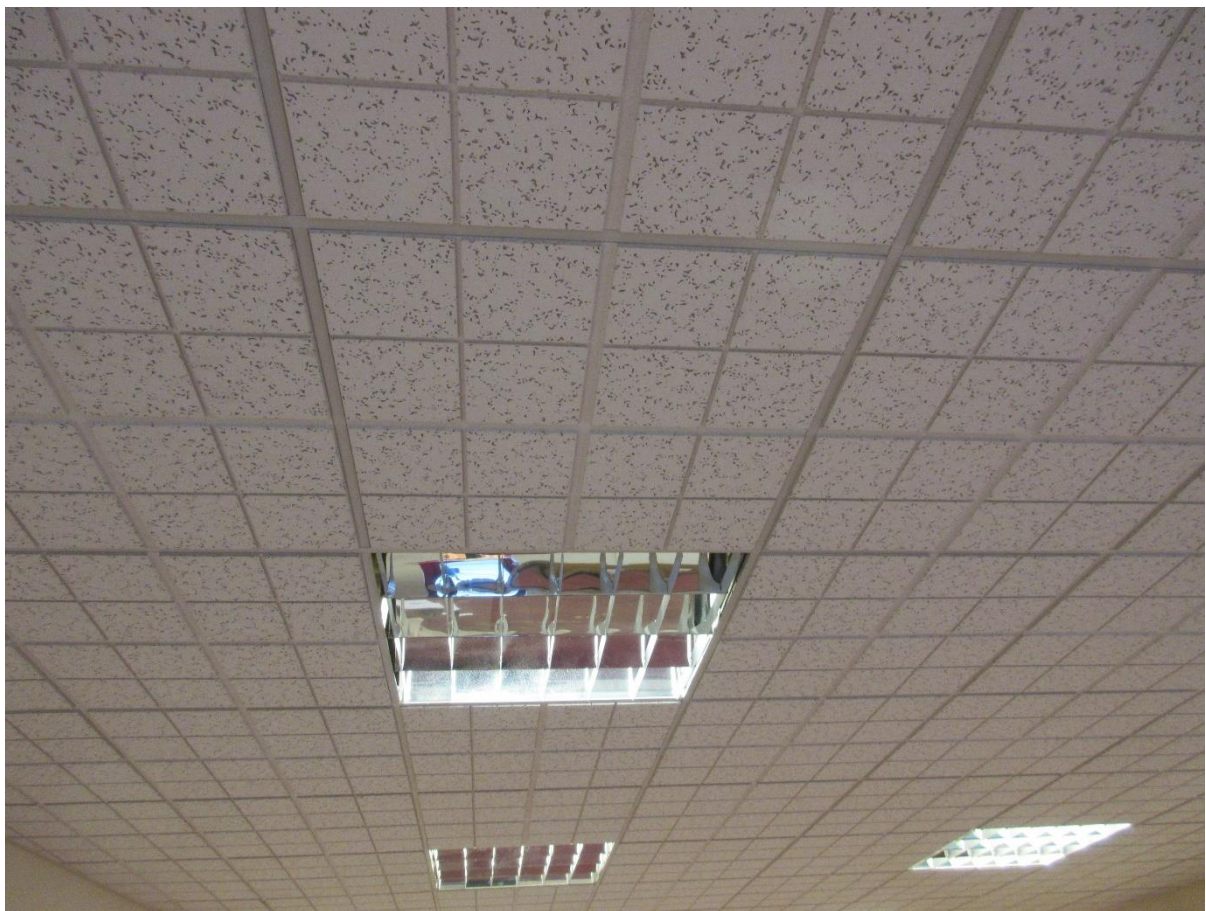


**Typical floor box**





**Standard radiator heating**



**Existing suspended ceiling and lighting**



**Painted timber double-glazed windows**



**Typical kitchen**



**New apartment blocks opposite the entrance to the car park of the subject property**

## **Appendix 3**

### **Valuation Assumptions**

## VALUATION ASSUMPTIONS

The Viability Appraisals and Valuations, assume the following:

### Basis of Valuation

#### 1. **Market Value (MV)**

This is defined in Practice Statement 3.2 of the Valuation Standards, published by the Royal Institution of Chartered Surveyors, colloquially known as "The Red Book".

*"The estimated amount which a property would exchange on the date of valuation between a willing buyer and a willing seller, in an arms length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".*

#### 2. **Market Rent (MR)**

*"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

#### 3. **Condition of Premises**

I have valued the property based on a visual inspection of the property. I have not seen a building survey report. As a result, it is assumed:

- i) there are no adverse ground conditions or latent defects;
- ii) the floors and sub-structure have not been adversely affected by chemicals and liquids, including oil;
- iii) the present use of the property as offices is legal and not in breach of any planning permission;
- iv) there are no rights of way or any other easements, etc., which would interfere the ability for an owner/occupier to use the premises beneficially;
- v) there are no public highway works that will affect the property;
- vi) adequate public and private utility services are available;
- vii) the property is not subject to a history of flooding and building insurance will be available without excessive premium or excess.

#### 4. **Tenure**

- i) I have assumed a freehold title free from encumbrances or restrictive covenants, such that could prevent the property being used for office use.

- ii) I have assumed any leases of part of the premises will be on the basis the tenants being responsible for repairing the interior of their suite, including redecorating, re-carpeting and the tenants contribute towards the upkeep of the exterior of the property, by way of a service charge and their contribution is based on a fair and reasonable allocation, possibly based on the floor area occupied, as a ratio to the whole.

5. **Taxation**

- i) I have not had regard to any allowances, grants, or subsidies of any nature, which may be available from central or local government to the owner of the property
- ii) I have not included VAT at the prevailing rate on any of the following:
  - a) construction material and services
  - b) professional services
  - c) on the freehold sale

Any VAT that is chargeable is assumed to be reclaimable by the owner.

- iii) In arriving at my opinion of value, I have not made any allowance for Capital Gains Tax or any other tax liability nor any allowance for expenses or realisation which might arise upon disposal whether deemed or otherwise

6. **Disability Discrimination Act 1995**

I have not made any cost allocations to make the property compliant with the Disability Discrimination Act 1995,

7. **Fire Safety Law**

I have assumed an adequate fire risk assessment has been carried out and, if any significant findings were recorded, have been actioned.

- 1.1. *"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

**Appendix 4**  
**Viability Appraisals**

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**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - SINGLE LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard

Anticipated marketing period to secure a single let 8 years

**REVENUE**

**Market Rent**

|                    | Sq. Ft        | Rent psf pa excl. | MRV             |
|--------------------|---------------|-------------------|-----------------|
| Ashbourne House    |               |                   |                 |
| Basement           | 406           | £5.00             | £2,030          |
| Lower Ground Floor | 247           | £13.30            | £3,285          |
| Ground Floor       | 590           | £13.30            | £7,847          |
| First Floor        | 594           | £13.30            | £7,900          |
| Strathmore West    |               |                   |                 |
| Basement           | 600           | £5.00             | £3,000          |
| Lower Ground       | 582           | £13.30            | £7,741          |
| Ground             | 936           | £13.30            | £12,449         |
| First              | 943           | £13.30            | £12,542         |
| Second             | 943           | £13.30            | £12,542         |
| Strathmore East    |               |                   |                 |
| Basement           | 600           | £5.00             | £3,000          |
| Lower Ground       | 582           | £13.30            | £7,741          |
| Ground             | 936           | £13.30            | £12,449         |
| First              | 943           | £13.30            | £12,542         |
| Second             | 943           | £13.30            | £12,542         |
| Malvern House      |               |                   |                 |
| Basement           | 565           | £5.00             | £2,825          |
| Ground             | 977           | £13.30            | £12,994         |
| First              | 977           | £13.30            | £12,994         |
| Second             | 977           | £13.30            | £12,994         |
| Buxton House       |               |                   |                 |
| Basement           | 565           | £5.00             | £2,825          |
| Ground             | 840           | £13.30            | £11,172         |
| First              | 977           | £13.30            | £12,994         |
| Second             | 977           | £13.30            | £12,994         |
| Chiltern House     |               |                   |                 |
| Ground             | 553           | £13.30            | £7,355          |
| First              | 1,163         | £13.30            | £15,468         |
| <b>Total</b>       | <b>18,416</b> |                   | <b>£222,224</b> |

**Market Value of the ultimate investment created by letting the Property**

|  |        |            |
|--|--------|------------|
| Years Purchase @ a yield of            | 7.50 % | 13.33      |
| GROSS VALUE                            |        | £2,962,987 |
| Deduct                                 |        |            |
| 6 months rent free on eventual letting |        | £111,112   |
| Purchasers costs of acquisition        | 5.76 % | £170,668   |

**REVENUE FROM SALE AS AN INVESTMENT**

**£2,681,207**

**A**

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord



**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard

Anticipated marketing period to secure a single let 8 years

**OUTLAY**

**"Land Value"**

|                         |      |            |            |
|-------------------------|------|------------|------------|
| Fixed Price of purchase |      | £2,180,000 |            |
| Stamp Duty @ %          | 4.00 | £87,200    |            |
| Agent Fee %             | 1.00 | £21,800    |            |
| Legal Fee %             | 0.50 | £10,900    |            |
| "Land Value"            |      |            | £2,299,900 |

**Refurbishment Cost**

|  |       |  |            |
|--|-------|--|------------|
| QS Supplied Figure including Contractors Preliminaries OH&P and design |       |  | £1,340,496 |
| Upgrades to improve EPC rating   |       |  | £10,000    |
| Professional fees  | 5.00% |  | £67,525    |

**Marketing and letting**

|                                  |        |  |         |
|----------------------------------|--------|--|---------|
| Letting Agent Fee @              | 15.00% |  | £33,334 |
| Letting Legal @                  | 5.00%  |  | £11,111 |
| Promtional material and web page |        |  | £10,000 |

**Void Costs**

|   |                |            |          |
|---|----------------|------------|----------|
|   | Rateable Value | Multiplier |          |
| Business Rates*                                       | £139,000       | 0.512      | £551,000 |
| Security until property let and becomes self policing |                |            | £200,000 |

**Disposal Fees**

|                 |       |  |         |
|-----------------|-------|--|---------|
| Sales Agent     | 1.25% |  | £33,515 |
| Sales Legal Fee | 0.50% |  | £13,406 |

**Finance on \*\***

|   |                    |              |          |
|---|--------------------|--------------|----------|
|   | Duration in months | Debit rate % |          |
| Purchase price and acquisition costs            | 96                 | 4.00         | £441,581 |
| Refurbishment costs                             | 84                 | 4.75         | £471,492 |
| Forgone Interest on equity held in the Property | 96                 | 1.75         | £128,794 |

**TOTAL**

**£5,612,154 B**

**PROFIT / LOSS (A-B)**

**-£2,930,947**

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard      Anticipated marketing period to secure multi lets for whole Property - 8 years

**REVENUE**

**Market Rent**

|                        | Sq. Ft               | Rent psf pa excl. | MRV                    |
|------------------------|----------------------|-------------------|------------------------|
| <b>Ashbourne House</b> |                      |                   |                        |
| Basement               | 406                  | £5.00             | £2,030                 |
| Lower Ground Floor     | 247                  | £14.00            | £3,458                 |
| Ground Floor           | 590                  | £14.00            | £8,260                 |
| First Floor            | 594                  | £14.00            | £8,316                 |
| <b>Strathmore West</b> |                      |                   |                        |
| Basement               | 600                  | £5.00             | £3,000                 |
| Lower Ground           | 582                  | £14.00            | £8,148                 |
| Ground                 | 936                  | £14.00            | £13,104                |
| First                  | 943                  | £14.00            | £13,202                |
| Second                 | 943                  | £14.00            | £13,202                |
| <b>Strathmore East</b> |                      |                   |                        |
| Basement               | 600                  | £5.00             | £3,000                 |
| Lower Ground           | 582                  | £14.00            | £8,148                 |
| Ground                 | 936                  | £14.00            | £13,104                |
| First                  | 943                  | £14.00            | £13,202                |
| Second                 | 943                  | £14.00            | £13,202                |
| <b>Malvern House</b>   |                      |                   |                        |
| Basement               | 565                  | £5.00             | £2,825                 |
| Ground                 | 977                  | £14.00            | £13,678                |
| First                  | 977                  | £14.00            | £13,678                |
| Second                 | 977                  | £12.00            | £11,724                |
| <b>Buxton House</b>    |                      |                   |                        |
| Basement               | 565                  | £5.00             | £2,825                 |
| Ground                 | 840                  | £14.00            | £11,760                |
| First                  | 977                  | £14.00            | £13,678                |
| Second                 | 977                  | £12.00            | £11,724                |
| <b>Chiltern House</b>  |                      |                   |                        |
| Ground                 | 553                  | £14.00            | £7,742                 |
| First                  | 1,163                | £14.00            | £16,282                |
| <b>Total</b>           | <b><u>18,416</u></b> |                   | <b><u>£229,292</u></b> |

**Market Value of the ultimate investment created by letting the Property**

|   |        |            |
|---|--------|------------|
| Years Purchase @ a yield of                 | 7.75 % | 12.90      |
| GROSS VALUE                                 |        | £2,958,606 |
| Deduct                                      |        |            |
| 6 months rent free on all eventual lettings |        | £114,646   |
| Purchasers costs of acquisition             | 5.76 % | £170,416   |

**REVENUE FROM SALE OF THE INVESTMENT**

**£2,673,545** A

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord

**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard Anticipated marketing period to secure multi lets for whole Property - 8 years

**OUTLAY**

**"Land Value"**

|                         |      |            |            |
|-------------------------|------|------------|------------|
| Fixed Price of purchase |      | £2,180,000 |            |
| Stamp Duty @ %          | 4.00 | £87,200    |            |
| Agent Fee               | %    | £21,800    |            |
| Legal Fee               | %    | £10,900    |            |
| "Land Value"            |      |            | £2,299,900 |

**Refurbishment Cost**

|  |       |  |            |
|--|-------|--|------------|
| QS Supplied Figure including Contractors Preliminaries OH&P and design |       |  | £1,340,496 |
| Upgrades to improve EPC rating   |       |  | £10,000    |
| Professional fees @  | 5.00% |  | £67,525    |

**Marketing and letting**

|                                   |        |  |         |
|-----------------------------------|--------|--|---------|
| Letting Agent Fee @               | 15.00% |  | £34,394 |
| Letting Legal @                   | 5.00%  |  | £11,465 |
| Promotional material and web page |        |  | £10,000 |

**Void Costs**

|   |  |  |          |
|---|--|--|----------|
| Business Rates* (see below)                           |  |  | £266,882 |
| Security until property let and becomes self policing |  |  | £100,000 |

**Disposal Fees**

|                 |       |  |        |
|-----------------|-------|--|--------|
| Sales Agent     | 1.25% |  | £2,866 |
| Sales Legal Fee | 0.50% |  | £1,146 |

**Finance on \*\***

|   | Duration in months | Debit rate % |          |
|---|--------------------|--------------|----------|
| Purchase price and acquisition costs            | 96                 | 4.00         | £441,581 |
| Refurbishment costs                             | 84                 | 4.75         | £471,492 |
| Forgone Interest on equity held in the Property | 96                 | 1.75         | £128,794 |

**TOTAL**

**£5,186,540 B**

**PROFIT / LOSS (A-B)**

**-£2,512,996**

**Footnotes**

| Void Business Rates | Rateable Value | Multiplier | Rates payable |
|---------------------|----------------|------------|---------------|
| 1                   | £139,000       | 0.512      | £53,376       |
| 2                   | £119,143       | 0.512      | £61,001       |
| 3                   | £99,286        | 0.512      | £50,834       |
| 4                   | £79,429        | 0.512      | £40,668       |
| 5                   | £59,572        | 0.512      | £30,501       |
| 6                   | £39,715        | 0.512      | £20,334       |
| 7                   | £19,858        | 0.512      | £10,167       |
| 8                   | £0             | 0.512      | £0            |

**Total** £266,882

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - SINGLE LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard      Anticipated marketing period to secure multi lets for entire Property- 8 years

**REVENUE**

**Market Rent**

|                        | Sq. Ft        | Rent psf pa excl. | MRV             |
|------------------------|---------------|-------------------|-----------------|
| <b>Ashbourne House</b> |               |                   |                 |
| Basement               | 406           | £5.00             | £2,030          |
| Lower Ground Floor     | 247           | £11.40            | £2,816          |
| Ground Floor           | 590           | £11.40            | £6,726          |
| First Floor            | 594           | £11.40            | £6,772          |
| <b>Strathmore West</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £11.40            | £6,635          |
| Ground                 | 936           | £11.40            | £10,670         |
| First                  | 943           | £11.40            | £10,750         |
| Second                 | 943           | £11.40            | £10,750         |
| <b>Strathmore East</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £11.40            | £6,635          |
| Ground                 | 936           | £11.40            | £10,670         |
| First                  | 943           | £11.40            | £10,750         |
| Second                 | 943           | £11.40            | £10,750         |
| <b>Malvern House</b>   |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 977           | £11.40            | £11,138         |
| First                  | 977           | £11.40            | £11,138         |
| Second                 | 977           | £11.40            | £11,138         |
| <b>Buxton House</b>    |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 840           | £11.40            | £9,576          |
| First                  | 977           | £11.40            | £11,138         |
| Second                 | 977           | £11.40            | £11,138         |
| <b>Chiltern House</b>  |               |                   |                 |
| Ground                 | 553           | £11.40            | £6,304          |
| First                  | 1,163         | £11.40            | £13,258         |
| <b>Total</b>           | <b>18,416</b> |                   | <b>£192,432</b> |

**Market Value of the ultimate investment created by letting the Property**

|   |        |            |
|---|--------|------------|
| Years Purchase @ a yield of                 | 7.50 % | 13.33      |
| GROSS VALUE                                 |        | £2,565,760 |
| Deduct                                      |        |            |
| 6 months rent free on each eventual letting |        | £96,216    |
| Purchasers costs of acquisition             | 5.76 % | £147,788   |

**REVENUE**

**£2,321,756**

**A**

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord

**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - SINGLE LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard

Anticipated marketing period to secure multi lets for entire Property- 8 years

**OUTLAY**

**"Land Value"**

|                         |      |            |            |
|-------------------------|------|------------|------------|
| Fixed Price of purchase |      | £2,180,000 |            |
| Stamp Duty @ %          | 4.00 | £87,200    |            |
| Agent Fee %             | 1.00 | £21,800    |            |
| Legal Fee %             | 0.50 | £10,900    |            |
| "Land Value"            |      |            | £2,299,900 |

**Refurbishment Cost**

|                                |       |  |          |
|--------------------------------|-------|--|----------|
| Estimated cost                 |       |  | £450,000 |
| Upgrades to improve EPC rating |       |  | £10,000  |
| Professional fees @            | 5.00% |  | £23,000  |

**Marketing and letting**

|   |        |  |         |
|---|--------|--|---------|
| Letting Agent Fee @                     | 15.00% |  | £28,865 |
| Letting Legal @                         | 5.00%  |  | £9,622  |
| Promotional material including web page |        |  | £10,000 |

**Void Costs**

|   | Rateable Value | Multiplier |          |
|---|----------------|------------|----------|
| Business Rates*                                       | £139,000       | 0.512      | £551,000 |
| Security until property let and becomes self policing |                |            | £200,000 |

**Disposal Fees**

|                 |       |  |         |
|-----------------|-------|--|---------|
| Sales Agent     | 1.25% |  | £29,022 |
| Sales Legal Fee | 0.50% |  | £11,609 |

**Finance on \*\***

|   | Duration in months | Debit rate % |          |
|---|--------------------|--------------|----------|
| Purchase price and acquisition costs            | 96                 | 4.00         | £441,581 |
| Refurbishment costs                             | 84                 | 4.75         | £160,598 |
| Forgone Interest on equity held in the Property | 96                 | 1.75         | £128,794 |

**TOTAL**

£4,353,990 B

**PROFIT / LOSS (A-B)**

**-£2,032,234**

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard                      Anticipated marketing period to secure multi lets for whole Property - 8 years

**REVENUE**

**Market Rent**

|                        | Sq. Ft        | Rent psf pa excl. | MRV             |
|------------------------|---------------|-------------------|-----------------|
| <b>Ashbourne House</b> |               |                   |                 |
| Basement               | 406           | £5.00             | £2,030          |
| Lower Ground Floor     | 247           | £12.00            | £2,964          |
| Ground Floor           | 590           | £12.00            | £7,080          |
| First Floor            | 594           | £12.00            | £7,128          |
| <b>Strathmore West</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £12.00            | £6,984          |
| Ground                 | 936           | £12.00            | £11,232         |
| First                  | 943           | £12.00            | £11,316         |
| Second                 | 943           | £12.00            | £11,316         |
| <b>Strathmore East</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £12.00            | £6,984          |
| Ground                 | 936           | £12.00            | £11,232         |
| First                  | 943           | £12.00            | £11,316         |
| Second                 | 943           | £12.00            | £11,316         |
| <b>Malvern House</b>   |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 977           | £12.00            | £11,724         |
| First                  | 977           | £12.00            | £11,724         |
| Second                 | 977           | £10.00            | £9,770          |
| <b>Buxton House</b>    |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 840           | £12.00            | £10,080         |
| First                  | 977           | £12.00            | £11,724         |
| Second                 | 977           | £10.00            | £9,770          |
| <b>Chiltern House</b>  |               |                   |                 |
| Ground                 | 553           | £12.00            | £6,636          |
| First                  | 1,163         | £12.00            | £13,956         |
| <b>Total</b>           | <b>18,416</b> |                   | <b>£197,932</b> |

**Market Value of the ultimate investment created by letting the Property**

|   |      |   |            |
|---|------|---|------------|
| Years Purchase @ a yield of                 | 7.75 | % | 12.90      |
| GROSS VALUE                                 |      |   | £2,553,961 |
| Deduct                                      |      |   |            |
| 6 months rent free on all eventual lettings |      |   | £98,966    |
| Purchasers costs of acquisition             | 5.76 | % | £147,108   |

**REVENUE**

**£2,307,887** A

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord

**VIABILITY APPRAISAL**  
**ASSUMES ACTUAL ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard      Anticipated marketing period to secure multi lets for whole Property - 8 years

**OUTLAY**

|                         |      |            |            |
|-------------------------|------|------------|------------|
| <b>"Land Value"</b>     |      |            |            |
| Fixed Price of purchase |      | £2,180,000 |            |
| Stamp Duty @ %          | 4.00 | £87,200    |            |
| Agent Fee               | 1.00 | £21,800    |            |
| Legal Fee               | 0.50 | £10,900    |            |
|                         |      |            | £2,299,900 |

**Refurbishment Cost**

|                                |      |  |          |
|--------------------------------|------|--|----------|
| Estimated cost                 |      |  | £450,000 |
| Upgrades to improve EPC rating |      |  | £10,000  |
| Professional fees @            | 5.00 |  | £23,000  |

**Marketing and letting**

|                     |   |       |         |
|---------------------|---|-------|---------|
| Letting Agent Fee @ | % | 15.00 | £29,690 |
| Letting Legal @     | % | 5.00  | £9,897  |

**Void Costs**

|   |                |            |          |
|---|----------------|------------|----------|
|   | Rateable Value | Multiplier |          |
| Business Rates*   | £139,000       | 0.512      | £266,882 |
| Security for initial 4 years until property becomes self policing |                |            | £100,000 |

**Disposal Fees**

|                 |      |  |         |
|-----------------|------|--|---------|
|                 | %    |  |         |
| Sales Agent     | 1.25 |  | £28,849 |
| Sales Legal Fee | 0.50 |  | £11,539 |

**Finance \*\***

|   |                    |              |          |
|---|--------------------|--------------|----------|
|   | Duration in months | Debit rate % |          |
| Purchase price                              | 96                 | 4.00         | £441,581 |
| Refurbishment costs                         | 84                 | 4.75         | £160,598 |
| Forgone interest on equity held in Property | 96                 | 1.75         | £128,794 |

**TOTAL**

**£3,960,729**

**PROFIT / LOSS (A-B)**

**-£1,652,842**

**B**

Footnotes

\* Business rates on voids over 8 years

| Year | Rateable Value estimate of empty space | Multiplier | Estimate of business rates payable |
|------|--|------------|------------------------------------|
| 1    | £139,000                               | 0.512      | £53,376                            |
| 2    | £119,143                               | 0.512      | £61,001                            |
| 3    | £99,286                                | 0.512      | £50,834                            |
| 4    | £79,429                                | 0.512      | £40,668                            |
| 5    | £59,572                                | 0.512      | £30,501                            |
| 6    | £39,715                                | 0.512      | £20,334                            |
| 7    | £19,858                                | 0.512      | £10,167                            |
| 8    | £0                                     | 0.512      | £0                                 |
|      |  | Total      | £266,882                           |

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

**VIABILITY APPRAISAL**

**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" - SINGLE LET**

**SUBJECT:** Land & Property - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard

Anticipated marketing period to secure a single let 8 years

**REVENUE**

**Market Rent**

|                    | Sq. Ft        | Rent psf pa excl. | MRV             |
|--------------------|---------------|-------------------|-----------------|
| Ashbourne House    |               |                   |                 |
| Basement           | 406           | £5.00             | £2,030          |
| Lower Ground Floor | 247           | £13.30            | £3,285          |
| Ground Floor       | 590           | £13.30            | £7,847          |
| First Floor        | 594           | £13.30            | £7,900          |
| Strathmore West    |               |                   |                 |
| Basement           | 600           | £5.00             | £3,000          |
| Lower Ground       | 582           | £13.30            | £7,741          |
| Ground             | 936           | £13.30            | £12,449         |
| First              | 943           | £13.30            | £12,542         |
| Second             | 943           | £13.30            | £12,542         |
| Strathmore East    |               |                   |                 |
| Basement           | 600           | £5.00             | £3,000          |
| Lower Ground       | 582           | £13.30            | £7,741          |
| Ground             | 936           | £13.30            | £12,449         |
| First              | 943           | £13.30            | £12,542         |
| Second             | 943           | £13.30            | £12,542         |
| Malvern House      |               |                   |                 |
| Basement           | 565           | £5.00             | £2,825          |
| Ground             | 977           | £13.30            | £12,994         |
| First              | 977           | £13.30            | £12,994         |
| Second             | 977           | £13.30            | £12,994         |
| Buxton House       |               |                   |                 |
| Basement           | 565           | £5.00             | £2,825          |
| Ground             | 840           | £13.30            | £11,172         |
| First              | 977           | £13.30            | £12,994         |
| Second             | 977           | £13.30            | £12,994         |
| Chiltern House     |               |                   |                 |
| Ground             | 553           | £13.30            | £7,355          |
| First              | 1,163         | £13.30            | £15,468         |
| <b>Total</b>       | <b>18,416</b> |                   | <b>£222,224</b> |

**Market Value of the ultimate investment created by letting the Property**

|  |        |            |
|--|--------|------------|
| Years Purchase @ a yield of            | 7.50 % | 13.33      |
| GROSS VALUE                            |        | £2,962,987 |
| Deduct                                 |        |            |
| 6 months rent free on eventual letting |        | £111,112   |
| Purchasers costs of acquisition        | 5.76 % | £170,668   |

**REVENUE FROM SALE AS AN INVESTMENT**

**£2,681,207**

**A**

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord



**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard Anticipated marketing period to secure a single let 8 years

**OUTLAY**

**"Land Value"**

|                         |      |          |          |
|-------------------------|------|----------|----------|
| Fixed Price of purchase |      | £920,000 |          |
| Stamp Duty @ %          | 4.00 | £36,800  |          |
| Agent Fee %             | 1.00 | £9,200   |          |
| Legal Fee %             | 0.50 | £4,600   |          |
| "Land Value"            |      |          | £970,600 |

**Refurbishment Cost**

|  |       |  |            |
|--|-------|--|------------|
| QS Supplied Figure including Contractors Preliminaries OH&P and design |       |  | £1,340,496 |
| Upgrades to improve EPC rating   |       |  | £10,000    |
| Professional fees  | 5.00% |  | £67,525    |

**Marketing and letting**

|                                  |        |  |         |
|----------------------------------|--------|--|---------|
| Letting Agent Fee @              | 15.00% |  | £33,334 |
| Letting Legal @                  | 5.00%  |  | £11,111 |
| Promtional material and web page |        |  | £10,000 |

**Void Costs**

|   |                |            |          |
|---|----------------|------------|----------|
|   | Rateable Value | Multiplier |          |
| Business Rates*                                       | £139,000       | 0.512      | £551,000 |
| Security until property let and becomes self policing |                |            | £200,000 |

**Disposal Fees**

|                 |       |  |         |
|-----------------|-------|--|---------|
| Sales Agent     | 1.25% |  | £33,515 |
| Sales Legal Fee | 0.50% |  | £13,406 |

**Finance on \*\***

|   |                    |              |          |
|---|--------------------|--------------|----------|
|   | Duration in months | Debit rate % |          |
| Purchase price and acquisition costs            | 96                 | 4.00         | £186,355 |
| Refurbishment costs                             | 84                 | 4.75         | £471,492 |
| Forgone Interest on equity held in the Property | 96                 | 1.75         | £54,354  |

**TOTAL**

**£3,953,187**      **B**

**PROFIT / LOSS (A-B)**

**-£1,271,981**

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

Notional figure for land value is equivalent to £50 per ft<sup>2</sup> on the Building

**VIABILITY APPRAISAL**  
**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard      Anticipated marketing period to secure multi lets for whole Property - 8 years

**REVENUE**

**Market Rent**

|                        | Sq. Ft               | Rent psf pa excl. | MRV                    |
|------------------------|----------------------|-------------------|------------------------|
| <b>Ashbourne House</b> |                      |                   |                        |
| Basement               | 406                  | £5.00             | £2,030                 |
| Lower Ground Floor     | 247                  | £14.00            | £3,458                 |
| Ground Floor           | 590                  | £14.00            | £8,260                 |
| First Floor            | 594                  | £14.00            | £8,316                 |
| <b>Strathmore West</b> |                      |                   |                        |
| Basement               | 600                  | £5.00             | £3,000                 |
| Lower Ground           | 582                  | £14.00            | £8,148                 |
| Ground                 | 936                  | £14.00            | £13,104                |
| First                  | 943                  | £14.00            | £13,202                |
| Second                 | 943                  | £14.00            | £13,202                |
| <b>Strathmore East</b> |                      |                   |                        |
| Basement               | 600                  | £5.00             | £3,000                 |
| Lower Ground           | 582                  | £14.00            | £8,148                 |
| Ground                 | 936                  | £14.00            | £13,104                |
| First                  | 943                  | £14.00            | £13,202                |
| Second                 | 943                  | £14.00            | £13,202                |
| <b>Malvern House</b>   |                      |                   |                        |
| Basement               | 565                  | £5.00             | £2,825                 |
| Ground                 | 977                  | £14.00            | £13,678                |
| First                  | 977                  | £14.00            | £13,678                |
| Second                 | 977                  | £12.00            | £11,724                |
| <b>Buxton House</b>    |                      |                   |                        |
| Basement               | 565                  | £5.00             | £2,825                 |
| Ground                 | 840                  | £14.00            | £11,760                |
| First                  | 977                  | £14.00            | £13,678                |
| Second                 | 977                  | £12.00            | £11,724                |
| <b>Chiltern House</b>  |                      |                   |                        |
| Ground                 | 553                  | £14.00            | £7,742                 |
| First                  | 1,163                | £14.00            | £16,282                |
| <b>Total</b>           | <b><u>18,416</u></b> |                   | <b><u>£229,292</u></b> |

**Market Value of the ultimate investment created by letting the Property**

|   |        |            |
|---|--------|------------|
| Years Purchase @ a yield of                 | 7.75 % | 12.90      |
| GROSS VALUE                                 |        | £2,958,606 |
| Deduct                                      |        |            |
| 6 months rent free on all eventual lettings |        | £114,646   |
| Purchasers costs of acquisition             | 5.76 % | £170,416   |

**REVENUE FROM SALE OF THE INVESTMENT**

**£2,673,545** A

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord

**VIABILITY APPRAISAL**  
**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Plus standard Anticipated marketing period to secure multi lets for whole Property - 8 years

**OUTLAY**

**"Land Value"**

|                         |        |          |          |
|-------------------------|--------|----------|----------|
| Notional Purchase Price |        | £920,000 |          |
| Stamp Duty @ %          | 4.00   | £36,800  |          |
| Agent Fee               | % 1.00 | £9,200   |          |
| Legal Fee               | % 0.50 | £4,600   |          |
| "Land Value"            |        |          | £970,600 |

**Refurbishment Cost**

|  |       |  |            |
|--|-------|--|------------|
| QS Supplied Figure including Contractors Preliminaries OH&P and design |       |  | £1,340,496 |
| Upgrades to improve EPC rating   |       |  | £10,000    |
| Professional fees @  | 5.00% |  | £67,525    |

**Marketing and letting**

|                                   |        |  |         |
|-----------------------------------|--------|--|---------|
| Letting Agent Fee @               | 15.00% |  | £34,394 |
| Letting Legal @                   | 5.00%  |  | £11,465 |
| Promotional material and web page |        |  | £10,000 |

**Void Costs**

|   |  |  |          |
|---|--|--|----------|
| Business Rates* (see below)                           |  |  | £266,882 |
| Security until property let and becomes self policing |  |  | £100,000 |

**Disposal Fees**

|                 |       |  |        |
|-----------------|-------|--|--------|
| Sales Agent     | 1.25% |  | £2,866 |
| Sales Legal Fee | 0.50% |  | £1,146 |

**Finance on \*\***

|   | Duration in months | Debit rate % |          |
|---|--------------------|--------------|----------|
| Purchase price and acquisition costs            | 96                 | 4.00         | £186,355 |
| Refurbishment costs                             | 84                 | 4.75         | £471,492 |
| Forgone Interest on equity held in the Property | 96                 | 1.75         | £54,354  |

**TOTAL**

**£3,527,574 B**

**PROFIT / LOSS (A-B)**

**-£854,029**

| Void Business Rates | Rateable Value | Multiplier | Rates payable |
|---------------------|----------------|------------|---------------|
| 1                   | £139,000       | 0.512      | £53,376       |
| 2                   | £119,143       | 0.512      | £61,001       |
| 3                   | £99,286        | 0.512      | £50,834       |
| 4                   | £79,429        | 0.512      | £40,668       |
| 5                   | £59,572        | 0.512      | £30,501       |
| 6                   | £39,715        | 0.512      | £20,334       |
| 7                   | £19,858        | 0.512      | £10,167       |
| 8                   | £0             | 0.512      | £0            |

**Total £266,882**

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

Notional figure for land value is equivalent to £50 per ft<sup>2</sup> on the Building

**VIABILITY APPRAISAL**  
**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" - SINGLE LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard      Anticipated marketing period to secure multi lets for entire Property- 8 years

**REVENUE**

**Market Rent**

|                        | Sq. Ft        | Rent psf pa excl. | MRV             |
|------------------------|---------------|-------------------|-----------------|
| <b>Ashbourne House</b> |               |                   |                 |
| Basement               | 406           | £5.00             | £2,030          |
| Lower Ground Floor     | 247           | £11.40            | £2,816          |
| Ground Floor           | 590           | £11.40            | £6,726          |
| First Floor            | 594           | £11.40            | £6,772          |
| <b>Strathmore West</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £11.40            | £6,635          |
| Ground                 | 936           | £11.40            | £10,670         |
| First                  | 943           | £11.40            | £10,750         |
| Second                 | 943           | £11.40            | £10,750         |
| <b>Strathmore East</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £11.40            | £6,635          |
| Ground                 | 936           | £11.40            | £10,670         |
| First                  | 943           | £11.40            | £10,750         |
| Second                 | 943           | £11.40            | £10,750         |
| <b>Malvern House</b>   |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 977           | £11.40            | £11,138         |
| First                  | 977           | £11.40            | £11,138         |
| Second                 | 977           | £11.40            | £11,138         |
| <b>Buxton House</b>    |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 840           | £11.40            | £9,576          |
| First                  | 977           | £11.40            | £11,138         |
| Second                 | 977           | £11.40            | £11,138         |
| <b>Chiltern House</b>  |               |                   |                 |
| Ground                 | 553           | £11.40            | £6,304          |
| First                  | 1,163         | £11.40            | £13,258         |
| <b>Total</b>           | <b>18,416</b> |                   | <b>£192,432</b> |

**Market Value of the ultimate investment created by letting the Property**

|   |        |            |
|---|--------|------------|
| Years Purchase @ a yield of                 | 7.50 % | 13.33      |
| GROSS VALUE                                 |        | £2,565,760 |
| Deduct                                      |        |            |
| 6 months rent free on each eventual letting |        | £96,216    |
| Purchasers costs of acquisition             | 5.76 % | £147,788   |

**REVENUE FROM SALE AS AN INVESTMENT**

**£2,321,756**

**A**

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord

**VIABILITY APPRAISAL**  
**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" - SINGLE LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard Anticipated marketing period to secure multi lets for entire Property- 8 years

**OUTLAY**

**"Land Value"**

|                         |      |          |          |
|-------------------------|------|----------|----------|
| Notional Purchase Price |      | £920,000 |          |
| Stamp Duty @ %          | 4.00 | £36,800  |          |
| Agent Fee %             | 1.00 | £9,200   |          |
| Legal Fee %             | 0.50 | £4,600   |          |
| "Land Value"            |      |          | £970,600 |

**Refurbishment Cost**

|                                |       |  |          |
|--------------------------------|-------|--|----------|
| Estimated cost                 |       |  | £450,000 |
| Upgrades to improve EPC rating |       |  | £10,000  |
| Professional fees @            | 5.00% |  | £23,000  |

**Marketing and letting**

|   |        |  |         |
|---|--------|--|---------|
| Letting Agent Fee @                     | 15.00% |  | £28,865 |
| Letting Legal @                         | 5.00%  |  | £9,622  |
| Promotional material including web page |        |  | £10,000 |

**Void Costs**

|   | Rateable Value | Multiplier |          |
|---|----------------|------------|----------|
| Business Rates*                                       | £139,000       | 0.512      | £551,000 |
| Security until property let and becomes self policing |                |            | £200,000 |

**Disposal Fees**

|                 |       |  |         |
|-----------------|-------|--|---------|
| Sales Agent     | 1.25% |  | £29,022 |
| Sales Legal Fee | 0.50% |  | £11,609 |

**Finance on \*\***

|   | Duration in months | Debit rate % |          |
|---|--------------------|--------------|----------|
| Purchase price and acquisition costs            | 96                 | 4.00         | £186,355 |
| Refurbishment costs                             | 84                 | 4.75         | £160,598 |
| Forgone Interest on equity held in the Property | 96                 | 1.75         | £54,354  |

**TOTAL**

£2,695,023 **B**

**PROFIT / LOSS (A-B)**

**-£373,267**

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value  
 Lettings fees reflect joint agency  
 Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage  
 Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost  
 Notional figure for land value is equivalent to £50 per ft<sup>2</sup> on the Building

**VIABILITY APPRAISAL**  
**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" - MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard Anticipated marketing period to secure multi lets for whole Property - 8 years

**REVENUE**

**Market Rent**

|                        | Sq. Ft        | Rent psf pa excl. | MRV             |
|------------------------|---------------|-------------------|-----------------|
| <b>Ashbourne House</b> |               |                   |                 |
| Basement               | 406           | £5.00             | £2,030          |
| Lower Ground Floor     | 247           | £12.00            | £2,964          |
| Ground Floor           | 590           | £12.00            | £7,080          |
| First Floor            | 594           | £12.00            | £7,128          |
| <b>Strathmore West</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £12.00            | £6,984          |
| Ground                 | 936           | £12.00            | £11,232         |
| First                  | 943           | £12.00            | £11,316         |
| Second                 | 943           | £12.00            | £11,316         |
| <b>Strathmore East</b> |               |                   |                 |
| Basement               | 600           | £5.00             | £3,000          |
| Lower Ground           | 582           | £12.00            | £6,984          |
| Ground                 | 936           | £12.00            | £11,232         |
| First                  | 943           | £12.00            | £11,316         |
| Second                 | 943           | £12.00            | £11,316         |
| <b>Malvern House</b>   |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 977           | £12.00            | £11,724         |
| First                  | 977           | £12.00            | £11,724         |
| Second                 | 977           | £10.00            | £9,770          |
| <b>Buxton House</b>    |               |                   |                 |
| Basement               | 565           | £5.00             | £2,825          |
| Ground                 | 840           | £12.00            | £10,080         |
| First                  | 977           | £12.00            | £11,724         |
| Second                 | 977           | £10.00            | £9,770          |
| <b>Chiltern House</b>  |               |                   |                 |
| Ground                 | 553           | £12.00            | £6,636          |
| First                  | 1,163         | £12.00            | £13,956         |
| <b>Total</b>           | <b>18,416</b> |                   | <b>£197,932</b> |

**Market Value of the ultimate investment created by letting the Property**

|   |        |            |
|---|--------|------------|
| Years Purchase @ a yield of                 | 7.75 % | 12.90      |
| GROSS VALUE                                 |        | £2,553,961 |
| Deduct                                      |        |            |
| 6 months rent free on all eventual lettings |        | £98,966    |
| Purchasers costs of acquisition             | 5.76 % | £147,108   |

**REVENUE FROM SALE AS AN INVESTMENT**

**£2,307,887** A

**Footnotes:**

Market Rents are net effective rents

Market Rents are discounted by 5% for a single let of the whole, to reflect quantum

On multi-lettings, the Market Rent per ft<sup>2</sup> is reduced by £2 per ft<sup>2</sup> on the second floor accommodation for those Houses with no lift

The Investment Yield for a single let is 0.25% lower than a multi-let, to reflect less administration for a landlord

**VIABILITY APPRAISAL**  
**ASSUMES NOTIONAL FIGURE FOR ACQUISITION PRICE FOR "LAND" -MULTI LET**

**SUBJECT:** Property known as - Waterperry Court Middleton Road Banbury OX16 4QD

**PROJECT:** Refurbishment to Grade B Basic standard Anticipated marketing period to secure multi lets for whole Property - 8 years

**OUTLAY**

**"Land Value"**

|                         |      |          |          |
|-------------------------|------|----------|----------|
| Notional Purchase Price |      | £920,000 |          |
| Stamp Duty @ %          | 4.00 | £36,800  |          |
| Agent Fee               | 1.00 | £9,200   |          |
| Legal Fee               | 0.50 | £4,600   |          |
|                         |      |          | £970,600 |

**Refurbishment Cost**

|                                |      |  |          |
|--------------------------------|------|--|----------|
| Estimated cost                 |      |  | £450,000 |
| Upgrades to improve EPC rating |      |  | £10,000  |
| Professional fees @ %          | 5.00 |  | £23,000  |

**Marketing and letting**

|                       |       |  |         |
|-----------------------|-------|--|---------|
| Letting Agent Fee @ % | 15.00 |  | £29,690 |
| Letting Legal @ %     | 5.00  |  | £9,897  |

**Void Costs**

|   |                |            |          |
|---|----------------|------------|----------|
| Business Rates*   | Rateable Value | Multiplier |          |
|   | £139,000       | 0.512      | £266,882 |
| Security for initial 4 years until property becomes self policing |                |            | £100,000 |

**Disposal Fees**

|                 |      |  |         |
|-----------------|------|--|---------|
| Sales Agent     | %    |  |         |
| Sales Agent     | 1.25 |  | £28,849 |
| Sales Legal Fee | 0.50 |  | £11,539 |

**Finance \*\***

|                                 |                    |              |          |
|---------------------------------|--------------------|--------------|----------|
|                                 | Duration in months | Debit rate % |          |
| Purchase price                  | 96                 | 4.00         | £186,355 |
| Refurbishment costs             | 84                 | 4.75         | £160,598 |
| Forgone interest on equity held | 96                 | 1.75         | £54,354  |

**TOTAL** **£2,301,762** **B**

**PROFIT / LOSS (A-B)** **£6,125**

**Footnotes**

Business rates on voids over 8 years

| Year | Rateable Value estimate of empty space | Multiplier | Estimate of business rates payable |
|------|--|------------|------------------------------------|
| 1    | £139,000                               | 0.512      | £53,376                            |
| 2    | £119,143                               | 0.512      | £61,001                            |
| 3    | £99,286                                | 0.512      | £50,834                            |
| 4    | £79,429                                | 0.512      | £40,668                            |
| 5    | £59,572                                | 0.512      | £30,501                            |
| 6    | £39,715                                | 0.512      | £20,334                            |
| 7    | £19,858                                | 0.512      | £10,167                            |
| 8    | £0                                     | 0.512      | £0                                 |
|      |  | Total      | £266,882                           |

**Footnotes**

\*\* The interest is charged on 60% of the purchase price as this is maximum loan a traditional lender will advance to value

Lettings fees reflect joint agency

Security Costs is assumed to be £25,000 per annum, for one daily inspection plus CCTV coverage

Grade B Basic refurbishment cost is taken as one third of Grade B Plus cost

Notional figure for land value is equivalent to £50 per ft<sup>2</sup> on the Building