BNP PARIBAS REAL ESTATE

Real Estate for a changing world

Financial Viability Assessment

Kingfield Road Site & Egley Road Site Woking

Prepared for

Woking Football Club

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Contents

Appendices

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1 Economic viability summary

BNP Paribas Real Estate has been commissioned by Woking Football Club (“the Applicant”) to provide an assessment of the economic viability of their proposed mixed-use development of two sites in Woking. These are the Woking Football Club site at Kingfield Road (“Kingfield Road Site”) and land at Egley Road (“Egley Road Site”). Our terms of reference are summarised as follows:

- Assess the profit generated by the Proposed Development; and
- Using the outputs of the appraisal, consider whether the Proposed Development delivers the maximum reasonable quantum of affordable housing and other planning obligations and policy requirements whilst delivering a reasonable return to the Applicant in line with the requirements of the Planning Practice Guidance.

The Kingfield Road Site extends to 4.875 Ha (12.05 acres) and is located to the South of Woking Town Centre, midway between the Town Centre and Old Woking, in a predominantly residential location. The Site accommodates an existing football stadium. The main access to the ground is situated off the A247 Kingfield Road, opposite the entrance to Woking Park. The site is owned partly by Woking Borough Council and various other land owners. In addition to the football stadium, the site currently accommodates assorted sports facilities such as a gymnastics club, snooker hall and a David Lloyd’s leisure facility.

The Egley Road Site is a 3.98 Ha (9.84 acres) greenfield site located to the South west of Woking Town Centre and to the north of Mayford Village. The site is accessed from the A320 Egley Road, which provides a key connection between Guildford and Woking.

The Proposed Development seeks to deliver a new fit for purpose replacement football stadium with a spectator capacity level of 9,026 people on the Kingfield Road Site. This will be handed to the Council at a nil consideration. To facilitate the delivery of the new stadium, the proposals form part of a wider regeneration of the Kingfield Road Site. The scheme will deliver commercial and retail uses within the stadium complex and 1,048 new homes in five blocks including 191 shared ownership affordable units (circa 18%) on the wider site. The football stadium will be located in a new position on the Site, to allow the best use of the land for the residential development funding the new stadium and relocated leisure facility. In order to optimise the development of the Site, the existing David Lloyd leisure facility is to be re-located to the Egley Road Site.

The new David Lloyd leisure facility will be delivered as part of a new development on the Egley Road Site. It will be designed by David Lloyd to be fit for their future needs. In addition to the new leisure facility, the Egley Road Site will accommodate 36 new homes, which the Applicant proposes to deliver to the Council for nil consideration.

We have undertaken an appraisal of the Proposed Development on the Kingfield Road and Egley Road Sites. Active local agents Seymours and Savills have advised on the revenue achievable on the private residential units, which has been included in our appraisal. The value of the affordable housing units has been guided by offers for the units from Registered Providers. Build costs have been provided by cost consultants, Quartz Project Services Limited (“Quartz”), who have prepared a Preliminary Order of Cost for the Proposed Development, which we have adopted in our appraisals.

In this case no benchmark land value has been included in our assessment on the basis that the scheme is funding the delivery of the new Woking Football Stadium, relocation costs of the David Lloyd Gym and the Egley Road site is being delivered back to the Council with no revenue assumed to be achieved by the Applicant. As a consequence, our appraisal has been set up to include any costs associated with the aforementioned elements as and when they are incurred, and excluding the revenue from the Football Stadium complex and the Egley Road site. The appraisal subsequently produces a residual land value reflecting the level of profit generated by the scheme. This figure has been analysed to determine whether this can be considered to be a suitable level of return to account for the risk that is being assumed by the Applicant in undertaking the Proposed Development.

The results of our appraisals demonstrate that at current values and costs the scheme generates a developer's return of 2.1% on Gross Development Value ('GDV'). Developers are currently targeting profits of between 17% and 20% of private GDV on typical development schemes. At 2.1%, the profit generated by the Proposed Development is significantly lower than the 17% to 20% target. The result of our appraisal confirms that the Applicant's offer of 20% affordable housing as shared ownership along with the delivery of the new Stadium complex is the maximum quantum of planning contributions that the scheme can deliver.

Notwithstanding the results of our appraisal at current costs and values, the Applicant has confirmed that it is prepared to proceed with this level of risk adjusted return. This is based on the view that this is manageable given the potential to improve profitability based on the growth in sales values over the lifetime of the Proposed Development. To this end we have undertaken a sensitivity test of the Proposed Development allowing for reasonable growth in sales values over this timeframe. The results of our appraisal accounting for this growth over the project timescales reflects a developer's return of 16.58% on GDV. Although this is still short of the 17% to 20% target return it is just about at the lower end of the range considered to be reasonable for such developments to proceed. We highlight that the achievement of this improvement is not a given, and that this risk is borne by the Applicant in proceeding with the scheme.

The Proposed Development will facilitate the delivery a new fit for purpose 9,026 capacity football stadium complex including commercial retail units. It will also assist the Council in providing much needed high quality residential accommodation, including affordable housing, in a sustainable location on a brownfield site. It will also deliver new family housing and a leisure facility designed to be fit for the Club's future needs on the Egley Road Site.

Summary Inputs Table

Element	Input into viability appraisal
Scheme Areas	
Kingfield Road NIA	61,097 sq m (657,646 sq ft)
Kingfield Road GIA	101,858 sq m (1,096,38 sq ft)
Car Parking	855 spaces
Egley Road NIA	5,422 sq m (58,366 sq ft)
Egley Road GIA	5,670 sq m (61,031 sq ft)
Revenue	
Market Residential - Kingfield Road (including 725 car parking spaces)	£481.17 per sq ft
Affordable Residential - Kingfield Road	£394.82 per sq ft
Residential - Egley Road (the 36 new homes, will be delivered to the Council for nil consideration)	£0
Ground rents on Kingfield Road: Rents Capitalisation yield	 £75 pa - £150 pa 3.5% yield
Costs	
Construction costs of Kingfield Road and Egley Road	£ 206,931,511
Contingency	5%
Stadium	£21,000,000
Professional fees: Kingfield Road Egley Road	 10% 8%
Programme	May 2020 – Oct 2027 (90 months)
Sales Agent fee	1.5% of market residential revenue
Residential marketing	1.5%
Sales Legal Fee	0.5% of all residential revenue
Planning Obligations: CIL SAMM Affordable Housing	 £11,313,905 £509,445 18%
Finance rate	3.25%
Benchmark land value	£0
Profit	Residual outcome of appraisal shown to be

2 Introduction and terms of reference

BNP Paribas Real Estate has been commissioned by Woking Football Club ("the Applicant") to provide an assessment of the economic viability of their proposed mixed-use development of two sites in Woking. These are the Woking Football Club site at Kingfield Road ("Kingfield Road Site") and land at Egley Road ("Egley Road Site"). Our terms of reference are summarised as follows:

- Assess the profit generated by the Proposed Development; and
- Using the outputs of the appraisal, consider whether the Proposed Development delivers the maximum reasonable quantum of affordable housing and other planning obligations and policy requirements whilst delivering a reasonable return to the Applicant in line with the requirements of the Planning Practice Guidance.

2.1 BNP Paribas Real Estate

BNP Paribas Real Estate is a leading firm of chartered surveyors, town planning and international property consultants. The firm offers clients an integrated service from 67 offices within the United Kingdom and circa 5,400 experts across 36 countries, we combine local knowledge with global reach. In 2017 the firm acquired leading UK real estate advisor Strutt & Parker, creating a nationwide offering across the full property lifecycle. We are a wholly owned subsidiary of BNP Paribas, which is the number one bank in France and named the world's best bank for Corporate Responsibility in 2019. BNP Paribas is a leading bank in the Eurozone and a leading global player operating in 74 countries.

BNP Paribas Real Estate has a wide ranging client base, acting for international companies and individuals, banks and financial institutions, private companies, public sector corporations, government departments, local authorities and registered providers ('RPs').

The full range of property services includes:

- Planning and development consultancy;
- Affordable housing consultancy;
- Valuation and real estate appraisal;
- Property investment;
- Agency and Brokerage;
- Property management;
- Building and project consultancy; and
- Corporate real estate consultancy.

This report has been prepared by Sacha Winfield-Ferreira MRICS, RICS Registered Valuer and reviewed by Anthony Lee MRICS MRTPI, RICS Registered Valuer.

The Affordable Housing and Development Viability Consultancy of BNP Paribas Real Estate advises landowners, developers, local authorities and RPs on the provision of affordable housing.

In 2007 we were appointed by the GLA to review its Development Control Toolkit Model (commonly referred to as the 'Three Dragons' model). This review included testing the validity of the Three Dragons' approach to appraising the value of residential and mixed use developments; reviewing the variables used in the model; and advising on areas that required amendment in the re-worked toolkit. We were appointed again in 2012 by the GLA to review the Three Dragons model and our recommendations were carried forward to the 2014 version of the Toolkit.

Anthony Lee was a member of the working group under the chairmanship of Sir John Harman that drafted '*Viability testing local plans: Advice for planning practitioners'*. He is a member of the '*Developer Contributions Technical Expert Panel'* established by the Department for Communities and Local Government to advise on the use of viability assessments in local plans and development management.

In addition, we were retained by the Homes and Communities Agency (now Homes England) to advise on better management of procurement of affordable housing through planning obligations.

The firm has extensive experience of advising landowners, developers, local authorities and RPs on the value of affordable housing and economically and socially sustainable residential developments.

2.2 Report Structure

This report is structured as follows:

- **Section two** provides a summary of the economic viability of the Proposed Development
- **Section three** provides a brief description of the Proposed Development;
- **Section four** describes the methodology that has been adopted;
- **Section five** outlines our inputs adopted within our appraisal;
- **Section six** sets out the results of the appraisals; and
- Finally, in **Section seven**, we draw conclusions from the analysis.

2.3 Status of our Advice

This report is not a valuation and should not be relied upon as such. Furthermore, in accordance with PS1 (5.2) of the RICS Valuation – Professional Standards – Global Standards 2017 ('the Red Book'), the provisions of VPS 1 to VPS 5 are not of mandatory application and accordingly this report should not be relied upon as a Red Book valuation.

In carrying out this assessment, we have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information.

We are not aware of any conflicts of interest in relation to this assessment.

In preparing this report, no 'performance-related' or 'contingent' fees have been agreed.

This report is addressed to Woking Football Club only and is to be provided to Woking Borough Council for the purposes of determining the viability and deliverability of the proposed Development of the Kingfield Road and Egley Road Sites. This report should not be reproduced without our prior consent.

3 Background and description of the Development

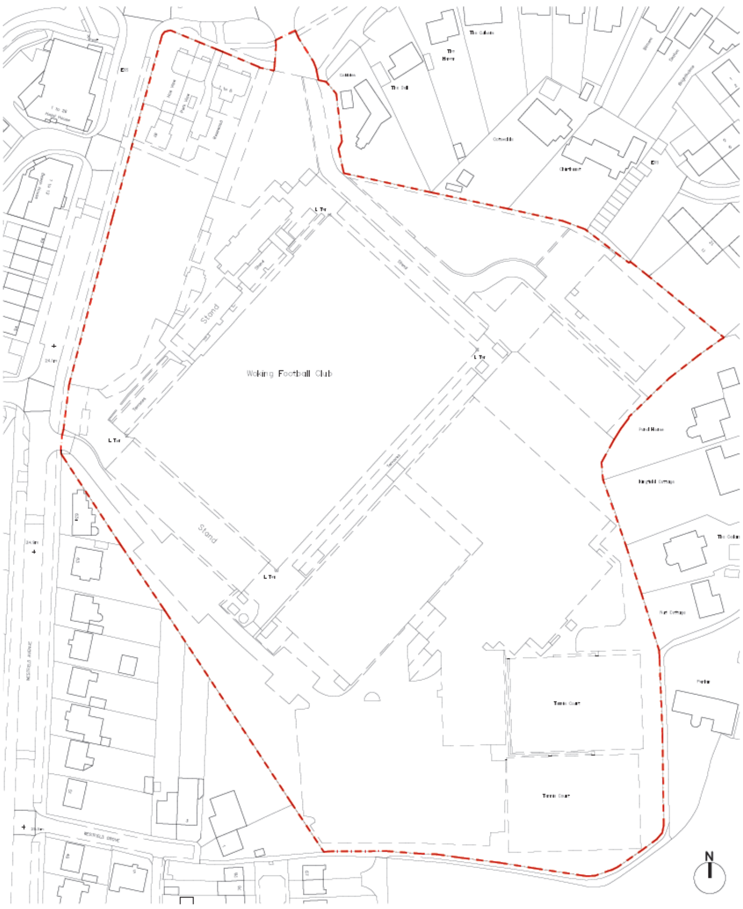
3.1 The Sites

The Kingfield Road Site extends to 4.875 Ha (12.05 acres) and is located to the South of Woking Town Centre, midway between the Town Centre and Old Woking, in a predominantly residential location. The Site accommodates an existing football stadium. The main access to the ground is situated off the A247 Kingfield Road, opposite the entrance to Woking Park. The site is owned partly by Woking Borough Council and various other land owners. In addition to the football stadium, the site currently accommodates assorted sports facilities such as a gymnastics club, snooker hall and a David Lloyd's leisure facility.

Surrounding uses to the Site are predominantly residential and leisure based. Woking Park and Leisure Centre are located to the north on the opposite side of Kingfield Road, to the north east and east of the site are residential uses, open fields used for football lie to the south and to the west are residential uses including the relatively new Crest Nicholson Willow Reach residential development on the opposite side of Westfield Avenue.

The site benefits from good transport links being located 0.9 miles from Woking Train Station providing South Western Railways services to London Waterloo (typical journey times of 25 minutes) and the wider south west. In addition there are bus services along Kingfield Road.

Figure 3.1.1 Site Location Plan of Kingfield Road Site



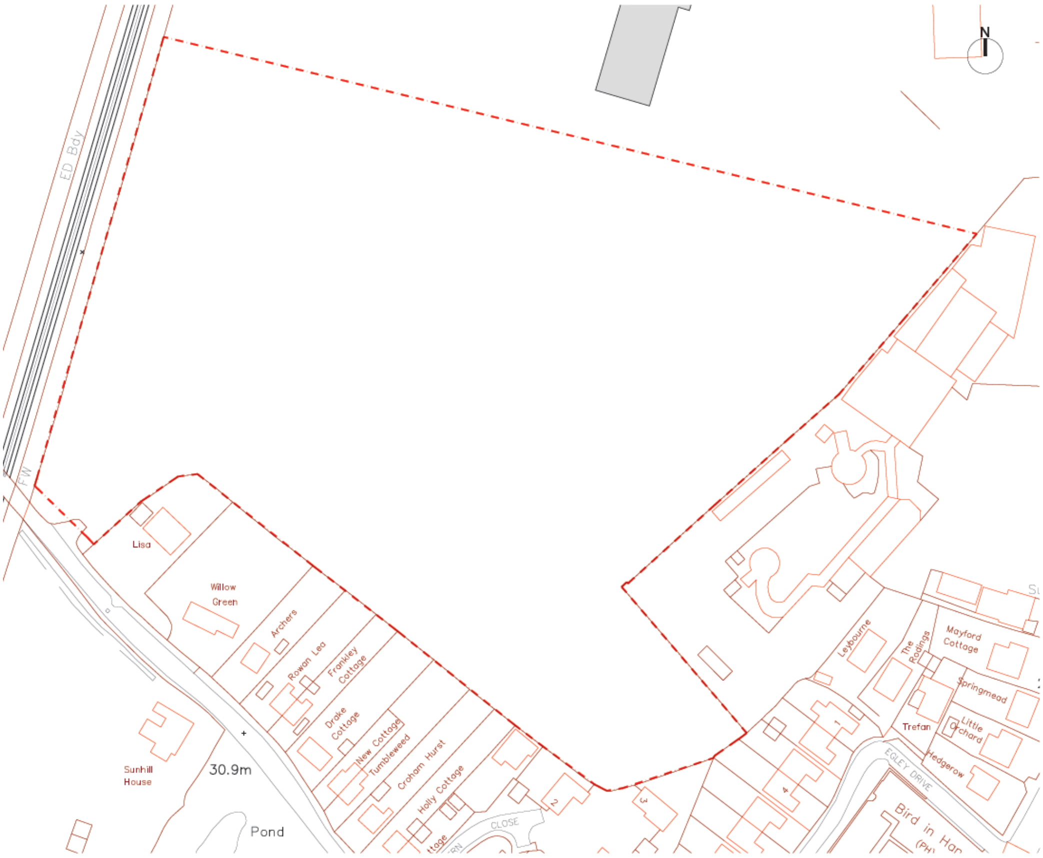
Source: Leach Rhodes Walker Architects

The 3.98 Ha (9.84 acres) greenfield Egley Road Site, is located to the South west of Woking Town Centre and to the north of Mayford Village. The site is accessed from the A320 Egley Road, which provides a key connection between Guildford and Woking.

The Site is surrounded by a number of different uses including the newly developed Hoe Valley School to the North, the Woking Garden Centre to the east, existing residential uses to the south and the railway train line to the west.

The site benefits from good bus links along Egley Road and is located circa 1.5 miles from Woking Train Station. The surrounding area includes uses including schools, residential and a garden centre

Figure 3.1.2 Site Location Plan of Egley Road Site



Source: Leach Rhodes Walker Architects

3.2 The Proposed Development

The Proposed Development seeks to deliver a new fit for purpose replacement football stadium on the Kingfield Road Site with a spectator capacity level of 9,026 people. This will be delivered to the Council in May 2023 at nil consideration. To facilitate the delivery of the new stadium, the proposals form part of a wider regeneration of the Kingfield Road Site. The scheme will deliver commercial and retail uses within the stadium complex and 1,048 new homes in five blocks including 191 shared ownership affordable units (18.23%) on the wider site.

In order to optimise the development of the Site, the existing David Lloyd leisure facility is proposed to be relocated to the Egley Road Site. The football stadium will be repositioned on the Kingfield Road Site, so as to allow the best use of the land for the residential development funding the new stadium and relocated leisure facility.

The football stadium will be located in a new position on the Site, so as to allow the best use of the land for the residential development funding the new stadium and relocated leisure facility. In order to optimise the development of the Site, the existing David Lloyd leisure facility is to be relocated to the Egley Road Site.

The new David Lloyd leisure facility will be delivered as part of a new development on the Egley Road Site. It will be designed by David Lloyd to be fit for their future needs. In addition to the new leisure facility, the Egley Road Site will accommodate 36 new homes, which the Applicant proposes to deliver to the Council for nil consideration.

Leach Rhodes Walker Architects ("LRW") have designed the schemes, with the new modern stadium including the commercial uses forming an integral part of its community and neighbourhood on the Kingfield Road Site. The residential accommodation schedules are set out at **Appendix 1,** however we provide a summary of these in Table 3.2.1 below.

Table 3.2.1 Proposed residential accommodation at Kingfield Road Site

Unit type	No Units	Average Unit Size (sq m)	Average Unit Size (sq ft)	Total Net Internal Floor Area (sq ft)	Total Gross Internal Floor Area (sq ft)
Block 1 – Affordable Housing (Shared Ownership units)					
1 Bed Flat	54	47	506		
2 Bed Flat	137	61	657		
Sub-Total	**191**			**131,707**	**171,749**
Block 2 – Private Housing					
Studio	58	38	409		
1 Bed Flat	88	47	506		
2 Bed Flat	58	61	657		
1 Bed Duplex	20	50	538		
2 Bed Town House	24	76	818		
2 bed Duplex	24	69	743		
Sub-Total	**277**			**167,172**	**210,650**
Block 3 – Private Housing					
Studio	30	38	409		
1 Bed Flat	33	47	506		
2 Bed Flat	29	61	657		
1 Bed Duplex	15	50	538		
2 Bed Town House	18	76	818		
2 Bed Duplex	12	69	743		
3 Bed Duplex	**1**	100	1,076		
Sub-Total	**138**			**83,685**	**106,003**

Unit type	No Units	Average Unit Size (sq m)	Average Unit Size (sq ft)	Total Net Internal Floor Area (sq ft)	Total Gross Internal Floor Area (sq ft)
Block 4 – Private Housing					
Studio	26	38	409		
1 Bed Flat	53	47	506		
2 Bed Flat	57	61	657		
3 Bed Flat	1	84	904		
1 Bed Duplex	28	50	538		
2 Bed Town House	12	76	818		
2 Bed Duplex	32	69	743		
3 Bed Duplex	2	100	1,076		
Sub-total	**211**			**132,084**	**164,505**
Block 5 – Private Housing					
Studio	26	38	409		
1 Bed Flat	53	47	506		
2 Bed Flat	57	61	657		
3 Bed Flat	1	84	904		
1 Bed Duplex	28	50	538		
2 Bed Town House	12	76	818		
Sub-total	**231**			**142,998**	**177,669**
TOTAL	**1,048**			**657,646**	**830,575**

The Kingfield road site also includes a total of 855 car parking spaces, of which 725 spaces are to be sold with the private residential units.

As identified above, the Egley Road site is proposed to be developed in two parts. LRW have identified this as a 2.08 Ha (5.14 acres) replacement David Lloyd leisure facility site and residential development of houses on the remaining 1.98 Ha (4.89 acres). See Table 3.2.2 below for details of the proposed residential units.

Table 3.2.2 Proposed residential accommodation at Egley Road Site

Unit type	No Units	Average Unit Size (sq m)	Average Unit Size (sq ft)	Total Net Internal Floor Area (sq ft)	Total Gross Internal Floor Area (sq ft)
2/3 Bed 4/6 person townhouse (terraced)	5	47	506		
3 Bed 6 person townhouse (terraced)	11	61	657		
3 Bed 6 person townhouse (semi-detached)	2	76	818		
4 Bed 8 person townhouse (semi-detached)	16	100	1,076		
5 Bed 9 person townhouse (semi-detached)	2				
TOTAL	**36**			***56,013***	***56,013***

4 Methodology

4.1 Appraisal tool

We have used Argus Developer ("Argus") to appraise the Development proposals. Argus is a commercially available development appraisal package in widespread use throughout the industry. It has been accepted by numerous local planning authorities for the purpose of viability assessments and has also been accepted at planning appeals. Banks also consider Argus to be a reliable tool for secured lending valuations. Further details can be accessed at www.argussoftware.com.

Argus is essentially a cash-flow model. Such models all work on a similar basis:

- Firstly, the value of the completed development is assessed.
- Secondly, the development costs are calculated, including either the profit margin required or land costs. In our appraisals we include profit as a development cost.

The difference between the total development value and total costs equates to either the residual land value ('RLV') or if land costs are included the residual, profit delivered by the scheme. The model is normally set up to run over a development period from the date of the commencement of the project until the project completion, when the development has been constructed and is occupied.

The cash-flow approach allows the finance charges to be accurately calculated over the development period. This approach can accommodate more complex arrangements where a number of different uses are provided or development is phased, both of which are the case for this Development.

In order to assess whether a development scheme can be regarded as being economically viable it is customary to compare the RLV that is produced with a benchmark land value. If the Development generates a RLV that is higher than the benchmark it can be regarded as being economically viable and therefore capable of providing additional affordable housing and Section 106 payments. However, if the Development generates a RLV that is lower than the benchmark it should be deemed economically unviable and the quantum of affordable housing and Section 106 payments may need to be adjusted until viability is achieved.

In this case no benchmark land value has been included on the basis that the scheme is funding the delivery of the new Woking Football Stadium, relocation costs of the David Lloyd Gym and the Egley Road site is being delivered back to the Council with no revenue assumed to be achieved by the Applicant. As a consequence our appraisal has been set up to include any costs associated with the aforementioned elements as and when they are incurred and excluding the revenue from the Football Stadium and the Egley Road site. The appraisal subsequently produces a residual reflecting the level of profit generated by the scheme. This figure has been analysed to determine whether this can be considered to be a suitable level of return to account for the risk that is being assumed by the developer in undertaking the development.

5 Assumptions

In this Section we outline the general principles and assumptions which have been used to undertake a development appraisal of the Proposed Development.

5.1 Housing Market Commentary

The housing and commercial property markets are inherently cyclical. The downwards adjustment in house prices in 2008/9 was followed by a prolonged period of real house price growth. By 2010 improved consumer confidence fed through into more positive interest from potential house purchasers. However, this brief resurgence abated with figures falling and then fluctuating in 2011 and 2012. The improvement in the housing market towards the end of 2012 continued through into 2013, at which point the growth in sales values improved significantly through to the last quarter of 2014, where the pace of the improvement was seen to moderate and continued to do so in 2015. The UK economy sustained momentum following the result of the UK's referendum on its membership of the European Union (EU), and as a result the UK housing market surprised many in 2016. The average house price rose 4.5%, which was 0.2% lower than our forecast and ahead of the level recorded in 2015. While first time buyer numbers continued to recover in 2016, overall transaction levels slowed as some home movers and investors withdrew from the market.

The referendum held on 23 June 2016 on the UK's membership of the EU resulted in a small majority in favour of exit. The immediate aftermath of the result of the vote was a fall in the Pound Sterling to a 31-year low and stocks overselling due to the earnings of the FTSE being largely in US Dollars. As the Pound dropped significantly this supported the stock market, which has since recouped all of the losses seen and is near the all-time highs. Since this point we have been in a period of uncertainty in relation to many factors that impact the property investment and letting markets. In March 2017 (the point at which Article 50 was triggered signalling the official commencement of the UK's exit from the EU), the Sterling Exchange Rate Index ("ERI") fell a further 1.5% from the end of February and was 10.5% lower compared with the end of March 2016. Since August 2017 the Bank of England's ("BoE's") Inflation Reports have identified that Sterling has broadly remained around 15%-20% below its pre-referendum peak (November 2015). The February 2019 Report identifies that ERI remains at around 17% below the late-2015 peak. It is anticipated that, *"the exchange rate may adjust when greater clarity emerges about the nature of EU withdrawal. If it becomes clear that there will be a smooth transition to a relationship that is judged to have a relatively small long-term economic impact, the exchange rate is likely to appreciate. In contrast, if there is an expectation that the long-term economic impact of the new relationship would be large, sterling could depreciate".* This is a key consideration in the property market as the cheaper pound has resulted in interest from foreign investors.

There have been tentative signs of improvement and resilience in the market, however this has been tempered by heightened uncertainty relating to post EU exit arrangements. BNP Paribas Real Estate's Q4 2018 Residential Market Commentary identified that, *"Substantial economic and political uncertainty remains both nationally and globally and it does not look likely that this will change any time soon. The likely outcome of Brexit negotiations remains extremely uncertain. The route Britain takes will have significant implications for the UK and the rest of Europe. The fundamentals of the UK economy remain broadly positive, but sentiment remains cautious with constant negative media resulting in indecision within many markets".*

The International Monetary Fund ("IMF") accurately anticipated in its World Economic Outlook Report ('WEO') that growth would slow in 2018, with its initial forecast of 1.4%. This was revised to 1.5% between April 2017 and April 2018, at which point it was briefly increased to 1.6% but was revised down to 1.4% in July 2018, where it has remained up to the IMF's most recent WEO Report published in July 2019.

The IMF growth forecasts for 2019 and 2020 show a small increase in GDP but at low levels by historic standards. The forecasts were revised downwards in April 2019 from those published in January 2019 at 1.2% (down from 1.5%) and 1.4% (down from 1.6%) respectively. These remain broadly the same in July 2019, however the 2019 figure has been revised up by 0.1% to 1.3%. The July WEO Report identifies that this baseline projection, *"…The upward revision reflects a stronger-*

than-anticipated first quarter outturn boosted by pre-Brexit inventory accumulation and stockpiling. This is likely to be partially offset by payback over the remainder of the year. Monthly GDP for April recorded a sharp contraction, in part driven by major car manufacturers bringing forward regular annual shutdowns as part of Brexit contingency plans. The forecast assumes an orderly Brexit followed by a gradual transition to the new regime. However, as of mid-July, the ultimate form of Brexit remained highly uncertain".

This sentiment is shared by the more recent Bank of England ("BoE") Monetary Policy Committee's ("MPC") August 2019 Inflation Report, which identifies that, *"Brexit-related developments, such as stockbuilding ahead of previous deadlines, are making UK data volatile. After growing by 0.5% in 2019 Q1, GDP is expected to have been flat in Q2, slightly weaker than anticipated in May. Looking through recent volatility, underlying growth appears to have slowed since 2018 to a rate below potential, reflecting both the impact of intensifying Brexit-related uncertainties on business investment and weaker global growth on net trade. Evidence from companies, up to the middle of July, suggests that uncertainty over the United Kingdom's future trading relationship with the European Union has become more entrenched. The labour market remains tight. Annual pay growth has been relatively strong. Consumer spending has remained resilient. CPI inflation was 2.0% in June and core CPI inflation was 1.8%".*

The BoE and IMF continue to highlight the key sources of risk to the global outlook to be "*trade and technology tensions that dent sentiment and slow investment*" (IMF July 2019 WEO). The BoE August inflation report identifies that, *"Since May, global trade tensions have intensified and global activity has remained soft. This has led to a substantial decline in advanced economies' forward interest rates and a material loosening in financial conditions, including in the United Kingdom. An increase in the perceived likelihood of a no-deal Brexit has further lowered UK interest rates and led to a marked depreciation of the sterling exchange rate".* The IMF July 2019 report sets out that, *"Global growth remains subdued. Since the April World Economic Outlook (WEO) report, the United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Additional escalation was averted following the June G20 summit. Global technology supply chains were threatened by the prospect of US sanctions, Brexit-related uncertainty continued, and rising geopolitical tensions roiled energy prices"*.

Inflation, which was a particular concern in 2018 economic reporting, has eased in 2019 with both the BoE and IMF attributing the easing in inflationary pressures to the drop in energy prices. The BoE reports that *"CPI inflation had been 2.0% in May. It was likely to fall below the 2% target later this year, reflecting falls in energy prices. Core CPI inflation had been 1.7% in May, and core services CPI inflation had remained slightly below levels consistent with meeting the inflation target in the medium term".* The BoE August Report forecasts that "*after falling in the near term, CPI inflation is projected to rise above the 2% target, as building excess demand leads to firmer domestic inflationary pressures. Conditioned on prevailing asset prices, CPI inflation reaches 2.4% by the end of the three-year forecast period".*

The UK's low unemployment rate, which was reported by the IMF to be *"close to historic lows"* in April 2018, is identified to have continued to fall through 2019. Of interest the BoE January 2018 Report identified that the unemployment rate had fallen, "*to a little below the MPC's estimate of the equilibrium rate made in February 2018. The MPC judges that fall has reflected a cyclical rise in labour demand… The number of vacancies relative to the size of the workforce — a key indicator of labour demand — has risen to a historical high… And the rate at which those already in employment are switching to new jobs — which will partly reflect the degree to which employers are competing to hire employees — has risen to close to its pre-crisis level".* When unemployment falls below the equilibrium rate, wage and inflationary pressures will tend to build, as companies need to pay more to recruit and retain staff. The August 2019 BoE Report identifies that, *"although pay growth has risen over the past year, it remains lower than before the financial crisis, despite a lower unemployment rate. That is likely to reflect subdued growth in productivity — the amount of output that can be produced per worker — which has reduced the wage rises that companies can afford to offer their employees".*

The BoE's August 2019 Monetary Policy Summary confirmed that, "*The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 31 July 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%".* The rate remains low by historic standards and we consider that any additional rise in interest rate that may occur will likely be introduced slowly and steadily to eliminate economic shock. Forecasters still expect interest rates to rise gradually over the next few years, and anticipate rates to reach 2% by 2021.

Nationwide's Chief Economist, Robert Gardiner identifies in the September 2019 House Price Index Report that, *"UK annual house price growth almost ground to a halt in September, at just 0.2%. This marks the tenth month in a row in which annual price growth has been below 1*%". A similar position is reported in the September 2019 Halifax House Price Index Report, where Russell Galley, Managing Director of the Halifax, highlights that, "*There was no real shift in house prices in August as the average property value grew by just 0.3% month on month. This further extends the predominantly flat trend we've seen over the last six months, with the average house price having barely changed since March"*.

Both Nationwide and The Halifax acknowledge that the current economic uncertainty is influencing the housing market, *"with evidence of both buyers and sellers exercising some caution"* (Halifax), however household spending is reported in both sources as being more resilient, *"supported by steady gains in employment and real earnings"* (Nationwide) as well as affordability (Halifax). With Halifax further identifying that, *"We should also not lose sight of the fact that the single biggest driver of both prices and activity over the longer-term remains the dearth of available properties to meet demand from buyers"*.

Robert Gardiner also identifies that *"The underlying pace of housing market activity has remained broadly stable, with the number of mortgages approved for house purchase continuing within the fairly narrow range prevailing over the past two years. Healthy labour market conditions and low borrowing costs appear to be offsetting the drag from the uncertain economic outlook".*

In the January 2019 Nationwide House Price Index report Robert Gardiner considered that "*if* economy *continues to grow at a modest pace, with the unemployment rate and borrowing costs remaining close to current levels, we would expect UK house prices to rise at a low single-digit pace in 201.".* This view was shared by Russell Galley, who concluded the Halifax January 2019 House Price Index report by identifying, *"On balance therefore we expect price growth to remain subdued in the near term."*

Knight Frank identified in their January 2019 UK Residential Market Update that, *"The property market has proven adept at adjusting to change in the past, but uncertainty is more difficult. Buying a home is the biggest financial decision many households will undertake, and some may feel more confident when future economic conditions are clearer".*

It is worth noting that the stamp duty changes introduced in December 2014 when purchasing residential property continues to have an effect on the housing market, as it encourages first time buyers, who predominantly purchase lower priced properties, to pay lower stamp duty rates: up to £125,000 (0%), up to £250,000 (2%); and discourages wealthier families to buy property who have the capital to buy a £1,000,000 home but now have to pay 10% stamp duty rates, which will significantly impede their budgets and affordability. However, for overseas investors, the post-EU referendum fall in sterling has offset the impact of higher Stamp Duty to a large extent. As first noted in BNP Paribas Real Estate's Q2 2017 Housing Market Report, *"the market has become increasingly reliant on first-time buyers, especially with the depletion of mortgaged movers from the market. Income weakness clearly has potential to dent activity amongst this group given the high average loan-to-value ratios needed to gain the first step on the ladder".* In addition, there remains the further impact on the market of recent legislative and tax changes on the purchase of second properties. Strutt and Parker identify in their Residential Quarterly Report Winter 2018/19 that, *"Overall, the Buy-to-Let market looks to be relatively stable, albeit with subdued levels of new uptake".*

Transaction numbers have been boosted in recent years by rising numbers of First Time Buyers, in addition to the stamp duty changes Savills highlight in their January 2019 Housing Market Update that *"They have been strongly supported by government policy, notably Help to Buy, while Home Movers have struggled to climb the housing ladder".* Savills also identify that First Time Buyers, *"are now the largest buyer type, having overtaken Home Movers. The last time First Time Buyers were the largest buyer type was 1995".* Moreover the availability of finance to First Time Buyers remains strong with Savills reporting that, *"The high street banks remain keen to grow their lending to this group. Lloyds recently announced a new 100% mortgage for First Time Buyers, to be secured by a family member opening a savings account, a move that seeks to further capitalise on the 'Bank of Mum and Dad'".*

Residential sales value forecasts by numerous property firms have continued to identify since June 2016 that uncertainty has weighed down the market slowing sales value growth. In Strutt and Parker's 2018/19 Report they identify that, the *"considerable political uncertainty"* experienced in the UK *"is feeding through into a very cautious and unknown economic outlook from most commentators".* The market remains very volatile and hard to predict, although Strutt and Parker's residential agents have reported *"instances of competitive bidding on realistically priced properties, highlighting that there remains a market for good quality stock at appropriate prices*". This position is maintained in Strutt and Parker's Q2 Summer 2019 Report.

Forecasts for house price growth identify that values are expected to increase over the next five years, however this price growth is identified as being more moderate than over the past 20 years. There is a consensus that a low level of price growth is expected over the next year with a return to stronger sales value growth in 2020 - 2023, when it is anticipated that there will be more certainty on the deal agreed for the UK's exit from the EU and employment growth, wage growth and GDP growth return towards trend levels.

Savills Mainstream five forecast for house prices indicates cumulative growth of 9.3% in the South East of England between 2020 and 2023 (2% in 2020, 2.5% in 2021, 2% in 2022 and 2.5% in 2023). From 2023 onwards future base growth per annum will depend on a number of influencing factors which are difficult to predict at this point in time. We consider that it is reasonable to allow for longer term residential value growth at 3% per annum reflecting Oxford Economics' forecasts for UK household disposable income which is identified as being 3.2% cumulative annual growth rate.

GDV

5.1.1 Residential sales values

Seymours Land and New Homes and Savills have provided the Applicant with advice on achievable residential sales values on the Proposed Development. As the Council will be aware, both Seymours and Savills are locally based and well respected residential agency and land and new homes development consultancy practices with over 25 years of experience in the Surrey and Hampshire residential market.

We set out a summary of Seymours and Savills' advice in relation to the sales values for the Proposed Development adopted in our assessment in tables 5.1.1 and 5.1.2 below and provide at **Appendix 2** a full copy of Seymours and Savills' advice.

Table 5.1.1 Proposed residential values at Kingfield Road Site

Unit type	Average Unit Size (sq m)	Average Unit Size (sq ft)	Value	Value £ per sq ft
Studio	38	409	£195,000	£476.77
1 Bed Flat	47	506	£240,000	£474.31
2 Bed Flat	61	657	£305,000	£464.23
2 Bed Flat	84	904	£405,000	£448.01
1 Bed Duplex	50	538	£270,000	£501.86
2 Bed Town House	76	818	£380,000	£464.55

Unit type	Average Unit Size (sq m)	Average Unit Size (sq ft)	Value	Value £ per sq ft
2 Bed Duplex	69	743	£360,000	£484.52
3 bed Town House/Duplex	100	1,076	£475,000	£441.45

We have adopted these figures in our appraisal for the proposed units in the Kingfield Road site development. We note that these values are in line if not slightly above the comparable evidence set out in Seymours and Savills' advice.

We understand that units that are sold with car parking units achieve a premium of between circa £15,000 to £20,000 over and above the sales values outlined above. Based on the balance of units in the scheme we have adopted an average premium of circa £17,360 per unit over and above the residential sales values identified in Table 5.1.1 in our appraisals.

As previously identified, the residential units on the Egley Road site are to be delivered back to the Council with no revenue assumed to be achieved by the Applicant as this is lieu of land value. Seymours and Savills have provided advice as to the value of these units, however we have not included this revenue within our appraisal.

Table 5.1.2 Proposed residential values at Egley Road Site

House type	No units	Unit size (sq m)	Unit size (sq ft)	Total Floor area (sq ft)	£ per sq ft	Value	Total Values
2/3 Bed 4/6 person townhouse (terraced)	5	117	1,259	6,297	£437	£550,000	£2,750,000
3 Bed 6 person townhouse (terraced)	11	139	1,496	16,458	£401	£600,000	£6,600,000
3 Bed 6 person townhouse (semi-detached)	2	139	1,496	2,992	£418	£625,000	£1,250,000
4 Bed 8 person townhouse (semi-detached)	16	156.3	1,682	26,918	£431	£725,000	£11,600,000
5 Bed 9 person townhouse (semi-detached)	2	155.5	1,674	3,348	£433	£725,000	£1,450,000.00
	36			**56,013**	**£422**		**£23,650,000**

5.1.2 Affordable housing

The Applicant proposes to deliver the first block of the residential development on the Kingfield Road (Block 1) Site as 100% affordable housing Shared Ownership units, which equates to 18.23% of units.

To value the affordable housing units proposed by Applicant, we have used a bespoke model specifically created for this purpose. This model takes into account factors such as standard levels for individual RPs management and maintenance costs; finance rates currently obtainable in the sector, and a view on the amount of grant that may be obtainable.

The 'Shared Ownership and Affordable Homes Programme 2016-21 Prospectus' document provides a clear indication that Section 106 schemes are unlikely to be allocated Grant funding, except in exceptional circumstances. Based on our understanding of the current market access to additional Grant funding on the site is unlikely.

Our model indicates that on a no grant basis an RP will pay an average value of £371 per sq ft for the Shared ownership units proposed in the Development, which we have adopted within our assessment.

Notwithstanding this, we understand that the Applicant has sought offers for the affordable housing units from Registered Providers. The Applicant received several offers and we have consequently adopted a higher figure of £52 million in our appraisal, reflecting the higher tone of these offers, which equates to £394.82 per sq ft.

5.1.3 Ground rents

The Ministry of Housing, Communities and Local Government issued a consultation in October 2018 on future leasehold reform, following an earlier consultation on restrictions on ground rents. The October 2018 consultation indicates the government's strong preference for a nominal ground rent for most properties (indicatively £10 per annum). We note that a Briefing Paper (Number 8047) to the House of Commons titled *"Leasehold and commonhold reform"* by Wendy Wilson and Cassie Barton was published on 12 April 2019 identifies that there is recognition that there may be some exemptions to this for example in mixed use buildings for which a recommendation that rents should not exceed 0.1% of the present value of the property up to a maximum of £250 per year.

Notwithstanding the uncertainty on the legislation to be passed, we have maintained the investment value from the ground rents from the private units in this assessment.

We have valued the ground rents in the scheme as set out in the Table 5.1.3 below. We have then capitalised the ground rents a 3.5% yield and deducted purchasers' costs at 6.8%. The total ground rent revenue is assumed to be received at completion of sales for each land parcel.

Table 4.3.1 Summary of ground rents

Unit type	Ground rent per annum
Studios	£75
1 Bed	£100
1 Bed Duplex	£100
2 Bed	£125
2 Bed Town Houses	£125
2 Bed Duplex	£125
3 Bed	£150

5.1.4 Commercial revenue

As the commercial units are accommodated within the Stadium complex, which will be handed back to the Council at nil value we have not attributed any revenue to these uses.

5.2 Development Costs

5.2.1 Construction costs

The Applicant has commissioned cost consultants Quartz Project Services Limited ("Quartz") to prepare a Cost Plan for the Proposed Development's build costs. We have accordingly adopted these costs within our appraisal and provide a summary of these costs adopted below and of full copy of Quartz's report at **Appendix 3**.

Table 5.2.1 Cost plan summary

Description of Construction Cost	Cost
Demolition	£300,000
Kingfield Road residential	£173,590,384
Stadium complex	£21,000,000
Undercroft Parking	£4,080,000
Underground parking	£6,207,500

Description of Construction Cost	Cost
External works Kingfield Road	£3,500,000
Site clearance Egley Road	£250,000
Egley Road residential	£7,934,030
David Lloyd replacement leisure centre	£9,000,000
External works Egley Road	£2,000,000
Contingency of 5% of build costs (applied in appraisal)	£11,393,096
TOTAL COSTS	**£239,324,607**

5.2.2 Professional fees

We have assumed professional fees at 10% of construction costs on the Kingfield Road site and 8% on the Egley Road site in our appraisals. Taking into account the relative complexities of the schemes we consider these to be reasonable assumptions at the lower end of the range for such developments.

5.2.3 Interest

Where development finance is available (which is only in a select number of situations) lenders are currently charging up to 5% above LIBOR with minimum rates of at least 7%. High arrangement (1-3%), monitoring (2-5%) and exit fees (1%) are also charged. These onerous lending terms have emerged due to the perceived risk of residential development in the current market.

We have adopted an interest rate of 3.25%, with no additional allowance for fees. This reflects the fact that the Council is providing the financing, using funds available to it from the Public Works Loan Board. .

5.2.4 Developer's profit

Our appraisal has been configured so that it explicitly does not include profit as a cost to the Development i.e. the output residual value reflects the level of profit that will be achieved by the development. This is because the proposed scheme is funding the delivery of the new Woking Football Stadium, relocation costs of the David Lloyd Gym and the Egley Road site is being delivered back to the Council with no revenue assumed to be achieved by the Applicant.

As a consequence, our appraisal has been set up to include any costs associated with the aforementioned elements as and when they are incurred, and excluding the revenue from the Football Stadium complex and the Egley Road site. The appraisal subsequently produces a residual land value reflecting the level of profit generated by the scheme. This figure has been analysed to determine whether this can be considered to be a suitable level of return to account for the risk that is being assumed by the Applicant in undertaking the Proposed Development.

5.2.5 Marketing, Sales, Letting & Disposal Fees

We have applied the following fees and marketing costs to our appraisals:

- Residential marketing and sales agent fees at 3% of market GDV;
- Sales legal fees at 0.5% of GDV (including affordable housing to reflect all-in disposal costs);
- Purchaser's costs at 6.8%.

5.2.6 Site acquisition costs

As previously identified, we have not included any allowance towards site acquisition costs in our appraisal. However, the scheme is funding the delivery of the new Woking Football Stadium, relocation costs of the David Lloyd Gym and the residential development on the Egley Road site. The Stadium, Egley Road residential units and freehold investment interest of the new gym are to be delivered back to the Council by the Applicant, with no revenue from these uses being achieved by the Applicant.

5.2.7 Planning obligations

In line with the Council's planning obligation requirements we have adopted allowances towards CIL and SAMM in our appraisal as follows:

- CIL: £10,498,691
- SAMM: £515,449

5.2.8 Development programme

We have adopted the following assumed timings for the individual sites' construction and sales in our appraisal:

Kingfield Road Site

Stage	Start on site	Completion
Pre-construction	May-20	Oct-20
Stadium	Jun-21	Apr-23
Block 1	Nov-20	Oct-22
Block 2	Nov-22	Oct-24
Block 3	Nov-23	Oct-25
Block 4	Nov-24	Oct-26
Block 5	Nov-25	Oct-27

For sales we have allowed for 35% off plan sales and a rate of circa 8 units per month thereafter. We note that this is an optimistic assumption given the current market and potential competition from scheme sin the town centre. Seymours and Savills have advised that in their experience they are currently seeing 30% to 40% off plan sales with 4 – 6 sales per month thereafter. However in an improved market, with increased demand they envisage the sales rate increasing to circa 8 sales per month from product on site.

Egley Road Site

- 6 month lead in and pre-construction/site preparation period; and
- 18 month construction period, with David Lloyd delivered by August 2021 and houses delivered in January 2023.

6 Appraisal results

6.1 Developer's profit

Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. In 2007, profit levels were at around 13-15% of GDV. However, following the impact of the credit crunch and the collapse in interbank lending and the various government bailouts of the banking sector, profit margins have increased. It is important to emphasise that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major housebuilders will set targets for minimum profit).

Perceived risk in the UK housing market had been receding with a range of developer profit of between 17% to 20% being seen on developments up until early 2016, but the outcome of the referendum on the UK's membership of the European Union and the triggering of Article 50 has resulted in a degree of uncertainty about the future trajectory of house prices.

When considering the current economic climate, financial institutions have tightened their requirement for profit returns on schemes. Banks have raised their expectations in terms of risk and required returns that new developments offer. Consequently developers are currently targeting profits of 20% of private GDV on typical development schemes. With respect to affordable housing accommodation a reduced profit requirement of 6% on GDV is widely accepted given the reduced risk associated with such accommodation.

Given the nature of the scheme, its funding mechanism and the risks of the current market due to the uncertainty that has become apparent following the result of the EU Referendum in the United Kingdom, as well as the potential risks associated with leaving the European Union, we consider a profit allowance of between 17% and 20% of GDV to be reasonable.

6.2 Residual profit of the Proposed Development

We have undertaken an appraisal of the Proposed Development as set out in the previous sections allowing for; the new fit for purpose re-provision of the football stadium complex including additional commercial uses, relocation of the existing leisure uses on the site and 18.23% affordable housing delivered as shared ownership units on the Kingfield Road Site.

Our appraisal identifies that the Proposed Development generates a residual profit of £6,461,576, which equates to a profit on the GDV of 2.1%. A copy of our appraisal and cashflow is provided at **Appendix 4**.

As identified above, we consider that a reasonable targeting return for the development is at least circa 17% of GDV. Our testing identifies that the profit generated by the Proposed Development at current costs and values equates to 2.1% of GDV, which is significantly short of this target. Notwithstanding the results of our appraisal at current costs and values, the Applicant has confirmed that it is prepared to proceed with this level of risk adjusted return. This is based on the view that this is manageable given the potential to improve profitability based on the growth in sales values over the lifetime of the Proposed Development.

In light of the above position we have undertaken a sensitivity test of the Proposed Development allowing for reasonable growth in sales values over the timeframe of the proposed scheme delivery (circa 9 years). The results of our appraisal accounting for this growth over the project timescales reflects a developer's return of 16.58% on GDV. Although this is still short of the 17% to 20% target return it is just about at the lower end of the range considered to be reasonable for such developments to proceed and the Applicant is happy to proceed at this level of risk. We highlight however that the achievement of this improvement is not a given, and that this risk is born by the Applicant in proceeding with the scheme.

7 Conclusion

The Proposed Development will facilitate the delivery a new fit for purpose 9,026 capacity football stadium complex including commercial retail units. It will also assist the Council in providing much needed high quality residential accommodation, including affordable housing, in a sustainable location on a brownfield site. In addition it will deliver new family housing and a new leisure facility designed to be fit for the Club's future needs on the Egley Road Site, which will in turn provide the Council with a good commercial investment income.

We have undertaken an appraisal of the Proposed Development as set out in the previous sections allowing for; the new fit for purpose re-provision of the football stadium complex including commercial uses, relocation of the existing leisure uses on the site and 18.23% affordable housing delivered as shared ownership units on the Kingfield Road Site.

Our appraisal identifies that at current costs and values the Proposed Development generates a residual profit of £6,461,576, which equates to a profit on the GDV of 2.1%.

Developers are currently targeting profits of between 17% and 20% of private GDV on typical development schemes. At 2.1%, the Proposed Development is significantly below this target. The result of our appraisal confirms that the Applicant's offer of 20% affordable housing as shared ownership along with the delivery of the new Stadium complex and relocation of the David Lloyd leisure use is the maximum quantum of planning contributions that the scheme can deliver.

We have undertaken a sensitivity test of the Proposed Development allowing for reasonable growth in sales values over the lifetime of the scheme. The results of our appraisal accounting for this growth reflect a developer's return of 16.58% on GDV. Although this is still short of the 17% to 20% target return it is just about at the lower end of the range considered to be reasonable for such developments to proceed. We highlight that the achievement of this improvement is not a given, and that this risk is born by the Applicant in proceeding with the scheme.

Notwithstanding the results of our appraisal at current costs and values, the Applicant has confirmed that it is prepared to proceed with this level of risk adjusted return. This is based on the view that this is manageable given the potential to improve profitability based on the growth in sales values over the lifetime of the Proposed Development.

Appendix 1 - Leach Rhodes Walker Architects Proposed Development accommodation schedules

Project: 7884 - WOKING FC, WOKING

Title: ACCOMMODATION AREA SCHEDULE

LeachRhodesWalker Architects

TOTAL SITE AREA (sqm)

Number: [7884] - S(00)44D

Created By: DL

Authorised By: DL
Date: 31st October 2019

50,085sqm
(5.00 Hectares)

Revision: - .

Drawing Ref: LRW_7884_L(00)282E,66Q,67AA,68S,69U,70T,71S,72U,73V,74W,75W,76W,77V,251M

Unit Sizes - Block 1 - (Sizes are subject to change depending on the layout variations)

BUILDING	Studio APT	1 BED APT	2 BED APT	3 BED APT	1 BED TH/ DUPLEX	2 BED TH	2 BED DUPLEX	3 BED TH
SQM	N/A	50	70	N/A	N/A	N/A	N/A	N/A
SQFT	N/A	538	749	N/A	N/A	N/A	N/A	N/A
EFFICIENCY								

Unit Sizes - Block 2 to 5 (Sizes are subject to change depending on the layout variations)

BUILDING	Studio APT	1 BED APT	2 BED APT	3 BED APT	1 BED TH/ DUPLEX	2 BED TH	2 BED DUPLEX	3 BED TH
SQM	37	41	64	88	55	40	70	47
SQFT	402	439	684	947	591	428	755	502
EFFICIENCY								

All Blocks

Block	Studio	1 BED	2 BED	3 BED APT	1 BED TH/ DUPLEX	2 BED TH	2 BED DUPLEX	3 BED TH	RESIDENCES	PARKING	NIA (sqm)	NIA (sqft)	GIA (sqm)	GIA (sqft)	GEA (sqm)	SITE AREA (sqm)
1	0	54	137	0	0	0	0	0	**191**	107	12,236	131,707	15,956	171,749	17,043	
2	58	88	58	0	20	24	24	5	**277**	121	15,531	167,172	19,570	210,650	20,924	
3	30	33	29	0	15	18	12	1	**138**	124	7,775	83,685	9,848	106,003	10,565	
4	26	53	57	1	28	12	32	2	**211**	260	12,271	132,084	15,283	164,505	16,503	
5	26	51	71	0	32	19	32	0	**231**	220	13,285	142,998	16,506	177,669	17,743	
TOTAL	**140**	**279**	**352**	**1**	**95**	**73**	**100**	**8**	**1048**	**832**	**61,097**		**77,163**		**82,778**	
EFFICIENCY	**13%**	**27%**	**34%**	**0%**	**9%**	**7%**	**10%**	**1%**		**79%**						
										sqft		**657,646**		**830,575**	**891,014**	
Community Concierge										3						
On Street Parking																
Tandem Parking										20						
Total Parking										**855**						
										82%						
TARGETS	15%	20%	24%	1%	11%	29%										
TARGET NUMBERS	157	210	252	10	115	304		0	951		60,948		77,553		82,882	
										sqft	**656,038**		**834,773**		**892,134**	

Project:	7884 - EGLEY ROAD, WOKING
Title:	ACCOMMODATION AREA SCHEDULE
Number:	[7884] - S(00)46B
Revision: -	
Drawing Ref:	LRW_7884_L(00)99O

LeachRhodesWalker Architects

Created By: RB
Authorised By: CJG
Date: 4th Oct 2019

TOTAL SITE AREA (sqm)

41,404sqm
(4.14Hectares)

House Sizes - Residential Site - (Sizes are subject to change depending on the layout variations)

HOUSE (NIA)	House Type 1 (2/3Bed - 4/6People)	House Type 2 (3Bed - 6People)	House Type 3 (4Bed - 8People)	House Type 4 (5Bed - 9People)
SQM	123.2	145.0	162.3	162.3
SQFT	1,326	1,560	1,746	1,746
EFFICIENCY				

Residential Summary

	House Type 1	House Type 2	House Type 3	House Type 4	RESIDENCES	PARKING	NIA (sqm)	GIA (sqm)	GEA (sqm)	SITE AREA (sqm)
	5	13	16	2	36	90	5,422	5,670	6,432	9,161
TOTAL	5	13	16	2	36	90	5,422	5,670	6,432	
EFFICIENCY	14%	36%	44%	6%		250%				
						sqft	58,366	61,031	69,233	
										39 dw/ha

Parking based on WBC Parking Standards Supplementary Planning Document						
						Parking Rqd
2 bedroom House						1
3 bedroom House						2
4/5bedroom House						3

David Lloyd

Area	Front of House (sqm)	Ancillary (sqm)	PARKING	NIA (sqm)	GIA (sqm) (excluding void)	GEA (sqm)	SITE AREA (sqm)
Parking			280				22,303
GF Accomodation	2883	210		2,883	3,093	3,221	
FF Accomodation	1928	167		1,928	2,095	2,615	
TOTAL	4,811	377	280	4,811	5,188	5,836	
EFFICIENCY							
			sqft	51,785	55,843	62,818	

Retained Woodland

SITE AREA (sqm)
9,940

Appendix 2 - Seymours and Savills' Residential Values Advice

05/11/2019

Ref: Cardinal Court

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235, Radlett,
Herts,
WD7 0AQ

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Dear Wayne,

As requested, we write to provide our advice on pricing for the proposed residential developments on the Woking Sites, Cardinal Court and Egley Road.

In arriving at our advice on pricing we have taken into consideration local market comparables along with future forecasts and general assumptions for the development. We set out our recommendations regarding our views for the residential sales values for the proposed schemes in the tables below:

Cardinal Court:

Studio	38 sq m	409 sq ft	£195,000
1 Bed Flat	47sq m	506 sq ft	£240,000
2 Bed Flat	61 sq m	657 sq ft	£305,000
3 Bed Flat	84 sq m	904 sq ft	£405,000
1 Bed Duplex	50 sq m	538 sq ft	£270,000
2 Bed Town House	76 sq m	818 sq ft	£380,000
2 Bed Duplex	69 sq m	743 sq ft	£360,000
3 Bed Town House/Duplex	100 sq m	1,076 sq ft	£475,000

Egley Road:

House Type 1	2/3 Bed 4/6 person townhouse (terraced)	117 sq m	1,259 sq ft	£550,000
House Type 2a	3 Bed 6 person townhouse (terraced)	139 sq m	1,496 sq ft	£600,000
House Type 2a	3 Bed 6 person townhouse (semi-detached)	139 sq m	1,496 sq ft	£625,000
House Type 3	4 Bed 8 person townhouse (semi-detached)	156.3 sq m	1,682 sq ft	£725,000
House Type 4	5 Bed 9 person townhouse (semi-detached)	155.5 sq m	1,674 sq ft	£725,000

See **Appendix 1** for details of the current market comparables we have had regard to in arriving at our pricing.

With respect to car parking, in our experience Woking generates a premium to house prices in the region of £10,000 – 20,000 where parking is provided with a unit. At the upper end we would expect these parking spaces to be located closer to the town centre and potentially be offering under croft parking or an element of security.

Our recommended sales values set out above reflect values in today's market. We understand that the developments are due to come forward over the next circa nine years and as a consequence sales values are likely to grow over this period. To account for this growth we have had regard to Savills' published future forecasting figures for mainstream South East markets. In line with this data we recommend an assumption of a 2% growth year on year in 2020, 2.5% in 2021, 2% in 2023 with a marginal improvement on this at 2.5% growth in 2023. These calculations are in line with our research forecast in the table below, which we consider to be reasonable, if not slightly cautious, due to the current market climate. Beyond this period it becomes difficult to forecast. We have therefore fallen back on assumptions in line with income and would recommend an increase year on year of 3% beyond this timeframe.

Five-year mainstream house price forecast

Mainstream five-year forecast There is a significant divergence in performance across the country

	2019	2020	2021	2022	2023	5-year compound growth
North West	3.0%	6.0%	4.0%	3.0%	4.0%	21.6%
Yorkshire & Humberside	2.5%	5.5%	4.0%	3.0%	4.0%	20.5%
Wales	2.0%	5.5%	4.0%	3.0%	3.5%	19.3%
East Midlands	3.0%	5.0%	3.5%	3.0%	3.5%	19.3%
West Midlands	3.0%	5.0%	3.5%	3.0%	3.5%	19.3%
Scotland	2.5%	5.0%	3.5%	2.5%	3.5%	18.2%
North East	2.0%	5.0%	3.5%	2.5%	3.5%	17.6%
South West	0.5%	3.5%	2.5%	2.5%	3.0%	12.6%
South East	0.0%	2.0%	2.5%	2.0%	2.5%	9.3%
East of England	0.0%	2.0%	2.5%	2.0%	2.5%	9.3%
London	-2.0%	0.0%	2.5%	1.5%	2.5%	4.5%

Source Savills Research **Note** These forecasts apply to average prices in the secondhand market. New build values may not move at the same rate

A number of factors need to be considered in setting a rate of sales, which generally involves balancing risk and growth potential. These include, but are not limited to:

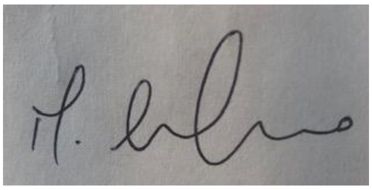
- General economic uncertainty over time;
- Opportunity for sales growth. Savills Research is projecting a positive growth figure for the next 4 years to 2023 for the wider south of England ;
- Specific market risk through competing schemes and aggressive pricing policies of long standing completed schemes; and
- Regulatory impacts in the UK and abroad, particularly in relation to taxation.

In arriving at our advice on sales rates we have taken these factors into consideration. We would suggest 30% – 40% off plan sales through the international sales exhibition with a further 20 secured in the UK (subject to corporate suppliers) with 4 – 6 sales per month from product. In an improved market, with increased demand we would envisage the sales rate increasing to circa 8 sales per month from product on site.

We trust the above is of assistance. Do let us know if you require further information.

Yours sincerely,

Jo Judge
Director MNAEA
Savills



Massimo Lanzalaco
Partner
Seymours

APPENDIX 1: COMPARABLES

WOKING FC

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
Studio	111 Cardinal Place, Guildford Road GU22 7W	377	£531	£200,000	No	No
Studio	4 Chartwell Mount Hermon Road GU22 7TT	445	£511	£227,500	Yes	No
Studio	124 Nankeville Court, Guildford Road, GU22 7RF	368	£475	£175,000	No	No
			£493			

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
1 Bed Flat	Plot 3, The Old Brew House, 130 -132 High Street, Old Woking, GU22 9JN	498	£492	£245,000	Yes	Yes
1 Bed Flat	5 Olympian Heights, Guildford Road, GU22 7RN	426	£528	£225,000	Yes	No
1 Bed Flat	12 Beaufort Mews, 1-3 Kingsway GU21 6EH	454	£528	£240,000	Yes	No
			£516			

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
2 Bed Flat	103 Nankeville Court, Guildford Road, GU22 7RF	772	£402	£310,000	Yes	No
2 Bed Flat	2 Hoe Court, 34 Claremont Avenue, GU22 7HZ	685	£401	£275,000	Yes	No
2 Bed Flat	2 Northfleet Lodge, Claremont Avenue, GU22 7RL	790	£377	£297,500	Yes	No
			£393			

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
3 Bed Flat	28 Laleham Court, Chobham Road, GU21 4AX	1053	£310	£326,500	Yes	No
3 Bed Flat	23 Maybury Place, 58 Sandy Lane, GU22 8BW (2 bed)	1064	£381	£405,000	Yes	No
3 Bed Flat	25 Copper Beech House, Heathside Crescent, GU22 7BB	951	£404	£385,000	Yes	No
			£365			

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
1 Bed Duplex	Flat 3, 171 Kingsway, GU21 6NU	557	£484	£270,000	No	No
1 Bed Duplex	6 Courtenay Mews, North Road, GU21 5HT	452	£504	£228,000	Yes	No
1 Bed Duplex	59 Hedgerley Court, GU21 3LZ	571	£507	£290,000	Yes	No
			£498			

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
2 Bed Town House	24 Palace Way, GU22 8JA	774	£439	£340,000	Yes	No
2 Bed Town House	77 Reed Street, GU22 9FU	761	£466	£355,000	Yes	No
2 Bed Town House	11 Westmead, GU21 3BS	943	£342	£322,500	No	No
			£416			

Beds	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
3 Bed Town House / Duplex	6 Lydger Close, GU22 8JW	1067	£403	£430,000	Yes	No
3 Bed Town House / Duplex	68 Reed Street, GU22 9FU	942	£444	£418,000	Yes	No
3 Bed Town House / Duplex	7 Sycamore Avenue, GU22 9FH	1279	£422	£540,000	Yes	No
			£423			

EGLEY ROAD

House Type 1	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
2/ 3 Bed Terraced Town House	Plot 6, Elmbridge Court, Elmbridge Lane, GU22 9FY	1141	£478	£545,000	Yes	Yes
2/ 3 Bed Terraced Town House	7 Sycamore Avenue, GU22 9FH	1279	£422	£540,000	Yes	No
2/ 3 Bed Terraced Town House	6 Cricketers Close, GU22 9LA	1261	£528	£465,000	Yes	No
			£476			

House Type 2a (3 Bed Terraced)	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
3 Bed Terraced Town House	21 Hawthorn Road, GU22 0BA	1462	£359	£525,000	Yes	No
3 Bed Terraced Town House	5 Inwood Close, GU22 9FR (Detached)	1494	£365	£545,000	Yes	No
3 Bed Terraced Town House	1 The Gables, Mount Hermon Road, GU22 7UA	1495	£528	£605,000	Yes	No
			£417			

House Type 2a (3 Bed Semi)	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
3 Bed Semi - Town House	14 Warwick lane, GU21 7RP (Detached)	1440	£458	£660,000	Yes	No
3 Bed Semi - Town House	8 Greenview, GU22 7BF	1509	£471	£710,000	Yes	No
3 Bed Semi - Town House	7 Greenview, GU22 7BF	1509	£528	£700,000	Yes	No
			£486			

House Tyoe 3 (4 Bed Semi)	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
4 Bed Semi - Town House	9 Ashdown Close, GU22 7PG	1633	£334	£545,000	Yes	No
4 Bed Semi - Town House	Plot 8 Elmbridge Court, Elmbridge Lane, GU22 9FY	1500	£410	£615,000	Yes	Yes
4 Bed Semi - Town House	1 Midhope Villas, Midhope Road, GU22 7LQ	2100	£528	£675,000	Yes	No
			£424			

House Type 4 (5 Bed Semi)	Address	Sq Ft	£ per sq ft	Price Achieved	Parking	New Build - YES/NO
5 Bed Semi - Town House	The Willows, College Lane, GU22 0EN (Detached)	1710	£409	£700,000	Yes	No
5 Bed Semi - Town House	6 St Marthas Avenue, GU22 9BN (Detached)	2310	£331	£765,000	Yes	No
5 Bed Semi - Town House	5 Apers Avenue, GU22 9NB (Detached)	2191	£528	£780,000	Yes	No
			£423			

Appendix 3 - Quartz Cost Plan

PRELIMINARY ORDER OF COST

Project Nr	P19-028
Project Name	Woking FC
Date	05/11/2019
Revision no	v 10

Description	An appraisal has been carried out for the scheme Woking FC. The appraisal is based on demolition works and a New Build Construction of a football stadium with a capacity of 9,026, 5 residential blocks providing 1,048 apartments, as well as Egley Road providing 36 Townhouses. Over 3 floors of commercial space and parking for 832 on the main site plus 3 spaces at the community Concierge and 20 spaces at the Tandem Parking as well as 90 spaces for Egley Road. The David Lloyd centre has been included within these costs.

	GIA sq ft	GIA sq m	NIA sq ft
Kingfield Site			
Block 1 - Residential, 191 units	171,749	15,956	131,707
Block 2 - Residential, 277 units	210,650	19,570	167,172
Block 3 - Residential, 138 units	106,003	9,848	83,685
Block 4 - Residential, 211 units	164,505	15,283	132,084
Block 5 - Residential, 231 units	177,669	16,506	142,998
Egley Road			
Egley Road - Townhouses, 36 Houses	61,031	5,670	58,366
	891,607	**82,833**	**716,012**

Order of Cost Estimate based on Building Functions	Function Area (GIA) sq ft	Total £	£/ft2 (GIA)	£/ft2 (NIA)	% Cost
Kingsfield Site					
Construction Works					
Block 1 - Residential	171,749	35,895,541	209	273	16%
Block 2 - Residential	210,650	44,025,850	209	263	19%
Block 3 - Residential	106,003	22,154,627	209	265	10%
Block 4 - Residential	164,505	34,381,545	209	260	15%
Block 5 - Residential	177,669	37,132,821	209	260	16%
Underground Car Parking		6,207,500			3%
Undercroft Car Parking		4,080,000			2%
Stadium	1	21,000,000			9%
External Works		3,500,000			2%
David Lloyd	1	9,000,000			4%
Sub Total Kingsfield Site		**217,377,884**			

Egley Road Site					
Construction Works					
Townhouses, 36 Houses	61,031	7,934,030	130	136	3%
External Works		2,000,000			1%
Abnormals					
Site Clearance Egley Road		250,000			
Demolition		300,000			
Total Egley Road		**10,484,030**			
TOTAL OF BUILDING WORKS ESTIMATE		**227,861,914**			

Contingency	11,393,096
Professional Fees	
Professional Fees - Kingfield Rd	21,911,178
Professional Fess - Egley Rd	1,611,459

Appendix 4 - Appraisal of Proposed Development at current costs and values

BNPParibas RealEstate

Development Appraisal

Woking FC Site & Egley Road Site Viability Appraisal

Current Values

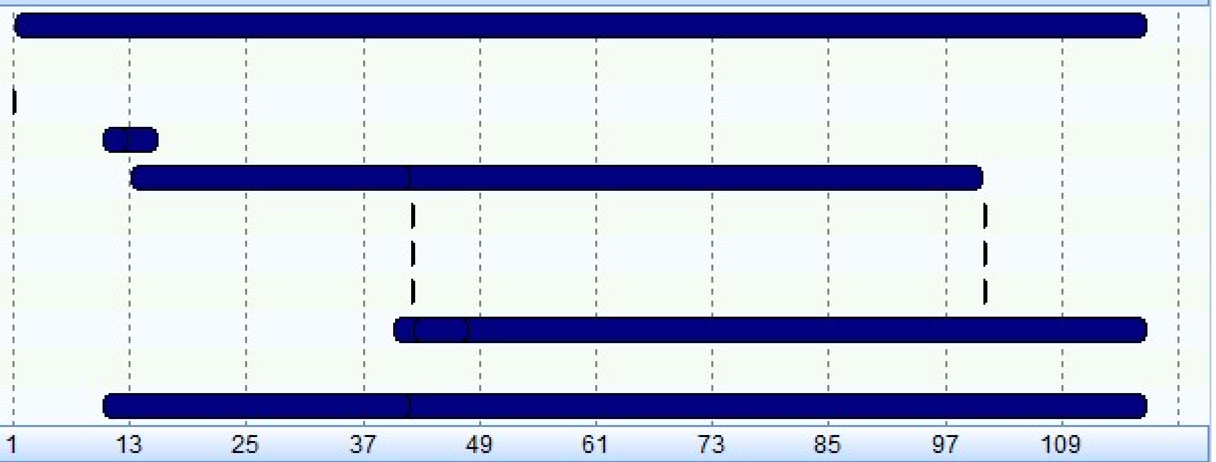
Report Date: 04 November 2019

Woking FC Site & Egley Road Site Viability Appraisal
Current Values

Project Timescale Summary	
Project Start Date	Aug 2019
Project End Date	Apr 2029
Project Duration (Inc Exit Period)	117 months

All Phases

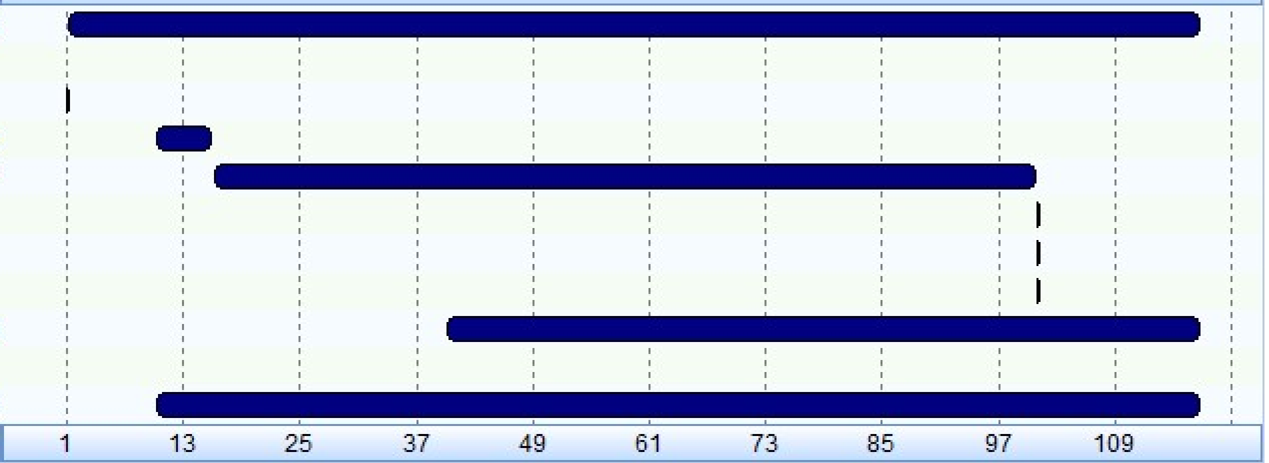
	Start Date	Duration	End Date
Project	Aug 2019	117 Month(s)	Apr 2029
Purchase	Aug 2019	0 Month(s)	
Pre-Construction	May 2020	6 Month(s)	Oct 2020
Construction	Aug 2020	88 Month(s)	Nov 2027
Post Development	Jan 2023	0 Month(s)	
Letting	Jan 2023	0 Month(s)	
Income Flow	Jan 2023	0 Month(s)	
Sale	Nov 2022	78 Month(s)	Apr 2029
Cash Activity	May 2020	108 Month(s)	Apr 2029



Woking FC Site & Egley Road Site Viability Appraisal
Current Values

Phase 1. Kingfield Rd Site

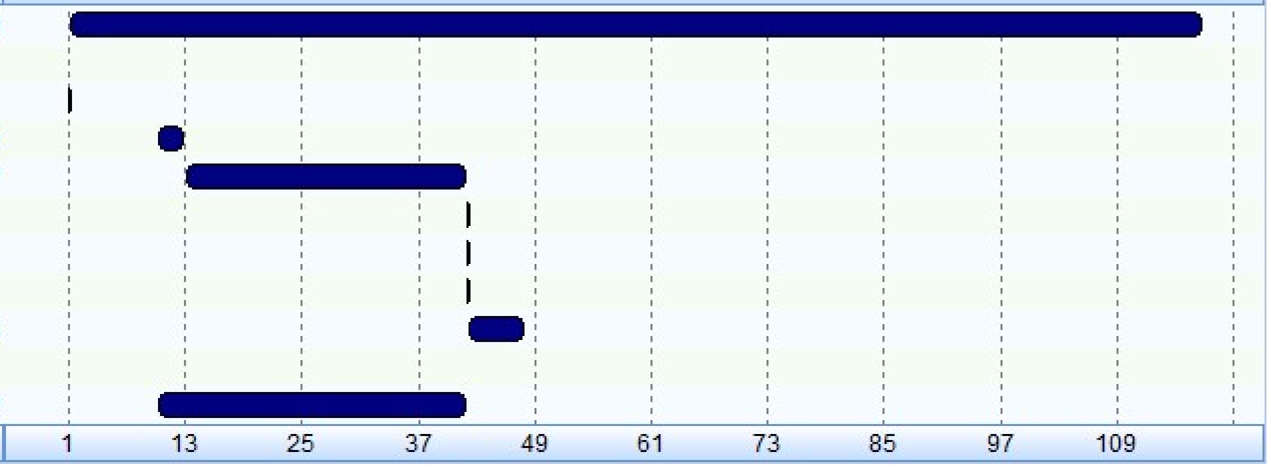
	Start Date	Duration	End Date
Project	Aug 2019	117 Month(s)	Apr 2029
Purchase	Aug 2019	0 Month(s)	
Pre-Construction	May 2020	6 Month(s)	Oct 2020
Construction	Nov 2020	85 Month(s)	Nov 2027
Post Development	Dec 2027	0 Month(s)	
Letting	Dec 2027	0 Month(s)	
Income Flow	Dec 2027	0 Month(s)	
Sale	Nov 2022	78 Month(s)	Apr 2029
Cash Activity	May 2020	108 Month(s)	Apr 2029



Woking FC Site & Egley Road Site Viability Appraisal
Current Values

Phase 2. Egley Rd Site

	Start Date	Duration	End Date
Project	Aug 2019	117 Month(s)	Apr 2029
Purchase	Aug 2019	0 Month(s)	
Pre-Construction	May 2020	3 Month(s)	Jul 2020
Construction	Aug 2020	29 Month(s)	Dec 2022
Post Development	Jan 2023	0 Month(s)	
Letting	Jan 2023	0 Month(s)	
Income Flow	Jan 2023	0 Month(s)	
Sale	Jan 2023	6 Month(s)	Jun 2023
Cash Activity	May 2020	32 Month(s)	Dec 2022



Woking FC Site & Egley Road Site Viability Appraisal
Current Values

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Rate ft²**	**Unit Price**	**Gross Sales**
Kingfield - Block 1 - Affordable Housing	190	131,707	394.82	273,684	52,000,000
Kingfield - Block 2	277	167,172	464.97	280,612	77,729,607
Kingfield - Block 3	138	83,685	483.42	293,153	40,455,120
Kingfield - Block 4	211	132,084	489.76	306,582	64,688,800
Kingfield - Block 5	231	142,998	490.70	303,760	70,168,600
Totals	**1,047**	**657,646**			**305,042,127**

Rental Area Summary	**Units**	**Initial MRV/Unit**	**Net Rent at Sale**	**Initial MRV**
Ground Rents Block 2	277	104	28,800	28,800
Ground Rents Block 3	138	105	14,525	14,525
Ground Rents Block 4	211	110	23,175	23,175
Ground Rents Block 5	231	110	25,325	25,325
Totals	**857**		**91,825**	**91,825**

Investment Valuation					
Ground Rents Block 2					
Current Rent	28,800	YP @	3.5000%	28.5714	822,857
Ground Rents Block 3					
Current Rent	14,525	YP @	3.5000%	28.5714	415,000
Ground Rents Block 4					
Current Rent	23,175	YP @	3.5000%	28.5714	662,143
Ground Rents Block 5					
Current Rent	25,325	YP @	3.5000%	28.5714	723,571
					2,623,571

GROSS DEVELOPMENT VALUE			**307,665,698**
Purchaser's Costs	6.80%	(178,403)	
			(178,403)
NET DEVELOPMENT VALUE			**307,487,296**

Woking FC Site & Egley Road Site Viability Appraisal
Current Values

NET REALISATION				**307,487,296**
OUTLAY				
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Stadium	1 un	21,000,000	21,000,000	
David Lloyd	1 un	9,000,000	9,000,000	
Totals			**30,000,000**	
	ft²	**Rate ft²**	**Cost**	
Kingfield - Block 1 - Affordable Housing	171,749 ft²	209.00 pf²	35,895,541	
Kingfield - Block 2	210,650 ft²	209.00 pf²	44,025,850	
Kingfield - Block 3	106,003 ft²	209.00 pf²	22,154,627	
Kingfield - Block 4	164,505 ft²	209.00 pf²	34,381,545	
Kingfield - Block 5	177,669 ft²	209.00 pf²	37,132,821	
Egley - Town Houses	61,031 ft²	130.00 pf²	7,934,030	
Totals	**891,607 ft²**		**181,524,414**	**211,524,414**
Contingency		5.00%	11,393,096	
Demolition			300,000	
Site clearance			250,000	
External works			5,500,000	
CIL Stadium			46,373	
CIL Block 1			565,941	
CIL Block 2			2,511,899	
CIL Block 3			1,759,533	
CIL Block 4			2,510,795	
CIL Block 5			3,104,353	
SAMM			515,449	
				28,457,439
Other Construction				
Underground Car Parking			6,207,500	
Undercroft Car Parking			4,080,000	
				10,287,500
PROFESSIONAL FEES				
Professional fees - Kingfield Rd		10.00%	21,911,178	
Professional fees - Egley Rd		8.00%	1,611,459	
				23,522,636

Woking FC Site & Egley Road Site Viability Appraisal
Current Values

DISPOSAL FEES			
Sales Agent and Marketing	3.00%	7,585,912	
Sales Legal Fee	0.50%	1,524,319	
			9,110,230
FINANCE			
Debit Rate 3.250% Credit Rate 0.000% (Nominal)			
Total Finance Cost			18,123,500
TOTAL COSTS			**301,025,720**
PROFIT			
			6,461,576

Performance Measures

Profit on Cost%	2.15%
Profit on GDV%	2.10%
Profit on NDV%	2.10%
Development Yield% (on Rent)	0.03%
Equivalent Yield% (Nominal)	3.50%
Equivalent Yield% (True)	3.58%
IRR	4.15%
Rent Cover	70 yrs 4 mths
Profit Erosion (finance rate 3.250%)	0 yrs 8 mths

Appendix 5 - Appraisal of Proposed Development including growth

BNPParibas RealEstate

Development Appraisal

Woking FC Site & Egley Road Site Viability Appraisal

Sensitivity with 2.63% pa Growth

Report Date: 04 November 2019

TIMESCALE AND PHASING GRAPH REPORT

BNPPARIBAS REALESTATE

Woking FC Site & Egley Road Site Viability Appraisal
Sensitivity with 2.63% pa Growth

Project Timescale Summary	
Project Start Date	Aug 2019
Project End Date	Apr 2029
Project Duration (Inc Exit Period)	117 months

All Phases

	Start Date	Duration	End Date
Project	Aug 2019	117 Month(s)	Apr 2029
Purchase	Aug 2019	0 Month(s)	
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Letting	Jan 2023	0 Month(s)	
Income Flow	Jan 2023	0 Month(s)	
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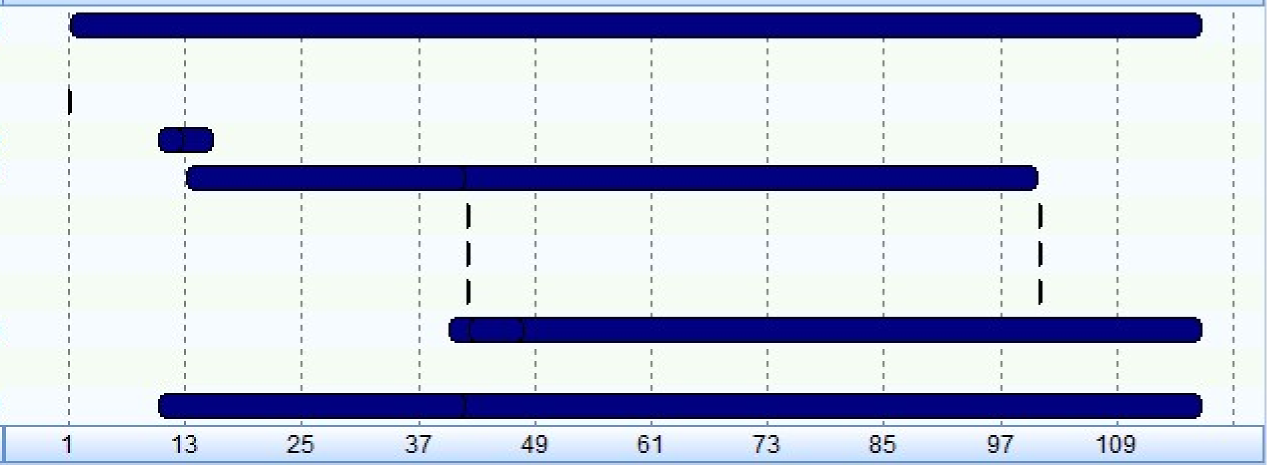
Cash Activity	May 2020	108 Month(s)	Apr 2029



Woking FC Site & Egley Road Site Viability Appraisal
Sensitivity with 2.63% pa Growth

Phase 1. Kingfield Rd Site

	Start Date	Duration	End Date
Project	Aug 2019	117 Month(s)	Apr 2029
Purchase	Aug 2019	0 Month(s)	
Pre-Construction	May 2020	6 Month(s)	Oct 2020
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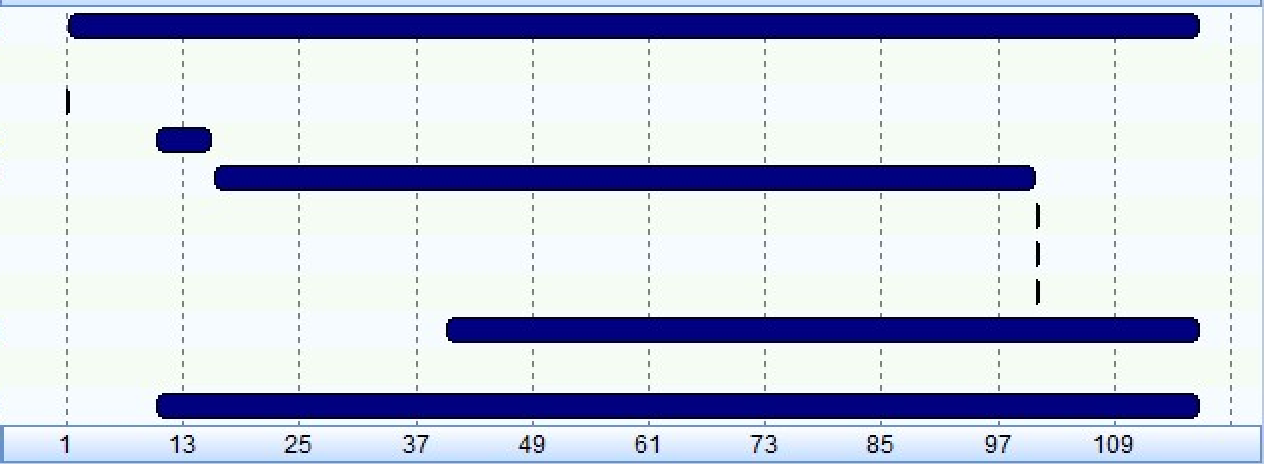
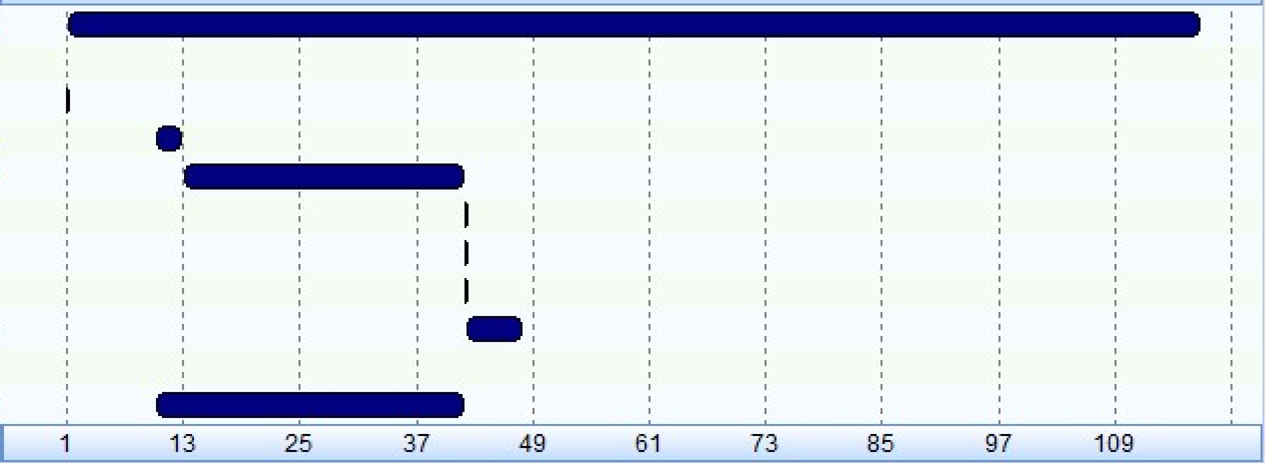


Woking FC Site & Egley Road Site Viability Appraisal
Sensitivity with 2.63% pa Growth

Phase 2. Egley Rd Site

	Start Date	Duration	End Date
Project	Aug 2019	117 Month(s)	Apr 2029
Purchase	Aug 2019	0 Month(s)	
Pre-Construction	May 2020	3 Month(s)	Jul 2020
Construction	Aug 2020	29 Month(s)	Dec 2022
Post Development	Jan 2023	0 Month(s)	
Letting	Jan 2023	0 Month(s)	
Income Flow	Jan 2023	0 Month(s)	
Sale	Jan 2023	6 Month(s)	Jun 2023
Cash Activity	May 2020	32 Month(s)	Dec 2022



Woking FC Site & Egley Road Site Viability Appraisal
Sensitivity with 2.63% pa Growth

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales	Adjustment	Net Sales
Kingfield - Block 1 - Affordable Housing	190	131,707	394.82	273,684	52,000,000	0	52,000,000
‡ Kingfield - Block 2	277	167,172	464.97	280,612	77,729,607	12,878,602	90,608,209
‡ Kingfield - Block 3	138	83,685	483.42	293,153	40,455,120	7,531,168	47,986,288
‡ Kingfield - Block 4	211	132,084	489.76	306,582	64,688,800	14,397,065	79,085,865
‡ Kingfield - Block 5	231	142,998	490.70	303,760	70,168,600	17,872,794	88,041,394
Totals	**1,047**	**657,646**			**305,042,127**	**52,679,629**	**357,721,756**

Rental Area Summary	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Ground Rents Block 2	277	104	28,800	28,800
Ground Rents Block 3	138	105	14,525	14,525
Ground Rents Block 4	211	110	23,175	23,175
Ground Rents Block 5	231	110	25,325	25,325
Totals	**857**		**91,825**	**91,825**

Investment Valuation

Ground Rents Block 2					
Current Rent	28,800	YP @	3.5000%	28.5714	822,857
Ground Rents Block 3					
Current Rent	14,525	YP @	3.5000%	28.5714	415,000
Ground Rents Block 4					
Current Rent	23,175	YP @	3.5000%	28.5714	662,143
Ground Rents Block 5					
Current Rent	25,325	YP @	3.5000%	28.5714	723,571
					2,623,571

GROSS DEVELOPMENT VALUE			**360,345,327**
Purchaser's Costs	6.80%	(178,403)	
			(178,403)
NET DEVELOPMENT VALUE			**360,166,924**

Woking FC Site & Egley Road Site Viability Appraisal
Sensitivity with 2.63% pa Growth

NET REALISATION				**360,166,924**
OUTLAY				
CONSTRUCTION COSTS				
Construction	**Units**	**Unit Amount**	**Cost**	
Stadium	1 un	21,000,000	21,000,000	
David Lloyd	1 un	9,000,000	9,000,000	
Totals			**30,000,000**	
	ft²	**Rate ft²**	**Cost**	
Kingfield - Block 1 - Affordable Housing	171,749 ft²	209.00 pf²	35,895,541	
Kingfield - Block 2	210,650 ft²	209.00 pf²	44,025,850	
Kingfield - Block 3	106,003 ft²	209.00 pf²	22,154,627	
Kingfield - Block 4	164,505 ft²	209.00 pf²	34,381,545	
Kingfield - Block 5	177,669 ft²	209.00 pf²	37,132,821	
Egley - Town Houses	61,031 ft²	130.00 pf²	7,934,030	
Totals	**891,607 ft²**		**181,524,414**	**211,524,414**
Contingency		5.00%	11,393,096	
Demolition			300,000	
Site clearance			250,000	
External works			5,500,000	
CIL Stadium			46,373	
CIL Block 1			565,941	
CIL Block 2			2,511,899	
CIL Block 3			1,759,533	
CIL Block 4			2,510,795	
CIL Block 5			3,104,353	
SAMM			515,449	
				28,457,439
Other Construction				
Underground Car Parking			6,207,500	
Undercroft Car Parking			4,080,000	
				10,287,500
PROFESSIONAL FEES				
Professional fees - Kingfield Rd		10.00%	21,911,178	
Professional fees - Egley Rd		8.00%	1,611,459	
				23,522,636

Woking FC Site & Egley Road Site Viability Appraisal
Sensitivity with 2.63% pa Growth

DISPOSAL FEES					
Sales Agent and Marketing		3.00%	9,166,301		
Sales Legal Fee		0.50%	1,787,717		
				10,954,017	
FINANCE					
Debit Rate 3.250% Credit Rate 0.000% (Nominal)					
Total Finance Cost				15,670,108	
TOTAL COSTS				**300,416,114**	
PROFIT					
				59,750,810	
Performance Measures					
Profit on Cost%		19.89%			
Profit on GDV%		16.58%			
Profit on NDV%		16.59%			
Development Yield% (on Rent)		0.03%			
Equivalent Yield% (Nominal)		3.50%			
Equivalent Yield% (True)		3.58%			
IRR		11.44%			
Rent Cover		650 yrs 8 mths			
Profit Erosion (finance rate 3.250%)		5 yrs 7 mths			

‡ Inflation/Growth applied

Growth on Sales		**Ungrown**	**Growth**	**Total**
Kingfield - Block 2	Growth Set 1 at 2.630%	77,729,607	12,878,602	90,608,209
Kingfield - Block 3	Growth Set 1 at 2.630%	40,455,120	7,531,168	47,986,288
Kingfield - Block 4	Growth Set 1 at 2.630%	64,688,800	14,397,065	79,085,865
Kingfield - Block 5	Growth Set 1 at 2.630%	70,168,600	17,872,794	88,041,394