

VIABILITY REVIEW ADDENDUM

Ladds Garden Centre
Bath Road
Hare Hatch
Reading RG10 9SB

30th April 2026

1. Introduction

Further to our Viability Review of 19th December 2025 we have received Turner Morum's letter up-date dated 13th February 2026, together with updated positions on Existing Use Value from Pike Smith Kemp Rural and Quinton Edwards, the most recent of which being from Quinton Edwards on 17th April 2026.

We are pleased that we are agreed on a number of points. There are however, a few issues which remain outstanding between us. These matters are:-

- Gross Development Value
- Benchmark Land Value
- Developer's Profit
- Finance

We set out below our comments in relation to the above matters: -

2. Gross Development Value

Within their Viability Assessment dated 19th September 2025 Turner Morum adopted a total Gross Development Value of £17.84 million (£597 psf) on the advice of Braxton Estate Agents. However, upon undertaking our own research of comparable property sales within the local vicinity, we concluded that whilst we concurred with the values attributed to the detached and semi-detached houses, we considered that the values for the maisonettes were slightly too low, and increased these by £15,000 per plot. This increased the total Gross Development Value by £60,000 to £17,900,000 (£599 psf).

However, within their following Viability letter of 13th February 2026, Turner Morum seek to split the difference in value between us and reduce the GDV to £17,870,000 (£598 psf). Given that the Gross Development Value adopted by us is based on a detailed analysis of comparable evidence for new build and second-hand flats in the local vicinity, there is no compelling reason provided for us to do so. We therefore continue to adopt a total Gross Development Value for the proposed scheme on the basis of 100% market sale at £17,900,000 (£599 psf).

3. Benchmark Land Value

Within their Viability Assessment dated 19th September 2025, Turner Morum adopted an Existing Use Value of £3.2 million, as advised by Pike Smith Kemp Rural (PSKR). As we are not garden centre specialists, we referred the review of the PSKR valuation to Quinton Edwards who are specialists in this

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field. We attached a copy of Quinton Edwards' Review of Valuation Report within our Viability Review of 19th December 2025, which disagreed with PSKR's method of valuation and concluded an Existing Use Value of £725,000.

However, since this date, correspondence has been exchanged between PSKR and Quinton Edwards and a meeting held between the parties, which was also attended by ourselves and Turner Morum, together with the Case Officer where it was agreed that Quinton Edwards had inadvertently excluded the floor area of one of the buildings from their calculations and had also not taken account of the rental levels being received from the retail concessions currently on the site. They had also assumed that the garden centre was entirely closed and had not taken account of the fact that where properties have not been let due to the redevelopment proposals preventing the offer of a viable lease term to potential tenants, the property should be valued on the assumption that it is occupied on standard commercial terms. RICS Guidance "Assessing viability in planning under the National Planning Policy Framework 2019 for England", states:-

"B.1.11 Where buildings have been run down and possibly let on shorter-term leases, with no right to renew, in expectation of future development – or even demolished – the EUV will be depressed below that of similar buildings that have not been so affected. It can therefore be assumed that the buildings are still occupied on standard commercial terms where they meet statutory requirements and there is a demand for that use. The condition of the buildings should however be taken into account in assessing the EUV"

Quinton Edwards have therefore up dated their calculation of the Existing Use Value of the property on this basis (attached at **Appendix A**) and this is now advised to be £2,170,000.

However, as stated within NPPG Viability Guidance, it is necessary to apply a Landowner's Premium to the Existing Use Value (EUV+) in order to incentivise the Landowner to release their land for development. Within their Viability letter of 13th February 2026, Turner Morum considered that an appropriate premium for a similar Existing Use Value would be 25%. We consider that a 25% premium is too high and consider a 20% premium more appropriate to incentivise a reasonable Landowner to release their land for development.

We have therefore allowed an uplift of 20% (£434,000) on the advised Existing Use Value of £2,170,000, equating to a Benchmark Land Value of £2,604,000.

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4. Developer's Profit

Within their Viability Assessment dated 19th September 2025, Turner Morum adopted a Developer's Profit of 20% on private sale units and 6% on affordable units. However, whilst we agreed with a profit level of 6% on affordable housing, we considered that a 20% developer's profit was too high and above current industry norms for private sales. We considered that 17.5% was more appropriate in the market at that time.

Turner Morum have then sought to agree a 'mid-way' position at 18.75%. Whilst we consider this to remain above current market levels, we do consider that the new build residential property market has worsened since our Viability Review of 19th December 2025, in part due to the instability in the Middle East and uncertainty in relation to interest rates, etc. We therefore consider it appropriate to increase the private sale developer's profit to 18%.

5. Finance

Within their Viability Assessment dated 19th September 2025, Turner Morum adopted a finance rate of 7.5%, whilst we considered a finance rate of 7% to be appropriate.

Again, Turner Morum have sought to agree a mid-way position of 7.25%. As set out above, due to the currently instability in the Middle East and the consequential increase in interest rates, we consider that 7.25% is reasonable and we have adopted this figure.

6. Section 106 costs

We understand from Wokingham Borough Council that Section 106 Costs have so far been requested as follows :-

NHS Contribution:	£ 17,218
BNG Contributions:	£ 33,232
Off-site green infrastructure contributions:	£169,238
Highways	<u>£ 12,825</u>
Total	£232,513

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We have therefore, based our appraisal on the stated contributions of £232,513. However, if this figure increases or decreases it will have a corresponding effect on the viability of the scheme which will need to be revisited.

7. Abnormals

Within their letter up-date of 13th February Turner Morum have also provided a quotation from Scottish & Southern Electricity Networks regarding the connection to the distribution network in the area, the cost of which was not previously included within their viability assessment. This quotation totals £173,383 excluding VAT and we have therefore now allowed this figure within our appraisals.

Turner Morum have also subsequently provided a quotation for mains water connection costs at £124,925, which is significantly higher than the cost of £28,744 included within the cost plan submitted with their initial viability appraisal. We have therefore allowed the additional figure of £96,181 within our appraisals.

8. Conclusions

We have set out above the elements upon which we disagree with Turner Morum and have provided additional information, clarification and reasoning for each point.

We have re-issued our appraisals (**Appendix B & C**) on this basis, which adopts the revenues and costs set out above and result in the summarised viability positions as follows:-

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	40% affordable housing – policy compliant Appendix B	100% private sale – Appendix C
Gross Development Value, (Based on development of 19 no. residential dwellings)	£13,781,407	£17,900,000
Total costs (Inc. construction, land acquisition fees, professional fees, disposal fees, CIL/S106, finance and profit)	£13,314,430	£15,255,463
Residual Land Value	<u>£466,977</u>	<u>£2,644,537</u>
BENCHMARK LAND VALUE	<u>£2,604,000</u>	<u>£2,604,000</u>
Surplus/Deficit	<u>-£2,137,023</u>	<u>£40,537</u>

It is demonstrated above, that the policy compliant scheme remains in deficit by -£2,137,023 which equates to a developer's loss of 1.07% and is therefore not viable. However, it is also shown above that on the basis of a 100% private sale development, the scheme shows a small surplus above the target profit level of 18% of £40,537, which is available as an off-site commuted sum in lieu, but is not sufficient to fund any on-site affordable housing units.

It is therefore clear that it is unviable to provide any element of affordable housing contribution on site, but a small, commuted sum of £40,537 is viable.

We trust the foregoing report is sufficient for your purposes, and if you require any further information or clarification, please do not hesitate to contact the undersigned.



PETRINA J FROUD
Senior Development & Viability Surveyor
FOR KEMPTON CARR CROFT



MICHAEL DARROCH BSc(Hons) MRICS
RICS Registered Valuer
FOR KEMPTON CARR CROFT

APPENDIX A

From: Simon Quinton Smith [REDACTED]
Sent: 17 April 2026 10:20
To: marcus.watts@wokingham.gov.uk
Cc: Trina Froud [REDACTED]; Simon Quinton Smith [REDACTED]
Subject: Ladds Garden Centre - Opinion of Value following Teams Meeting

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Dear Marcus,

Re: Ladds Garden Centre - Opinion of Value following Teams Meeting

We set out our revised Opinion of Value based on additional information that has been made available to us.

The first is Appendix B of the RICS Guidance in relation to viability with Appendix B being existing use value.

I have been particularly referred to paragraphs B1(10) and B1(11) in regard to how the Opinion of Value should be considered.

The second is a site plan attached as Appendix 2, showing an additional building which was not included within our original Opinions of Value:

Revised

Heated and Unheated Sales Accommodation	1,663 sq.m.			
Plus a larger than average outside Sales Area – so for the purpose of this report – plus 25%	415.75 Total 2078.75 sq.m.	@ £1,000 per sq.m.	Turnover £2,078,750	
However, with 74 car parking spaces @ £20,000 per space, the turnover would only be over			£1,480,000 – The Average turnover is £1,779,375 Say £1,800,000	

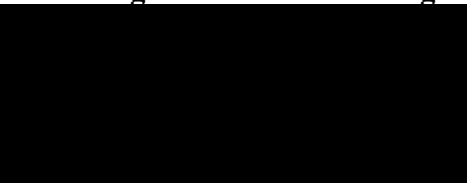
Rental Value	6.5% of £1,800,000		£ 117,000	
YP	10			£1,170,000
Operating Profit at Industry Average	15%	£270,000		
YP	2.5%			£ 675,000
Plus Concessionary Income - £32,500	@ 10%	YP		£ 325,000
			Total	£2,170,000

Kind regards,

Yours sincerely,



Simon E Quinton Smith FRICS MI Hort
Director
RICS Registered Valuer & Registered Business Valuer



Quinton Edwards Chartered Surveyors,
Bartholomew House, 38 London Road, Newbury, RG14 1JX



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Appendix B: Existing use value (EUV)

B.1.1 This appendix provides guidance in arriving at an EUV in accordance with paragraph 015 of the PPG.

B.1.2 The EUV for the purposes of FVAs is the value in the existing use, ignoring any prospect of future change to that use. This may however include permitted development or change of use within the same planning use class, but only where this does not necessitate any refurbishment or redevelopment works to the existing buildings or site works. The provisions relating to refurbishment and redevelopment will apply (see paragraph 2.1.7).

B.1.3 The PPG paragraph 015 identifies the type of evidence base that can be used to support the determination of the EUV and the sources of that evidence. At the plan-making stage, this should be accomplished with collaboration between the plan-makers, developers and landowners, and can use published sources of information on rental and capital values of land and property, such as:

- land registry records of transactions
- real estate licensed software packages
- real estate market reports
- real estate research
- estate agent websites
- property auction results
- Valuation Office Agency data and
- public sector estate/property teams' locally held evidence.

B.1.4 PPG paragraph 015 does not limit the data sources, so there is an expectation that normal valuation methods will be employed, with the appropriate method being applied to the appropriate property type. Where possible and appropriate, the market comparison approach will be used; the analysis of transactions is a major part of that approach.

B.1.5 Normal methods of transaction analysis will apply. In the case of FVAs, the evidence must be adjusted to disregard any hope value for development that requires planning permission, which may be present in the transaction price. Changes of use that do not require permission will be assumed to be already reflected in that price.

B.1.6 Assessors should make the plan-maker/decision-maker aware of any limitations of data sources, especially where full knowledge surrounding the terms of the transactions is not available and assumptions have been made. These assumptions need to be reported.

B.1.7 PPG paragraph 017 states that ‘where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing BLV’. Where any assumption regarding the use of the property involves any alterations, including refurbishment or redevelopment, BLV will be based on AUV with no premium.

B.1.8 What constitutes a repair versus an alteration will be determined by professional judgement as to whether the works bring the building up to standard within the existing use, or whether they go beyond that and fall into the category of refurbishment. In many circumstances, the expenditure in proportion to the building value may be a material consideration in informing this professional judgement. Each case needs to be considered on its merits but a building or site in need of substantial repair would be expected to have a lower EUV than a building or site in good repair, subject to any dilapidations claims. Furthermore, a landowner should not profit from their failure to maintain the building or site.

B.1.9 Works undertaken to comply with building regulations or statutory requirements, such as the *Disability Discrimination Act* 1995 or the need to provide Energy Performance Certificates (EPCs), would generally constitute repairs, as these are required for the continued use of the building. Such works could of course represent a significant cost. If the property cannot be legally used for its current use at the date of valuation, that should be reported, even if the EUV is based on the assumption that remedial works will be carried out.

B.1.10 All relevant repair and maintenance costs should be reflected in the valuation, and all assumptions made underpinning the assessment of the EUV should be reported.

B.1.11 Where buildings have been run down and possibly let on shorter-term leases, with no right to renew, in expectation of future development – or even demolished – the EUV will be depressed below that of similar buildings that have not been so affected. It can therefore be assumed that the buildings are still occupied on standard commercial terms where they meet statutory requirements and there is a demand for that use. The condition of the buildings should however be taken into account in assessing the EUV.

B.1.12 Where a landowner has not renewed leases, it would be inappropriate to determine a lower BLV and penalise the landowner for making the site ready for development. That would occur if a lower EUV is coupled with a premium evidenced from similar sites that had not been made ready for development in this way. A balance is required, reflecting the circumstances at the valuation date, but also the costs actually incurred in delivering the site and bringing it forward for development purposes. Such costs would generally sit in the scheme assessment, as necessary to incur in order to bring the scheme forward. They should not include payments to tenants and other parties who have an interest in the land based on hope value, but should reflect the current use value of these interests and the statutory costs of determining tenancies. Any double counting (value and cost) must be avoided in the EUV, premium and scheme assessment.

B.1.13 The EUV of a partially implemented development could be nil. The BLV may therefore be more appropriately assessed by reference to the AUV.



APPENDIX B

Viability Appraisal
Proposed 19 unit scheme
42% Affordable Housing on-site @ £291 psf

Ladds Garden Centre
Bath Road
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Development Appraisal
ARGUS Software
April 30, 2026

APPRAISAL SUMMARY**ARGUS SOFTWARE**

Viability Appraisal
Proposed 19 unit scheme
42% Affordable Housing on-site @ £291 psf

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Sale Residential	11	15,806	612.74	880,455	9,685,000
Affordable Housing	8	14,077	291.00	512,051	4,096,407
Totals	19	29,883			13,781,407

NET REALISATION 13,781,407

OUTLAY**ACQUISITION COSTS**

Residualised Price			466,977	
				466,977
Stamp Duty			12,849	
Effective Stamp Duty Rate		2.75%		
Agent Fee		1.00%	4,670	
Legal Fee		0.80%	3,736	
				21,254

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
Construction Costs	29,883	301.83	9,019,688	
Contingency		5.00%	460,484	
Higher mains water/connection cost			96,181	
Part L & F Building Regs & Future H			190,000	
Scottish & Southern Elec Networks			173,383	
S106			232,513	
				10,172,249

PROFESSIONAL FEES

Professional Fees		7.00%	644,678	
				644,678

DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%		
Sales, Marketing & Legal Fees		2.75%	266,338	
Affordable Marketing Costs		0.50%	20,482	
				286,820

TOTAL COSTS BEFORE FINANCE 11,591,978

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Dec 2025
Construction	15	Mar 2026
Sale	6	Dec 2026

Viability Appraisal
Proposed 19 unit scheme
42% Affordable Housing on-site @ £291 psf

Total Duration	18		
Debit Rate 7.25%, Credit Rate 0.00% (Effective)			
Land		32,351	
Construction		115,313	
Other		53,107	
Total Finance Cost			200,772
TOTAL COSTS			11,792,750
PROFIT			1,988,657

Performance Measures

Profit on Cost%	16.86%
Profit on GDV%	14.43%
Profit on NDV%	14.43%
IRR% (without Interest)	57.69%
Profit Erosion (finance rate 7.250)	2 yrs 2 mths

APPENDIX C

Viability Appraisal
Proposed 19 unit scheme

Ladds Garden Centre
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Viability Appraisal
Proposed 19 unit scheme

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
Private Sale Residential	19	29,883	599.00	942,105	17,900,000

NET REALISATION17,900,000

OUTLAY

ACQUISITION COSTS

Residualised Price			2,644,537		
				2,644,537	
Stamp Duty			121,727		
Effective Stamp Duty Rate		4.60%			
Agent Fee		1.00%	26,445		
Legal Fee		0.80%	21,156		
				169,329	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost		
Private Sale Residential	29,883	301.83	9,019,688		
Contingency		5.00%	460,484		
Higher mains water/connection cost			96,181		
Part L & F Building Regs & Future H			190,000		
Scottish & Southern Elec Networks			173,383		
CIL			9,165		
S106			232,513		
				10,181,414	

PROFESSIONAL FEES

Professional Fees		7.00%	644,678		
				644,678	

DISPOSAL FEES

Effective Purchaser's Costs Rate		0.00%			
Sales, Marketing & Legal Fees		2.75%	492,250		
				492,250	

TOTAL COSTS BEFORE FINANCE14,132,208

FINANCE

Timescale	Duration	Commences
Pre-Construction	3	Dec 2025
Construction	15	Mar 2026
Sale	10	Dec 2026
Total Duration	22	

Debit Rate 7.25%, Credit Rate 0.00% (Effective)

Viability Appraisal

Proposed 19 unit scheme

Land	293,313	
Construction	239,916	
Other	12,563	
Total Finance Cost		545,792

TOTAL COSTS

14,678,000

PROFIT

3,222,000

Performance Measures

Profit on Cost%	21.95%
Profit on GDV%	18.00%
Profit on NDV%	18.00%
IRR% (without Interest)	39.04%
Profit Erosion (finance rate 7.250)	2 yrs 9 mths