



Subject:

Sefton Local Plan Examination

Site/Proposal:

Policies/Site MN2.49/MN5: Land South of Formby Industrial Estate

Representor:

St Modwen/Hugh McAuley - Representor No. 446

Date:

February 2016

Client:

St Modwen and Hugh McAuley

Reference:

Formby Viability Submission

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Appendices

Appendix 1 – Colliers International - Development Appraisal - Policy MN5 – Land South of Formby Industrial Estate – High Level Appraisal of Mixed Use Development Scheme. Report Date: 30th January 2016

1.0 Introduction

- 1.1 This statement has been prepared by DPP and Colliers International on behalf of St Modwen and Hugh McAuley - Representor 446 ("Representor") in connection with the Sefton Local Plan Examination in support of Policies/Site MN2.49/MN5 – Land South of Formby Industrial Estate ("Site").
- 1.2 The Examination Site Specific Session on the Site took place on 14th January 2016 (under Matter 9 – Housing and Employment Site Allocations). One of the Inspector's Key Questions on the Site was: *'To what extent will viability be dependent on cross subsidy by non-B Class uses?'*
- 1.3 During the round table discussion on this topic the Inspector raised concerns about viability assumptions made in *'EX23: Briefing Note on Site MN5 - Land South of Formby Industrial Estate by Keppie Massie dated December 2015.'* Specifically that the employment and sport and recreation uses might only be viable if cross subsidised (enabled) through a substantial amount of retail development.
- 1.4 This statement considers the need for enabling development including whether the assumptions presented in EX23 remain valid, i.e., is the amount of retail development presented there necessary to deliver the required amounts of employment and sport and recreation uses or would a lesser amount and/or a more restricted format suffice.

2.0 Origins of Policies/Site MN2.49/MN5 and Need for Enabling Development

- 2.1 Since 2012 Hugh McAuley has wished to develop new high quality sport and recreation facilities at the Site, including a new ground for Formby Football Club, a vision he shared with the Council. His interest in this initiative is influenced by him being the owner of Formby Football Club, which historically played at the Site but now has to play games off-site, and because he operates an existing sports facility there. This is through his company Formby Play Sports Ltd. The facilities comprise recently constructed 3G 5-a-side pitches and older grass pitches used for football and other sports. The quality of grass pitches and changing rooms is poor.
- 2.2 The Council recognised the site's potential for sport and recreation and also employment uses and as such considered allocating it for development through the Sefton Local Plan. Such an allocation would also assist in the delivery of other strategic objectives.
- 2.3 Previous viability work undertaken on behalf of Hugh McAuley confirmed that with an element of enabling development the employment and sport and recreation uses would be viable.
- 2.4 When the Site was first promoted as a Draft Strategic Allocation in the Sefton Local Plan the split of uses to be delivered through Policies/Site MN2.49/MN5 was more carefully and specifically defined – 10 ha gross employment and 5 ha of sport and recreation facilities. As the total site area is circa 17.5 ha the residual 2.5 ha was seen as offering potential for other uses/activities, including those that might be required for the purposes of creating viability.
- 2.5 It is acknowledged that retailing and leisure were historically seen and remain the most appropriate uses given values created. They are also uses that can complement employment and sport and recreation uses.
- 2.6 The confirmed involvement of St Modwen has created certainty about the future deliverability of the site. With St Modwen as the master developer for the site it has also been possible to add further detail on the type and viability of the employment elements of the overall scheme and since its appointment it has undertaken fresh market testing. The results of this have provided new information about the likely market conditions and demand for the new employment accommodation. This knowledge has also now been used to further inform and refine the viability position.

- 2.7 In addition, the selection of St Modwen means that Hugh McAuley now has a better knowledge of the level of investment he can expect from the developer, which importantly he will be able to use to match fund grant assistance from the likes of the Football Association and Sport England. This will influence any decision on the range and quality of sport and recreation facilities that can be promoted at the site.
- 2.8 In connection with this we can confirm that since 2012 Hugh McAuley has been in discussion with bodies that provide match funded grants for projects of this type. They include: The Sport England Match Funding Fund; The Sport England Inspired Facilities Fund; The Sport England Small Grants Fund; The Football Association; The Veolia Environmental Trust Fund; The Awards for All Fund; The Bernard Sunley Foundation Fund; Cash for Clubs Fund; The Peoples Postcode Trust Fund.
- 2.9 This process started around 2012 but it will only be possible to make a formal application for funding and have it confirmed once the project is confirmed through an allocation and subsequently a planning permission. This also assumes that matched funding is in place.
- 2.10 We go onto confirm in the following section what this means for the type and amount of enabling development that will be required to see the Draft Strategic Allocation delivered as per the terms of Policy MN5.

3.0 Current Assumptions on Need for Enabling Development

- 3.1 Once the new sports and recreation facilities have been developed, the business running them is anticipated to be a viable going concern. However, as has been established through previous work on the viability of developing the Site for these and employment uses, the costs associated with providing these uses, including necessary infrastructure, are such that some form of enabling development will be required to achieve overall viability.
- 3.2 Property market conditions have improved markedly in the last couple of years following the low levels of demand and poor financial viability that were the hallmarks of the recession. However, developing employment uses in a location like Formby raises challenges due to lower rental and capital values and barriers created by high infrastructure costs associated with bringing forward sites. As such, it is unsurprising that some form of enabling development will be required to facilitate the bringing forward of this Site.
- 3.3 The types of uses that might create sufficient profit to perform as effective enabling developments are fairly limited. Retail and leisure uses and their related markets remain some of the most effective sources of development cross subsidy in many locations.
- 3.4 As far as this Site is concerned, its prominent and accessible location adjacent to Formby by-pass and being in close proximity to Formby Town Centre mean that it could be an attractive proposition to a range of retail and leisure operators. As such, these markets are seen as offering the most effective route to enabling the development of the desired employment and sport and recreation uses on the main part of the Site.
- 3.5 In order to effectively bring forward large, mixed use schemes of the type envisaged, it is essential to have a developer with the experience and resources required to sustain a development programme that could run to many years. St Modwen is one of the UK's leading regeneration and development specialists and their association with this Site, particularly as they will be the master developer, is a major attribute that will help to ensure it is brought forward effectively, appropriately and quickly.
- 3.6 As the person behind the proposed sport and recreation facilities for the site, working with St Modwen, Hugh McAuley has been in discussion for some time with various organisations that have expressed an interest in providing funding for these elements of the overall scheme. Whilst such funding cannot be formally confirmed at this stage, he has received indications that funding

of up to £1 million may be made available by bodies like the Football Association and Sport England. Under its agreement with Hugh McAuley for the purchase of the site St Modwen will match, equally, any funding of this type that can be secured, meaning that a total of £2 million of funding could be secured to assist these uses.

- 3.7 In December 2015 Keppie Massie (“KM”) submitted a briefing note reviewing the viability of the potential development of the subject Site based on the allocations being proposed. The viability assessment assumed that no grant funding was provided towards the cost of undertaking the development. The work identified that on this basis the allocation was viable but relied upon enabling development, without specifying the minimum amount of enabling development that was likely to be required. Colliers International has reviewed that document and with the benefit of further information from St Modwen have prepared a viability assessment that establishes what the minimum level of enabling development might be and more specifically the form and nature that it may take. The assessment also includes an allowance for the grant funding that it is anticipated will be obtained towards the cost of the new sports facilities.
- 3.8 Accordingly, Colliers International have prepared an update of the type of development appraisal outlined in KM’s December 2015 Briefing Note, which is attached at **Appendix 1**. This seeks to remodel the assumed land uses to show the level and type of retail development that might be required to effectively cross subsidise the development so that the employment and sports uses can be brought forward, whilst the developer achieves a market accepted return level of 15% on cost and the land owner receives an appropriate receipt via the land price.
- 3.9 The appraisal attached at **Appendix 1** is based on a wide range of assumptions as is inevitably required at this early stage of the development process. For clarity and ease of reference, the various inputs to the appraisal are explained in brief detail below:-
- 3.9.1 **Programme** – After a pre-construction period of 2 years, the retail and sport and recreation facilities are assumed to be developed and completed within an 18 month phase. This is based on the pre-leasing taking place in the pre-construction phase. The employment land is assumed to be developed and sold in equal phases over a 10 year programme reflecting the anticipated levels of annual take up.
- 3.9.2 **Employment Space** – Anticipated as being a mix of B1, B2 and B8 uses, a total of 430,556 sq ft (40,000 sq m) is assumed to be developed as per the KM appraisal. It is assumed to be let at a blended rent of £6 per sq ft, which is an estimate based on higher rates per sq ft for small units and lower rates for larger ones. The rent is capitalised at 7.5%, giving an equivalent

sale rate of circa £75 per sq ft.

- 3.9.3 **New Football Club** – The new entity will be a viable going concern and is therefore assumed to be capable of paying a market rent. For the purposes of this appraisal, Colliers International have adopted the same low rate of £25,000 per annum used by KM, which is then capitalised at 8%.
- 3.9.4 **Retail (Restricted)** – The model assumes that 60,000 sq ft (5,574 sq m) of retail space is developed with restrictions imposed by the Council to control occupation and use thus limiting possible effects on nearby centres in so far as is actually necessary. Based on some form of use restriction, an average rent of £15 per sq ft is assumed with a capitalisation yield of 6.25%.
- 3.9.5 **Retail (Unrestricted/Convenience)** – The model assumes that 20,000 sq ft (1,858 sq m) of unrestricted A1 retail space is developed to cater for some of the demand that is anticipated from the discount food sector and those open A1 retailers who want to trade in Formby, but cannot find space of the size and type they require in the Town Centre, which is virtually fully occupied. The lack of a use restriction means this element is assumed to achieve a better capitalisation rate of 5.75%.
- 3.9.6 **Other Leisure Uses** – The location of the site adjacent to the Formby by-pass and new sport and recreation facilities means that demand is to be expected from family orientated public house operators and other food and drink operators perhaps including drive thru restaurants and coffee shop operators. Direct site sales are assumed for these sectors.
- 3.9.7 **Additional Revenue** – This section includes the third party funding for the sports facilities described above including the match funding from St Modwen. It also includes the construction cost reduction included in the White Young Green (WYG) cost plan described below to reflect the economies that they think would be achieved in their costs from overlapping elements of the project.
- 3.9.8 **Construction Costs** – KM’s December 2015 Briefing Note included a cost plan provided by WYG, with their construction costs understood to include professional fees. In general, those costs have been adopted in Colliers’ appraisal as they are felt to be reasonable estimates, except where commented below.
- 3.9.9 **Other Construction** – WYG provided a breakdown of their cost assumptions for the football and other sports facilities. These costs have been adopted in the appraisal, but WYG appear

- to have double counted some elements such as car parking and they have assumed that two sets of facilities would be needed for each 3G pitch, whereas in reality only one stand etc. is required for the main football pitch. The costs have therefore been adjusted accordingly.
- 3.9.10 **Professional Fees** – As specified above, these are understood to be included in the construction rates per sq ft provided by WYG.
- 3.9.11 **Marketing and Letting** – Alongside a marketing budget, standard fees have been allowed for letting each relevant element.
- 3.9.12 **Disposal Fees** - Market standard fees have been allowed for selling each relevant element.
- 3.9.13 **Additional Costs** – The same cost as the KM appraisal has been allowed for a new junction onto the by-pass.
- 3.9.14 **Rent Free Costs** – Each commercial element of the scheme will require some incentives to attract tenants. Colliers’ assumptions of the equivalent rent free periods required to let the space based on current market conditions are shown.
- 3.9.15 **Finance** – Interest at a rate of 6% is allowed as a cost for the developer financing debit balances on the development cash flow to the point that sales occur to offset those costs.
- 3.10 Based on the wide range of assumptions adopted, Colliers International’s appraisal suggests that the type of scheme assumed could offer the developer a 15% return on cost whilst giving the land owner a capital receipt of circa £2,130,375 for the land. This is the same assumption on land price as used in KM’s previous appraisal and is based on a rate of £50,000 per acre. It is assumed to be paid at the end of the pre-construction phase once a detailed planning consent has been achieved.
- 3.11 In addition, the appraisal suggests a potential surplus land price in the form of the Residualised Price of circa £2.24 million. This surplus provides a degree of contingency for the various appraisal inputs and if not needed would further reduce the level of cross funding potentially required for the final scheme.
- 3.12 This appraisal is based on a reduced amount of retail space (37% less) compared to the KM report – 80,000 sq ft as opposed to KM’s 127,035 sq ft; and importantly it also assumes that 75% of that reduced total has some form of use/occupation restriction imposed by the Council following proper assessment of the main planning application for the site once it is submitted at some point

in the future.

- 3.13 Clearly, this appraisal must be caveated by Colliers International as being indicative only as it is not based on a specific scheme of development or the usual due diligence that a developer and they would undertake when bringing forward an actual scheme. It is however based on their detailed market knowledge and experience and is therefore seen as a good high level indication of the potential viability of the type of scheme being assessed.
- 3.14 In conclusion, this appraisal suggests that that 10 ha gross of employment development plus 5 ha of sport and recreation facilities, including a new Grade F ground for Formby FC, can be enabled by a much reduced amount of retail space and that a large element of that space would be provided in a restricted form, together with some food and drink uses.

4.0 Suggested Changes to Policy MN5

4.1 The following suggested changes to Policy MN5 are designed to make the policy clearer with regard to the circumstances when enabling development might be considered appropriate; and if promoted in the form of a town centre use like retail what policy tests would need to be satisfied for the development to be regarded as supportable. We understand the proposed changes have been agreed at officer level by the Council.

4.2 With regard to the changes proposed below we can confirmed that the black font text elements reflect the policy as originally drafted; the blue font reflects changes already promoted as minor modifications; and red font confirms additional changes proposed by DPP to deal with enabling development.

MN5 LAND SOUTH OF FORMBY INDUSTRIAL ESTATE

1. Land south of Formby Industrial Estate is allocated as a 'Strategic Employment Location' (as shown on the Policy Map). Development of this site must:

- a) Provide a new ground and related facilities capable of accommodating a re-formed Formby Football Club, which should be developed to an appropriate standard in the context of the Football Association's Category F Grading Standards.
 - b) Provide a minimum of 5 hectares of sports and recreation facilities, inclusive of the facility for a reformed Formby Football Club. This must include replacement sports pitches, including two full size 3G pitches, and outdoor recreational facilities. ~~available for community use.~~ All sports and recreation facilities must be made available for community use.
 - c) Provide a minimum of 7 hectares net (10 hectares gross) of employment land, for the uses specified in Policy MN2.
 - d) ~~The development of other uses on residual land may be acceptable where they are necessary to enable/cross subsidise the delivery of the other uses set out above.~~ Other uses might be considered appropriate if it can be demonstrated through a viability appraisal they are necessary to deliver the employment and sport and recreation uses envisaged for the site. Only the level of cross subsidising development required to make the employment and sport and recreation uses viable will be supported. Any proposed main town centre uses as defined in NPPF particularly retail and leisure developments must satisfy impact and sequential tests set out in the Framework and other relevant policies of this Local Plan particularly Policy ED2.
 - e) Provide new accesses onto the Formby Bypass and Altcar Road
 - f) Provide improved connections to the wider highway network, including provision for walking, cycling and public transport
 - g) Ensure that the development does not increase flood risk elsewhere, and that flood risk is managed effectively and appropriately within the site including use of sustainable drainage systems
 - h) Provide a landscaping framework, appropriate tree planting, and a buffer alongside Downholland Brook, and
 - i) Provide biodiversity enhancements including maintaining habitat connectivity along existing watercourses.
 - j) Any floodlighting needs to be sensitively designed, be timed to switch off, be well-cowled and not in use every night
2. The above requirements will be achieved through the use of planning conditions, Section 106 and other legal agreements as appropriate.

3. The phasing of the developments supported under this allocation must be agreed in writing with the Council through a phasing plan/strategy. ~~Any uses necessary to cross subsidise the delivery of a serviced business park for B1, B2 and B8 uses must be phased so that proposed business park and sport and recreation uses are delivered~~

~~in tandem with uses that are cross-subsidising them.~~ Any uses required to enable/cross subsidise the delivery of the employment and sports and recreation uses must be phased so that they are delivered after or in tandem with the employment and sports and recreation uses.

Key policy links

- MN1 Housing and Employment Requirements
- MN2 Housing, Employment, and Mixed Use Allocations

Explanation

6.54 This site is identified as a 'Strategic Employment Location' under Policy MN2. Its development will provide a new stadium capable of accommodating a re-formed Formby Football Club, replacement sports pitches, new recreational facilities, and a minimum of 7 hectares (net) of employment land.

6.55 A significant part of the site is in Flood Zone 3. However, the allocation of this site is justified as it offers the only opportunity to provide a new stadium for a re-formed Formby Football Club. In addition, the development of the site will provide new high quality sports pitches and recreational facilities for community use. When taken together with site to the north of the Formby Industrial Estate (Policy MN4), there are also no alternative sites to fully meet North Sefton's employment needs over the Plan period.

6.56 The new sports ground should be constructed to the specification of the Football Association's Category F Ground Grading. Full details of this standard are available to download from the Football Associations website. In summary, a Category F ground must provide:

- Standing or seating for spectators on 3 sides of the ground
- A clubhouse
- Adequate car parking and floodlighting

6.56A In the event it can be demonstrated that the employment and sport and recreation related uses are not viable, including whether promoted on their own or in tandem, the Council will consider supporting other uses on residual land that have the potential to cross subsidise the main uses required under the policy. The need for cross subsidising uses will only be accepted if the developer can demonstrate this through a detailed viability appraisal. Any developments that are promoted as cross subsidising uses will only be supported if restricted to the minimum amount required to make the employment and sport and recreation uses viable, including the cost of necessary infrastructure. Town centre uses as defined in NPPF and Local Plan Policy ED2, particularly retail and leisure uses, will only be supported if they are of a type, scale and format that means they will not adversely impact on any of the Borough's defined shopping centres particularly the nearest centre, Formby. If necessary retail uses will be restricted through use of planning conditions. It will also be necessary for such uses to satisfy the sequential test as set out in NPPF and Policy ED2.

6.56AB The proposed restrictions in criterion 1j) on floodlighting are required to ensure that any light spillage offsite is minimised throughout the winter period to ensure that it has the minimum impact on the adjacent feeding grounds for overwintering birds and bat use of the river corridor.

5.0 Conclusions

- 5.1 With St Modwen as the master developer for the site it has been possible to add further detail on the type and viability of the employment elements of the overall scheme, including what they might comprise and what market interest there is likely to be for such development.
- 5.2 In addition, Hugh McAuley has a better knowledge of the facilities and the level of investment he can expect from St Modwen, which importantly he will be able to use to match fund grant assistance from the likes of the Football Association and Sport England.
- 5.3 Once the new sports and recreation facilities have been developed, the business running them is anticipated to be a viable going concern. However, as has been established through previous work on the viability of developing the Site for these and employment uses, the costs associated with providing these uses, including necessary infrastructure, are such that some form of enabling development will be required to achieve overall viability.
- 5.4 Work by Colliers International suggests that that 10 ha gross of employment development plus 5 ha of sport and recreation facilities, including a new Grade F ground for Formby FC, can be enabled by a much reduced amount of retail space to that envisaged by KM, and that a large element of that space would be provided in a restricted form, together with some food and drink uses.
- 5.5 Changes to Policy MN5 could make the policy clearer with regard to the circumstances when enabling development might be considered appropriate; and if promoted in the form of town centre uses like retail what policy tests etc. would need to be satisfied for the development to be regarded as supportable.

Appendix 1

Colliers International - Development Appraisal - Policy MN5 – Land South of Formby Industrial Estate – High Level Appraisal of Mixed Use Development Scheme. Report Date: 30th January 2016

Colliers International

Development Appraisal

POLICY MN5 - LAND SOUTH OF FORMBY INDUSTRIAL ESTATE

High Level Appraisal of Mixed Use Development Scheme

Land South of Formby Industrial Estate
Formby

Report Date: 30 January 2016

Prepared by Greg Styles - Colliers International

POLICY MN5 - LAND SOUTH OF FORMBY INDUSTRIAL ESTATE
High Level Appraisal of Mixed Use Development Scheme

Timescale (Duration in months)

Project commences Jan 2016

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Jan 2016				
Pre-Construction	24	Jan 2016	Dec 2017	Purchase	End	0
Retail and Football	18	Jan 2018	Jun 2019	Pre-Construction	End	0
Employment Space	120	Jul 2019	Jun 2029	Retail and Football	End	0
Phase End		Jul 2029				
Phase Length	162					

Project Length 163 (Includes Exit Period)

Assumptions

Expenditure

- Professional Fees are based on Construction
- Purchaser's Costs are based on Gross Capitalisation
- Purchaser's Costs Deducted from Sale (Not added to Cost)
- Sales Fees are based on Net Capitalisation
- Sales Fees Added to Cost (Not deducted from Sale)

Receipts

- Show tenant's true income stream Off
- Offset income against development costs Off
- Rent payment cycle Quarterly (Adv)
- Apply rent payment cycle to all tenants On
- Renewal Void and Rent Free apply to first renewal only Off
- Growth starts from lease start date Off
- Deduct Ground Rent from Stepped Rent, On

- Initial Yield Valuation Method Off
- Default Capitalisation Yield 0.0000%
- Apply Default Capitalisation to All Tenants Off
- Default stage for Sale Date Off
- Align end of income stream to Sale Date Off
- Apply align end of income stream to all tenants On
- When the Capital Value is modified in the cash flow Recalculate the Yield
- Valuation Tables are Annually in Arrears
- Deduct Post-Sale TI Costs & Lease Comm. from Cap. Value Off
- Rent Free method Deduct a proportion of MRV
- Add Rent Free to Costs

Finance

- Financing Method Basic (Interest Sets)
- Interest Compounding Period Quarterly
- Interest Charging Period Monthly
- Nominal rates of interest used
- Calculate interest on Payments/Receipts in final period Off
- Include interest and Finance Fees in IRR Calculations Off
- Automatic Inter-account transfers Off
- Manual Finance Rate for Profit Erosion Off

Calculation

- Site Payments In Arrears
- Other Payments In Arrears
- Negative Land In Arrears
- Receipts In Advance

- Initial IRR Guess Rate 8.00%
- Minimum IRR -100%
- Maximum IRR 99999%
- Manual Discount Rate Off
- IRR Tolerance 0.001000

POLICY MN5 - LAND SOUTH OF FORMBY INDUSTRIAL ESTATE
High Level Appraisal of Mixed Use Development Scheme

Assumptions

Letting and Rent Review Fees are calculated on	Net of Deductions
Development Yield and Rent Cover are calculated on	Rent at Sale Date(s)
Include Tenants with no Capital Value	On
Include Turnover Rent	Off
Net of Non-Recoverable costs	On
Net of Ground Rent deductions	On
Net of Rent Additions/Costs	On
Leasing Commissions are calculated	After Non-Recoverable cost deductions
	For the First Term of the lease only

Value Added Tax

Global VAT Rate	0.00%
Global Recovery Rate	0.00%
Recovery Cycle every	2 months
1st Recovery Month	2 (Feb 2016)
VAT Calculations in Cash Flow	On

Residual

Land Cost Mode	Part Fixed / Part Residual
Multi-Phasing	Separate Land Residual for each phase
Target Type	Profit on Cost

Phase Number	Target Value	Locked Value	Treat Neg Land as Revenue
Phase 1	15.00%	No	No

Distribution

Construction Payments are paid on	S-Curve
Sales Receipts are paid on	Single curve
Sales Deposits are paid on	Monthly curve

Interest Sets

Interest Set 1

Debit Rate	Credit Rate	Months	Start Date
6.000%	0.000%	Perpetuity	Jan 2016

Loan Set 1

Debit Rate	Credit Rate	Months	Start Date
0.000%	0.000%	Perpetuity	Jan 2016

Inflation and Growth

Growth Sets

Growth Set 1

Inflation/Growth for this set is calculated in arrears
 This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Jan 2016

Inflation Sets

Inflation Set 1

Inflation/Growth for this set is calculated in arrears
 This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Jan 2016

POLICY MN5 - LAND SOUTH OF FORMBY INDUSTRIAL ESTATE
High Level Appraisal of Mixed Use Development Scheme

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

	Units	ft ²	Rate ft ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Employment Space	1	430,556	£6.00	£2,583,336	2,583,336	2,583,336
New Football Club	1			£25,000	25,000	25,000
Retail - Restricted Consent	1	60,000	£15.00	£900,000	900,000	900,000
Retail - Open A1/Food	1	20,000	£17.00	£340,000	340,000	340,000
Totals	4	510,556			3,848,336	3,848,336

Investment Valuation

Employment Space						
Market Rent	2,583,336	YP @	7.5000%	13.3333	34,444,480	
New Football Club						
Current Rent	25,000	YP @	8.0000%	12.5000	312,500	
Public House - Site Sale						
Manual Value					1,000,000	
Retail - Restricted Consent						
Market Rent	900,000	YP @	6.2500%	16.0000	14,400,000	
Retail - Open A1/Food						
Market Rent	340,000	YP @	5.7500%	17.3913	5,913,043	
Burger Type Drive Thru						
Manual Value					750,000	
Coffee Type Drive Thru						
Manual Value					500,000	
					57,320,023	

GROSS DEVELOPMENT VALUE

Purchaser's Costs 5.80% (3,175,936) 57,320,023

NET DEVELOPMENT VALUE

54,144,087

Additional Revenue

WYG Construction Cost Saving	2,753,392					
3G Pitch Funding Grant	500,000					
Match Funding for 3G Pitch	500,000					
Sports Stadia Improvement Funding	250,000					
Match Funding for Sports Stadia	250,000					
Other Sports Funding	250,000					
Match Funding for Other Funding	250,000					
					4,753,392	

NET REALISATION

58,897,479

OUTLAY

ACQUISITION COSTS

Residualised Price	2,240,594					
Fixed Price	2,130,375					
Total Acquisition	4,370,969					
Stamp Duty	4.00%	174,839				
Agent Fee	1.00%	43,710				
Legal Fee	0.50%	21,855				
					4,611,372	

CONSTRUCTION COSTS

Construction	ft ²	Rate ft ²	Cost	
Employment Space	430,556	£58.90	25,359,748	
Retail - Restricted Consent	60,000	£104.24	6,254,400	
Retail - Open A1/Food	20,000	£104.23	2,084,600	
Totals	510,556		33,698,748	33,698,748

Other Construction

Main Pitches - All Weather	913,546		
Spectator Space	393,600		
Ground Barrier	122,400		
Gates (emergency)	5,000		
Clubhouse	542,500		

POLICY MN5 - LAND SOUTH OF FORMBY INDUSTRIAL ESTATE

High Level Appraisal of Mixed Use Development Scheme

Floodlighting		62,500	
Cabling/controls		30,000	
Car Parking		449,280	
Pitch Barrier		75,440	
Gates (emergency)		2,000	
Trainers Boxes		20,000	
Secure Walkway		6,000	
PA System		6,000	
Entrances		8,000	
Exits		4,000	
Covered Seating		25,000	
Covered Standing		15,000	
Hard Standing		26,240	
Car Parking		1	
Sundry Areas		80,000	
Preliminaries		264,718	
Other Sports/Recreation		354,690	
General Circulation		1,500,000	
General Landscaping		160,000	
Fees (7%) on Other Con Costs		354,614	
Contingency (3%) on Other Con Costs		162,615	
			5,583,144
MARKETING & LETTING			
Marketing		75,000	
Letting Agent Fee	10.00%	382,334	
Letting Legal Fee	4.00%	153,933	
			611,267
DISPOSAL FEES			
Sales Agent Fee	1.00%	570,075	
Sales Legal Fee	0.50%	285,038	
			855,113
Additional Costs			
New Junction to Bypass		150,000	
			150,000
RENT FREE COSTS			
Employment Space	12 mths	2,583,336	
Retail - Restricted Consent	24 mths	1,800,000	
Retail - Open A1/Food	12 mths	340,000	
			4,723,336
FINANCE			
Debit Rate 6.000% Credit Rate 0.000% (Nominal)			
Land		853,897	
Construction		128,317	
Total Finance Cost			982,214
TOTAL COSTS			51,215,195
PROFIT			
			7,682,284

Performance Measures

Profit on Cost%	15.00%
Profit on GDV%	13.40%
Profit on NDV%	14.19%
Development Yield% (on Rent)	7.51%
Equivalent Yield% (Nominal)	6.99%
Equivalent Yield% (True)	7.30%
IRR	21.26%
Rent Cover	1 yr 12 mths
Profit Erosion (finance rate 6.000%)	2 yrs 4 mths