

Financial Viability Assessment

Thamesfield Village
Wargrave Road
Henley-on-Thames
RG9 2LX

Retirement Villages

December 2024

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6 December 2024

Our Ref: 2023-246

PRIVATE AND CONFIDENTIAL

Wokingham Borough Council
Shute End
Wokingham, Berkshire
RG40 1BN

For the Attention of: Town Planning Department

Dear Sir/Madam,

**Financial Viability Assessment in Respect of: -
Thamesfield Village, Wargrave Rd, Henley-on-Thames RG9 2LX**

Non-Technical Summary

This Financial Viability Assessment (FVA) has been prepared in support of a planning application submitted to Wokingham Borough Council for the proposed redevelopment of part of Thamesfield Village. Thamesfield is an established and operational Integrated Retirement Community (IRC) providing extra care retirement accommodation and associated communal facilities. The Site currently comprises 37 extra care units (use class C2). The application seeks planning permission for the following development:

"Part demolition of existing building and replacement with a three-storey extension to provide extra-care units (Use Class C2), with associated soft and hard landscaping works; provision of additional vehicle parking, bin stores and ancillary structures; and alterations to existing basement"

This report considers the financial viability of the proposals and provides justification in economic viability terms for the level of affordable housing and other planning benefits included within the planning application.

Paragraph 010 of the Planning Policy Guidance sets out the FVA framework for undertaking such assessments and states the following:

'Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return'

The Key metrics in arriving at our opinion of the Viability of the scheme proposals are as follows:

Gross Development Value	£11,395,000

Development Cost (Total Costs excl. Profit and Land Value)	£8,815,000
Residual Land Value	£300,000
Benchmark Land Value (including Landowner Premium)	£1,650,000
Profit	£2,280,000
Profit on Cost (%)	25%
Profit on GDV (%)	20%

Based upon the findings herein and the resulting costs and values set out above the proposed scheme contained within the application produces a Residual Land Value below the level which is considered an appropriate Benchmark Land Value for this type of development whilst adopting an appropriate developers return in accordance with published guidance on the financial viability in planning process. This is on the assumption of the following planning contributions: -

- Local CIL payment of £112,839;
- Other benefits delivered by the scheme, including the provision of further much needed high quality Integrated Retirement Community units and improvements to the existing scheme offer.

It should be noted that the Benchmark Land Value is not a price to be paid in the marketplace; it is a mechanism by which the viability of the site to provide developers' contributions can be assessed. It should be set at a level that provides the minimum return at which a reasonable landowner would be willing to sell.

1 Introduction

- 1.1 Newsteer have been instructed to prepare this Financial Viability Assessment (FVA) on behalf of the applicant – Retirement Villages Group – in order to consider the profitability resulting from the proposed development and demonstrate the ability of the scheme proposals to provide a contribution towards affordable housing taking account of the scheme revenue and costs together with the other planning benefits outlined above. This report constitutes a financial viability assessment of the proposed scheme for planning purposes.
- 1.2 It is confirmed that we have carried out our standard conflict check procedure and that no conflict or risk of conflict of interest exists in this case.
- 1.3 It is confirmed that in preparing this assessment, no performance related or contingent fees have been agreed.
- 1.4 This FVA is provided on a private and confidential basis to support the planning application submitted to Wokingham Borough Council (hereafter “the Council”). We understand that the assessment will be made available to the Council’s advisors and are happy for this to occur however, we do not offer the Council or your advisors and or any third parties a professional duty of care.
- 1.5 This report must not be recited or referred to in any document or copied or made available (in whole or in part) to any other person without our express prior written consent.
- 1.6 This FVA for planning purposes has been carried out under the NPPF/PPG; this is regarded as the ‘authoritative requirement’ in the Red Book. This means that the UK government’s technical requirements on the assessment of viability take precedence, but Red Book professional standards still apply. RICS members undertaking this work must adhere to the following:
 - statutory and other authoritative requirements (including the NPPF and the PPG)
 - the Financial viability in planning: conduct and reporting RICS professional statement; it provides the mandatory requirements for the conduct and reporting of valuations in the FVA, and has been written to reflect the requirements of the PPG
 - PS 1 and PS 2 of the Red Book
- 1.7 This report has been prepared in line with RICS valuation guidance and regarding relevant guidance on preparing financial viability assessments for planning purposes. While FVA’s are not valuations as such, there is significant valuation content within an FVA. For that reason, these valuation aspects are within the jurisdiction of the Red Book and other RICS mandatory statements and professional guidance. All RICS members carrying out FVAs must adhere to these provisions. However, it does not constitute a formal “Red Book” valuation and should not be relied upon as such.
- 1.8 This report has been prepared having regard to relevant planning policy applicable to the site at the date of writing and generally accepted principles of undertaking (site specific) FVAs. It has been written adhering to the RICS Guidance note Financial Viability in Planning (2021) and the RICS Professional Statement on Conduct and Reporting in viability that supports the RICS Guidance Note (2019) (the “RICS Professional Statement”).
- 1.9 It is confirmed that the valuer undertaking this assessment has acted:
 - with objectivity
 - impartially

- without interference and
- with reference to all appropriate available sources of information

1.10 The scheme will be assessed using standard residual valuation methodology as follows:

Gross Development Value of the residential and commercial elements of the scheme
Less
Build costs, Section 106 costs, CIL, cost of sale, finance costs
Less
Developers Profit
=
Residual Land Value

- 1.11 The Residual Land Value is then compared with a Benchmark Land Value (BLV) and if the Residual Land Value is lower or not sufficiently higher than the Benchmark Land Value the scheme is not technically viable.
- 1.12 We have undertaken development appraisals using the industry recognised ARGUS Developer Model.
- 1.13 The report will give a brief overview of the scheme; set out the Viability Benchmark Value considered appropriate in this case; detail the assumptions made in relation to the scheme residual appraisal and detail the appraisal results. This will allow conclusions to be drawn in respect of the level of planning contributions which the scheme is able to support.

2 Development Proposals

- 2.1 The scheme has been through a rigorous design process. A floorplan showing the proposed development is shown below for context.

Figure 1: Proposed scheme



Accommodation Summary

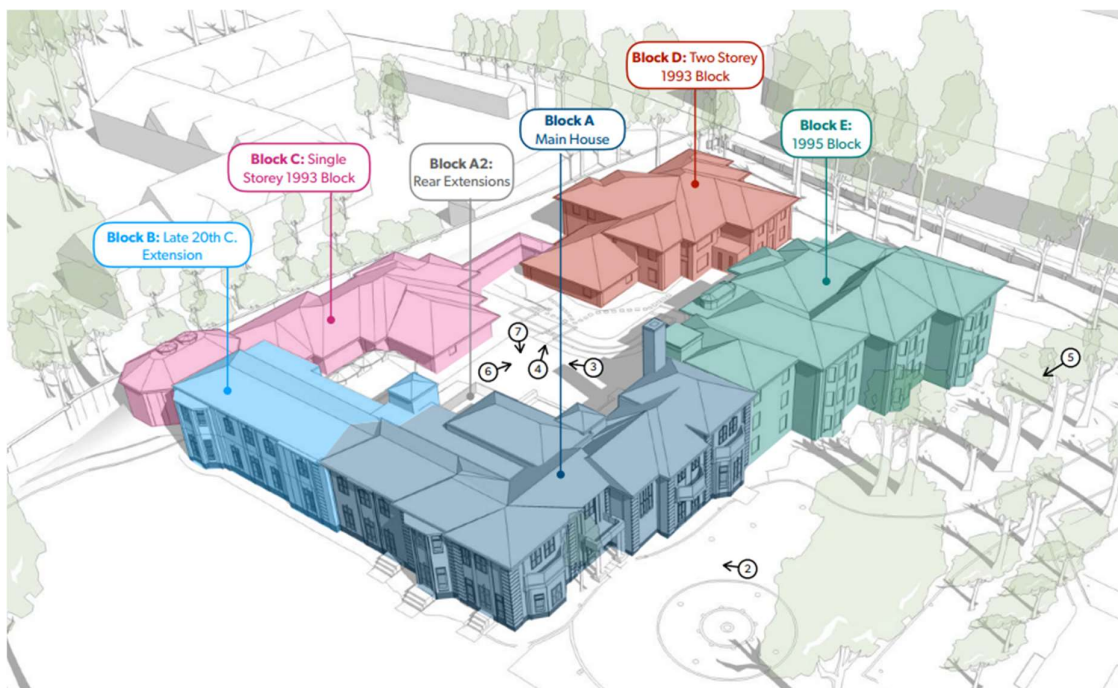
- 2.2 We attach as Appendix A the scheme layout drawings and accommodation schedule/s in accordance with the submitted planning application. We detail a summary of the proposed accommodation below: -

Table 1: Accommodation Summary

Floor Level	Unit No.	Unit Type	Apartment sqm	NSA	Apartment NSA sqft
Ground Floor	1	2B4P	86.5		931
	2	2B4P	91.5		985
	3	2B4P	83		893

	4	2B4P	80	861
	5	2B4P	79.5	856
First Floor	6	2B4P	86.5	931
	7	2B4P	91.5	985
	8	2B4P	83	893
	9	2B4P	80	861
	10	2B4P	79.5	856
	11	1B2P	58.5	630
Second Floor	12	2B4P	82	883
	13	2B4P	91	980
	14	2B4P	81	872
	15	2B4P	78.5	845
	16	2B4P	78.5	845
	17	1B2P	52	560
Total	17 Units	-	1,362.5	863

- 2.3 The Design and Access Statement (DAS) reports the total existing Gross Internal Area (GIA) to be demolished as 533 sqm, and the proposed new GIA to be 1,763 sqm, resulting in a net increase of 1,230 sqm / 13,240 sqft.
- 2.4 The projects involves the demolition of Block C and the single storey section of Block D which are shown below:



- 2.5 Block C contains 2no. 1 bed flats and 1no. 2 bed flat and Block D contain a 1no. 1 bed flat, as well as circulation space. Both are single storey and will then be replaced with a 3 storey residential block of 17 units as shown above and detailed in appendix A attached herewith making better use of the developed land.

Scheme History & Design Progression

- 2.6 The application site is located within the village of Remenham, on the opposite side of the River Thames from Henley-on-Thames itself. The site is bordered by the River Thames to the south west, and Wargrave Road to the north east. To the north west there are retirement houses known as Remenham Row. The site measures at approximately 1.16 ha (2.87 acres). Vehicular and pedestrian access to the site is currently directly off Wargrave Road. The site has been through two rounds of pre-applications and the Client has worked with their consultants to revise the scheme based on the feedback received from the pre-application meetings.
- 2.7 Thamesfield is a retirement village comprising 37 extra care units (use class C2). It contains two distinct buildings - the main building which covers the northern part of the site and Thamesfield Lodge which is located in the eastern corner. The main building comprises three elements: the original Stucco Fronted building which fronts on to the Thames and late 20th century extension to the north; the 1993 extension which is adjacent to the northern boundary of the site and the 1995 extension which is broadly centrally located within the site. A mix of hard and soft landscaping cover the remainder of the site including car parking, a croquet lawn and a landscaped lawn down to the banks of the River Thames.
- 2.8 The surrounding area comprises a diverse mix of uses, including residential, sports and hospitality. The site is a short distance (c. 300m) from Henley Bridge and is well located in respect of the facilities and services within Henley.
- 2.9 Retirement Villages have been carrying out a series of improvements to the village as a whole. Phase 1 of the works involve the buy back of many units and improvements to them and communal spaces. We attach as Appendix B plan showing the works undertaken. Phase 2 of the works involves the demolition works noted above and the build of 17 new units. The following is a CGI which gives a good idea of the final form of the phase 2 works which are the subject of this viability assessment.

3 Viability Benchmark Land Value

- 3.1 We attach as Appendix C, policy guidance which we have considered in arriving at an appropriate Benchmark Land Value.

Methodology

- 3.2 In summary, we have adopted an Existing Use Value Plus basis as being the most appropriate in this case to arrive at a Benchmark Land Value against which to consider the scheme's viability.
- 3.3 Where the development is proposed, there are currently 4 flat units within a single storey extension as part of the existing IRC. These were bought back in some time ago and are currently let out.
- 3.4 In order to test the viability of the proposals we have considered the value of the existing four units as a benchmark land value and compared this with a residual appraisal of the intended new development. We have reviewed evidence within the local area to establish values for the existing units.
- 3.5 Having checked Rightmove's sold prices, the most recent properties listed as sold are from 2022 and 2023, and are included below, however we have also had regard to previous sales dating back to 2017 by way of further evidence:

Address	Information	Sold Price / Date	Source
Thamesfield, 5 Penlee, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	1 bedroom ground floor flat 537 sq ft	£313,200 (£585psf) Buyback August 2024	RVG
Thamesfield, 6 Hampton, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	1 bedroom ground floor flat 552 sq ft	£345,000 (£625psf) Buyback April 2024	RVG
Thamesfield, 8 Windsor, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	1 bedroom ground floor flat 552 sq ft	£315,000 (£570psf) Buyback April 2024	RVG
Thamesfield, 27 Riverdale, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	2 bedroom ground floor flat 620 sq ft	£450,000 (£725psf) Buyback October 2023	RVG
Thamesfield, 10 Malvern, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	1 bedroom first floor flat 540 sq ft	£324,000 (£525psf) Buyback May 2023	RVG
Thamesfield, 23 Devonshire, Wargrave Road, Henley-on-	1 bedroom second floor flat 638 sq ft	£370,000 (£580psf) Buyback May 2023	RVG

thames, Wokingham RG9 2LX	Please note this was a buyback purchase, not an open market sale.		
Thamesfield, 32 Florence, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	2 bedroom first floor flat 753 sq ft	£440,000 (£585psf) Buyback May 2023	RVG
Thamesfield, 17, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	2 bedroom ground floor flat 779 sq ft	£450,000 (£578psf) Buyback March 2023	Rightmove
7, Thamesfield, Wargrave Road, Henley-on-thames, RG9 2LX	1 bedroom ground floor flat 552 sq ft	£340,000 (£616psf) Buyback March 2021	Rightmove
21, Thamesfield, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	2 bedroom first floor flat 779 sq ft	£399,950 (£513psf) Buyback December 2020	Rightmove
Thamesfield, 25, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	2 bedroom second floor flat 779 sq ft	£425,000 (£546psf) Buyback June 2019	Rightmove
Thamesfield, 18, Wargrave Road, Henley-on-thames, Wokingham RG9 2LX	2 bedroom first floor flat 739 sq ft	£445,000 (£602psf) Buyback November 2017	Rightmove

3.6 We note above sales dating back to 2017, albeit all the above sales have been buybacks by RVG and therefore not open market sales. Nevertheless we note that the 1 bedroom units were sold by residents at values ranging from £324,000 to £370,000, and, the 2 bedroom units (dating back to 2022) were sold at values ranging from £440,000 to £512,500.

3.7 The Client has advised that the 4 units to be demolished in order to facilitate the development are the following:

Address	Information
1 Thames, Thamesfield Village, Wargrave Road, Henley-on-Thames, Oxfordshire, RG9 2LX	1 bedroom ground floor flat 548 sq ft
2 Sandringham, Thamesfield Village, Wargrave Road, Henley-on-Thames, Oxfordshire, RG9 2LX	2 bedroom ground floor flat 636 sq ft
3 Windrush, Thamesfield Village, Wargrave Road, Henley-On-Thames, Oxfordshire, RG9 2LX	1 bedroom ground floor flat 500 sq ft
4 Evenlode, Thamesfield Village, Wargrave Road, Henley-on-Thames, Oxfordshire, RG9 2LX	1 bedroom ground floor flat 571 sq ft

3.8 We would expect to see a new build premium on the proposed development units and the refurbishments within the wider development which will remain will have had a positive effect on the values of the existing units if they were to be re-sold rather than re-developed.

3.9 Reflecting these factors we would therefore adopt the following values based upon the evidence:

- 1 bed £300,000 (c£600psf) x 1 no. £300,000
- 1 bed £325,000 (c£580psf) x 2 no. £650,000
- 2 bed £425,000(c£670psf) x 1 no. £425,000

3.10 We have adopted an Existing Use Value of **£1,375,000**.

Landowner's Premium

3.11 It is widely accepted that viability should be considered against the EUV plus a landowner's premium. The premium is applied to represent the incentive a landowner would require to release the land for development.

3.12 We are of the opinion that the premium should be more reflective of the amount that a reasonable landowner would seek to achieve in order for the site to be purchased for development.

3.13 In this case there is significant potential to enhance the value of the site through development we therefore believe that a premium of a minimum 20% is appropriate resulting in a landowner's premium of **£275,000**.

BLV Conclusion

3.14 Our assessment of the Benchmark Land Value based upon the EUV plus a premium would therefore equate to **£1,650,000**.

4 Viability Appraisal Inputs & Assumptions

- 4.1 We consider below the various inputs and assumptions contained within the attached appraisal.

Development Phasing & Timescales

- 4.2 Our development appraisal assumes a project timescale that is considered appropriate for this type and size of development. The detailed timings can be seen within the appraisal summary and are summarised briefly below: -

Table 2: Development Phasing & Timescales

Phase	Number of Months
Pre-Construction	6
Construction	19
Sales	8
TOTAL	33

- 4.3 We have allowed 6 months for pre-construction timings to allow for mobilisation and site preparation.
- 4.4 Following discussions with our client and their QS we have assumed a 19 month build period which is in line with their own assumptions. External areas including landscaping are assumed to coincide with the residential build period.
- 4.5 By their nature, age restricted developments are limited to those over the age of 55 or indeed often older – 65+. As a result this significantly limits the market for potential purchasers in comparison to general needs housing which carries no age restrictions whatsoever. Considering moving away from the family home is a sizeable decision and because of a prospective purchaser's age and care needs, any sale is likely to involve additional family members, predominately their children, who will also need convincing that a property provides the best place for their parent(s) to live out their remaining years (and as importantly without eroding any inheritance(s)). Accordingly, the sales rates of age restricted developments are much slower which increases their finance costs and decreases the Internal Rate of Return. Extra Care developments are further impacted as such schemes are limited to purchasers with care needs. The average sales rate across the IRC industry is circa 2 units per month which we have adopted within our appraisal.
- 4.6 Off plan sales are difficult to achieve in the Extra Care market as people are investing in a way of life and wish to see the completed development prior to making that decision. Also in this case other refurbished units within the existing scheme will be available during the build meaning it is very unlikely that the operator will achieve any off plan sales. Based upon the industry average and our experience elsewhere we have allowed for an average of 2 sales per month once practical completion is achieved and assumed.
- 4.7 In contrast general needs residential schemes are not restricted by age or care requirements and are open to all who can afford them; including the elderly who often resist a move to specialist housing despite their existing homes becoming increasingly inappropriate to their needs. Consequently these developments are able to sell at a much faster rate providing another competitive edge that age and care need restricted developments struggle to match.

- 4.8 Based upon the above timings a total period of circa 33 months has been assumed for development which is consistent with our experience of similar schemes.

Market Residential Values

- 4.9 We have undertaken a review of local evidence in the area including the below schemes:

- **Albert Court** – Albert Court is a McCarthy Stone scheme built in 2018. It is an over 70s retirement living plus development which comprises 1 and 2 bedroom flats. Key features include; an onsite bistro, car parking, communal lounge, landscaped gardens, wheelchair access, a 24/7 call system and an estates manager. The weekly service charge is £179.88 (£9,354 per annum) for 1 bedroom flats and £235.27 (£12,234 per annum) for 2 bedroom flats.

1 bedroom flats range from £325,000 to £480,000 (£501 to £717psf) and 2 bedroom flats from £450,000 to £530,000 (£536 to £672psf). McCarthy and Stone schemes do not include the wider facilities that one of the recently built IRC's does, however given the limited size of Thamesfield village the facilities themselves are more limited and therefore the McCarthy and Stone offer is slightly more similar in this case. It is also of note that the facilities at Thamesfield are not newly built although they have been refurbished within phase 1 of the works, which included a new bar, lounge and dining area, along with a new communal balcony looking over the river. Phase 2 works will include a library and multifunction activity room. We would therefore expect to see a slightly higher level of value in respect of the new build elements of the subject scheme, however this is balanced by the unit sizes which tend to be smaller than IRC units.

- **Shiplake Meadows** – Shiplake Meadows is an Audley retirement living village situated 2 miles north of the subject. The scheme features a collection of 65 No. 2 and 3 bedroom cottages and flats located a 5 minute drive from Henley-on-Thames. Facilities at the development include a member lounge, bar, al fresco sun terrace. Bistro, private dining room, gym, Pilates studio and a care/treatment suite. There is also a 24/7 emergency call system available. Prices for 2 bedroom flats range from £670,000 to £810,000, which reflect between £720 and £757 per sq ft. We would expect to see a similar level of value at the subject scheme due to the similar specification delivered at the subject scheme.
- **Loddon House** – This is a McCarthy Stone over-60s scheme built in 2019. The scheme comprises of 30 flats and the brochure refers to all the flats being 2 bedroom properties. The flats include communal internal space and a shared garden. We understand that there is currently a two-bedroom ground floor flat available, with an asking price of £485,000. The property measures 897 sq. ft. equating to £541 per sq. Ft, and features a patio two bathrooms, and a parking space.

We have also considered recent sales at this development, as reported by Rightmove. Flat 11 sold for £520,000 in June 2023 (£514psf), Flat 16 for £520,000 in February 2023 (£568psf) and Flat 27 for £535,000 in January 2023 (£497psf). We would make similar comments to those made in respect of Albert Court in regard to the respective values of this comparable and the subject scheme.

- **Remenham Row** – This is a Cognatum Estates over 55's scheme built out in 1999 comprising 12 two and three bedroom houses. We understand that the properties have asking prices ranging from £795,000 to £1,300,000, reflecting £548 to £763 per sq. ft. No. 3 Remenham Row was reported to have sold in September 2023 for £850,000,

this property is a 3 bedroom mid-terrace house with a garage and parking, the sale reflected £705 per sq. ft. The properties include garage and parking and therefore are likely to achieve slightly higher values but this is balanced by the age of the properties which are not new build and the reduced level of facilities available.

- 4.10 Current £ per sq. ft. asking rates vary from approximately £500 per sq. ft. to £750 per sq. ft. depending on the unit type. Having considered this evidence, being aware of values being achieved elsewhere on retirement village properties, the size of the subject units which are larger than many of the comparables and also the values at which the existing units have transacted, we have adopted average values of **£800 per sq. ft.** for the one bed units and **£750 per sq. ft.** for the two bed units. **This results in a blended rate of c£755 per sq. ft.**
- 4.11 In addition we also see the need to account for Deferred Management Fees (DMF) or Event Fees. These are discussed further in Appendix E and an excel spreadsheet is included as Appendix F which calculates the addition we believe appropriate in this case. Including the DMF addition the total GDV value equates to **£777 per sq. ft.** totalling at **£11,395,482.**

Development Costs

- 4.12 We have been provided with budget construction costings prepared by the applicant's cost consultants, RPS which are dated as October 2023. We have been instructed by our Client to index these costs. We have had regard to the BCIS All-In TPI for Q4 2023 (388) and Q4 2024 (396), resulting in an increase of c2.06%. The build costs are included as Appendix G. The total estimated construction cost (including a 4% contingency – please note that we would usually expect this to be 5%, although we have kept as 4% for now, we reserve the right to update this) is £6,453,000. Overall these costs now equate to c£347 per sq ft. which is reflective of recent tender price returns we are seeing on various of our retirement village clients schemes and therefore we are of the opinion that this is a reasonable estimate for a development of this nature, considering the quality of specification required in order to achieve the sales values detailed above.
- 4.13 Notwithstanding the need to build a larger scheme to achieve the same sales space, age restricted developments are more expensive to construct than general residential housing. Firstly any flatted development is more expensive to construct than a housing scheme due to the proportionally higher costs of a larger structure, noise insulation, incorporating car, cycle and bin storage, and higher proportion of bathrooms and kitchens which cost more to fit out. Secondly, age restricted developments cost more to construct compared to general developments as they will often include lifts (even if only two storey), specially adapted bathrooms, fitted out treatment rooms and amenity areas.
- 4.14 We have made an allowance of 12% for professional fees. These tend to be higher for Extra Care Schemes than General needs housing as unlike a housing estate, which will be designed around a standard set of house types, extra care schemes tend to be individual bespoke products requiring significantly greater design team input and therefore increasing costs. The market norm is between 8%-12% and we are of the opinion that 12% reflects a fair rate given that the scheme is historic and it is a smaller sized development.

Planning Obligations

- 4.15 We have included the following planning obligation as a cost to development within the attached viability appraisal.
- 4.16 Wokingham Borough Council's CIL Charging Schedule was adopted 19 February 2015. We have reviewed the BCIS All-in TPI which shows an index of 259 for Q4 2014, and, 396 for 4Q

2024, this equates to an index of 1.529. The site sits within the area marked as "Rest of Borough" and there is a specific reference to "Residential Institutions and Extra Care Housing" which is stated as being £60 per sqm.

- 4.17 The calculation of the CIL payable based upon the net additional space created is as follows:

CIL Calculation

GIA - New Build	1,763	Sq m.	18,977	Sq ft.
GIA Existing	533	Sq m.	5,737	Sq ft.
GIA Net Additional	1,230	Sq m.	13,240	Sq ft.

CIL	Adopted Feb 2015	BCIS 4Q 2014	BCIS 4Q 2024	CIL £psm	CIL £psf
	60	259	396	91.74	8.52
CIL Payable		13,240	@	8.52	112,805

Marketing, Acquisition and Sales Fees

- 4.18 Details of the estimated marketing, acquisition and sales fees are contained within our appraisal (attached as Appendix I). The fees have been applied having regard to industry standards for a development of this nature.
- 4.19 A significant cost in any development is the cost of sales. Only the smallest developments can rely solely upon an estate agent to sell the units at an acceptable rate. Most schemes will require a significant degree of marketing including a manned sales office and show home. The increased sales period faced by age restricted developments means that the sales office has to be manned for longer which increases its cost relative to general needs housing. Similarly marketing material and advertising costs run for an extended period. Furthermore, to secure the support of family members, additional time will need to be spent with each family which also increases staffing and admin costs. Additionally less mobile purchasers will be met at their home further increasing the time and expense required to sell each unit relative to general needs housing developments. On average a typical market housing scheme might cost circa 2-3% of the developed value to sell compared to up to 5% for an age restricted development. In this case we have adopted what is considered a minimal cost for a scheme of this type of 4%. In this case there are a relatively small number of units, but this still needs an on site staff presence and fully fitted out show unit to achieve the sales. This will push the sales costs to a higher rate on a percentage basis.

Set Up Costs – Empty (Void) Property Costs

- 4.20 The facilities within an age restricted development assist in residents' well-being and, in the case of Extra Care, their day to day care needs these must be fully operational before the scheme can be occupied. The facilities also need to be operation to attract buyers willing to pay the premium price reflecting these facilities. Once completed any facilities within a development will need their operational costs covering. This is achieved through a service charge paid by residents. However, the amount chargeable to any one owner is only

proportionate to the development at full occupation. Accordingly the developer has to cover the void cost of any unsold units which can be significant.

- 4.21 In this case our client has calculated a preliminary service charge at £20,000 based upon the size of the scheme and the existing service charges within the development. This is higher than the rate at many of our clients villages and reflects the small size of the village related to the services it offers. It also reflects the service charge levels on the existing units.
- 4.22 In addition to covering the service charge developers have to cover the costs of Council tax. Based on band F Council tax for this location would currently be £3142.71. We believe that that the majority on units will sit within this band and have therefore taken an estimated cost at £23,143 per unit per annum.
- 4.23 As most general residential schemes do not have additional facilities, developers of such schemes do not face the same cost burden. Even where schemes do include additional facilities their operational start can be delayed until a certain level of occupation is achieved. We have considered the start-up costs on this development using an excel model attached as Appendix H. The total costs are then included cash flowed within our Argus model.

Finance Rate

- 4.24 In view of increasing base rates and the knock on effects on debt finance for Development we have applied a finance rate of 8.5%. We have recently agreed this on another retirement village scheme in Elstree and can provide further details if required.

Development Profit

- 4.25 Any profit requirement that a developer seeks is carefully balanced between the need to secure highly competitive and limited development sites and the risks of a potential project. Expected profit margins range for residential schemes range from 17.5% to 20% of Gross Development Value with housing estates normally at the bottom of this range, standard flatted developments in the middle and age restricted or other complex developments (e.g. tower developments) at the top. In the current market, an acceptable return for a development of this nature should be approximately 20% of the gross development value.
- 4.26 The reason that Retirement villages sit at the higher end of the profit range is due to the reasons set out above which affect viability – the large amount of cash out upfront before a receipt is gained, the lengthily sales period, the high build costs and sale costs etc. Also in this case the operator has a valuable existing business and will need a higher margin to justify the decision to cause significant upheaval during the build.

5 Viability Appraisal Results

- 5.1 Attached as Appendix I is an Argus Developer development appraisal summary considering the proposed redevelopment on the assumption of a fully policy compliant scheme based upon the submitted application drawings. We detail below the results of this appraisal, based upon the inputs detailed above: -

Table 3: Viability Appraisal Results

Gross Development Value	£11,395,000
Construction Costs (incl. 4% contingency)	£6,585,000
Professional Fees @ 12%	£790,200
Planning Obligations/CIL	£112,800
Marketing & Disposal Fees	£455,800
Finance @ 8.5%	£750,000
Development Cost (Total Costs excl. Profit and Land Value)	£8,815,000
Residual Land Value	£300,000
Benchmark Land Value	£1,650,000
Profit	£2,280,000
Profit on Cost (%)	25%
Profit on GDV (%)	20%

- 5.2 It is evident from the above that the residual land value generated by the proposed development is below / the Viability Benchmark Value based upon what would be considered as an acceptable return for a development of this nature.
- 5.3 It might be questioned as to why Retirement Villages would proceed with this development given the lack of viability. The answer is that they need to invest in their villages to keep them up to a modern standard which residents will wish to live in and therefore there are wider considerations than simply the level of development profit which come into consideration in the decision making process.

6 Sensitivity Testing

- 6.1 We have run a sensitivity analysis demonstrating the Residual Land Value (RLV) based on the proposed tenure mix within the application.
- 6.2 We have tested the impact that a £10 per sq. ft. increase or decrease in build costs will have on RLV when compared with the VBV of £1,650,000.
- 6.3 We have tested the impact that a £10 per sq. ft. increase or decrease in GDV will have on RLV when compared with the VBV of £1,650,000.
- 6.4 Our sensitivity analysis is attached at Appendix I of this report.

7 Conclusions

- 7.1 Based upon the findings herein the proposed scheme contained within the application produces a Residual Land Value below that which is considered an appropriate Benchmark Land Value for this type of development whilst adopting an appropriate developers return in accordance with published guidance on the financial viability in planning process. This is on the assumption of the following planning contributions:
- Local CIL payment of £112,805.
 - Other benefits delivered by the scheme, including the provision of further much needed high quality Integrated Retirement Community units and improvements to the existing scheme offer
- 7.2 Any requirement for further planning benefits may make the scheme undeliverable at the current time.

8 Third Parties and Publications

- 8.1 This report contains commercially sensitive information and is private and confidential. Neither the whole nor any part of this report or any reference thereto may be included in any published document, circular or statement, nor published, reproduced or referred to any way without our prior written approval of the form and context in which it may appear.
- 8.2 This report has been prepared for the purposes of assessing the financial viability of the project and should not be relied upon by any third party. It does not constitute a formal valuation report and under no circumstances should be relied upon as such. Any figures contained within this report are specifically excluded from the provisions of the RICS Valuation Standards (The Red Book).
- 8.3 This document is confidential to those to whom it is addressed. This document, in whole, or in part and any specific information contained within is not to be provided to or discussed with any third parties other than Wokingham Borough Council and their independent financial advisor. Should the Council wish to provide any of the information contained within to a third party, the third party will be required to enter into a written agreement with Newsteer, prior to the issue or discussion about such information.
- 8.4 Where we have relied upon information provided by third parties the accuracy of the report will depend upon on the accuracy of the information supplied by them. Should the information provided be inaccurate or incomplete then we would reserve the right to amend our report accordingly.

Yours sincerely,



Dated 03 December 2024

For and on Behalf of
Newsteer

APPENDIX A: Proposed Development Drawings & Accommodation Schedule

3.7 Schedule of Accommodation

Refer 2.7 Existing Buildings

Block A Main House
Block A2 Rear Extensions
Block B Late 20thC. Extension
Block C Single Storey 1993
Block D Two Storey 1993
Block E 1995
Block F Lodge
New Replacement Block C

Existing Apartment Schedule			
Studio	1 Bed	2 Bed	Total Units
1	1	3	5
-	-	-	0
-	2	2	4
-	2	1	3
-	9	-	9
1	7	7	15
-	-	1	1
2	21	14	37
5%	57%	38%	

Proposed Apartment Schedule			
Studio	1 Bed	2 Bed	Total Units
1	2	3	6 *
-	-	-	0
-	2	2	4
-	8	-	8
-	7	7	14 *
-	-	1	1
-	2	15	17
1	21	28	50
2%	42%	56%	

Car Parking Spaces	30	39
Ground Floor Units	17	22

* As part of Interim Works

GEA and GIA Areas	
Gross External Area	sqm
Existing GEA	3812
Existing GEA to be demolished / removed	-593
Proposed new GEA	1888
Total proposed GEA	5107
Gross Internal Area	sqm
Existing GIA	3492
Existing GIA to be demolished / removed	-533
Proposed new GIA	1763
Total proposed GIA	4722
Above areas do not include basement	
Basement	
Existing GEA	403
Existing GIA	363

NSA Areas (New Apartments Only)				
	Apt	No Bed / No Person	NSA (sqm)	Balcony (sqm)
Ground	1	2B4P	86.5	13
	2	2B4P	91.5	13
	3	2B4P	83	10
	4	2B4P	80	10
	5	2B4P	79.5	11
First	6	2B4P	86.5	13
	7	2B4P	91.5	13
	8	2B4P	83	10
	9	2B4P	80	10
	10	2B4P	79.5	11
	11	1B2P	58.5	0
Second	12	2B4P	82	13
	13	2B4P	91	13
	14	2B4P	81	10
	15	2B4P	78.5	10
	16	2B4P	78.5	11
	17	1B2P	52	5.5
Total NSA	17 Units		1362.5	176.5

Red line site area = 8,795 sqm

APPENDIX C: Viability Benchmark Value Policy & Guidance

In order to examine the economic viability of the proposed development the scheme is tested against a base land value known as the Viability Benchmark Land Value (VBV).

In arriving at an appropriate VBV there are a number of documents that provide guidance on viability appraisals for planning purposes:

- National Planning Policy Framework (February 2019);
- Planning Practice Guidance on Viability (2018, updated September 2019); and
- RICS - Assessing Financial Viability in planning under the National Planning Policy Framework 2019 for England Guidance Note (1st edition, March 2021)

National Planning Policy Guidance and Context

Published in February 2019 government guidance set out in the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (PPG) states that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable.

PPG on Viability, most recently updated in September 2019, sets out that a benchmark land value should:

- be based upon existing use value;
- allow for a premium to landowners (including equity resulting from those building their own homes); and
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.

EUV is subsequently defined as follows:

"EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types... EUV can be established... by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development)."

It is recommended that the EUV should be informed by market evidence of current uses, costs and values. It is of note that market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value.

It is recommended that evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

PPG sets out that the "premium" for the landowner should:

"Reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land...the premium should provide a reasonable incentive, in

comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements".

In short, the premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements. This approach is often called 'existing use value plus' (EUV+).

PPG also states that for the purpose of a viability assessment and Alternative Use Value (AUV) refers to the value of land for uses other than its existing use. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV when establishing VBV.

It is further required that under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

RICS Guidance

Since the NPPF and subsequent PPG updates in 2018 and 2019 the RICS has published two documents responding to changes to relevant policies.

This report has been prepared having regard to relevant planning policy applicable to the Site at the date of writing and generally accepted principles of undertaking (site specific) FVAs. It has been written adhering to the RICS Guidance note Financial Viability in Planning (2021) and the RICS Professional Statement on Conduct and Reporting in viability that supports the RICS Guidance Note (2019) (the "RICS Professional Statement").

The RICS acknowledges that in determining an appropriate EUV, Stakeholders are often presented with a variety of valuation figures that are not always easy to understand. In particular it recognises that they will wish to reconcile figures included in FVAs with figures reported in the market.

In the interest of transparency, the professional statement requires that when providing VBV in accordance with the PPG for an FVA, RICS members must report the following:

- Current Use Value – CUV, referred to as EUV or first component in the PPG;
- Developers' Premium – the second component as set out in the PPG;
- Market evidence as adjusted in accordance with the PPG;
- All supporting considerations, assumptions and justifications adopted including valuation reports, where available; and
- Alternative use value as appropriate (market value on the special assumption of a specified alternative use).

The statement acknowledges that it is not appropriate to report an alternative use value where it does not exist. A statement must be included in the FVA or review of the applicant's FVA or area-wide FVA that explains how market evidence and other supporting information has been analysed and, as appropriate, adjusted to reflect existing or emerging planning policy and other relevant considerations.

The document further states that price paid is not allowable evidence for the assessment of VBV and cannot be used to justify failing to comply with policy.

The RICS guidance note confirms that PPG prescribes the EUV plus a premium (EUV+) as the starting point for assessing BLV, but that the Alternative Use Value (AUV) can also be used in some circumstances.

The guidance states that the valuation process set out for the VBV does not accord directly with the valuation process adopted for the market valuation of the development property, and that therefore it may not accord with the market value of the property.

In the case of development valuation, RICS guidance suggests that two valuation methods should normally be applied: the market comparison approach and the residual method. In the case of development property, unlike some other property types, applying the market comparison approach only is rarely adequate. The two valuations are set out in Valuation of development property, RICS guidance note. In the case of the BLV in FVAs, these two methods are not the primary approach, which is the EUV plus a premium. They are therefore cross-checking mechanisms only.

The RICS confirms that it is "clear and unambiguous" that the Valuation Standards and PPG are compatible and that the EUV for the purposes of FVAs is the value in its existing use, ignoring any prospect of future change to that use. Market Value may, however include that prospect where it exists. They conclude that the assessment of EUV for FVA purposes does not involve a departure from the Red Book and does not formally need to be declared as such.

However they note that the following issues can arise in the determination of EUV within the context of FVAs:

- Analysis of transactional evidence;
- Repair and improvement;
- Buildings run down in anticipation of development;
- A partially completed development; and
- A specialised property.

The RICS recognises that for the purpose of defining land value for any FVA, PPG requires 'a benchmark land value should be established on the basis of the EUV of the land, plus a premium for the landowner' and that the 'premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements'. The premium is therefore a minimum return that would persuade a reasonable landowner to sell the land.

The RICS states that an important difference between market value and VBV is the weighting of the evidence base. While the evidence base for the market value is grounded in transactions, and in comparative values and costs of the developed property in a residual valuation, the PPG reduces the status of comparable land transactions to that of a cross-check of the BLV, which may be undertaken to help inform the VBV established by reference to the EUV plus a premium.

The premium should provide a reasonable incentive for a landowner to bring forward land for development, while allowing a sufficient contribution to fully comply with policy requirements. The BLV will normally be equal to or greater than the EUV.

The RICS notes that PPG allows VBV from other FVAs to be used as evidence. Any data used should be adjusted to comply with policy levels of planning requirements and reflect differences in the timing of the assessments, quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. They state that there is no standard amount for the premium, and each assessment needs to be properly evidenced.

APPENDIX D: Market Evidence of Gross Development Values

Address	Description	Value / Date	Agent
1 bed flats – Later Living			
Albert Court, Henley-On-Thames	1 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 807 sq ft	£480,000 (£595 psf) Asking Price October 2024	Tim Peers
Albert Court, Henley-On-Thames	1 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 689 sq ft	£425,000 (£617psf) Asking Price October 2024	Tim Peers
Albert Court, Henley-On-Thames	1 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 558 sq ft	£399,950 (£717psf) Asking Price October 2024	McCarthy Stone
Albert Court, Henley-On-Thames	1 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 648 sq ft	£325,000 (£501psf) Asking Price October 2024	Davis Tate

Address	Description	Value / Date	Agent
2 bed flats – Later Living			
20 Hillcrest House, Shiplake Meadows	- Triple aspect wing 2 bedroom ground floor apartment - New build 2 bathrooms - Front and rear patios - c1,042 sq ft	£770,000 (£739psf) Available November 2024	Audley
15 Hillcrest House, Shiplake Meadows	- Triple aspect wing 2 bedroom ground floor apartment - New build 2 bathrooms	£705,000 (£734psf) Available November 2024	Audley

Address	Description	Value / Date	Agent
2 bed flats – Later Living			
	- Front and rear patios - c960 sq ft		
46 Woodside House, Shiplake Meadows	- Triple aspect wing 2 bedroom ground floor apartment - New build 2 bathrooms - Front and rear patios - c960 sq ft	£700,000 (£729psf) Available November 2024	Audley
18 Hillcrest House, Shiplake Meadows	2 bedroom ground floor flat - New build 2 bathrooms - Balcony - c960 sqft	£695,000 (£724psf) Available November 2024	Audley
13 Hillcrest House, Shiplake Meadows	2 bedroom flat - New build 2 bathrooms - Balcony or private patio - c915 sq ft	£670,000 (£720psf) Asking Price October 2024	Shiplake Meadows
Flat 28, Loddon House, London Road, Reading, RG10 9BW	2 bedroom flat - Built in 2019 - Over 60s McCarthy and Stone - Communal lounge and garden 1076 sq ft	£535,000 (£497psf) Sold January 2023	Rightmove
Albert Court, Henley-On-Thames	2 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 789 sq ft	£530,000 (£672psf) Asking Price October 2024	Hamptons
Loddon House, Flat 11, London Road, Ruscombe, Reading, Wokingham RG10 9BW	2 bedroom flat - Built in 2019 - Over 60s McCarthy and Stone - Communal lounge and garden 1012 sq. ft.	£520,000 (£514psf) Sold June 2023	Rightmove
Loddon House, Flat 16, London Road, Ruscombe, Reading, Wokingham RG10 9BW	2 bedroom flat - Built in 2019 - Over 60s McCarthy and Stone - Communal lounge and garden	£520,000 (£568psf) Sold February 2023	Rightmove

Address	Description	Value / Date	Agent
2 bed flats – Later Living			
	915 sq. ft.		
Albert Court, Henley-On-Thames	2 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 887 sq ft	£514,350 (£580psf) Asking Price October 2024	Hamptons
Albert Court, Henley-On-Thames	2 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 831 sq ft	£499,950 (£602psf) Asking Price October 2024	Hamptons
Albert Court, Henley-On-Thames	2 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 824 sq ft	£495,950 (£602psf) Asking Price October 2024	McCarthy Stone Resales
Loddon House, London Road, Reading, RG10 9BW	2 bedroom ground floor flat - Built in 2019 - Over 60s McCarthy and Stone - Communal lounge and garden 897 sq. ft.	£485,000 (£541psf) Asking Price September 2023	McCarthy Stone Resales
Albert Court, Henley-On-Thames	2 bedroom flat - Built in 2018 - McCarthy Stone - Balcony - Over 70 - Well presented - Parking 840 sq ft	£450,000 (£536psf) Asking Price October 2024	Tim Peers
Victoria Court, Henley-on-Thames, Oxfordshire, RG9	2 bedroom flat - Built in 1988 - First floor - Garage - Over 60s 765 sq ft	£375,000 (£490psf) Asking Price October 2024	McCarthy Stone

Albert Court

Albert Court is a Retirement Living PLUS development by McCarthy Stone, located in Henley-on-Thames. Built in 2018, it offers 53 one and two-bedroom private apartments, available for sale or rent, designed exclusively for residents aged 70 and over. The development features a range of shared amenities, including a bistro, a communal lounge, and landscaped gardens. Residents have access to optional assisted living services, with an on-site Estate Manager available 24/7. Car parking is also available for residents. The weekly service charge is £179.88 (£9,354 per annum) for 1 bedroom flats and £235.27 (£12,234 per annum) for 2 bedroom flats.

We spoke to an agent at McCarthy & Stone, who confirmed that they are currently achieving sales of 1 unit per month, which they stated is slightly below what they would usually hope to achieve. 1 bedroom flats range from £325,000 to £480,000 (£501 to £717psf) and 2 bedroom flats from £450,000 to £530,000 (£536 to £672psf).

Shiplake Meadows

Shiplake Meadows is an Audley retirement living village located 2 miles north of the subject property. It is a joint venture between Probitas, Galliard Homes, and O'Shea. The development comprises 65 two- and three-bedroom cottages and flats, situated a 5-minute drive from Henley-on-Thames. Facilities include a members' lounge, bar, al fresco sun terrace, bistro, private dining room, gym, Pilates studio, and a care/treatment suite. A 24/7 emergency call system is also in place.

The marketing agent has reported a good level of interest but has not secured any sales since the scheme was relaunched. They indicated that, under normal circumstances, they would expect to sell 2.5 units per month, a target they anticipate reaching once the marketing campaign officially commences.

Prices for 2 bedroom flats range from £670,000 to £810,000, which reflect between £720 and £757 per sq ft.

Loddon House

Loddon House is a McCarthy & Stone development for the over-60s, comprising 30 two-bedroom flats. Residents benefit from access to a communal lounge and shared garden. We understand that there is currently a two-bedroom ground floor flat available, with an asking price of £485,000. The property measures 897 sq. ft., equating to £541 per sq. Ft, and features a patio two bathrooms, and a parking space.

We have also considered recent sales at this development, as reported by Rightmove. Flat 11 sold for £520,000 in June 2023 (£514psf), Flat 16 for £520,000 in February 2023 (£568psf) and Flat 27 for £535,000 in January 2023 (£497psf).

Address	Description	Value / Date	Agent
Houses – Later Living			
Remenham Row	2/3 bedroom house - Purpose built over 55's development - Garage and parking - Located next door to subject 1704 sq ft	£1,300,000 (£763psf) Asking Price October 2024	Robinson Sherston

Remenham Row	3 bedroom mid terrace house - Purpose built over 55's development - Garage and parking - Located next door to subject 1596 sq ft	£875,000 (£548psf) Asking Price October 2024	Davis Tate
3, Remenham Row, Henley-on-thames, Wokingham RG9 2LQ	3 bedroom mid terrace house - Purpose built over 55's development - Garage and parking - Located next door to subject 1206 sq ft	£850,000 (£705psf) Sold September 2023	Rightmove
Remenham Row	3 bedroom mid terrace house - Purpose built over 55's development - Garage and parking - Located next door to subject 1250 sq ft	£795,000 (£636psf) Asking Price October 2024	Robinson Shertson

Remenham Row is a Cognatum Estates over-55s scheme built out in 1999 comprising 12 two and three bedroom houses. As shown in our evidence, we understand that these properties have asking prices ranging from £795,000 to £1,300,000, reflecting £548 to £763 per sq. ft. No. 3 Remenham Row was reported to have sold in September 2023 for £850,000, this property is a 3 bedroom mid-terrace house with a garage and parking, the sale reflected £705 per sq. ft.

The properties include garage and parking and therefore are likely to achieve slightly higher values but this is balanced by the age of the properties which are not new build and the reduced level of facilities available.

Address	Description	Value / Date	Agent
1 bed flats – General Needs			
4a Kings Road, Henley on Thames	1 bedroom flat - New build - Town centre location - Development of 6 1 bed flats 602 sq ft	£425,000 (£706 psf) Asking Price October 2024	Tim Peers
Market Place, Henley On Thames	1 bedroom flat - Second hand stock - Town centre location - Parking space - Well presented 495 sq ft	£375,000 (£758 psf) Asking Price October 2024	Tim Peers
Reading Road, Henley-On-Thames	1 bedroom flat - Second hand stock	£350,000 (£533 psf)	Tim Peers

	- Town centre - Parking space - Garden - Well presented 657 sq ft	Asking Price October 2024	
Newtown Road, Henley, RG9 1HG	1 bedroom flat - New build - Shared ownership £87,500 – 25% - Allocated parking - Balcony/terraces 568 sq ft	£350,000 (£617psf) Under Offer October 2024	SO Resi
Newtown Road, Henley, RG9 1HG	1 bedroom flat - New build - Shared ownership £82,500 – 25% - Allocated parking - Balcony/terraces 568 sq ft	£330,000 (£581psf) Under Offer October 2024	SO Resi
Newtown Road, Henley, RG9 1HG	1 bedroom flat - New build - Shared ownership £81,250 – 25% - Allocated parking - Balcony/terraces 568 sq ft	£325,000 (£572psf) Asking Price October 2024	SO Resi
Imperial Court, Henley-On-Thames	1 bedroom flat - Purpose built second hand stock - First floor - Parking space - Juliet Balcony 444 sq ft	£265,000 (£597 psf) Asking Price October 2024	Hunt & Nash

Address	Description	Value / Date	Agent
2 bed flats – General Needs			
River Terrace, Henley-on-Thames, Oxfordshire, RG9	2 bedroom flat - Second hand stock - Town centre location - Riverside - Ground floor 808 sq ft	£575,000 (£712 psf) Asking Price October 2024	Ballards
Henley on Thames, Oxfordshire, RG9	2 bedroom flat - Purpose built second hand stock - Built in 2007 - Town centre - Parking space 838 sq ft	£545,000 (£650 psf) Asking Price October 2024	Chancellors
Newtown Road, Henley, RG9 1HG	2 bedroom flat - New build	£472,500 (£545psf)	SO Resi

	- Shared ownership £118,125 – 25% - Allocated parking - Balcony/terraces 867 sq ft	Asking Price October 2024	
Newtown Road, Henley, RG9 1HG	2 bedroom flat - New build - Shared ownership £113,125 – 25% - Allocated parking - Balcony/terraces 806 sq ft	£452,500 (£561psf) Asking Price October 2024	SO Resi
Adam Court, Henley-On-Thame	2 bedroom flat - Second hand stock - First floor - Town centre - Underground parking garage 724 sq ft	£450,000 (£622 psf) Asking Price October 2024	Chancellors
Newtown Road, Henley, RG9 1HG	2 bedroom flat - New build - Shared ownership £111,250 – 25% - Allocated parking - Balcony/terraces 806 sq ft	£445,500 (£552psf) Asking Price October 2024	SO Resi
St. Marks Road, Henley-on-Thames, Oxfordshire, RG9	2 bedroom flat - Purpose built second hand stock - Balcony - Town centre - Parking space 784 sq ft	£400,000 (£510 psf) Asking Price October 2024	Chancellors

Newtown Road, Henley-on-Thames

A collection of new, 1 and 2 bedroom apartments near Henley-on-Thames are being marketed by SO Resi. The development is located 0.5 miles from Henley Station. We have spoken to agents, who have confirmed that several units are currently under offer, they did not disclose if any incentives were offered.

1 bedroom flats are available from £325,000 to £350,000, reflecting between £572 and £617 per sq ft and 2 bedroom flats are available from £445,500 and £472,500, which reflects between £545 and £561 per sq ft. Given the amenities being provided at the scheme, and, the type of later living scheme being delivered, we would anticipate a higher level of value to be applied at the subject scheme.

General Needs – Secondary stock

We have also reviewed existing stock 1 and 2 bedroom flats in Henley-on-Thames. 1 bedroom flats range from £265,000 to £425,000, reflecting a range from c£530 to c£750 per sq. ft. 2 bedroom flats range from £400,000 to £575, reflecting a range from c£510 to c£710 per sq. ft.

APPENDIX E: Deferred Management Fee (DMF) Calculation

1. The business models of many of the retirement village operators now require those taking a lease to agree that a Deferred Management Fee (DMF) is paid when their flat is eventually vacated, normally after their death.
2. The inspector in the Gondar Gardens Case (Appeal Ref: APP/X5210/W/18/3198746 Gondar Gardens Reservoir, Gondar Gardens, London NW6 1QF) considered the need to include the DMF within the value of the scheme and concluded that an element of the DMF could be reflected in the value of the scheme when deciding how much it could afford towards affordable housing.
3. The average fees charged across the market are up to 10% of the sale price when an occupier decides to sell their home. This ramps up to this level over the first five years of occupation at 2% per annum and after that the occupier would pay the full amount. In the Gondar case the inspector references a report by a firm specialising in finance for healthcare and retirement living (Conaghan Healthcare and Corporate Finance: Retirement Communities and 'Event Fees', June 2016). The report confirms that event fees are becoming commonplace within the 'retirement community' sector and suggests that the majority of these are set at 10% or less.
4. However only a proportion of this fee can be taken into account in consideration of the GDV of the scheme at the outset as it is designed to cover a number of costs. Retirement villages require long term investment which will not be covered by the service charge. Service charges will pay for repainting corridors, communal areas, landscaping etc and the sinking fund included within the service charge means that if roof needs replacing, there is money for that. However longer term investment needed to maintain the villages value and attractiveness as a place to live in retirement will be required which cannot be covered by this service charge. For example; at some point in future every car will be electric and will need additional electricity sub-stations and electric charging points installations. This is just one example of the sort of costs retirement villages built in recent decades will face and it cannot be known now what similar challenges will be faced over the term of a long lease and beyond.
5. The communal services which have to be provided upfront are a considerable cost to the development in terms of both the provision and the interest thereon until units can be sold. This is not covered by the sale price of the properties and the DMF helps to pay towards these and thus an element of the fee can be included reflected in the GDV value. The operation of the amenities and services within retirement villages are not materially profit-making, being either based on a cost-recovery service charge model or a management fee model with minimal profitability. Given the operational risks associated, which are far in excess of those for a standard portfolio of managed rental accommodation, an additional role of the DMF is to offset this risk which would otherwise be commercially insupportable.
6. It is clear that as yet there is no common market practice which can be referred to in valuing the DMF and RICS guidance makes it clear that benefits or disbenefits unique to the

applicant should be disregarded other than in exceptional circumstances. Whatever we add in has to be appropriate to the market as a whole and also has to be in line with the evidence from which the base value for the unit is drawn – so if we have a comparable that includes no DMF it might be expected that the operator could charge more for that unit and this would need to be reflected in any addition made. Indeed if the evidence is from a scheme with no DMF we would say that there would be no adjustment made to value for DMF.

7. In this case we have had regard to all of the evidence from competing retirement schemes adjusting appropriately for location size and other physical factors as the base value for the subject scheme and then make an addition for a proportion of the value of the future cash flow from DMF or Event Fees.
8. Conaghan Healthcare and Corporate Finance have produced a later report (Retirement Communities in the UK dated January 2018) in which they consider the valuation of the DMF. They suggest a cash flow model which includes an appropriate rate for market value growth which they set at 3% and an appropriate discount rate which they believe should initially be set at 15% but which may reduce to 10% as a market in the valuation and lending against DMF emerges. They also recognise that a proportion of the DMF will be held for future investment in the village which will be required to ensure the value growth and will not be covered by service charges. However they don't comment on this percentage other than giving an example under which they suggest an operator may wish to realise a third of the fee.
9. We have discussed the approach with our various retirement village clients and are aware of the approach that their valuers and valuers to a number of the other village operators are taking to the valuation of DMF. As a result we are in agreement that the correct approach is a discounted cash flow which we have run over 40 years.
10. There follows in Appendix F an excel sheet in which we have valued the DMF element. We have assumed the following:
 - Scheme planning and build out to first sales takes 28 months in line with development appraisal.
 - DMF – 2% in yr 2 and then increases at 2% to a max of 10%.
 - Average length of tenancy – 10 years at scheme maturity. This is an industry average based on discussions with our clients and other operators
 - Maturity is reached at 10 years from the first sales based on the current industry averages across the our retirement village operator's portfolios building up to this rate on an even basis.
 - Deferred Management Fee – these vary across the industry from circa 1% up to about 30%. However for the purposes of viability we believe it is correct to use an industry average and having spoken with a number of clients believe that 10% reflects a fair average across the industry.

- Market Growth - 3.5% backed up by the rate adopted in Savills, Knight Frank and other Residential forecasts.
 - A discount rate of 10% based upon the Conaghan Healthcare report is considered reasonable in the light of the current risk as the market is not established sufficiently to give a guide on returns. This rate is also being adopted by valuers considering the valuation of Extra Care property.
 - Having discussed the approach to reinvestment with our clients the approach taken by most operators is to allow a sum of money per unit which we have assumed on average to commence at £500 per annum for a new build scheme but increase up to £750 per annum in years 8-14 and £1,000 per annum thereafter. This amount is then increased by the expected RPI rate. In addition it is usually the case that operators will reinvest a sum in properties once they become available for resale in order to maintain the value of the scheme. We have included an average sum in this respect.
11. The above calculation, and following spreadsheet, show that a 3.01% increase in the GDV can be justified to reflect the DMF or Event Fees. This gives total GDV's for the units of £777.76 psf which are included within the Gross Development figures that have been included within our development appraisal

APPENDIX F: Calculation of DMF

Consideration of DMF

			Year from first sales	1	2	3	4	5	6
Number of units	17		Event Fee Level	0%	2%	4%	6%	8%	10%
Av. Value per Unit	651,387		Nb. Event fees increase at 2% pa from the end of the first year of occupation up to a max of 10%						
Total GDV	11,073,585								
Total NSA sq ft	14,667								
GDV £psf	755								
Development Period - yrs	2.50		Nb Development takes 2yrs so Sales assumed from yr 3 onwards						
Av length of stay @ maturity	10								
Discount Rate	10.0%								
Growth Rate - market value	2.5%								
Reinvestment in village per unit	£750	Yrs 1-7	Nb this helps cover various items including FF&E - General, Restaurant, Wellbeing, AV, External						
	£1,000	Yrs 8-14	Also covers upgrades such as intallation of Elctirc parking points or other new technology required over time						
	£1,500	Yr 15 onwards							
Unit Refurbishment on resale	£15,000								
RPI applied to reinvestment cost	3.50%								
Years to maturity	10.00								

[illegible]

12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
9.50	10.50	11.50	13	14	15	16	17	18	19	20	21	22	23	24	25
2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
876,044	897,945	920,393	943,403	966,988	991,163	1,015,942	1,041,341	1,067,374	1,094,058	1,121,410	1,149,445	1,178,181	1,207,636	1,237,827	1,268,772
14,892,741	15,265,059	15,646,686	16,037,853	16,438,799	16,849,769	17,271,013	17,702,789	18,145,358	18,598,992	19,063,967	19,540,566	20,029,081	20,529,808	21,043,053	21,569,129
1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
95.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2
1,414,810	1,526,506	1,564,669	1,603,785	1,643,880	1,684,977	1,727,101	1,770,279	1,814,536	1,859,899	1,906,397	1,954,057	2,002,908	2,052,981	2,104,305	2,156,913
10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
141,481	152,651	156,467	160,379	164,388	168,498	172,710	177,028	181,454	185,990	190,640	195,406	200,291	205,298	210,431	215,691
35,368	38,532	39,881	41,277	42,721	44,217	45,764	47,366	49,024	50,740	52,516	54,354	56,256	58,225	60,263	62,372
24,819	25,688	26,587	27,518	28,481	44,217	45,764	47,366	49,024	50,740	52,516	54,354	56,256	58,225	60,263	62,372
81,294	88,430	89,999	91,584	93,186	80,064	81,182	82,296	83,406	84,511	85,609	86,699	87,779	88,848	89,905	90,947
25,903	25,615	23,699	21,924	20,280	15,840	14,601	13,456	12,398	11,420	10,517	9,682	8,912	8,200	7,544	6,937
0.571049081 0.566864194 0.475166175 0.470045844 0.46487556 0.459654834 v															

28	29	30	31	32	33	34	35	36	37	38	39	40
26	27	28	29	30	31	32	33	34	35	36	37	38
2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
1,300,492	1,333,004	1,366,329	1,400,487	1,435,499	1,471,387	1,508,172	1,545,876	1,584,523	1,624,136	1,664,739	1,706,358	1,749,017
22,108,357	22,661,066	23,227,593	23,808,283	24,403,490	25,013,577	25,638,916	26,279,889	26,936,887	27,610,309	28,300,566	29,008,081	29,733,283
1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2	2	2	2	2	2	2	2	2	2	2	2	2
2,210,836	2,266,107	2,322,759	2,380,828	2,440,349	2,501,358	2,563,892	2,627,989	2,693,689	2,761,031	2,830,057	2,900,808	2,973,328
10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
221,084	226,611	232,276	238,083	244,035	250,136	256,389	262,799	269,369	276,103	283,006	290,081	297,333
64,555	66,814	69,153	71,573	74,078	76,671	79,355	82,132	85,007	87,982	91,061	94,248	97,547
64,555	66,814	69,153	71,573	74,078	76,671	79,355	82,132	85,007	87,982	91,061	94,248	97,547
91,974	92,982	93,970	94,936	95,878	96,794	97,680	98,535	99,356	100,140	100,883	101,584	102,239
6,378	5,862	5,385	4,946	4,541	4,168	3,823	3,506	3,214	2,945	2,697	2,469	2,259

APPENDIX G: Budget Construction Cost Summary for Proposed Development

STAGE 2 - COST PLAN Nr 1 (Rev A)

Client: Retirement Villages Group

Thamesfield Village, Henley On Thames



Job Nr: LOD12385

Date: 12/10/23

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6.0	SCHEDULE OF AREAS
7.0	FUNCTIONAL DATA
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9.0	KEY ASSUMPTIONS
10.0	EXCLUSIONS
11.0	RISK REGISTER
	APPENDIX A - COST ANALYSIS

RPS Consulting Services Ltd

Prepared by	DJ	12/10/2023
Compd by	EJ	12/10/2023
Approved by	DB	12/10/2023

1.0 INTRODUCTION

The scheme is located at Thamesfield Village, Henley On Thames. The proposal comprises the construction of a 2 storey extension to an existing retirement living facility. External works to include siteworks, drainage and incoming services.

This report is an integral element of the design process the objectives being:

- provide accurate market based cost prediction relative to design stage
- provide management tool to monitor & control construction information inputs
- to benchmark design & auditing process
- to define & identify risk
- to determine cost & functional data analysis

This document is controlled to comply with RPS Consulting Services Ltd Best Practice and ISO 9001 audit requirements.

This report shall be used solely by the Party for whom it has been prepared and no responsibility to any Third Party will be accepted for the whole or any part contained therein.

2.0 INFLATION STATEMENT

This cost document is base dated 3Q 2023.

The costs stated forecast the anticipated tender sum and include for inflation during the construction period. Deferment from the base date to anticipated commencement is excluded. Current RPS tender forecast for the next 12 months is 3% - 5%.

3.0 MAIN SUMMARY

(Refer to Appendix A for Cost Analysis)

CONSTRUCTION COSTS (3Q 2023)				£	£/m2 All In GIFA 1,766	£/ft2 All In GIFA 19,009
Facilitating Works				£667,160	£378	£35
Structural Shell				£1,664,000	£942	£88
Fit Out				£2,173,000	£1,230	£114
External Works				£634,000	£359	£33
SUB TOTAL				£5,138,160	£2,909	£270
(9.0)	Preliminaries	15%		£771,000	£437	£41
(10.0)	Main Contractors OH&P	5%		£295,000	£167	£16
(11.0)	Novated Design Fees	0%	Excluded	£0		
(12.0)	Other Project Costs	0%	Excluded	£0		
(13.0)	Risk: Pricing Contingency	4%		£248,000	£140	£13
(14.1)	Tender Inflation	0%	Excluded	£0	£0	£0
(14.2)	Construction Inflation	0%	Excluded	£0	£0	£0
TOTAL COST OF WORKS				£6,452,000	£3,653	£339

4.0 SUPPLEMENTARY FINANCIAL DATA

Pricing Level Cost Base Date

3Q 2023

All In Costs & Unit Rates (including preliminaries, main contractors OH&P, contingency & design fees)				
	£	£/m2	£/ft2	£/bedroom
Structural Shell	£2,090,000	£1,183	£110	£122,941
Fit Out	£2,729,000	£1,545	£144	£160,529
External Works	£796,000	£451	£42	£46,824
BASE BUILD COST	£5,615,000	£3,180	£295	£330,294
Facilitating Works	£838,000	£475	£44	£49,294
TOTAL COST	£6,453,000	£3,654	£339	£379,588

5.0 RISK ITEMS EXCLUDED FROM THE COST PLAN

- | | | |
|---|---|----------|
| 1 | Removing and replacing existing car parks with paving block | £150,000 |
| 2 | Sprinkler Allowance | £32,500 |

6.0 SCHEDULE OF AREAS

Site Area	m2	acres
Development area	8,827	2.18

Gross Internal Floor Areas (Digitally measured)	Apartments	m2	ft2
Ground floor	5	632.00	6,803
First floor	6	575.00	6,189
Second floor	6	559.00	6,017
Total	17	1,766.00	19,009

Other Areas (Digitally measured)	m2	ft2
Basement	160.00	1,722
Works within existing building	74.00	797

7.0 FUNCTIONAL DATA

Site development density (total gfa / development site area)	20%
GIFA per bedroom	104 m2

8.0 LIST OF DOCUMENTATION USED

Information Used

Design Engine Architects

2212-P-001	Site Location Plan
2212-P-002	Existing Site Plan
2212-P-010	Existing Plans - Basement
2212-P-011	Existing Plans - Ground Floor
2212-P-012	Existing Plans - First Floor
2212-P-013	Existing Plans - Second Floor
2212-P-014	Existing Plans - Roof Plan
2212-P-020	Existing Site Section AA
2212-P-021	Existing Site Section BB
2212-P-030	Existing South Elevations
2212-P-031	Existing East & West Elevations
2212-P-032	Existing North Elevation,
2212-P-100	Proposed Site Plan
2212-P-200	Proposed Plans - Basement Floor
2212-P-201	Proposed Plans - Ground Floor
2212-P-202	Proposed Plans - First Floor
2212-P-203	Proposed Plans - Second Floor
2212-P-204	Proposed Plans - Roof Plan
2212-P-300	Proposed Site Section AA
2212-P-301	Proposed Site Section BB
2212-P-350	Proposed South Elevation
2212-P-351	Proposed East & West Elevation
2212-P-352	Proposed North Elevation

Hoare Lea MEP

0710460-HLEA-XX-B1-GA-CS-100000	P01	Combined Services Basement Layout
0710460-HLEA-XX-GF-GA-CS-100001	P01	Combined Services Ground Floor
0710460-HLEA-XX-01-GA-CS-100002	P01	Combined Services First Floor
0710460-HLEA-XX-02-GA-CS-100003	P01	Combined Services Second Floor
0710460-HLEA-XX-RF-GA-CS-100004	P01	Combined Services Roof
0710460-HLEA-XX-XX-DT-CS-100004	P01	Typical Utility Cupboard
0710460-HLEA-XX-BB-GA-UE-050090	P01	External Services
2212-P-200		HL Marked up comments
2212-P-201		HL Marked up comments
2212-P-202		HL Marked up comments
2212-P-203		HL Marked up comments
2212-P-204		HL Marked up comments

Turley Landscape

RETH3002	Thamesfield_03_Illustrative Masterplan (small)
RETH3002	Thamesfield_04_Courtyard and Patio Soft Landscape Plan
RETH3002	Thamesfield_05_Courtyard and Patio Hard Landscape Plan
RETH3002	Thamesfield_06_Car Park Hard and Soft Landscape Plan RevB
RETH3002	Thamesfield_07_Plant Schedule
RETH3002	Thamesfield_DAS Landscape Strategy (1)
RETH3002	Thamesfield_Outline Specification for Planting

Procurement Route

The cost is based on scheme delivery via competitive fixed price lump sum tender based on a single stage JCT Design & Build contract.

Programme

Construction period circa 65 weeks (estimated)

Cost Data

RPS benchmark pricing matrix

RPS inhouse cost library

Material supplier market intelligence

Measurement & Quantification

This report adheres to the mandatory requirements and principles set out in the RICS Cost Prediction Professional Statement 1st Edition dated 19.11.2020 (effective from 01.07.2021).

In respect of the List of Information Used (see above) RPS consider the status of this Cost Prediction to be:

Level 4 (Information completeness 50-70%)

This report utilises the group elements/elements of the RICS NRM1 (3rd Edition) only. It does not strictly follow the measurement rules as set out in Part 1 to 4 inclusive of said document.

9.0 KEY ASSUMPTIONS

3Q 2023 Baseline Cost
Vacant possession
Building Regulation compliance only.

Facilitating Works

See Appendix A

Structural Shell

See Appendix A

Fit Out

See Appendix A

External Works

See Appendix A

Risk: Pricing Contingency

The achievable level of measurement and pricing accuracy and the degree of uncertainty commensurate with the Cost Prediction Level stated above RPS have included:

4% allowance for risk: pricing contingency

Estimate of Accuracy; Level of Uncertainty

Based on the information & data available the estimate of accuracy; level of uncertainty is plus or minus:

10%

10.0 EXCLUSIONS

The following items and issues are excluded from the cost prediction but should be considered separately by the Client within the overall Development Appraisal.

Development Issues

VAT
 Land purchase
 Stamp Duty
 Legal fees
 Finance charges
 Planning fees
 S106 Agreement cost and contributions
 Building Regulation Fees
 Design fees
 PM/EA/QS fees
 Principal designer CDM fees
 Breeam Assessors fees (if applicable)
 Other professional fees
 Site investigation / survey fees
 Ground investigation fees
 Blinds, screens, curtains & shutters
 FF&E
 Computer and other IT equipment
 PA system
 Smoking shelter
 Refurbishment, repair & internal reinstatement of 474 Cowley Road

Technical Issues

Work to existing highways
 Renewable energy / carbon reduction requirements
 Work beyond boundary of site
 Tender market fluctuations (increased construction costs beyond base date)

11.0 RISK REGISTER

The following specific risks may have financial implications on the viability of the scheme. Where possible and appropriate cost allowances, as noted, have been included in the cost prediction.

It is recommended that further design & investigation inputs, as noted, be implemented seeking to obviate, reduce or minimise such costs within the scheme.

Item/Issue	Cost Included	Action Required
Planning	Nil	Consult planners
Deliverable floor areas	See App A	Architect to confirm
Nett / Gross ratio	See App A	Architect to confirm
Site clearance	Nil	Survey & obtain quote
Ground abnormals	See App A	GI Report & design
Foundation abnormals	See App A	GI Report & design
Proposed & existing site levels	See App A	Design development
Existing sewer connection available	See App A	Confirmation from Stats
Drainage infrastructure & reinforcement	Nil	Confirmation from Stats
Stormwater attenuation	See App A	Survey & design
Service supplies available/adequate	See App A	Enquiry to Stats
Services infrastructure & reinforcement	Nil	Confirmation from Stats
New highways	Nil	Design development
Work to existing highways	Nil	Design development
Fire strategy	See App A	Consult Fire officer
External elevations	See App A	Design development
External specification	See App A	Design development
Internal specification	See App A	Design development
M&E Specification	See App A	Design development
Renewable energy / carbon reduction	Nil	Subject to planning
Fixed fittings	See App A	Design development
FF&E	Nil	Design development
Site area	See App A	Detailed Survey
Ecology	Nil	Consult planners
Archaeology	Nil	Consult planners
Tender market	Nil	Monitor trends

APPENDIX A

Cost Analysis

FACILITATING WORKS

(0.1) Site Clearance

Demolition of existing buildings	578 m2	£250	<u>£144,500</u>	£144,500
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(0.2) Ground Abnormals

Groundwater issues	1 Item	£20,000	£20,000	
Contamination issues	1 Item	£10,000	<u>£10,000</u>	£30,000

(0.3) Foundation Abnormals

Waterproofing basement	632 m2	£200	£126,400	
Create new access to basement	1 item	£20,000	£20,000	
Create secondary access to basement	1 item	£20,000	<u>£20,000</u>	£166,400

(0.4) Drainage Abnormals

Not used

(0.5) Services Abnormals

Relocating incoming services within existing basement	1.00 item	£100,000	£100,000	
Allowance for temporary supplies during works/switch over	1.00 item	£50,000	£50,000	
Allowance for drainage alterations and pumping	1.00 item	£20,000	£20,000	
Temporary supplied to adjacent bungalows	1.00 item	£50,000	<u>£50,000</u>	£220,000

(0.6) Highway Abnormals

Not used

(0.7) Other Abnormals

Temporary support to retained external wall during demolition and rebuild	221 m2	£120	£26,460	
Alterations to existing kitchen area	47 m2	£1,200	£56,400	
Redecoration to new staff office and services	39 m2	£600	<u>£23,400</u>	£106,260

Total to Main Summary

£667,160

STRUCTURAL SHELL

(1.0) Substructure

Excavate to reduce level, 650 deep; offsite disposal	632	m3	£32	£20,224	
Piling mat, 300 thick; left insitu as inert layer	632	m2	£15	£9,480	
300 diameter piles; 15m deep	160	Nr	£600	£96,000	
Cutting off top of 300 diameter piles	160	Nr	£50	£8,000	
1500 x 600 x 750 deep pile cap	40	Nr	£500	£20,000	
1500 x 1500 max x 1000 deep pile cap	5	Nr	£1,250	£6,250	
External wall RC ground beam; excavation & offsite disposal; 600 x 750 deep; substructure masonry	10	m	£413	£4,125	
External wall RC ground beam; excavation & offsite disposal; 900 x 750 deep; substructure masonry	97	m	£463	£44,911	
Internal wall RC ground beam; excavation & offsite disposal; 600 x 750 deep; substructure masonry	130	m	£356	£46,313	
Internal wall RC ground beam; excavation & offsite disposal; 900 x 750 deep; substructure masonry	10	m	£406	£4,063	
50 thick Claymaster to internal face of perimeter foundations	80	m2	£10	£803	
220 thick Cellcore HXB under ground beams; additional excavation & offsite disposal	180	m2	£22	£3,974	
200 thick PCC floor beams	632	m2	£55	£34,760	
75 thick Celotex GA4000 floor insulation	632	m2	£15	£9,480	
500g polythene separating layer	632	m2	£1	£632	
75 thick Isocrete K screed; fibre reinforced	632	m2	£20	£12,640	
Vertical dpc; torch bonded	80	m2	£20	£1,605	
Upvc periscopic floor vents & air bricks at 2m centres	107	m	£10	£1,070	
RC lift pit shafts; waterproof concrete	1	Nr	£8,000	£8,000	£332,328

(2.1) Frame

Steel framework, to existing basement	35	Tn	£1,700	£59,500	
Fire protection	35	Tn	£350	£12,250	£71,750

(2.2) Upper Floors

200 thick PCC floor beams	1,134	m2	£55	£62,370	
Acoustic treatments	1,134	m2	£35	£39,690	£102,060

(2.3) Roof

Flat Roofing

Timber structure; decking	606 m2	£35	£21,210
Extra over for plant loadings	238 m2	£75	£17,850
350 thick slab insulation board, tapering to falls	606 m2	£35	£21,210
Single ply roofing membrane	606 m2	£80	£48,480
Extra; 300 wide gutter detail	115 m	£25	£2,875
Extra; gutter outlets	14 Nr	£150	£2,100
Extra; skirting detail	115 m	£20	£2,300
Flat roof to isolated areas	64 m2	£400	£25,600
Flat roof to lift over run, 9m2	1 Nr	£2,500	£2,500
Guard railing 1.5m high	64 m	£800	£51,200
AOV's	3 Nr	£7,500	£22,500
Parapet detail, 0.75m high	115 m	£225	£25,875

Rainwater & The Like

Upvc downpipes	168 m	£50	£8,400	
Mansafe system	115 m	£45	<u>£5,175</u>	£257,275

(2.4) Stairs and Ramps

Staircase, serving 3 floors	1 Nr	£7,500	£7,500	
Balustrading & handrails to staircase, serving 3 floors	1 Nr	£5,000	£5,000	
Roof plant access staircase & enclosure	1 Nr	£10,000	<u>£10,000</u>	£22,500

(2.5) External Walls

Ribbed profile cladding; insulation; metsec inner leaf; plasterboard internally	1,046 m2 EUQ (2.5 & 2.6)			
Concrete blockwork cavity wall, fair face; insulation; 100 thick blockwork inner leaf	318 m2	£600	£190,651	
Extra over for render finish	393 m2	£300	£117,886	
Windposts	393 m2	£80	£31,436	
External glazed curtain walling	1 item	£5,000	£5,000	
Extra over enhanchmenst to entrance	31 m2	£600	£18,816	
	1 item	£5,000	£5,000	

Balconies & The Like

Coated steel bolt on balcony; GF	51 m2	£1,200	£61,200	
Coated steel bolt on balcony, FF	51 m2	£1,200	£61,200	
Coated steel bolt on balcony, SF	56 m2	£1,200	£67,200	
Coated steel balustrading, 1.5m high	112 m	£800	<u>£89,600</u>	£647,988

(2.6) Windows and External Doors

Polyester powder coated double glazed windows	79 m2	£500	£39,719	
Extra over uplift to triple glazing	79 m2	£150	£11,916	
Polyester powder coated double glazed doors leaf doors	256 m2	£500	£128,160	

Extra over uplift for triple glazing	256 m2	£150	£38,448	
Coated aluminium double glazed double leaf entrance doors & screen, 2.4 x 2.1m high; automatic	1 Nr	£7,500	£7,500	
Steel security external door	1 Nr	£4,000	<u>£4,000</u>	£229,742
Total to Main Summary				<u><u>£1,663,644</u></u>

FIT OUT

(2.7) Internal Walls

100 thick internal walls	1,624 m2	£40	£64,960	
215 thick concrete blockwork core walls	974 m2	£80	£77,952	
300 thick concrete blockwork cavity walls	76 m2	£125	£9,450	£152,362

(2.8) Internal Doors

Oak veneered flush single Entrance door door and frame; ironmongery; decoration, 30 min fire resistance	17 Nr	£1,000	£17,000	
Oak veneered flush single door and frame; ironmongery; decoration, 30 min fire resistance	87 Nr	£600	£52,200	
Oak veneered flush double door and frame; ironmongery; decoration, 30 min fire resistance	30 Nr	£900	£27,000	
Oak veneered flush triple door and frame; ironmongery; decoration, 30 min fire resistance	4 Nr	£1,500	£6,000	
Oak veneered corridor door and frame with glazed side panel; ironmongery; decoration, 30 min fire resistance	7 Nr	£1,501	£10,507	
Oak veneered flush single door and frame; ironmongery; decoration, 30 min fire resistance; common areas	8 Nr	£899	£7,192	
Oak veneered flush double door and frame; ironmongery; decoration, 30 min fire resistance; common areas	1 Nr	£1,250	£1,250	
Folding partition screen to multifunction room	1 Nr	£7,500	£7,500	£128,649

(3.1) Wall Finishes

Plaster finishes generally	6,059 m2	£16	£96,939	
Emulsion paint finish to plaster	3,250 m2	£10	£32,500	
Glazed wall tiling to en suites and bathrooms (50%)	400 m2	£60	£23,990	
Feature wall paper to multifunction room	105 m2	£20	£2,106	
Feature wall paper to foyer areas	1 Item	£5,000	£5,000	
Hygienic wall coverings to wet servicing areas	41 m2	£60	£2,430	
Hygienic wall coverings to kitchen	68 m2	£60	£4,050	
Other glazed wall tiling areas	27 m2	£60	£1,620	£168,636

(3.2) Floor Finishes

10 thick Yelofon acoustic layer	1,207 m2	£12	£14,484	
65 thick Isocrete K screed; fibre reinforced	1,207 m2	£18	£21,726	
Entrance barrier matting	50 m2	£150	£7,500	
Bedroom carpet	462 m2	£30	£13,860	
Ensuite vinyl sheeting	159 m2	£45	£7,155	

Lounge & dining room	718 m2	£35	£25,130	
Laminate flooring to multifunction room	65 m2	£45	£2,925	
Multifunction room	113 m2	£25	£2,825	
Vinyl sheeting to serveries, treatment, kitchen, laundry, staff toilets, residents bath, sluice, stores or the like	19 m2	£40	£760	
Floor finishes to existing amended rooms	74 m2	£40	£2,960	
Epoxy paint to plant rooms	160 m2	£10	£1,600	
Communal / corridor carpeting	179 m2	£30	£5,370	
Stair nosings & accessories (per flight)	3 Nr	£1,200	£3,600	
Timber skirtings; decoration	2,524 m	£15	<u>£37,867</u>	£147,762

(3.3) Ceiling Finishes

Plasterboard ceiling	1,588 m2	£35	£55,580	
Plasterboard ceiling; moisture resistant	178 m2	£45	£8,010	
Access panels	68 Nr	£100	£6,800	
Works to existing ceilings	74 m2	£75	£5,550	
Emulsion paint	1,766 m2	£12	<u>£21,192</u>	£97,132

(4.1) Fittings, Furnishings and Equipment

General Fittings

Window boards; decoration	157 m	£26	£4,078	
Curtain battens; decoration	157 m	£15	£2,353	
Bathroom vanity unit	17 Nr	£500	£8,500	
Bathroom grab rails	17 Nr	£275	£4,675	
Bathroom pipework boxing	17 Nr	£200	£3,400	
Bedroom ensuite vanity unit	15 Nr	£500	£7,500	
Bedroom ensuite grab rails	15 Nr	£275	£4,125	
Bedroom ensuite pipework boxing	15 Nr	£200	£3,000	
Kitchens	17 nr	£10,000	£170,000	
Wardrobes	34 Nr	£1,100	£37,400	
Staff Room	1 Nr	£1,500	£1,500	
Multifunction room cupboards	1 Nr	£7,000	£7,000	
Staff Office including tea point	1 Nr	£10,000	£10,000	
Store shelving	34 Nr	£500	£17,000	
Signage	1 Item	£10,000	<u>£10,000</u>	£290,530

Special Fit Out Works

Kitchen fittings & equipment	1 Item	£100,000	£100,000	
Laundry fittings & equipment	1 Item	£25,000	<u>£25,000</u>	£125,000

(5.1) Sanitary Appliances

Sanitary Fittings

Bathroom WC	17 Nr	£500	£8,500	
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Bathroom washbasin	17 Nr	£350	£5,950	
Bathroom shower	17 Nr	£1,000	£17,000	
Bedroom ensuite WC	15 Nr	£500	£7,500	
Bedroom ensuite washbasin	15 Nr	£350	£5,250	
Bedroom ensuite shower over bath	15 Nr	£1,000	£15,000	
Bedroom ensuite bath	15 Nr	£800	£12,000	
Assisted WC	1 Nr	£2,500	£2,500	
Disabled WC pack	1 Nr	£1,600	£1,600	£75,300

(5.2-5.7) Mechanical Installations

1,766 m2 GIFA

Fix only sanitary fittings	1,766 m2	£18	£31,788	
Above ground drainage	1,766 m2	£15	£26,490	
Cold water boosted system	1,766 m2	£25	£44,150	
Hot water	1,766 m2	£25	£44,150	
MVHR heating system	1,766 m2	£60	£105,960	
General ventilation (50% GIFA)	1,766 m2	£25	£44,150	
Toilet ventilation	1,766 m2	£10	£17,660	
MVHR to kitchen and toilet extracts	1,766 m2	£30	£52,980	
Controls	1,766 m2	£15	£26,490	
Works within existing building	74 m2	£268	£19,802	
Testing & commissioning	1,840 m2	£2	£3,680	
O&M	1,840 m2	£1	£1,840	
S/C prelims etc	10%	£419,140	£41,914	£461,054

(5.8-5.12) Electrical Installations

Mains distribution	1,766 m2	£15	£26,490	
LV distribution	1,766 m2	£35	£61,810	
Lighting & emergency lighting	1,766 m2	£65	£114,790	
Small power	1,766 m2	£35	£61,810	
Telecom containment	1,766 m2	£5	£8,830	
Fire alarm	1,766 m2	£12	£21,192	
Earthing & bonding	1,766 m2	£5	£8,830	
Lightning protection	1,766 m2	£5	£8,830	
Works within existing building	74 m2	£212	£15,718	
Testing & commissioning	1,840 m2	£2	£3,680	
O&M	1,766 m2	£1	£1,766	
S/C prelims etc	10%	£333,746	£33,375	£367,120

(5.10) Lift and Conveyor Installations

13 person passenger lifts, ambulant; serving 3 floors	1 Nr	£50,000	£50,000	£50,000
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(5.13) Special Installations

Allowance for nurse call	1 Item	£15,000	£15,000	
Allowance for connection to existing fire alarm system	1 item	£20,000	£20,000	
Allowance for PV	115 m2	£300	£34,500	
Sprinkler installation	0 m2	£20	£0	£69,500

**(5.14) Builders' Work In Connection With
Services**

Mechanical (circa 3%)	1,766	m2	£10	£17,660	
Electrical (circa 3%)	1,766	m2	£10	£17,660	
Lifts and the like	1	Nr	£5,000	£5,000	£40,320

Total to Main Summary

£2,173,366

EXTERNAL WORKS

(8.1) Site Preparation Works

8,195 m2 external site area

Strip existing tarmac including base and sub-base; disposal offsite	240 m2	£50	£12,000	
Strip out area for new paths, average 150mm; disposal off site	210 m2	£40	£8,400	
Strip existing soil areas, average 150mm; disposal off site	400 m2	£30	£12,000	
Additional works to new terrace area over existing basement	1 item	£10,000	£10,000	
Remove remaining items not removed in demolition	1 item	£10,000	<u>£10,000</u>	£52,400

(8.2) Roads, Paths, Pavings & Surfacing

Install new sub base to new courtyard and paths	450 m2	£50	£22,500	
New finish to courtyard and path (resin bound gravel)	450 m2	£150	£67,500	
Install 100 x 100mm setts to edge of new resin bound gravel	100 m	£75	£7,500	
Install aluminium edgings to resing gravel	130 m	£150	£19,500	
Install Suregreen PP40 Lawn Protection	48 m2	£75	£3,600	
Adjustments to existing paths to suit new layout	1 item	£5,000	£5,000	
Allowance for ramps/change in levels	1 item	£15,000	£15,000	
Thermoplastic markings	1 Item	£1,000	<u>£1,000</u>	£141,600

Works to existing car park

Allowance for patch repairs and remarking white lines	1 item	£50,000	<u>£50,000</u>	
Excavation & Disposal	- m2	£35	£0	
Sub Base 150mm	- m2	£10	£0	
Base 150mm	- m2	£40	£0	
Tobermore block paving (80mm)	- m2	£75	<u>£0</u>	£50,000

(8.3) Soft Landscaping

Tree surgery to existing trees	1 Item	£5,000	£5,000	
Topsoil; grass turfing and planting beds	442 m2	£30	£13,260	
Trees	14 Nr	£500	£7,000	
Private Garden Areas	2 Nr	£5,000	£10,000	
New planting beds (Garden Mix 1)	30 m2	£40	£1,200	
New planting beds (Garden Mix 2)	47 m2	£40	£1,880	
New planting beds (Garden Mix 3)	22 m2	£40	£880	
New planting beds shrub Mix	113 m2	£60	£6,780	
Infill planting to existing shrub bed	115 m2	£30	£3,450	

Ornamental hedgerow	1 item	£7,500	£7,500	
Wild meadow seeding	77 m2	£20	£1,540	
New seeded grasses areas	63 m2	£10	£630	
Extra over for making good areas disturbed during the works	1 item	£10,000	£10,000	
Extra Over additional landscaping requirements over basement	1 Item	£5,000	£5,000	£74,120
Works to existing car park				
Retain existing bed and hedges	1 item	£5,000	£5,000	
Topsoil; grass turfing and planting beds	- m2	£30	£0	
Ornamental hedgerow	- m	£120	£0	
Trees	- Nr	£500	£0	
New planting beds shrub Mix	- m2	£60	£0	£5,000

(8.4) Fencing, Railings & Walls

6ft double slatted panels to bin store	13 m	£125	£1,625	
Construct new 60cm high raised beds including coping	42 m2	£750	£31,500	
Construct new 60cm high allotment bed including coping	9 m2	£750	£6,750	
Balustrade to patio	42 m	£1,500	£63,000	£102,875

(8.5) External Features

Bin stores	1 Item	£2,500	£2,500	
Garden Shed	1 Item	£1,500	£1,500	
Greenhouse	1 Nr	£1,500	£1,500	
Pergola	1 item	£10,000	£10,000	
Benches	1 item	£7,500	£7,500	
Hedge pots	7 Nr	£75	£525	
Directional signage	1 Item	£1,000	£1,000	
External lighting	1 Item	£15,000	£15,000	£39,525

(8.6) External Drainage

Foul

Drainage allowance	1,926 m2	£20	£38,520	
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Storm

Drainage allowance	1,926 m2	£20	£38,520	
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Attenuation

Allowance	1 item	£25,000	£25,000	£102,040
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(8.7) External Services

Allowance for works per apartment	17 nr	£3,000	£51,000	
Allowance for works from existing basement	1 item	£5,000	£5,000	
Allowance for works to existing areas	1 Item	£10,000	£10,000	£66,000

(8.8) Minor Building Works & Ancillary Buildings

Not Used

Total to Main Summary

£633,560

Birmingham

321 Bradford Street
Birmingham
B5 6ET
0121 622 8520

London

20 Farringdon Street
London
EC4A 4AB
0203 691 0500

Manchester

5 New York Street
Manchester
M1 4JB
0161 228 1800

Southampton

Lakesbury House
Hiltingbury Road
Southampton
BH1 2LT
0120 220 8000

Bristol

260 Park Avenue
Aztec West
Almondsbury, Bristol
BS32 4SY
01454 853000

APPENDIX H: Start up Cost Calculation

Calculation of Start Up Costs

Total Units	17
Service Charge	£20,000
Council Tax	£3,143 Wokingham Borough Council tax rates for Remenham Band F £3142.71
Total Costs per Vacant unit	£23,143 per unit per annum
Phase 1	17
Phase 2	0
Phase 3	0
Total Units	17

Total sales period from appraisal 0.67 years equates to 2.11 per month

Units sold	Month	1	2	3	4	5	6	7	8	9
Phase 1		2	2	2	2	2	2	2	2	1
Units sold pm		2	2	2	2	2	2	2	2	1
Total units sold		2	4	6	8	10	12	14	16	17
Unsold Units for Service Charge		15	13	11	9	7	5	3	1	0
Service charge cost		25000	21667	18333	15000	11667	8333	5000	1667	0
Unsold Units for Council Tax		15	13	11	9	7	5	3	1	0
Council Tax Cost		3929	3405	2881	2357	1833	1310	786	262	0
Total Costs		28929	25072	21214	17357	13500	9643	5786	1929	0

Total Cost £123,429

Cost per Phase
Phase 1 £123,429

APPENDIX I: Argus Developer Viability Appraisal Summary

Thamesfield Village - Henley on Thames
FVA Appraisal

Development Pro Forma
Newsteer
December 6, 2024

**Thamesfield Village - Henley on Thames
FVA Appraisal**

Project Pro Forma for Phase 1 New Block

Currency in £

REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
New Units	17	14,666	777.00	670,322	11,395,482

TOTAL PROJECT REVENUE				11,395,482	
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DEVELOPMENT COSTS**ACQUISITION COSTS**

Residualized Price			300,046		
				300,046	

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost	
New Units	18,977	259.16	4,918,000	
				4,918,000

Other Construction Costs

Facilitating Works			855,000	
External Works			812,000	
				1,667,000

Section 106 Costs

Local CIL - £8.52psf on 13,240 sqft			112,805	
				112,805

PROFESSIONAL FEES

Professional Fees		12.00%	790,200	
				790,200

DISPOSAL FEES

Sales Agent Fee		4.00%	455,819	
				455,819

MISCELLANEOUS FEES

Start Up Costs			123,429	
				123,429

TOTAL COSTS BEFORE FINANCE				8,367,300	
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FINANCE

Timescale	Duration	Commences
Pre-Construction	6	Aug 2023
Construction	19	Feb 2024
Sale	8	Sep 2025
Total Duration	33	

Debit Rate 8.500%, Credit Rate 0.000% (Nominal)

Land		55,002	
Construction		560,955	
Other		133,128	
Total Finance Cost			749,086

TOTAL COSTS				9,116,386	
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PROFIT

2,279,096

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%

IRR% (without Interest)	29.36%
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Thamesfield Village - Henley on Thames FVA Appraisal

Table of Land Cost and Profit on GDV%

Construction: Rate /ft²					
Sales: Rate /ft²	-20.00 /ft²	-10.00 /ft²	0.00 /ft²	+10.00 /ft²	+20.00 /ft²
	239.16 /ft²	249.16 /ft²	259.16 /ft²	269.16 /ft²	279.16 /ft²
-50.00 /ft²	(£218,035)	(£27,246)	£164,204	£357,221	£551,466
727.00 /ft²	20.000%	20.000%	20.000%	20.000%	20.000%
-25.00 /ft²	(£449,830)	(£259,041)	(£68,252)	£122,910	£315,634
752.00 /ft²	20.000%	20.000%	20.000%	20.000%	20.000%
0.00 /ft²	(£681,625)	(£490,836)	(£300,046)	(£109,257)	£81,616
777.00 /ft²	20.000%	20.000%	20.000%	20.000%	20.000%
+25.00 /ft²	(£913,420)	(£722,631)	(£531,841)	(£341,052)	(£150,263)
802.00 /ft²	20.000%	20.000%	20.000%	20.000%	20.000%
+50.00 /ft²	(£1,145,215)	(£954,425)	(£763,636)	(£572,847)	(£382,057)
827.00 /ft²	20.000%	20.000%	20.000%	20.000%	20.000%

Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²

Original Values are varied in Fixed Steps of £10.00

Heading	Phase	Rate	No. of Steps
New Units	1	£259.16	2.00 Up & Down

Sales: Rate /ft²

Original Values are varied in Fixed Steps of £25.00

Heading	Phase	Rate	No. of Steps
New Units	1	£777.00	2.00 Up & Down

Thamesfield Village - Henley on Thames FVA Appraisal

Project Timescale	
Project Start Date	Aug 2023
Project End Date	Apr 2026
Project Duration (Inc Exit Period)	33 months

1. New Block

