

VALUATION REPORT

**Land at Oak & Apple Tree Cottages, Winchester Road, Botley,
Hampshire, SO32 2DH**
McCarthy Stone
12 March 2024

Document reference: RAMC/DN/99459

VALUATION REPORT

Land at Oak & Apple Tree Cottages, Winchester Road, Botley, Hampshire, SO32 2DH

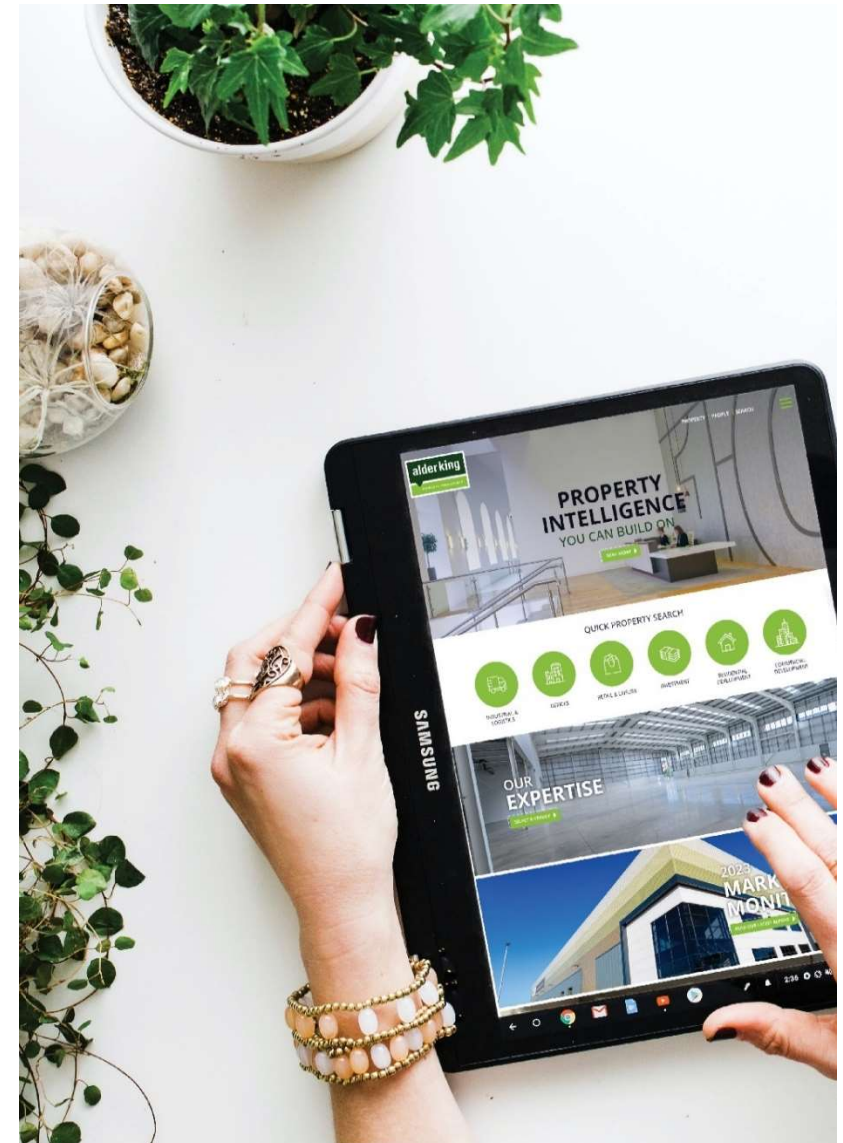
Date: 12 March 2024

Prepared by: Richard Clark MRICS FNARA (RICS Registered Valuer)
Partner

Reviewed by: R James Mackay MRICS (RICS Registered Valuer)
Partner

Alder King Property Consultants

12 Pine Court, Kembrey Office Park, Swindon, SN2 8AD
Tel: 07342 949664



Contents

- 1.0 Terms of Reference 5
- 2.0 Location & Situation 6
- 3.0 Property Description 7
- 4.0 Legal Matters 8
- 5.0 Statutory & Regulatory Enquiries 8
- 6.0 Planning Policy 9
- 7.0 Environmental Matters 11
- 8.0 Local Market & Evidence 11
- 9.0 Existing Use Value 15
- 10.0 Alternative Use Value 16
- 11.0 Assumptions & Caveats 18

Appendices

- Appendix 1 – Alder King Confirmation and Scope of Work..... 19
- Appendix 2 – Additional Information 20
- Appendix 3 – Additional Photographs..... 21
- Appendix 4 – Policy BO4 22
- Appendix 5 - Residual Appraisal..... 23

Executive Summary

For your convenience, we summarise the key features of this Valuation Report which should nevertheless be read in full.

Property Type/Use:	Greenfield development opportunity subject to planning consent.		
Site Area:	Description	Hectares	Acres
	Paddock/amenity land.	0.91	2.26
Planning:	The Property is allocated in the Eastleigh Borough Council Local Plan under Policy BO4 for 22 dwellings.		
Tenure:	Freehold(s) assumed.		
Tenancies:	None (assumed).		
Market Value with Special Assumption 1 (EUV):	£340,000 (Three Hundred and Forty Thousand Pounds) The value of the Property is restricted to Existing Use Value (EUV) . ▫ Market Value with the Special Assumption the value of the Property is restricted to Existing Use Value (EUV) in accordance with Para 015 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019.		
Market Value with Special Assumption 2 (AUV):	£575,000 (Five Hundred and Seventy Five Thousand Pounds) The value of the Property is restricted to Alternative Use Value (AUV) . Market Value with the Special Assumption the value of the Property is restricted to Alternative Use Value (AUV) in accordance with Para 017 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV.		
Key Observations:	▫ The Property is allocated for 22 dwellings in the Eastleigh Borough Local Plan. ▫ There is extensive development occurring in the immediate locality with circa 1,400 dwellings being built out. ▫ There is likely to be reasonable demand for a development opportunity, particularly once an outline planning consent has been obtained.		

1.0 Terms of Reference

Client:	McCarthy Stone, Southern House, 1 Embankment Way, Ringwood, Hants BH24 1EU (FAO James Day). This report has been prepared for the sole use of the Client. Alder King does not permit third party reliance on this report.		
Purpose of Valuation:	The report is to be used to assist assessment of the likely planning obligations/affordable housing content and/or ramifications of the relevant affordable housing policy, as they affect the Client's proposed redevelopment the Property.		
Subject of Valuation:	Land at Oak & Apple Tree Cottage, Winchester Road, Botley, Hampshire, SO32 2DH (the 'Property'). The Property is held by freehold tenure.		
Compliance Confirmation:	This report has been prepared in accordance with the RICS Valuation – Global Standards 2022 – incorporating the International Valuation Standards (Red Book). The report has also had regard to the RICS Professional Statement 'Financial viability in planning: conduct and reporting', effective from 1 September 2019.		
Letter of instruction:	The report has been prepared in accordance with McCarthy Stone's instructions together with our Confirmation and Scope of Work schedule dated 11 March 2024, a copy of which is contained in Appendix 1.		
Basis of Value:	Market Values with the following Special Assumptions. 1. The value of the Property is restricted to Existing Use Value (EUV) in accordance with the Para 015 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019. 2. The value of the Property is restricted to Alternative Use Value (AUV) in accordance with the Para 017 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV.		
Valuer:	Richard Clark MRICS FNARA (RICS REGISTERED VALUER)	Status of Valuer:	External Valuers.
Disclosure:	We confirm we have no previous, current or proposed material involvement with either the Property, a neighbouring property or other parties involved which could conflict with our duty to provide you with our objective and unbiased opinion of value. Alder King holds current valuation instructions for the Client concerning properties in other locations and there is the possibility that further advice on the subject property in this instance may be required by the Client beyond this current instruction.		
Date of inspection:	8 March 2024. We assume that there are no material changes to the Property subsequent to our inspection.		
Valuation Date:	Date of Report.		

Limitations on Liability:	We have agreed our liability for this valuation shall be limited to a maximum of £1,000,000.
Additional Information:	Attached at Appendix 3 is additional information in respect of various valuation issues pertinent to the Property (Appendix 3 must be read in full with this report).
Valuation Basis definition:	Market Value is defined as: 'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.' <i>Market Value with Special Assumption: Existing Use Value (as defined by PPG).</i> <i>Existing use value (EUV) is the first component of calculating benchmark land value (BLV). 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 in collaboration between plan makers, developers and landowners 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).</i> <i>Market Value with Special Assumption: Alternative Use Value (as defined by PPG).</i> <i>For the purpose of viability assessment 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 BLV.</i>

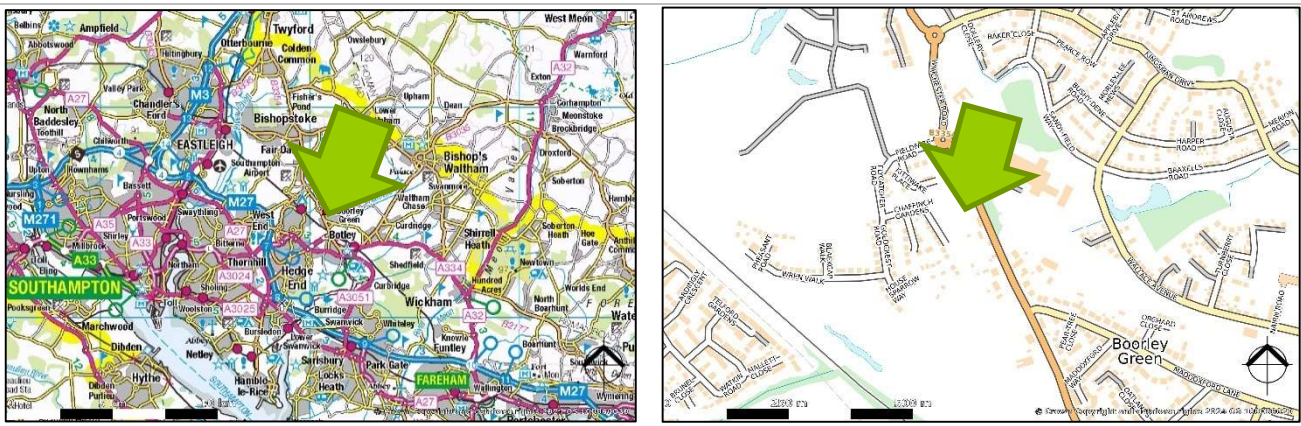
2.0 Location & Situation

The Property is located at Boorley Green in Hampshire, accessed via the B3354 (Winchester Road). The M27 is accessed to the west at Junction 7. Southampton is situated some 8 kms (5 miles) to the southwest with Portsmouth some 16 kms (10 miles) to the southeast.

We detail the location of the Property in both a regional and local context on the OS plans detailed below.

The immediate area is residential and rural in nature and is in the process of being extensively developed out by a consortium of national and regional housebuilders including Bellway, Miller, Linden, Bloor and Bovis.

The immediate locality has planning consent for approximately 1,400 homes as well as upgrades to transport infrastructure, extension to an existing hotel, new local centre, primary school, MURGA and associated facilities and the construction of roads and footpaths.



3.0 Property Description

Description	The Property comprises an irregular shaped site which previously formed part of Oak & Apple Tree Cottage’s gardens/paddock land.
	The Property is bounded to the north by further development land in the process of being built out to provide residential dwellings forming part of the wider Boorley Gardens scheme being developed out by Miller Homes and Bellway. To the south is Oak & Apple Tree Cottages and to the west Chaffinch Gardens, one of the new estate roads to Boorley Gardens with further residential development adjoining. The B3354 Winchester Road is situated to the east as well as the Macdonald Botley Park Hotel & Spa.
	We detail an aerial photograph to the right (source: Google) which shows the Property outlined in red for identification purposes. During the course of our inspection we noted overhead electricity cables which dissect the site, as denoted by the yellow dashed line on the aerial photograph. Photographs of the Property taken during our inspection are detailed at Appendix 3.
Site Area:	Other Investigations:
Hectares: 0.91	Buildings on site: No buildings of any significance on site.



Acres: 2.26 Mining Area: No.

4.0 Legal Matters

Title: Freehold (assumed) – The Property appears to comprise two title numbers, these being:

- Whole: HP794246; and
- Part: HP693000.

We have not seen a Report on Title but have assumed good and marketable title. We have assumed the boundaries of the Property shown edged in red on the OS plan to the right are accurate in the absence of a separately registered title at HMLR.

Tenancy: None – full vacant possession assumed.



5.0 Statutory & Regulatory Enquiries

Planning:	LPA:	Eastleigh Borough Council.	Assumed Use:	Residential development site allocated for circa 22 dwellings.	Rating:	N/A
	Listed:	No.	Conservation Area:	No.		
	Other:	None.	Public Highway:	Yes.		

6.0 Planning Policy

National Planning Policy Framework (NPPF):	▫ The National Planning Policy Framework (NPPF) was revised on 20 July 2021 to set out the government's planning policies for England and how these should be applied. The new Framework replaces the previous NPPF published in March 2012, revised in July 2018 and updated in February 2019. ▫ The Ministry of Housing, Communities and Local Government (MHCLG) confirmed in a statement that the updated NPPF "will place greater emphasis on beauty, place-making, the environment, sustainable development and underlines the importance of local design codes".
Planning Practice Guidance (PPG):	▫ The Department for Communities and Local Government in March 2014 revised and updated planning guidance designed to be easily accessible on-line and user friendly. The PPG contains 50 categories; from 'Advertisements' to 'When is permission required'. ▫ The category of relevance in context with this report is the Guidance on 'Viability' (referred to in this report as the Viability PPG) which has been updated in May and September 2019 to reflect the updated policies contained within the NPPF. ▫ <i>Paragraph 13 of the Viability PPG outlines how land value should be defined for the purpose of viability assessments. "To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. 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 comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+)."</i> ▫ Paragraph 15, 16 and 17 of the revised PPG provides further guidance on what is meant by Existing Use Value, Existing Use Value Plus and Alternative Use Value respectively as detailed below:
Existing Use Value (EUV)	"What is meant by existing use value in viability assessment?" ▫ <i>Existing use value (EUV) is the first component of calculating benchmark land value (BLV). 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 in collaboration between plan makers, developers and landowners 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).</i> ▫ <i>Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence."</i> Viability PPG para 15.

Alternative Use Value

“Can alternative uses be used in establishing benchmark land value?”

- For the purpose of viability assessment 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 BLV.
- Plan makers can set out in which circumstances alternative uses can be used. This might include if there is evidence that the alternative use would fully comply with up to date development plan policies, if it can be demonstrated that the alternative use could be implemented on the site in question, if it can be demonstrated there is market demand for that use, and if there is an explanation as to why the alternative use has not been pursued. Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.”

Viability PPG – para 17.

Local Planning Policy –
Eastleigh Borough
Council

- The current adopted Local Plan for Eastleigh Borough is the Eastleigh Borough Local Plan (2016-2036) adopted April 2022. The Property is detailed and defined within the Plan and Policies Map as “Land north of Myrtle Cottage, Winchester Road” under Policy BO4. We note, this allocation applies to a wider site which includes Apple and Oak Tree Cottages. The subject Property does not include these two dwellings and is therefore smaller than the 1.1 hectares (2.72 acres) with allocation for 22 dwellings.
- We detail the salient aspects of the policy below, these being:
 - Allocated for development to include approximately 22 dwellings.
 - Planning permission will be granted provided the proposals comply with the development plan and comply with an approved masterplan for the whole site which addresses various specific requirements. We provide a copy of Policy BO4 detailing the specific requirements at Appendix 4.

Planning History

- The Property has the following planning history relevant to residential development:
 - Application No: F/19/85604 – Construction of 31no. dwellings, associated landscaping, amenity areas and a means of access from Winchester Road following demolition of 1no. dwelling and associated outbuildings. Decision: Dismissed at Appeal 07.10.21.
 - Application No: F/21/89989 – Erection of 25no. dwellings, associated landscaping, amenity area and new access from Winchester Road following demolition of 1no. existing dwelling and associated outbuildings. Decision: Refused 30.03.23.

7.0 Environmental Matters

Contamination Comments:	None apparent from the extent of our limited inspection (see Additional Information) – see asbestos comments below.				
Hazardous Materials:	Not known.	Asbestos:	Not known but assumed none of significance.	Asbestos Report:	No.
Flood Zone:	Whole Property within Zone 1.	Flood Report:	No.	Flooding Comments:	Environment Agency assesses 'low probability' of flooding.
Radon:	No.	Level:	Less than 1%.	Comments:	Low.
Invasive Species:	No.	Comments:	None immediately apparent from the extent of our limited inspection.		
EPCs:	No.	Rating:	N/A.	Date Issued:	N/A.
EPC Comments:	Not applicable.				

8.0 Local Market & Evidence

Development Land Market:	2023 was characterised by a growing list of challenges facing the market, including rising inflation, interest rates, build costs and delivery requirements, alongside ongoing policy uncertainty and a climate crisis to name just a few. This led the market into a subdued state, keenly anticipating some form of assurance that a new normal had been reached and the wave of challenges had finally subsided. - In particular, the market continues to weather the consequences of increased interest rates following the infamous Mini-Budget of September 2022, despite the more recent stability of the bank base rate. - The economic tension around the peak in inflation saw mortgage products continue their upward trajectory in summer of 2023 and this has continued to be a significant hindrance to market productivity as a cautious attitude took hold. - The 2023 downturn in activity was part of a more risk adverse environment, with deals being delayed or renegotiated. This in turn led to real avenues of opportunity in the land market for well-funded operators who are less reliant on debt. This will continue throughout 2024.
--------------------------	--

- 2023 saw housing sales rates considerably more subdued than in 2022. This pushed housebuilders to reduce asking prices and offer an increased range of incentive packages to encourage activity with PLCs reporting fractions of their former sales rates. This in turn is bolstering consumer demand and buyer confidence.
- The same challenges that faced the land market in 2023 continue to be significant for 2024, with little having been resolved in the last year. Local Planning Authorities remain under resourced despite financial support promises from central government, all whilst trying to grapple with evolving policy challenges such as the adoption of Biodiversity Net Gain, the Levelling Up and Regeneration Bill and the Housing Secretary shifting housing targets. The affordable housing market, which has been an isolated constant in its consistency over the past few years, has reportedly reduced its planned spending for 2024 albeit delivery is expected to continue at pace.
- More positively, build costs have stabilised but not significantly corrected themselves, providing a small but welcome relief from the past two years of upwards pressure. In context of the list of challenges faced by the market going into 2024, the bottleneck of issues will continue to focus the attention of the market on viability and deliverability of sites as developers find a way through the many hurdles to deliver much needed housing across the region whilst their profits continue to be squeezed. We expect to see further diversification of deal structures across the land market to enable delivery.
- The South West has continued to prove its resilience in these challenging market conditions and it will need to do so again throughout 2024 with an impending general election coming into play by the end of the year. This extended period of uncertainty is set to again challenge the mettle of the land market although we predict the strength of demand for land in the South West to remain highly competitive for the highest quality sites that are suitable for residential and living use classes.
- The ongoing stabilisation of interest rates has seen some renewed positivity and there is genuine reason to look forward to the knock-on effect in the land market of improved affordability for house buyers.
- More importantly this fresh confidence in a market that is particularly short on land supply will rapidly flow through into activity, competitive land values and transaction volume as parties look to not miss out on the best opportunities, in turn enabling the market to re-establish a positive momentum through the next twelve months.

Strengths/Opportunities:

- Significant development in the immediate locality – circa 1,400 dwellings.
- Affluent location with good connectivity to various employment hubs including Southampton, Portsmouth and the South Coast Corridor.
- Site with allocation for residential development within the Local Plan.

Weaknesses/Threats:

- Significant supply within the immediate locality.
- Degree of planning risk which manifests itself in both time and cost.
- Rising construction costs and inflationary pressures could lead to downward pressure on values.

Market Risk:

The main house price Indexes produced by Halifax and Nationwide as at February 2024 highlighted an annual change of circa 2.5% and a monthly change of +1.3%, the fourth monthly rise in a row. Nationwide chief economist Robert Gardner said:

"The decline in borrowing costs around the turn of the year appears to have prompted an uptick in the housing market. Indeed, industry data sources point to a noticeable increase in mortgage applications at the start of the year, while surveyors also reported a rise in new buyer enquiries. Nevertheless, near-term prospects remain highly uncertain, in part due to ongoing uncertainty about the future path of interest rates. After falling sharply in late December, swap rates, which underpin fixed rate mortgage pricing, have drifted back up. Borrowing costs remain well below the highs recorded last summer but, if the recent upward trend is sustained, it threatens to restrain the pace of any housing market recovery. While the squeeze on household budgets is easing, with wage growth now outstripping inflation by a healthy margin, it will take time to make up for the ground lost over the past few years, especially given consumer confidence remains fragile."

Consumer confidence and affordability remain fundamental to building sales momentum.

The UK's departure from the EU, the geo-political tensions in the Middle East and eastern Europe (with associated political and economic risks), high interest rates and inflationary pressure has created uncertainty within the wider property market and this may continue for months/years. Inevitably there is a risk property values, in the future, may be affected by such issues. That said, market conditions and outlook appear to be improving despite the risks to the wider market.

New Homes Transactions:

Property Address	Description/Transaction Details	Analysis m ² (ft ²)	Relevance
Plot 332 Boorley Gardens, Botley, SO32  (The Alston)	Four bedroom detached dwelling arranged over two storeys to provide circa 150.03 m ² (1,615 ft ²) of accommodation together with single garage and garden to front and rear. Plot 332 sold (completed) Q2 2023 for £624,995 (gross). Various incentives granted including a mortgage contribution £12,890 and non-financial incentive of circa £15,000 (flooring/kitchen upgrade).	Net price of £597,105 equates to £3,980 (£370).	Situated in close proximity to the subject Property immediately to the west on Chaffinch Gardens. Developed by Bellway. Typical volume housebuilder specification and finish.

New Homes Transactions:

Property Address	Description/Transaction Details	Analysis m ² (ft ²)	Relevance
Plots 329 & 331 Boorley Gardens, Botley, SO32  (The Islington)	Three bedroom detached dwelling arranged over two storeys to provide circa 98.4 m² (1,059 ft²) of accommodation together with single garage and garden to front and rear. Note, Plot 331 is smaller providing circa 88.56 m² (953 ft²) of accommodation. Plot 329 sold (completed) Q2 2023 for £439,995 (net). Various incentives granted including a £9,995 discount and estate agent's fees of £5,940. Plot 331 sold (completed) Q2 2023 for £343,995 (net). Various incentives granted including a £12,000 discount and non-financial incentive of circa £15,000 (flooring/kitchen upgrade).	Plot 329 - Net price of £424,060 equates to £4,310 (£400). Plot 331 - Net price of £316,995 equates to £3,579 (£333).	Situated in close proximity to the subject Property immediately to the west on Chaffinch Gardens. Developed by Bellway. Typical volume housebuilder specification and finish.
Plot 330 Boorley Gardens, Botley, SO32  (The Maplethorpe)	Three bedroom detached dwelling arranged over two storeys to provide circa 97.62 m² (1,051 ft²) of accommodation together with single garage and garden to front and rear. Plot 330 sold (completed) Q3 2023 for £399,995 (net). Various incentives granted including a £12,000 discount and non-financial incentive of circa £15,000 (flooring/kitchen upgrade).	Net price of £372,995 equates to £3,821 (£355).	Situated in close proximity to the subject Property immediately to the west on Chaffinch Gardens. Developed by Bellway. Typical volume housebuilder specification and finish.
Plot 349 Boorley Gardens, Botley, SO32  (The Badlesmere)	Two bedroom semi-detached dwelling arranged over two storeys to provide circa 85.50 m² (920 ft²) of accommodation together with single garage and garden to front and rear. Plot 349 sold (completed) Q4 2023 for £329,995 (net). Various incentives granted including a £7,495 discount and non-financial incentive of circa £10,000 (flooring/kitchen upgrade).	Net price of £312,500 equates to £3,655 (£340).	Situated in close proximity to the subject Property immediately to the west. Developed by Bellway. Typical volume housebuilder specification and finish.

New Homes Transactions:

Property Address	Description/Transaction Details	Analysis m ² (ft ²)	Relevance
Plot 327 Boorley Gardens, Botley, SO32  (The Richmond)	Four bedroom detached dwelling arranged over two storeys to provide circa 127.65 m² (1,374 ft²) of accommodation together with single garage and garden to front and rear. Plot 327 is due to exchange imminently for £549,995 (gross). Various incentives granted including a discount of £4,995, SDLT of £14,750 and non-financial incentive of circa £12,000 (flooring/kitchen upgrade).	Net price of £518,250 equates to £4,060 (£377).	Situated in close proximity to the subject Property immediately to the west on Chaffinch Gardens. Developed by Bellway. Typical volume housebuilder specification and finish.

9.0 Existing Use Value

- Methodology / Approach:**
- Market Value with the Special Assumption the value of the Property is restricted to **Existing Use Value (EUV)** in accordance with Para 015 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019.
 - In the context of the Property, EUV involves a market limited to the Property as a site with allocation in the Local Plan for circa 22 dwellings. Under this assumption, the Property provides a greenfield residential opportunity albeit without the benefit of a planning consent.
 - In arriving at our opinion of EUV we have had regard to the Local Plan and the Viability Study prepared by DSP, dated 2018, commissioned by Eastleigh Borough Council. The Study states a base land value as follows:
"The figure that we consider to represent the minimum land value likely to incentivise release for development under any circumstances in the Eastleigh Borough context is around £250,000/ha as above, based on gross (overall) site area. Land values at those levels are likely to be relevant to development on greenfield land (such as agricultural land or in cases of enhancement to amenity land value) and therefore potentially relatively commonly occurring within the land supply picture in the case of settlement extensions, where applicable, and any urban area greenfield land.
In our experience of dealing with site specific viability, greenfield land values tend to be assumed at minimum option agreement levels. These are typically around £100,000 and in our experience in any event not exceeding £150,000 per gross acre (i.e. approx. £250,000 to maximum £370,000 per gross hectare)".

	Having regard to the above, we have applied a land value of £370,650 per hectare (£150,000 per acre) to the gross site area in light of the fact the land is allocated in the Local Plan (Policy BO4) for 22 dwellings. In doing so, we are of the opinion the Property has an EUV of £339,000 (i.e. £150,000 per acre x 2.26 acres) say £340,000.
Comments/Notes:	- There is a lack of comparable land transactions in the locality, despite the significant residential development which is taking place within the Boorley Green area/Botley area. This is primarily due the fact the majority of transactions have occurred as part of wider land sales or transactions occurred some years ago by way of option agreements. - The site has the potential for higher value residential uses however we have not taken this into account when arriving at our opinion of EUV.
Market Value with Special Assumption:	The value of the Property is restricted to Existing Use Value (EUV) . £340,000 (Three Hundred and Forty Thousand Pounds).

10.0 Alternative Use Value

Methodology / Approach:	- Market Value with the Special Assumption the value of the Property is restricted to Alternative Use Value (AUV) in accordance with Para 017 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019. - In this instance, this assumes the land is a development opportunity as allocated in the Local Plan, which will be considered as an AUV. - In arriving at an opinion of AUV we have utilised the residual method, this being the recognised approach for valuing a property with development potential. - In undertaking the residual appraisal we have made the following assumptions: - The Property is allocated for 22 dwellings. - Site density of 32 dwellings per Net Developable Hectare (13 dwellings per Net Developable Acre). - A Gross to Net site area adjustment of 25%. - An overall development of 2,166 m² (23,315 ft²) plus garages equating to 15,989 ft² per NDA (including garages). - The build costs include an element for redirecting/burying the overhead electricity cables. - The proposed scheme is policy compliant with: 35% affordable provision (8 dwellings). The provision includes 6no. 2 Bed dwellings and 2no. 3 Bed dwellings. - The open market dwellings are aligned to LPA requirements in mix and type. - All dwellings benefit from good environmental credentials. - S106 Contributions of circa £400,000. - Nitrates calculated at £3,000 per Kg/TH per annum. - BNG credits (5no. credits assumed at £5,000 per credit). - The main information/inputs used in our appraisal is detailed in the table below:
-------------------------	--

A gross development value of:	£7,470,000 split between: Open Market: £5,880,000 (rate £3,995 per m ² /£371 per ft ²) Affordable: £1,590,000 (rate £2,291.07 per m ² /£212.85 per ft ²)
A basic construction cost of:	£3,454,100 (rate £1,507 per m ² /£140 per ft ²).
External costs of:	£518,115 (15%) Garages at £190,000
Contingency of:	£172,705 (5%)
Section 106 costs:	£400,000.
Town planning:	£150,000 (from allocation to full consent/Reserved Matters approved).
Professional fees of:	£276,328 (8%)
A development period of:	33 months following initial three month acquisition, six months to secure planning, 18 months site set up and construction period with sales over six months from completion (albeit off plan sales factored in).
Phasing:	Single phase.
Sales commencing in month:	March 2026. The Affordable provision is assumed to be subject to a Golden Brick agreement (i.e. stage payments).
Marketing:	£65,000
Legal and sales fees of:	Acquisition: 1.0% and 0.5% Disposal: 1.0% and £850 per unit
A finance rate of:	3% and 10% (credit and debit rate)
Profit:	20% on cost (16.67% on GDV)
Other:	Nitrates - £90,000 BNG Credits - £25,000
Residual Amount/Site Value:	£576,329 (say) £575,000

Market Value with Special
Assumption 2: **£575,000**

The value of the Property is restricted to **Alternative Use Value (AUV)**.

This equates to a land value of £628,684 per hectare (£254,425 per acre) on a gross basis.

Purchaser with a Special Interest:	No and none identified based on limited enquiries. The Client is not considered to be a Special Purchaser.
Comments/Notes:	▫ The Property is allocated for 22 dwellings in the Eastleigh Borough Local Plan. ▫ There is extensive development occurring in the immediate locality with circa 1,400 dwellings being built out. ▫ There is likely to be reasonable demand for a development opportunity, particularly once an outline planning consent has been obtained. ▫ In formulating our opinion of Alternative Use Value for the Property, as detailed above, we have utilised the Residual Method. There is a lack of land sales in the locality that will assist in formulating an opinion of land values. In undertaking the residual appraisal we have done so on a policy compliant basis. ▫ The valuation is restricted to the Alternative Use Value. The Property provides a development opportunity.
Valuation Calculations:	A copy of the Residual Appraisal is included at Appendix 5.

11.0 Assumptions & Caveats

Appendix 2:	A copy of our Scope of Work is contained in Appendix 2 (must be read with the above report).
Appendix 3:	A copy of our Additional Information is contained in Appendix 3 (must be read with the above report).

Richard Clark MRICS FNARA
Partner
RICS Registered Valuer

For and on Behalf of
Alder King LLP
12 Pine Court
Kembrey Park
SWINDON SN2 8AD

Tel: 07342 949664
 Email: rclark@alderking.com

Reviewed by:

R James Mackay MRICS
Partner
RICS Registered Valuer

For and on Behalf of
Alder King LLP
12 Pine Court
Kembrey Park
SWINDON SN2 8AD

Tel: 07778 942321
 Email: jmackay@alderking.com

Appendix 1 – Alder King Confirmation and Scope of Work

ALDER KING LLP, VALUATION INSTRUCTION CONFIRMATION SHEET

In respect of: Land at Oak & Apple Tree Cottages, Winchester Road, Botley, Hampshire, SO32 2DH	Client McCarthy Stone
Date	11 March 2024.
(a) Valuer.	i. Richard Clark BSc (Hons) MRICS FNARA (RICS Registered Valuer), Alder King LLP, 12 Pine Court, Kembrey Business Park, Swindon SN2 8AD. ii. The Valuer is in a position to provide an objective and unbiased valuation. iii. The Valuer (to include Alder King LLP) has no material connection or involvement with the subject of the valuation assignment or the party commissioning the assignment. Alder King LLP has undertaken previous work for the Client, but this is not believed to impair our ability to provide objective advice in response to the current instruction. iv. The Valuer is competent to undertake the valuation having sufficient current local knowledge of the particular market and the skills and understanding to undertake the valuation competently.
(b) Client.	McCarthy Stone, 1 Embankment Way, Southern House, Ringwood, BH24 1EU. For the attention of James Day.
(c) Other Intended Users.	Alder King does not permit third party reliance on the valuation report. Restrictions on those who may rely upon the valuation assignment are detailed in (m) below.
(d) Identification of the asset or liability.	Land at Oak & Apple Tree Cottage, Winchester Road, Botley, Hampshire, SO32 2DH (the 'Property'). Freehold assumed.
(e) Financial Currency.	GB Pound (£)
(f) Purpose of valuation.	To provide Market Values on Special Assumptions to assist in establishing a benchmark land value to be used in the financial viability assessment of a proposed Retirement Living re-development.

(g) Bases of value.	Market Value with Special Assumption: Value is to be determined having regard to benchmark land value in accordance with the Government's Viability Planning Practice document (Viability PPG) updated May and September 2019. This will require consideration of Market Value with the following alternative Special Assumptions: i. That the value of the Property is restricted to Existing Use Value (EUV) in accordance with the Para 015 of the Government's Viability Planning Practice Guidance (Viability PPG) updated May 2019; and where appropriate. ii. That the value of the Property is restricted to Alternative Use Value (AUV) in accordance with Para 017 of the government's Viability Planning Practice document (Viability PPG) updated May and September 2019. Where it is assumed that an existing use will be refurbished or redeveloped this will be considered as an AUV. The definition of Market Value contained within the appended Scope of Work.
(h) Valuation Date.	As at date of report.
(i) Extent of Valuer's work - investigation:	Refer to appended Scope of Work and Alder King General Terms of Engagement. We would draw your attention to the provisions relating to asbestos. Alder King is not qualified to offer comprehensive advice about asbestos related matters and where concerns regarding asbestos exist, we would recommend advice is sought from specialist consultants, as appropriate.
(j) Nature and source of information to be relied upon.	Refer to appended Scope of Work.
(k) Assumptions & Special Assumptions.	Refer to appended Scope of Work for general assumptions.
(l) Format of report.	The valuation report will be provided in Alder King's free text landscape format and will meet Red Book VPS3 mandatory minimum terms of reporting. Additional terms of reporting will be as set out within the appended Scope of Work.

(m) Restrictions on use, distribution or publication.	This Agreement is enforceable by the original parties to it and by their successors in title and permitted assignees, nothing in this Agreement will confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 (save any specific requirements as detailed within Bank's previously agreed terms).
(n) Red Book/IVS Compliance Confirmation.	The Valuation will be undertaken in accordance with the RICS Valuation – Global Standards (Red Book) effective 31 January 2022 – incorporating the International Valuation Standards.
(o) Alder King Fee.	£5,500 plus VAT.
(p) Alder King complaints handling procedure.	Alder King has a complaints procedure, which applies to all instructions undertaken. In the event of a client being dissatisfied with the service, the complaints procedure is as follows:- If you wish to raise a complaint, you should contact the Compliance Officer, Clare Potter, Alder King, Pembroke House, 15 Pembroke Road, Bristol BS8 3BA, who will personally conduct a review of your complaint and contact you within 21 days to inform you of the conclusion of her review. If you remain dissatisfied with any aspect of our handling of your complaint, you may choose to resolve this promptly through negotiation, or otherwise agree to enter into mediation with us conducted by a qualified mediator to be agreed between us or nominated by The Royal Institution of Chartered Surveyors. If the complaint has still not been resolved to your satisfaction we agree to the referral of your complaint to The Centre for Effective Dispute Resolution (CEDR), details of their scheme can be found via their website www.cedr.com/consumer/rics or by Telephone on (0) 207 536 6116. All cases referred to CEDR will be dealt with under the RICS Scheme Rules, which are provided by the RICS Regulation.
(q) RICS conduct and disciplinary regulations.	As an RICS regulated firm, the valuation may be investigated by the RICS for the purposes of the administrations of the institution's conduct and disciplinary regulations.
(r) Limitations on Liability.	Our liability for this valuation shall be limited to a maximum of £1,000,000.

Land at Oak & Apple Tree Cottage, Winchester Road, Botley, Hampshire, SO32 2DH



--	--

Note - RICS is an abbreviation for the Royal Institution of Chartered Surveyors

GDPR and Privacy Policy	By signing and returning these Terms of Engagement you are permitting Alder King to collect, retain and process your personal data and relevant information for its legitimate business purposes. For information about how we process data and monitor communications please see our Privacy Policy which is available on our website www.alderking.com .
Privacy Notice	Alder King is committed to ensuring that your privacy is protected. Our Privacy Notice attached to this document sets out how Alder King use and protect the information you provide to us and the types of personal data we may need to collect about you when you interact with us. It also explains how we store your data and the steps we take to keep it safe.

Please sign below to confirm you agreement to the Terms of Engagement set out herein	
Signed:	
For:	
Print Name	
Date	

Appendices

- Appendix 1 Alder King Scope of Work
- Appendix 2 Alder King General Terms of Engagement

Land at Oak & Apple Tree Cottage, Winchester Road, Botley, Hampshire, SO32 2DH



*Alder King LLP is a Limited Liability Partnership registered in England and Wales No. OC306796.
Registered Office: Pembroke House, 15 Pembroke Road, Bristol BS8 3BA.
A list of Members is available at the registered office.*

Alder King Scope of Work for the Valuation of Commercial Property

This Scope of Work describes the Service which we will provide for the valuation of interests in land or buildings used for commercial purposes ("Commercial Property"). It is supplemental to:

- (a) Our Valuation Confirmation/Engagement Sheet relating to the specific instruction.
- (b) Our General Terms of Engagement.

Where there is any conflict between these documents, this Scope of Work shall take precedence over the General Terms of Engagement and the Valuation Confirmation/Engagement Sheet shall take precedence over both this Scope of Work and the General Terms.

1. The Service

- 1.1. We will provide you with a valuation prepared by a suitably qualified RICS Registered Valuer in accordance with the current Professional Standards for Valuation issued by the RICS, commonly known as the "Red Book".
- 1.2. A suitably qualified valuer will have expertise in the type of property being valued and the market for that property as well as in the use of appropriate valuation techniques. However, they may identify matters that could impact on the value which require verification or expert advice from other specialists. Examples of where additional specialist advice may be required are identified in section 2 below.
- 1.3. The property interest to be valued is described in the Valuation Confirmation/Engagement Sheet, hereafter referred to as "the Property". The Property will normally include all items that would transfer in a sale of the interest. In the case of a building, or part of a building, that would include any plant and equipment forming part of the normal service installations or items such as lifts or escalators. Any plant and equipment associated solely with the current use or occupation, such as process machinery, furnishings, computer networks etc will normally be excluded.
- 1.4. The purpose for which the valuation is prepared, the bases of value adopted and any special assumptions that we agree with you should be made are explained in the Valuation Confirmation/Engagement Sheet.
- 1.5. Our opinion of value will be provided in a report that will include a description of the Property, the results of our investigations into matters that could be relevant to its value, the assumptions we have made and the reasons for our opinion. Unless agreed otherwise our valuation will be reported in pounds sterling.

2. Investigations And Assumptions

This section explains the investigations we will make to enable us to prepare our valuation, together with the limitations that will apply to these investigations and the assumptions we will make, unless we agree with you anything to the contrary,

2.1. Title

We will not commission any legal search but will rely on information provided by you or your legal advisers regarding the interest to be valued and any associated rights or obligations. If we are provided with information by a third party, this will be mentioned in our report but will be subject to verification by your legal advisers. We will show our understanding of the extent of the Property by showing the assumed boundaries on a plan in the report, but this should not be relied upon as representing the legal boundaries. We shall otherwise assume that all information on title relied upon in our valuation and referenced in our report is complete and correct.

2.2. Condition of Buildings

We will note the general condition of any buildings. Unless we have also been instructed to carry out a condition survey by a specialist building surveyor we will not investigate the condition of any building in detail. Neither will we advise on the cause or repair of any defect that we do observe. Unless we become aware during our normal valuation investigations of anything to the contrary and mention this in our report, our valuation will assume:

- a. Any building is in a condition commensurate with its age, use and design and is free from significant defect.
- b. That no materials have been used in the construction of any building that are deleterious, or likely to give rise to structural defects.
- c. That all relevant statutory requirements relating to use or construction have been complied with.

2.3. Utilities and Services

We will make enquiries of the current owner or occupier or rely on what is visible during our inspection to identify the public utilities connected or available to the property and of any plant or systems providing heating, cooling, ventilation, drainage or fire protection to any buildings. We will not make enquiries or commission specialists to establish the capacity, specification or operational efficiency of any of these utilities or services. Unless we become aware of anything to the contrary during our normal valuation investigations and enquiries we will assume:

- a. That any information provided on the availability and capacity of public utilities is correct.
- b. That any plant or equipment providing services to the property, together with any associated computer hardware and software, is fully operational and free from impending breakdown and compliant with current regulations.

2.4. Planning and Highways

We will research the planning history and any relevant planning policies through the relevant Local Planning Authority's website or by consulting publicly available information that is available free of charge. We will not commission a formal Local Search. We will assume that all information obtained is correct and, unless we have been advised to the contrary, that there are no current or pending compulsory purchase, enforcement, local charges or any other matter that would be revealed by a Local Search.

2.5. Environmental Matters

We will research freely available information issued by Government agencies and other public bodies on environmental matters, including flooding and the presence of radon gas. We will make enquiries of the existing owner or occupier to establish whether the Property has been affected by invasive species. We will also rely on our general knowledge of the local area and of any environmental risks that are commonly found there. We will not undertake sampling or analysis of any materials to establish or verify environmental risks, nor will we commission appropriate specialists to do so. Unless we become aware of anything to the contrary during our normal valuation investigations and mention this in our report, our valuation will assume:

- a. That there is no abnormal risk of flooding.
- b. That there are no high voltage overhead cables or large electrical supply equipment at or close to the Property.
- c. That there are no invasive species present at the Property or within close proximity to the Property.

2.6. Contamination and Hazardous Materials

We will endeavour to identify any obvious indications that the Property may be at risk of contamination or if hazardous materials are either present or can reasonably be expected to be present. Verification of whether contamination or hazardous materials are present in the land or any building can only be determined by appropriate specialists and is outside the scope of our Service. Neither will we carry out or commission investigations into past or present activities of the Property or any neighbouring property to establish whether there is contamination or potential for contamination. Unless it is confirmed to us by appropriately qualified specialists that the Property is affected by contamination or hazardous materials, or we have identified there is obvious potential for these to be present, we will assume that the Property is free from contamination and that there are no hazardous materials present.

2.7. Ground Conditions

We will take into account any adverse or abnormal ground conditions of which we are aware from our knowledge of the locality or that can be freely obtained from Government agencies or other public bodies, such as historic mining records. Otherwise we will not undertake investigations to establish the stability of the site or its suitability for future development. Neither will we undertake or commission archaeological investigations. Unless we are provided with information to the contrary we will assume that there are no adverse ground conditions, that there is no threat to the stability of existing buildings and that there would be no extraordinary costs involved in any future development or redevelopment of the Property.

2.8. Energy Performance

Whenever a building requires an Energy Performance Certificate and this is available we will include information about this in our report and comment on any implications this has on our valuation. We will not comment or advise on any work that may be necessary to improve an existing EPC rating.

2.9. Floor Areas

We may agree with you to rely on floor areas provided by you or a third party. Otherwise all measurements will be taken and calculated in accordance with the current RICS Property Measurement Professional Standard. The areas in our report will be derived either from measurements taken on site or that have been scaled from drawings supplied and checked by sample measurements on site. The floor areas will be within a tolerance that is appropriate having regard to the circumstances and purpose of the valuation instruction. We will use the basis of measurement that is most appropriate for the market in which the Property would exchange.

2.10. Inspection

We will undertake an inspection of those parts of the Property that are reasonably accessible without special equipment and which may be entered safely. We will advise you if we are prevented from entering part of the Property that may be material to our valuation for safety or security reasons before proceeding with our valuation so that we may agree how to proceed.

3. Other Conditions And Assumptions

3.1. Regulatory requirements

A property owner or occupier may be subject to statutory regulations. Examples include the Equality Act 2010, the Regulatory Reform (Fire Safety) Order 2005 and the Housing Act 2004. Depending on how a particular owner or occupier uses a building, regulations may require alterations to be made. Unless specifically agreed otherwise, we will not investigate or comment on whether a current owner or occupier is complying with any such regulation. Unless advised to the contrary, we shall assume that no work would be required to any building by a prospective owner or occupier to comply with regulatory requirements.

3.2. Tenant status

If the Property is let and we are valuing the lessor's interest, we will reflect the current market perception of a tenant's status in our valuation. We will not make specific enquiries into the actual financial status of any tenant on the valuation date.

3.3. Transaction Costs and Taxation

The reported valuation will be our estimate of the price that would be agreed with no adjustment made for costs that would be incurred by the parties in any transaction, such as legal fees or stamp duty land tax. It will also ignore any mortgage or similar financial encumbrance. Unless advised to the contrary we shall assume that the option to tax has not been exercised and that accordingly VAT will not be payable on the capital and rental values reported.

3.4. Non Disclosure

Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement or published in any way without our prior written approval, including to the form or context of any reference.

3.5. RICS Regulation

As an RICS Regulated Firm our valuations are subject to occasional monitoring by RICS. Our valuation and supporting file may therefore be subject to a confidential inspection by RICS.

4. Valuation Bases

The Red Book defines a number of valuation bases which Alder King must use in defined circumstances, unless there are justifiable reasons for departing from them or for making additional assumptions. See Section (f) within the Valuation Confirmation/Engagement Sheet which confirms the basis/bases adopted for this instruction. The most usual of these are:

4.1 Market Value (MV) with its interpretative commentary is defined as:

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

- 4.2 **Market Value (MV)** for Capitals Gains Tax and Inheritance Tax is defined as:
'The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price must not be assumed to be reduced on the grounds that the whole property is to be placed on the open market at one and the same time.'
- 4.3 **Existing Use Value (EUV)** follows the definition of MV but with the additional assumption:
'Assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause it's Market Value to differ from that needed to replace the remaining service potential at least cost.'
- This is a basis for use only when valuing under the Code of Practice on Local Authority Accounting (CIPFA) and the Government Financial Reporting Manual (FReM).
- 4.4 **Fair Value (FV)** as defined in in FRS 102 is as follows:
'the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted, between knowledgeable willing parties in an arm's length transaction'
- or
- Fair Value (FV)** as defined in in IFRS is as follows:
'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'.
- The appropriate definition to be used is to be agreed with the client.
- 4.5 **Market Rent (MR)** is defined as:
'The estimated amount for which a property, or space within a property, would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.'

Appendix 2 – Additional Information

Appendix 3 - Additional Information

This Appendix provides background information on various matters referred to in the accompanying valuation report (numbering relating to the Report).

1.0	Terms of Reference Alder King accepts no responsibility whatsoever to any other person who, choosing to rely upon this report, will do so entirely at his own risk. This applies even to a person who pays the client for this valuation report. Any right of any person to enforce Alder King's responsibility under the agreed terms and conditions of engagement pursuant to the Contract (Rights of Third Parties) Act 1999 are excluded. This report, including these assumption and caveats, should be read as a whole so that no part may be taken out of context. Neither the whole nor any part of this report or any reference to it may be included in any published document, circular or statement in any way without Alder King's written approval of the form and context in which it may appear.
3.0	Property Description Floor Areas The areas stated are calculated in accordance with the RICS Property Measurement Professional Statement (Second Edition). We have quoted the Gross Internal Area (GIA) or Net Internal Area (NIA) as stated. We have not used the alternative IPMS basis of measurement in line with local market practice, unless otherwise stated. Site Area The site area has been scaled and estimated by Promap digital mapping system based on the area outlined red on the site plan in Section 4.0 Legal. Services The services, as stated, are as advised by the owner or borrower. As agreed, we have not tested any of these services and have assumed they are adequate for the current or proposed use of the Property. We have also assumed any plant or equipment providing services to the Property, together with any associated computer hardware and software, is fully operational and free from impending breakdown and compliant with current regulations.

Condition

Our instructions do not extend to the carrying out of a condition survey and we have not examined the building(s) in detail. We have not inspected parts of the Property that are not accessible or visible without special equipment or normally hidden from view. Unless we have stated otherwise in the Report, the buildings generally appear to be in a condition commensurate with their age, use and design. We have also assumed no materials have been used in the construction of any building that are deleterious, or likely to give rise to structural defects.

Ground Conditions

If the report identifies the Property is situated within a mining area, it is within or in close proximity of a known former mining area where specialist mining consultants advise an archive mining search is obtained. We recommend solicitors obtain such a mining search prior to the lending being finalised or amend/make assumption as appropriate. In the event the search identifies the Property is affected, further investigation may be required and the Market Value and the marketability of the Property could be materially affected.

Otherwise we have not undertaken investigations to establish the stability of the site or its suitability for future development. Neither have we undertaken or commissioned archaeological investigations. We have assumed there are no adverse ground conditions, there is no threat to the stability of existing buildings and there would be no extraordinary costs involved in any future development or redevelopment of the Property.

Mundic Block

If the report states 'Mundic Block' the building dates from a time when concrete (block) construction sometimes contained deleterious (mundic) materials which can cause latent defects to develop as a result of degeneration of the concrete block which can affect value, saleability and suitability of the Property for mortgage purposes.

We recommend a concrete screening (mundic) test is obtained from specialist consultants in order to confirm the position. The Market Value reported assumes the Property is not affected in this respect, but should the screening test identify an adverse position, the Market Value and other advice contained within this report could be materially affected.

Concrete Frame Construction

If the report states 'high alumina cement, Lafarge concrete, carbonation or alkali silica reaction' investigation is needed as the building may be at risk of being subject to these issues which can cause latent structural defects to develop. Ascertaining the presence of such material requires specialist advice from a building surveyor or structural engineer and may require samples to be removed for analysis. In the absence of information to the contrary we have assumed the building is not adversely affected.

4.0	Legal Matters We have provided a site plan within 4.0 Legal. We have assumed the boundaries edged red are accurate in providing our valuation advice. Unless otherwise commented upon we assume the Property has a good and marketable title.
5.0	Statutory and Regulatory Matters Planning We have obtained information about the planning history of the Property and any relevant current policies from the information available online from the Local Planning Authority. We have assumed all information obtained is correct and there are no current or pending compulsory purchase, enforcement, local charges or any other matter that would be revealed by a Local Search. Rating We have obtained the business rate information about the current entry on the Rating List from the Valuation Office Agency website. The rates currently payable may, depending upon circumstances, be subject to phasing provisions or reliefs. Disability Discrimination The Equality Act 2010 imposes a duty on employers and businesses offering a service to the public to make reasonable changes to practices and procedures to enable disabled people to do their jobs, or to remove or alter any feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of the services provided. This may include making alterations to a building that are reasonable having regard to the nature of the business and the service provider. Any building alterations that might be required are dependent on the nature and type of business in occupation. Since the Market Value reflects the price that would be obtainable in the market and not the requirements of a particular owner we will normally make the assumption that no specific work would be required to the building by the majority of potential buyers. We have assumed prospective buyers of the Property would not all require a specific and material alteration to the Property to comply with the Equality Act.

	Fire Safety Law The Regulatory Reform (Fire Safety) Order 2005 requires the 'responsible person' to make a suitable and sufficient assessment of the risks, and to identify the fire precautions required at the Property to comply with the Order. The Order applies to all non-domestic property. Such fire precautions may include adaptation of the building and installation of fire safety equipment, but in all cases they must include: signage, fire safety action plans, staff training, identifying duty holders and routine maintenance/monitoring via signed and dated checklists. What are reasonable precautions will depend on the risk assessment for each prospective occupier and will reflect the nature and type of their business. Since the Market Value reflects the price that would be obtainable in the market and not the requirements of a particular owner we will normally make the assumption that no specific alterations would be required to the building by the majority of potential buyers. We have assumed that prospective buyers would not all require specific or material alterations to the Property in order to provide adequate fire precautions under the Regulatory Reform (Fire Safety) Order 2005.
6.0	Environmental Matters Contamination We have had regard to the RICS guidance note, Contamination, the environment and sustainability: their implications for Chartered Surveyors (2010) when considering environmental issues pertinent to the Property. If we indicate contamination is not present, no indications of past or present contaminative land uses or other environmental features were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwaters. Our valuation has been made on the basis there is no latent contamination that could adversely affect the Property. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the Property, further specialist advice should be obtained and our valuation may be adversely affected. You are advised to ensure your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments. If we state contamination is present, indications of potential contamination [and/or environmental features] were noted during our inspection and we recommend further investigations be undertaken by a suitably insured and qualified chartered environmental surveyor to determine the extent and nature of the contaminants and the likely costs of remediation. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the Property our valuation may be adversely affected. If you have not accepted our recommendations to appoint specialist chartered environmental surveyors we are instructed to make a Special Assumption that no contamination or other environmental feature exists.

Where we have been supplied with information [such as a specialist environmental report], which has identified contamination, our valuation has had specific regard to the estimated cost of the likely liability for treatment and our opinion of the market's likely perception of the issues involved. Should it, however, be established subsequently that other contaminants exist at the Property or on any neighbouring land, or that the Property has been or is being put to any other contaminative uses, this may reduce the value(s) now reported.

Flooding

Unless provided with a professional Flood Risk report we have visited the online flood risk maps on the Environment Agency website and reported the level of flood risk stated. The online flood risk maps are indicative and the matter can only be properly clarified by obtaining a professional flood risk report.

Radon

If a radon affected area, we have reported the percentage of buildings where the levels of Radon Gas entering a building are such remedial action is recommended as identified online on the Public Health England (PHE) website. PHE also publishes advice about levels of Radon Gas in the workplace and responsibility to employees in this respect.

It is not possible in the course of our inspection/survey to determine whether Radon Gas is present in any building, as the gas is colourless and odourless. Tests can be carried out to assess the level of Radon in a building and the minimum testing period is three months. Where Radon Gas is discovered, it has been the experience of Public Health England (PHE) that it is not expensive, in proportion to the value of the Property, to affect the recommended remedial measures. PHE also publishes advice about levels of Radon Gas in the workplace and responsibilities for employers in this respect.

Invasive Species

If we suspect the presence of Japanese Knotweed or other invasive species on site we have indicated this within the report. Japanese Knotweed is a highly invasive weed controlled under the Environment Protection Act 1990 and the Wildlife and Countryside Act 1981. Advice should be sought from specialists in respect of its management or removal. We advise costs of remedial treatment are established prior to the lending being finalised. If we have been provided with a remediation figure, we have stated this within the report.

Energy Performance Certificates

Where we have had sight of an Energy Performance Certificate(s) (EPC) for the Property we have summarised the details within the report.

In England and Wales the Government has implemented the European Energy Performance of Buildings Directive requiring an EPC to be made available for all properties, residential and commercial when bought, sold or rented.

An EPC must be made available by the 'relevant person' whenever a non-domestic building is constructed, sold or rented out subject to certain exemptions. EPCs are valid for 10 years.

The Energy Act 2011 provides from April 2018 it will be unlawful to let a commercial or residential Property with an Energy Assessment Rating of F or G. It will be unlawful to continue to let a domestic property from April 2020 or a commercial property from April 2023 with an Energy Assessment Rating of F or G.

It is possible in some cases changes can be made in respect of heating appliances and windows that incur a relatively modest level of cost to address in relation to the value of the Property.

There are a number of exemptions, for example Listed Buildings where it can be shown compliance would require unacceptable alterations, industrial buildings with low energy consumption and buildings due for demolition. For residential property there is grant assistance in some circumstances.

If the rating is F or G we advise you take advice from a suitably qualified professional advisor/EPC Assessor in this respect to include obtaining a MEES report to understand the issues and works involved for the Property to comply. If remedial works are required the value and marketability of the Property could be affected

Where we understand the Property does not have an EPC, an EPC is required prior to the lending being finalised. The valuations provided assume the EPC, when produced, will show an Energy Assessment Rating within Bands A – E (in the event of an EPC within Bands F or G remedial works are likely to be required and the valuations and marketability of the Property may be affected).

Asbestos

The use of asbestos in building materials has not been allowed in the UK since 1999. If the building was constructed after 1999 it should contain no asbestos.

It may therefore be present in older buildings. In most cases asbestos containing materials (ACMs) may be left in place if they are in good condition, managed and monitored. The Control of Asbestos Regulations 2012 requires an owner or tenant of non-domestic Property to have management plans in place. These plans will indicate whether asbestos containing materials (ACM) are present, or suspected to be present, as well as arrangements for their management to prevent risk to health. The confirmation as to whether ACMs are present in a pre1999 building and the appropriate management steps to be taken can only be made by specialist consultants.

Where appropriate we will enquire whether such a plan exists. Where one does, we have commented on this in the report. In the absence of a management plan, we assume the Property is not affected by the presence of ACMs and if present they are in a safe condition and no immediate works are required to either remove or contain them by an appropriately licenced contractor.

8	Valuation Considerations and Valuations All of the valuation figures provided herein are exclusive of VAT.
	Estimated Reinstatement Cost (when provided in Executive Summary) The estimated reinstatement cost as set out within the report is given solely as a guide and without liability. It is the estimated cost of replacing the buildings in their present form and includes demolition/clearance costs and professional fees but excludes VAT (except on fees). A formal estimate for insurance purposes can be given only by a Quantity Surveyor or other person with sufficient current experience of replacement costs. This figure makes no allowance for increases in building costs either during the insurance period or for any period of rebuilding, that it would be advisable to add. The insured should take advice of an insurance broker as to whether the sum insured should include VAT on building and demolition costs and whether the policy gives sufficient cover for loss of rent or the cost of alternative accommodation for the reinstatement period which could amount to 3 years.

Appendix 3 – Additional Photographs

APPENDIX 3

Land at Oak Tree & Apple Tree Cottages, Winchester Road, Botley, Hampshire, SO32 2DH – Additional Photographs



Road frontage to Winchester Road



View across the site looking south.



View across the site looking south.



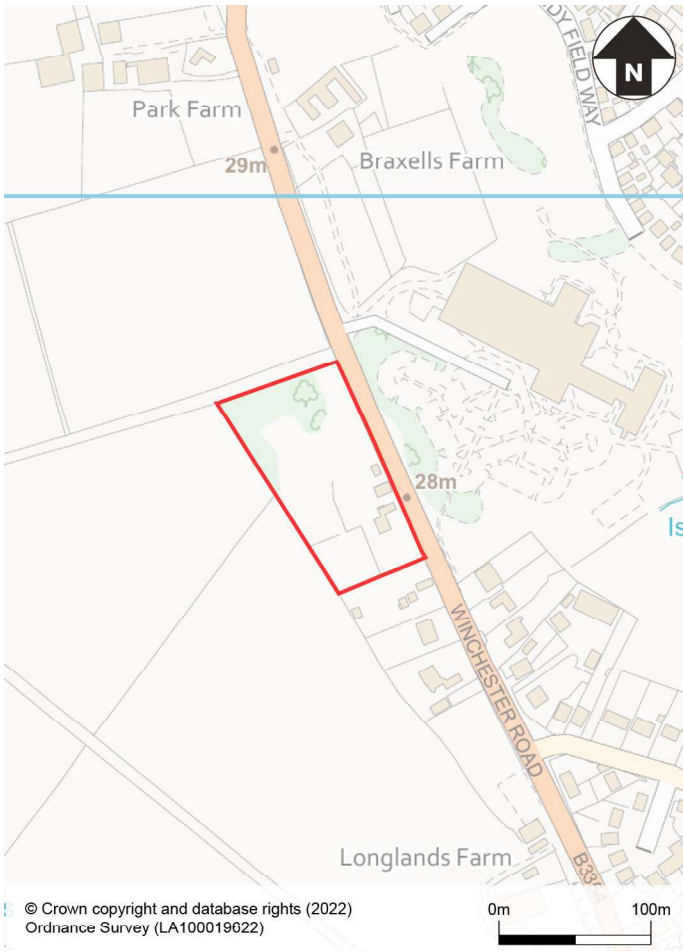
View across the site looking north (Apple Tree Cottage to the right).

Appendix 4 – Policy BO4

Land north of Myrtle Cottage, Winchester Road

Policy BO4, Land north of Myrtle Cottage, Winchester Road

1. An area of approximately 1.1 ha to the north-west of Boorley Green, as defined on the policies map, is allocated for development to include approximately 22 dwellings. Planning permission will be granted provided that the detailed proposals comply with the development plan, and comply with an approved masterplan for the whole site which addresses the following specific requirements:-
 - a. a range of housing types, sizes and tenure;
 - b. the provision of vehicular access from Winchester Road (B3354);
 - c. the provision of contributions to, or delivery of, off-site highway improvements considered necessary to serve the development;
 - d. the provision of pedestrian and cycle links both within the site and to connect the site with the surrounding area, including enhancement of connections with Boorley Green, with the permitted development to the west and to Hedge End Railway Station in accordance with strategic policy S11(1)(b);
 - e. to preserve water quality and flows details of Sustainable Urban Drainage shall be provided in accordance with policy DM6 as part of any application for outline or full planning permission;
 - f. the potential for relocating the existing low voltage electric pole is thoroughly examined in order to maximise the development potential of the site and to create satisfactory residential amenity;
 - g. ensure avoidance or mitigation of direct and indirect adverse impacts on habitats or species protected by legislation or identified as of principal importance within the NERC Act 2006 S41 lists and that there is a net gain in biodiversity;
 - h. the provision of a good quality landscape setting for the development (including buffer planting on the Winchester Road frontage) and maintaining and reinforcing existing boundary hedgerows, compatible with adjoining uses;
 - i. ensuring an acceptable noise environment for new homes through appropriate siting of development and the provision of suitable noise mitigation measures; and
 - j. occupation of the development is phased to align with the delivery of any necessary wastewater network reinforcement, in liaison with the service provider, and layout is planned to ensure future access to the existing wastewater infrastructure for future maintenance and upsizing purposes.



- 6.5.77 An area of approximately 1.1ha to the north-west of Boorley Green is in mixed use comprising two residential properties and agricultural storage uses. To the east is the Macdonald Botley Park Hotel & Spa beyond which land has been granted planning permission for approximately 1,400 dwellings. Land to the west is currently in agricultural use but forms part of an area granted planning permission for 680 dwellings (Land to the north west of Boorley Green). The site is allocated for residential development of approximately 22 dwellings.

Appendix 5 - Residual Appraisal

Land at Oak & Apple Tree Cottage
McCarthy Stone 99459

Development Pro Forma
Prepared by RAMC Swindon
Alder King LLP
March 12, 2024

PROJECT PRO FORMA**ALDER KING LLP****Land at Oak & Apple Tree Cottage****Project Pro Forma for Phase 1****Currency in £****REVENUE**

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
OM Dwellings	14	15,845	371.09	420,000	5,880,000
AH Provision	<u>8</u>	<u>7,470</u>	212.85	198,750	<u>1,590,000</u>
Totals	22	23,315			7,470,000

TOTAL PROJECT REVENUE **7,470,000**

DEVELOPMENT COSTS**ACQUISITION COSTS**

Residualized Price (2.25 Acres @ 256,146.01 /Acre)		576,329	
			576,329
Agent Fee	1.00%	5,763	
Legal Fee	0.50%	2,882	
Town Planning		150,000	
			158,645

CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
OM Dwellings	15,845	140.00	2,218,300
AH Provision	7,470	140.00	1,045,800
Garages	<u>3,650</u>	52.05	<u>190,000</u>
Totals	26,965 ft²		3,454,100
Externals		15.00%	518,115
Contingency		5.00%	172,705
Nitrates			90,000
BNG			25,000
			4,259,920

Section 106 Costs

Section 106 Costs	400,000	
		400,000

PROFESSIONAL FEES

Professional Fees	8.00%	276,328	
			276,328

MARKETING & LEASING

Marketing		65,000	
			65,000

DISPOSAL FEES

Sales Agent Fee		1.00%	58,800
Sales Legal Fee	14 un	850.00 /un	11,900
			70,700

PROJECT PRO FORMA**ALDER KING LLP****Land at Oak & Apple Tree Cottage****TOTAL COSTS BEFORE FINANCE** **5,806,921****FINANCE**

Debit Rate 10.000%, Credit Rate 3.000% (Nominal)

Land	136,365	
Construction	235,167	
Other	46,547	
Total Finance Cost		418,078

TOTAL COSTS **6,225,000****PROFIT** **1,245,000****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	16.67%
Profit on NDV%	16.67%

IRR% (without Interest)	32.64%
-------------------------	--------

Profit Erosion (finance rate 10.000)	1 yr 10 mths
--------------------------------------	--------------



Alder King Property Consultants
Pembroke House, 15 Pembroke Road,
Clifton, Bristol BS8 3BA