

Valuation Report.

Tangmere Viability Assessment

Prepared for Chichester District Council

Valuation date: 3 March 2023

Important Notice to all readers of this report

Unless you are the Client named within this report, or have been explicitly identified by us as a party to whom we owe a duty of care and who is entitled to rely on this report, Knight Frank LLP does not owe or assume any duty of care to you in respect of the contents of this report and you are not entitled to rely upon it.

**Locally expert,
globally connected.**

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For the attention of Mr Tony Whitter
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Our ref: I:1076824

Date of issue: 03 March 2023

Dear Sirs,

Valuation Report - Tangmere Viability Assessment – produced in connection with paragraph 106 of the Guidance on Compulsory purchase process and The Crichel Down Rules (the “Guidance”).

Further to your instructions, we are writing to provide you with a desktop update report for Tangmere Viability Assessment under previously signed Contract dated 29th January 2020 (attached at **Appendix 1**). The report is being produced in connection with paragraph 106 of the Guidance on Compulsory purchase process and The Crichel Down Rules (the “Guidance”).

We previously provided you with a Valuation Report dated 27th March 2017 and a subsequent update Valuation Report dated 31st January 2020. We detail below only the paragraphs that are notable, for where matters have changed since our previous report. All other details remain the same.

Signed for and on behalf of Knight Frank LLP




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- Appendix 1 Instruction documentation
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Executive summary

This Executive summary is a brief overview of our Valuation Report and must not be relied upon in isolation. It is intended to be read in conjunction with the whole report and is subject to any assumptions, caveats and comments stated within the body of this report.

Address	Tangmere Strategic Development Site, Chichester, West Sussex
Location	<p>The Property is located to the west of Tangmere within the administrative district of Chichester in West Sussex. It sits approximately 2.3 miles to the east of Chichester and 5 miles to the north west of Bognor Regis.</p> <p>The location plan is depicted in Section 2.1 of this report.</p>
Description	<p>The Property comprises several parcels of land owned by a variety of landowners which together make up the Tangmere Strategic Development Site. It occupies a total site area of approximately 76.6 hectares (189 acres) (areas taken from Promap).</p> <p>Since our previous valuation, we understand that the Client is pursuing a second compulsory purchase order (CPO2) for the Property in order to correct a boundary error for a small segment of land for access to the site. The updated site boundary largely mirrors the site plan outlined in our update valuation report dated 31st January 2020, with the addition of the small plots to the north of the property numbered 19A-F.</p> <p>The updated site boundary plan is depicted in Section 2.8 of this report.</p>
Tenure	<p>Freehold. We understand that the site comprises several parcels of land under separate ownerships and that a one metre wide control strip exists bisecting the Property from east to west.</p> <p>We are advised by the Client that CPO1 was confirmed on 11 November 2021 and became operative on 23 December 2021 and therefore the Council now has compulsory purchase powers over all plots except those being added by CPO2 (plots 19A-F).</p> <p>In our valuation we have assumed that the Client owns the unencumbered freehold interest in the entire Property.</p>
Planning	<p>We are advised by the Client that an outline planning application reference number 20/02893/OUT has been submitted for a mixed-use development comprising up to 1,300 dwellings and that the Council resolved to grant the outline planning permission on 31st March 2021, subject the signing of a Section 106 Agreement.</p> <p>We understand that the S106 is in its final stages of preparation and that the Developer is expecting to start site investigations in September 2023.</p>
Proposed development	We understand that a detailed design stage at the Property will be reached through future reserved matters application(s) however, we have been provided with the Masterplan, which forms part of the outline planning application and sets out the framework masterplan

for the subject site. As instructed by you, our update Viability Assessment is based upon proposals in the planning application.

The proposal is for a mixed-use development comprising up to 1,300 homes, with education, retail, community facilities and open space and green infrastructure delivered on the site extending to approximately 76.0 hectares.

Valuation considerations

- We have valued the Property on a special assumption that the Client owns the unencumbered freehold interest in the entire Property.
- Large scale new build development with potential capacity for up to 1,300 houses with accompanying facilities.
- Resolution to Grant outline planning permission for 1,300 dwellings, subject to signing the S106. We understand that the S106 is in its final stages of preparation and that the Developer is expecting to start site investigations in September 2023.
- We have valued the Property on a special assumption that the S106 Agreement has been completed and full planning permission granted.
- In close proximity to Chichester and its amenities.
- Excellent road connections.
- Strong residential market in the surrounding area.

Valuation date

3 March 2023

Market value - special assumptions

Market Value - special assumptions

We are of the opinion that the Market Value of the freehold interest in the property on special assumptions outlined below, at the Valuation date is:

£30,600,000 (Thirty Million and Six Hundred Thousand Pounds)

Special Assumptions

- A special assumption that the Property is vacant.
- A special assumption that the Client owns the unencumbered freehold interest in the entire Property.
- A special assumption that S106 Agreement has been completed and full planning permission granted.
- A special assumption that the Developer will commence the development immediately on grant of the Order.

This valuation is in accordance with the requirements of the Guidance and on the basis that special assumptions above, do not represent the Market Value of the property and the purpose for which this figure is used, should be carefully considered.

1. Terms of engagement

Engagement of Knight Frank LLP

- 1.1 We refer to our signed Contract dated 29th January 2020 (together the “Agreement”) to provide a valuation report on Tangmere Viability Assessment, as enclosed within **Appendix 1**.

Client

- 1.2 We have been instructed to prepare the Valuation by Chichester District Council (the “Client”).

Valuation standards

- 1.3 This valuation has been undertaken in accordance with the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the “Red Book” refer to either or both of these documents, as applicable. As required by the Red Book, some key matters relating to this instruction are set out below.

Independence and expertise

Disclosure of any conflicts of interest

- 1.4 We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation.

Valuer and expertise

- 1.5 The valuer, on behalf of Knight Frank LLP, with the responsibility for this report is Andrew Johnston MRICS, RICS Registered Valuer. Parts of this valuation have been undertaken by additional valuers as listed on our file.
- 1.6 We confirm that the valuer and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.
- 1.7 For the purposes of the Red Book, we are acting as External Valuers, as defined therein.
- 1.8 This report has been vetted as part of Knight Frank LLP’s quality assurance procedures.

Use of this Valuation

Purpose of valuation

- 1.9 This Valuation is provided to support the Client in the compulsory purchase of the Property (the “Purpose”) only and may not be used for any other purpose without our express written consent.

Reliance

- 1.10 This Valuation has been prepared for the Client only.
- 1.11 No other person is entitled to rely on the Valuation for any purpose. We accept no liability to anyone for any improper or unauthorised reliance on this Valuation.

Disclosure & publication

- 1.12 The Valuation has been prepared for the Client and in accordance with the Agreement which governs its purpose and use. As stated in the Agreement, this Valuation is confidential and must not be disclosed to any person other than the Client without our express written consent. Nor may the whole nor any part of this valuation nor any reference thereto may be included in any prospectus, listing particulars, published document, circular or statement nor published in any way without our prior written approval of the form or context in which it may appear.

Limitations on liability

- 1.13 Knight Frank LLP's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of the Agreement. Knight Frank LLP accepts no liability for any indirect or consequential loss or for loss of profits.
- 1.14 We confirm that we hold adequate and appropriate PII cover for this instruction.
- 1.15 No claim arising out of or in connection with this Valuation may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
- 1.16 Nothing in this Valuation shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

Scope of work**Restrictions on the scope of work**

- 1.17 You have instructed us to undertake a restricted service, namely that we will not re-inspect the property. You should note that this limits the extent to which reliance can be placed upon our valuation report. The property was previously inspected on 16 December 2016, as part of the original valuation report. This was carried out by Katherine Harris RICS Registered Valuer.

Information provided to us which we have relied upon

- 1.18 In this report we have been provided with information by yourselves and Countryside Properties (UK) Limited ("Countryside"). We have relied upon this information as being materially correct in all aspects.
- 1.19 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Investigations carried out by us

- 1.20 In carrying out this Valuation we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this information as being accurate and complete.

2. The Property

Location

Situation

- 2.1 As can be seen from the plan below, the Property is located to the west of Tangmere within the administrative district of Chichester in West Sussex. It sits approximately 2.3 miles to the east of Chichester and 5 miles to the north west of Bognor Regis. Immediately to the south of the site lies the village of Oving with the village of Boxgrove to the north separated by the A27.



Location plan (Crown Copyright. All rights reserved. Licence number 100022432)

- 2.2 The Property is bordered to the north by the A27, a major road which runs from Whiteparish, near Salisbury, to the west to Pevensey, near Eastbourne, to the east. Tangmere Road (B2144) runs along the southern border of the site linking the A27 to the Chichester Bypass.
- 2.3 The street plan below shows the location of the Property.



Street Plan (Crown Copyright. All rights reserved. Licence number 100022432)

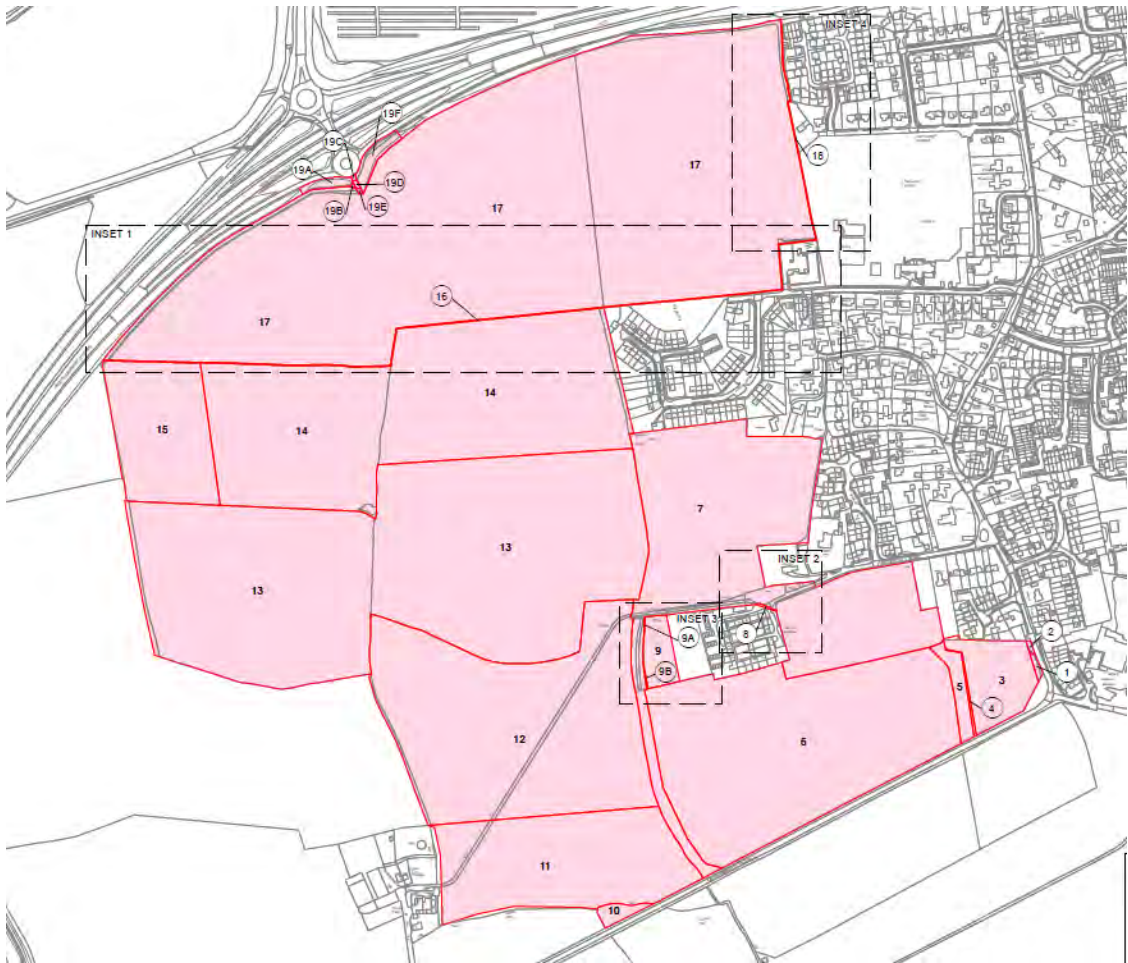
Site

Site area

- 2.4 The Property comprises several parcels of land owned by a variety of landowners, which together make up the Tangmere Strategic Development Site.
- 2.5 It occupies a total site area of approximately 76.0 hectares (188 acres) (areas provided by Countryside).
- 2.6 Since our previous valuation, we understand that the Client is pursuing a second compulsory purchase order (CPO2) for the Property in order to correct a boundary error for a small segment of land for access to the site.
- 2.7 The updated site boundary largely mirrors the site plan outlined in our update valuation report dated 31st January 2020, with the addition of the small plots to the north of the property numbered 19A-F.

Site plan

- 2.8 The property is identified on the plan below, showing the boundary outlined in red.



Source: The Client

Description

- 2.9 From our previous valuation we note that the site currently comprises undeveloped agricultural land used for arable farming and is underlain by rich soils. There is further agricultural land lying to the south and west with residential houses adjoining the site to the east.

Site constraints

Chichester Pipeline

- 2.10 We note from the Environmental Impact Assessment (EIA) Scoping Report dated July 2019 that Southern Water have obtained planning permission to construct the new Chichester Pipeline – a new 10km sewer that will partially run within and alongside the south and west boundaries of the subject site. It is understood that construction of the pipeline commenced on-site in 2019. The construction of the New Chichester Pipeline will require an 8m easement. In our valuation, we have assumed that the proposed development at the Property takes this into account.

Services

- 2.11 No tests have been undertaken on any of the services.
- 2.12 Given the current greenfield nature of the land we have assumed that significant service upgrade works will be required. In our valuation we have assumed that the costs provided to us by Countryside are reflective of the costings required for the service upgrade works.

Legal title

Land register searches

- 2.13 We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

Tenure

- 2.14 From our previous valuation report we note that the site comprises several parcels of land under separate ownerships and that there is a one-meter-wide control strip owned by CS South Limited and CS East Ltd, which runs across the site from east to west and separates a large proportion of the site from the A27.
- 2.15 We are advised by the Client that CPO1 was confirmed on 11 November 2021 and became operative on 23 December 2021 and therefore the Council now has compulsory purchase powers over all plots except those being added by CPO2 (plots 19A-F) as shown in the site plan above.
- 2.16 For the purpose of this report, we have valued the subject property on a special assumption that the entire site is held on a single freehold title and that the Client owns the unencumbered freehold interest in the entire Property. We have further assumed a good and marketable title and that all documentation is satisfactorily drawn, and that there are no issues inhibiting the creation of a cohesive development.
- 2.17 We recommend that our understanding of all legal title issues is referred to your legal advisers for their confirmation that our understanding is correct. It is also particularly important that your legal advisers should be asked to check whether there have been any transactions relating to the Property which reveal price paid information which we should be made aware of.
- 2.18 If any matters come to light as a result of your legal adviser's review of these issues, we request that these matters are referred back to us as this information may have an important bearing upon the values reported.

Changes in legislation affecting ground rents

- 2.19 As of 30th June 2022, the Ground Rent Act 2022 came into force meaning that no new leases will be able to have ground rents attached. We have therefore assumed zero ground rents for the proposed apartments at the Property.

Covenants

- 2.20 We have assumed that the Property is free from any unusual or onerous covenants, restrictions, encumbrances or outgoing.

Rights of way

- 2.21 We have further assumed that the Property is not subject to any unusual or onerous easements of rights of way.

Tenancies**Title assumed for proposed units**

- 2.22 We have assumed that the houses in the proposed scheme will be sold freehold.
- 2.23 We have assumed that the apartments in the proposed scheme will be sold on 250-year leases with zero ground rents and will be subject to a reasonable service charge to cover the repair and maintenance of the buildings, services and common areas.

Vacant possession

- 2.24 We have valued the property on the assumption of vacant possession.

Environmental considerations**Contamination**

- 2.25 Investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank LLP is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.
- 2.26 No environmental investigation has been provided to us however, the Officer's Report to Planning Committee dated 31st March 2021 states that Phase 1 and 2 ground condition report has been submitted completed by Stantec dated September 2020. The report includes Tier 1 and 2 environmental risk assessment and concludes that based on the historic and current land use of the site and the findings of the ground investigations, the potential for site wide contamination to be present at the site is considered to be very low. We understand that Phase 2 land contamination report will be required prior to commencement of the development.
- 2.27 Our valuation is based on the assumption that there are no further issues of contamination which will be an impediment to the development at the Property.

Sustainability**Sustainability**

- 2.28 The issue of sustainability is becoming increasingly important to participants in the property market. There is a general expectation that buildings that minimise environmental impact through all parts of the building life cycle and focus on improved health for their occupiers may retain value over a longer term than those that do not.
- 2.29 The Government has set itself a target to reduce CO₂ emissions by 80% by 2050. With property representing around 50% of total emissions, the sector has become an obvious target for legislation. It

is likely that, as we move towards 2050, energy efficiency legislation for property will become increasingly stringent.

EPCs

1. All properties within the UK require an Energy Performance Certificate (EPC) when bought, sold, built or rented. An EPC measures the asset rating of a building in relation to its energy performance.
 2. The Energy Act 2011 introduced legislation that has made it unlawful to rent a property which has an “F or G” energy efficiency rating. This minimum energy efficiency rating could be made more stringent in the future.
- 2.30 Additionally, residential landlords are not be able to unreasonably refuse consent for certain types of energy efficiency improvements.
- 2.31 As EPC testing is carried out once a property has been constructed, we have not been provided with EPC ratings for the proposed development. As the units will be newly constructed, we assume it will perform very well from an energy performance perspective. Accordingly, our valuation is based on the assumption that the subject property will meet the Minimum Energy Efficiency Standard specified in the extant regulations made under the Energy Act 2011 (minimum E rating) and that there will be no adverse impact on value or marketability.

Sustainability Characteristics

- 2.32 From a value perspective, sustainability is likely to be a long term issue and its relative importance will change over time. Our valuation provides our opinion of value at the valuation date based on market related factors at that date.

Planning

Sources of planning information

- 2.33 We have made informal enquiries of Chichester District Council, the planning authority for the subject property and our Client, as well as enquiries via its website.
- 2.34 These enquiries should not be taken as personal searches and information on the relevant website is assumed to be both accurate and up to date. For a formal planning enquiry to be made, the planning authority will require written representation which has not been possible as part of our report.
- 2.35 We are advised by the Client that an outline planning application reference number 20/02893/OUT has been submitted for a mixed-use development comprising up to 1,300 dwellings and that the Council resolved to grant the outline planning permission on 31st March 2021, subject to the signing of a Section 106 Agreement. We are advised by the Client that the S106 is in its final stages of preparation.

Planning policies

- 2.36 Planning policy is contained within the adopted development plan, comprising the Chichester Local Plan: Key Policies 2014-2029 (CLPKP) and the made Tangmere Neighbourhood Plan 2014-2029.
- 2.37 The adopted Local Plan identifies Tangmere as being capable of accommodating further sustainable growth to enhance and develop its role as a settlement hub. It identifies the Tangmere Strategic Development Location for a development of 1,000 dwellings.

2.38 The emerging Chichester Local Plan Review 2039 identifies potential for a further 300 to achieve an allocation of 1,300 dwellings. At the date of writing of this report, the Draft Local Plan is at Stage Three of its consultation, namely Regulation 19, which will run until 17th March 2023. The Draft Local Plan will then be submitted to the Planning Inspectorate for examination. Policy A14 of the draft plan provides for a minimum allocation of 1,300 dwellings on the Tangmere Strategic Development Land.

Development partner

2.39 You have advised us that Countryside are the chosen development partner to deliver the Tangmere Strategic Development Location (SDL). We understand that a series of community events have been held since June 2019 as part of the Masterplan consultation process to share and discuss the proposals for the SDL’s new homes, new primary school, significant new areas of open space and community facilities. We further understand that the Masterplan was submitted to the Council for endorsement on 15 November 2019 and was subsequently endorsed by the Council’s planning committee on 8 January 2020.

2.40 We understand that the Developer is expecting to start site investigations at the Property in September 2023.

Relevant planning history

2.41 Our enquiries have revealed the following relevant planning history:

Table 1: Planning permissions

Date	Reference	Description
31/03/2021	20/02893/OUT	<p>Outline planning application for a residential-led mixed use development comprising up to 1,300 dwellings (Use Class C3), an expanded village centre (comprising flexible units suited to Use Class E and pubs or drinking establishments and/or takeaways in Use Class Sui Generis), community uses, primary school, informal and formal open space, playing pitches, footpaths, cycleways, associated landscaping, utilities and drainage infrastructure, including on-site pumping station(s) with connection to the Strategic Foul network; associated infrastructure and groundworks; with all matters reserved except for the principal access junctions from the A27 grade-separated junction and Tangmere Road and the secondary access at Malcolm Road.</p> <p>Resolution to Grant subject to S106 signing</p>
20/04/2020	19/02836/MAS	<p>Master Plan for Tangmere, proposing a mixed-use development comprising up to 1,300 homes (including 30% affordable housing), an expanded village centre (comprising units suited to A1, A2, A3, A4, A5 and B1(a)), community facilities, education facilities and open space and green infrastructure.</p>

Date	Reference	Description
		Endorsed
23/07/2019	19/01913/EIA	EIA scoping opinion for a mixed use development comprising up to 1,300 homes, with education, retail, community facilities and open space and green infrastructure.

Source: Chichester District Council

Planning obligations and CIL

- 2.42 We understand that for the Tangmere Strategic Development Site both CIL and S106 contributions will be required. We are advised by the Client that the Section 106 Agreement has not been engrossed, albeit it is in its final stages of preparation.
- 2.43 Countryside has provided us with the latest estimate of anticipated S106 and CIL costs. The total financial contribution is at £44,500,000 (circa £34k per plot), which we have adopted in our valuation.
- 2.44 We would note, however, that the total contribution is yet to be fully quantified and the final S106 costs may be different from these estimates
- 2.45 We would stress that any variation in the total cost of planning obligations may have an impact on the valuation figure in this report.

3. Proposed development

Proposed scheme

Source of information

- 3.1 We have been advised that the Council resolved to grant the outline planning permission to deliver 1,300 dwellings on 31 March 2021, subject to the signing of a Section 106 legal agreement. As instructed by you, our update Viability Assessment is based upon proposals in the planning application.
- 3.2 We understand that a detailed design stage at the Property will be reached through future reserved matters application(s) however, we have been provided with the Masterplan, which forms part of the outline planning application and sets out the framework masterplan for the subject site.

Scheme outline

- 3.3 The proposal is for a mixed-use development comprising up to 1,300 homes, with education, retail, community facilities and open space and green infrastructure delivered on the site extending to approximately 76.0 hectares.
- 3.4 The Framework Masterplan is shown below:



Source: The Client

- 3.5 Approximately 50% (37.4 hectares) of the site area is dedicated to the residential accommodation, set around public open space and attenuation ponds. The proposed 1,300 units equate to an average density of 35 dwellings per hectare (14 dwellings per acre). We have been advised by Countryside that the intended tenure mix proposes 70% private and 30% affordable housing, in accordance with the adopted Local Plan.
- 3.6 Approximately 3.0 hectares of the site are dedicated to education land comprising primary and further education schools, whilst further 8.4 hectares of the site provide community facilities. As part of the community facilities, the scheme proposes a mixed-use village centre, formal sports, parks and recreation provision, community orchard and allotments. Both uses are somewhat separated from the residential part of the development and occupy the eastern side of the wider scheme.
- 3.7 As part of the expanded village centre, there will be flexible units situated to Use Class E and drinking and / or takeaway establishments is Use Class Sui Generis.
- 3.8 The proposed scheme will be served by multi-modal accesses from Tangmere Road, the A27 grade-separated junction and Malcolm Road, whilst a development spine road running through the site will connect Tangmere Road and the A27, whilst also providing access to secondary roads at the development.

Proposed land use

- 3.9 The table below summarises proposed area allocations for each different use type.

Table 2: Proposed areas by use

Use	Units	Site areas	
		Hectares	Acres
Private residential units	910	37.4	92.4
Affordable residential units	390		
Education*	-	3.0	7.4
Mixed-use village centre	-	0.5	1.2
Parks, sports and recreation	-	5.0	12.4
Informal open space, including amenity and open space	-	19.3	47.7
Allotments and Community orchard	-	2.9	7.2
Flood water attenuation zone	-	4.13	10.2
Primary infrastructure	-	3.7	9.1
Total	1,300	75.93	187.6

* Includes potential primary school expansion land at 0.6 ha

Source: Countryside

Proposed residential accommodation

- 3.10 We are advised by Countryside that the private housing mix will not be fixed as part of the outline planning permission and will be determined through future reserved matters application. That said, we

have been provided with an indicative private unit mix for the proposed 1,300-unit scheme which we outline below.

Table 3: Proposed private unit mix

Private Accommodation	% of mix
1 Bed	5-15%
2 Bed	35-45%
3 Bed	30-40%
4 Bed	10-20%

Source: Countryside / Chichester District Council

- 3.11 We understand that the affordable unit mix has not yet been agreed through the S106 Agreement and that there are ongoing discussions with regards to First Homes provision as part of the proposed affordable unit mix. The table below reflects an indicative position based on early discussions with the Council. We have considered this in our valuation.

Table 4: Proposed affordable unit tenure

Affordable Tenure	% of mix
Affordable Rent	22%
Social Rent	35%
Intermediate	18%
First Homes	25%
Total Affordable	100%

Source: Countryside / Chichester District Council

- 3.12 We understand that massing and density studies at the Property have now been undertaken (attached at **Appendix 2**). The densities set within the development range from 27.5-37.5 dwellings per hectare to a maximum of 40 dwellings per hectare, excluding residential dwellings on upper floors above the flexible commercial units in the mixed-use village centre.
- 3.13 Lower densities of 27.5-32.5 dwellings per hectare are found around the historic setting of St Andrew's Church and the western countryside edge, whilst densities of 32.5 – 37.5 dwellings per hectare provide principal housing density across the development. Higher densities of 35 – 40 dwellings per hectare are found along the principal street and the village centre.
- 3.14 Given detailed residential scheme has not been determined yet, there are no proposed residential unit sizes. However, we understand that Countryside have assumed that the private units will average at

1,200 sq ft and the affordable units will average at 820 sq ft. The overall average unit size across the development will blend at 1,094 sq ft. As instructed by the Client, we have reflected this in our valuation.

Specification

- 3.15 We have not been provided with details of the proposed specification by the Client. In reporting our opinions of value, we have appraised the individual units on the assumption that they will be completed (both internally and externally) in accordance with a specification that is commensurate with that of an appropriate quality development in this location.

Phasing of the scheme

- 3.16 We understand that the scheme will be delivered as one to ensure comprehensive delivery of strategic infrastructure with residential development parcels constructed on a phased basis linked to the delivery of strategic infrastructure.

Building Regulations

- 3.17 In reporting our opinions of value we have assumed that the scheme is compliant with all Building Regulations and can be implemented in accordance with the plans provided. In the event that amendments need to be made to the proposed scheme as a consequence of it failing to meet statutory requirements, our opinions of value may be affected.

Rights of lights

- 3.18 We have assumed that the proposed scheme does not raise any issues with regard to rights of light and that no third parties are entitled to compensation and that no injunctions could be made in this respect.

Development costs

General comment

- 3.19 We strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you.
- 3.20 In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

Source of cost information

- 3.21 We have been supplied with a summary build costs by Countryside.

Summary of on-plot build costs provided

- 3.22 The summary build costs provided by Countryside shows an estimated construction cost of £170 per sq ft for residential units based on the gross internal area of the development.

3.23 The build costs above are inclusive of on plot infrastructure / external costs and contingency however exclusive of VAT and exclusive of professional fees, acquisition costs, sales costs, marketing costs and finance costs required to complete the scheme.

On-plot build cost comment

3.24 BCIS suggests that the mean price for estate housing adjusted for the local area is £1,499 per sq m (£139 per sq ft) based on a sample size of 1,240. BCIS produces mean build costs per gross internal area of a building and excludes external works and contingencies. When the figure is adjusted to include 10% of external works and 5% of contingency, the build cost totals to £1,721 per sq m (£160 per sq ft).

3.25 Our own knowledge and involvement with similar developments would suggest that a build cost allowance, inclusive of contingency, on plot infrastructure / external works and professional fees is at approximately £1,991 per sq m (£185 per sq ft) based on the gross internal area of the development.

3.26 Once the build cost estimate of £170 psf provided by Countryside is adjusted to reflect 10% of professional fees, the build cost allowance results in a total cost of £1,991 per sq m (£185 per sq ft).

On-plot build costs adopted

3.27 In light of the above evidence, we have adopted Countryside’s estimate of build costs outlined above.

3.28 We have made an allowance of 10% of build costs within our valuation for professional fees. These allowances are in accordance with our experience of similar developments.

3.29 We summarise the build costs adopted in our valuation in the table below:

On-plot Cost Component	Total Cost	Cost per sq ft
Basic Build Costs	£210,210,000	£148
Contingency (5%)	£10,510,500	£7
On-plot Infrastructure / Externals (10%)	£21,021,000	£15
Professional Fees (10%)	£21,021,000	£15
Total	£262,762,500	£185

Infrastructure costs

3.30 We have not been provided with a detailed infrastructure cost plan however, Countryside has provided us with total estimated project infrastructure costs of £42,500,000, which equates to £460,000 per net developable acre and approximately £31,690 per unit.

3.31 Countryside have also provided us with an estimated cost of £3,000,000 for archaeology excavation / mitigation.

3.32 We have further made an allowance of 5% of infrastructure costs for contingency and a further allowance of 5% of infrastructure costs for development management fees and disposal costs.

Purchaser’s warranties

3.33 We have assumed that the units will be sold with the benefit of NHBC New Build warranties, or equivalent. Financial institutions can be reluctant to lend to prospective purchasers without this. The

Developer will need to register the works with the appropriate authority and appoint registered contractors.

Construction phasing

- 3.34 We have assumed that construction of the development will be phased over a 14 year period.

Delivery of units

- 3.35 From the Officer's Report to Planning Committee on 31st March 2021, we note that it is proposed that the scheme be phased, with initial works anticipated to commence in 2022. It is planned that the development will be completed over a 10-to-12-year period (2022 up to 2034), subject to market conditions. First occupation is anticipated in 2023, approximately 12 to 18 months after a start on site. The average buildout rate is anticipated to be in the order of 145 dwellings a year.
- 3.36 For the purpose of this report, we have maintained similar timescales and delivery rate. In our valuation, we have assumed that the development will be completed over 11-year period, with first occupation taking place in 2024. We have adopted an average build rate of 130 dwelling per annum, assuming these numbers include both private and affordable housing.
- 3.37 We have not inflated our assumed build costs or the infrastructure costs provided despite the strong likelihood of some build cost inflation over the development period. This is because we have used an uninflated cashflow reflecting day one costs and revenues. We believe this is a fair reflection of how a purchaser would approach its appraisal of the Property.

Constraints on construction

- 3.38 We have assumed that the necessary over sailing rights and crantage rights, have been granted over adjoining land for the duration of the development.

Disposal costs

- 3.39 We have made an allowances of 2.75% for private sales agency and legal fees as well as promotion of the finished development to include a marketing suite including its furnishings and staff costs, local and national advertising and further promotional media.

4. Market analysis

UK market commentary

4.1 It should be appreciated that this Market Overview is published for general information only and while rigorous research has been used in preparing this analysis, the views and projections provided in the report should not form the basis of any formal decision. Being a general report, the material does not necessarily represent the view of Knight Frank LLP in relation to specific properties or projects and no responsibility can be accepted by Knight Frank LLP resulting from the contents of the document.

Source of information

4.2 Our market analysis has been undertaken using market knowledge within Knight Frank LLP, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

Sector overview

UK Economy

4.3 Despite ending 2022 with the firm belief the UK had entered a technical recession, the economic data is proving to tell a different story.

4.4 GDP grew by 0.1% in November after growing 0.5% in October, December will have to see a contraction of around 0.8% to meet that recession threshold. Whilst widespread industrial action is likely to have seen some contraction, the jury is out on whether we will meet that definition – and the figures are always subject to revision.

4.5 But arguing what has already happened and technicalities is wasted energy. As noted in my five indicators for 2023, consensus is currently of the UK economy contracting by 0.9% in 2022 before growing 1.2% in 2023. The IMF's January forecasts point to a shallower 0.6% contraction, but the UK is the only advanced economy expected to see a contraction in 2023. The Bank of England recently cut their forecast length of recession in half to five quarters with peak-to-trough fall in GDP of 1%. The downturn, which undoubtedly we are experiencing even if not a technical recession yet, is likely to be shallow when compared to previous cycles.

4.6 Unemployment is expected to tick up with the OBR forecast and consensus being that it will peak at 4.9% in 2024, from 3.6% currently. Whilst this is low there are some hidden nuances with inactivity rising by 6% since the onset of Covid-19, driven by the 15% rise in long-term sickness. Overall, whilst loosening marginally the labour market is still a source of underlying strength.

Inflation

4.7 Inflation is perceived to have peaked at 11.1% in October 2022, and since receded to 10.5% in December. Natural gas prices have fallen back to a fifth of their 2022 highs helping to alleviate energy bills concerns.

4.8 The OBR forecasts that inflation will drop sharply over the course of the next year, falling to less than 1% in 2024 and deflation in 2025. The latest view of the Bank of England is 4% by the start of 2024 and 1% by the start of 2025. This is below consensus, over 2.5% in 2024, but will alleviate some pressure on rates.

4.9 The Bank of England has gone from a bank rate of 0.1% at the end of 2021 to 4% at the beginning of February. The base rate is likely to peak in the first half of 2023, with the markets pricing just 4.5%. Mortgage rates have come down but may have to rise a little as markets catch up having previously jumped the gun.

House Prices

4.10 UK house prices fell 0.1% in December, the fourth consecutive monthly decline, according to Nationwide. That cuts annual house price growth to 2.8%, from 4.4% in November.

4.11 Volumes tend to be lower in December and a fall of 0.1% is narrower than the previous two months, adding to evidence that the ship has steadied in the wake of the mini-budget.



New Year Bounce

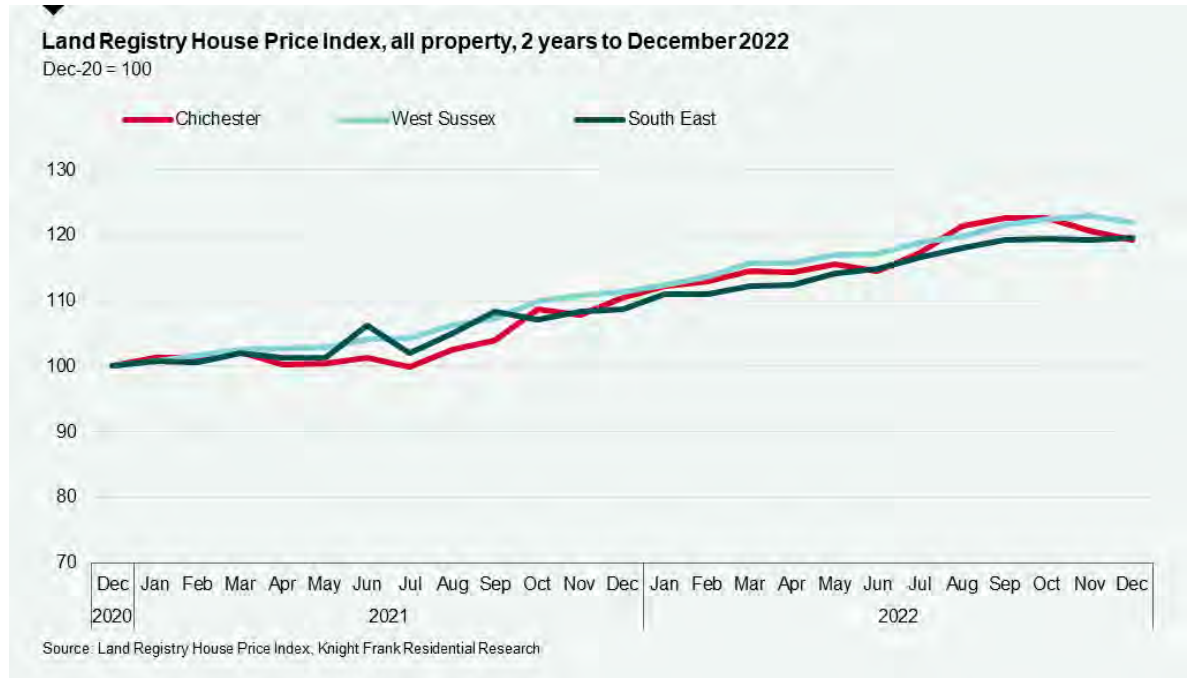
- 4.12 The end of 2022 was particularly quiet in the UK residential market as prospective purchasers balked at the spike in mortgage rates. It was unclear at the time whether movers had decided to stay put or simply shifted plans into the new year.
- 4.13 The latter appears to have been true for meaningful numbers. The number of prospective buyers contacting agents climbed 4% in the first two weeks of the year compared to the same period in 2019 and is up 55% compared to the fortnight leading up to Christmas, according to Rightmove data. That represents the biggest new year bounce since 2016. Asking prices rose 0.9%, the biggest increase at this time of year since 2020.
- 4.14 That is not to say conditions are normal. The number of 'enquirers', or potential purchasers, is still down by a third compared to this time last year, however, the relative stability in the mortgage market has clearly coaxed a lot of would-be buyers off the fence.

Help to Buy

- 4.15 The Government's Help to Buy scheme is due to come to an end on 31st March 2023. This is the date at which you must legally complete the purchase of your home (meaning you legally own it and can move in). New applications needed to have been submitted by 31st October 2022, meaning the scheme has effectively finished.
- 4.16 Help to Buy has been key to the sale of new-build properties in the sub-£600,000 London market.
- 4.17 Looking to the longer term there is talk of a number of industry-derived alternatives to Help to Buy:
- 'Deposit Unlock' schemes used to be fairly common before Help to Buy but are of limited use in London because mortgage affordability is the over-riding issue for most first time buyers.
 - There is some expectation that PLCs with FSA accreditation may come up with an alternative shared-equity product. However, this would involve the housebuilders taking a range of unfamiliar risks and it is unclear whether any are yet available in the market.
 - Instead, some of the main house builders are reported to have signed up to a mortgage indemnity product called Own-New introduced by Market Mortgage. Meanwhile Propportunity is an emerging independent shared-equity product. However, neither alternative has yet been used and neither would match the 40% contribution provided by Help to Buy – Own-New would provide 10% and Propportunity would provide 25%.

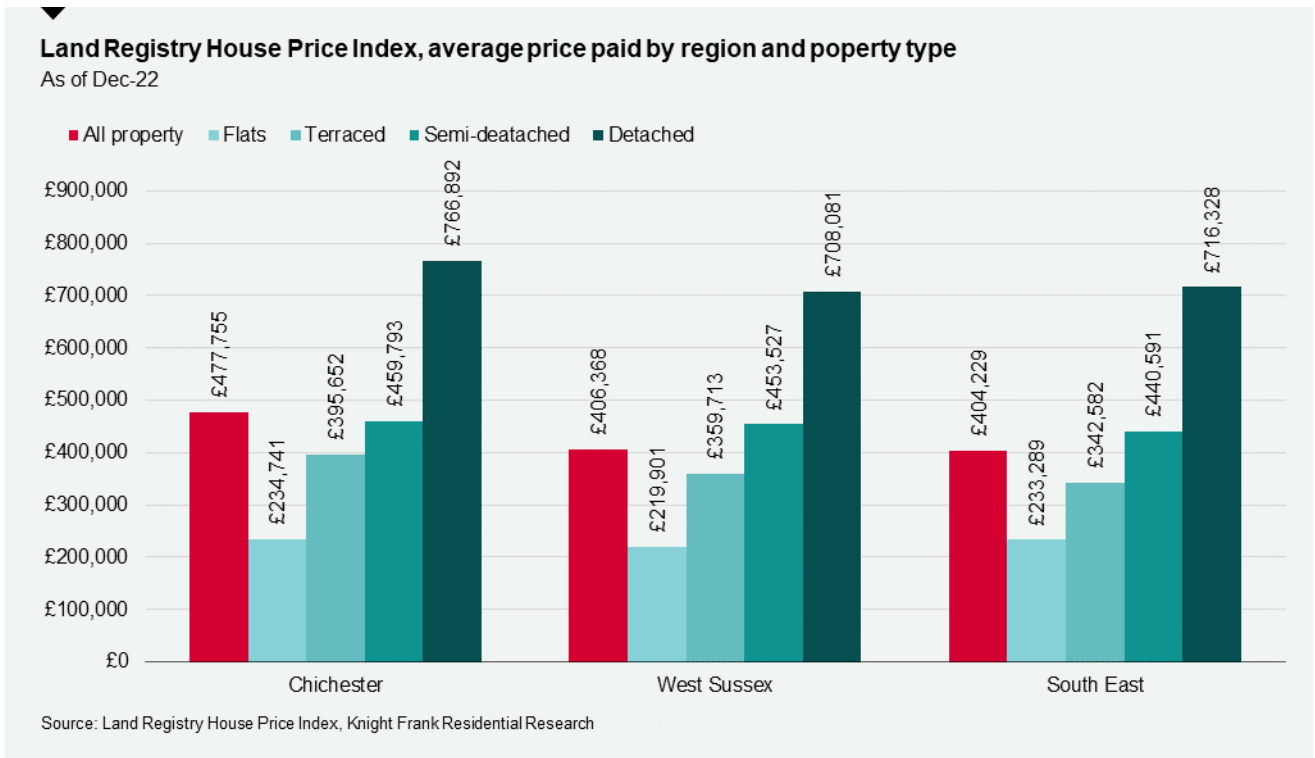
Local market commentary

Land Registry house price index



Source: Land Registry House Price Index (2 years to December 2022)

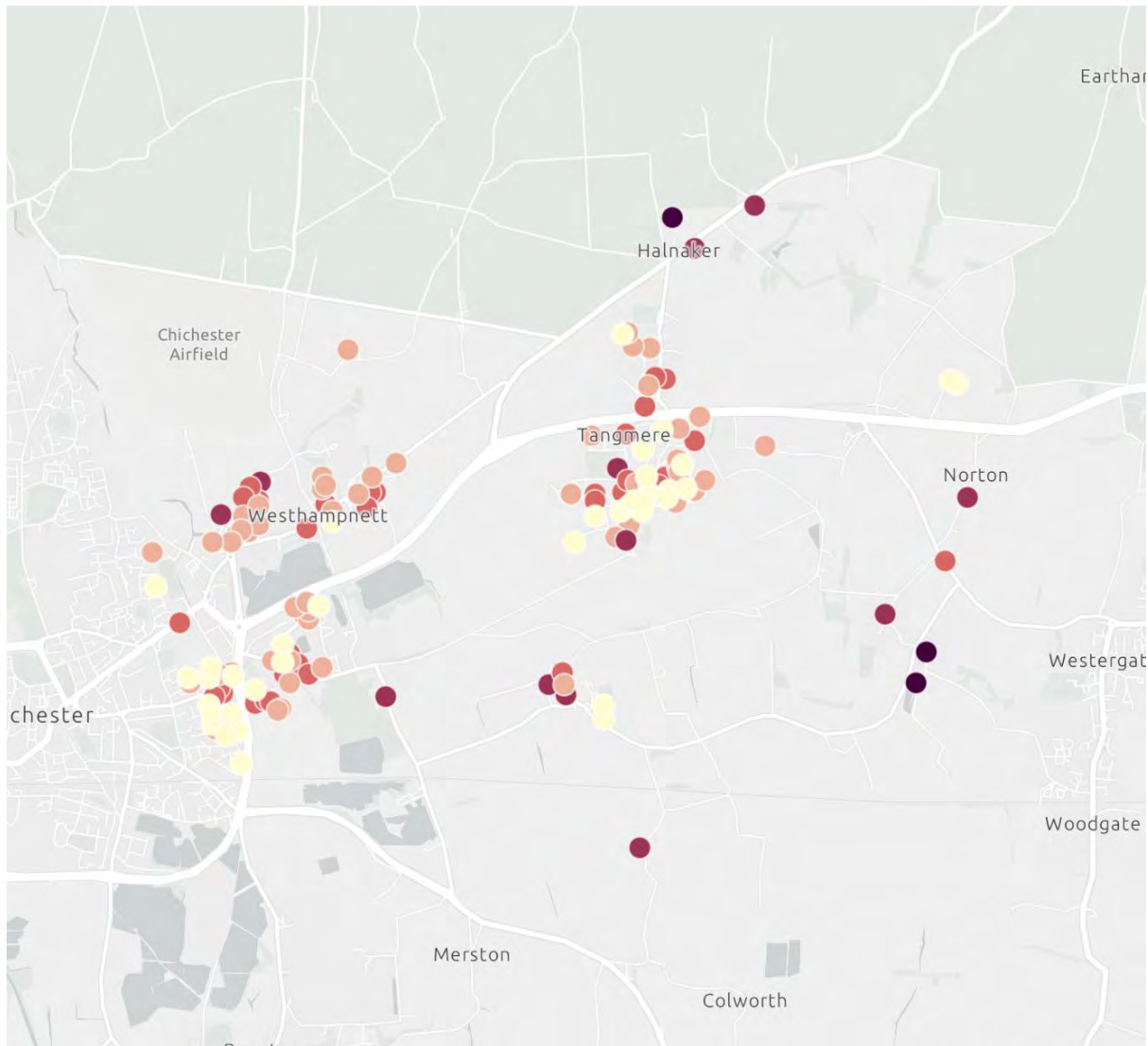
- 4.18 In the 12 months to December 2022, the Land Registry House Price Index in Chichester grew by 8.1%. This compares to growth of 9.6% across West Sussex and an increase of 10.1% across the wider South East.



Source: Land Registry House Price Index (prices from September 2019)

4.19 According to the Land Registry House Price Index, the average property in Chichester was £477,755 in December 2022. This represents a premium of 18.2% to the average property in the South East (£404,229).

Land Registry Price Paid Data



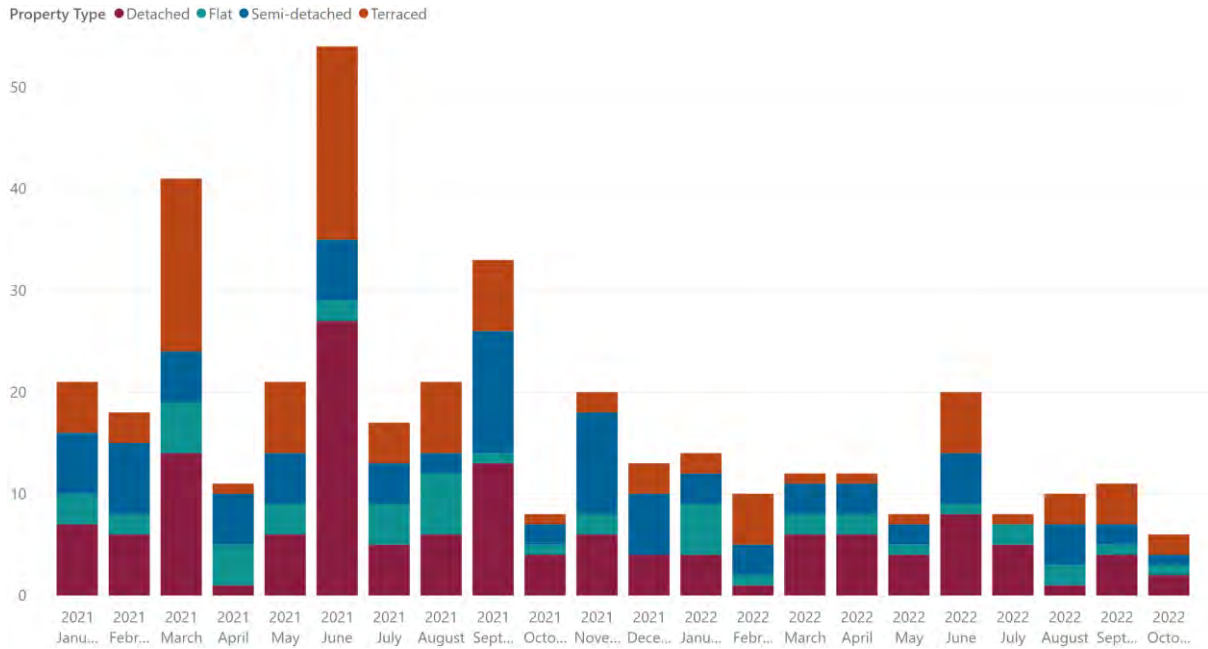
£355,000

Median sale price since 2021

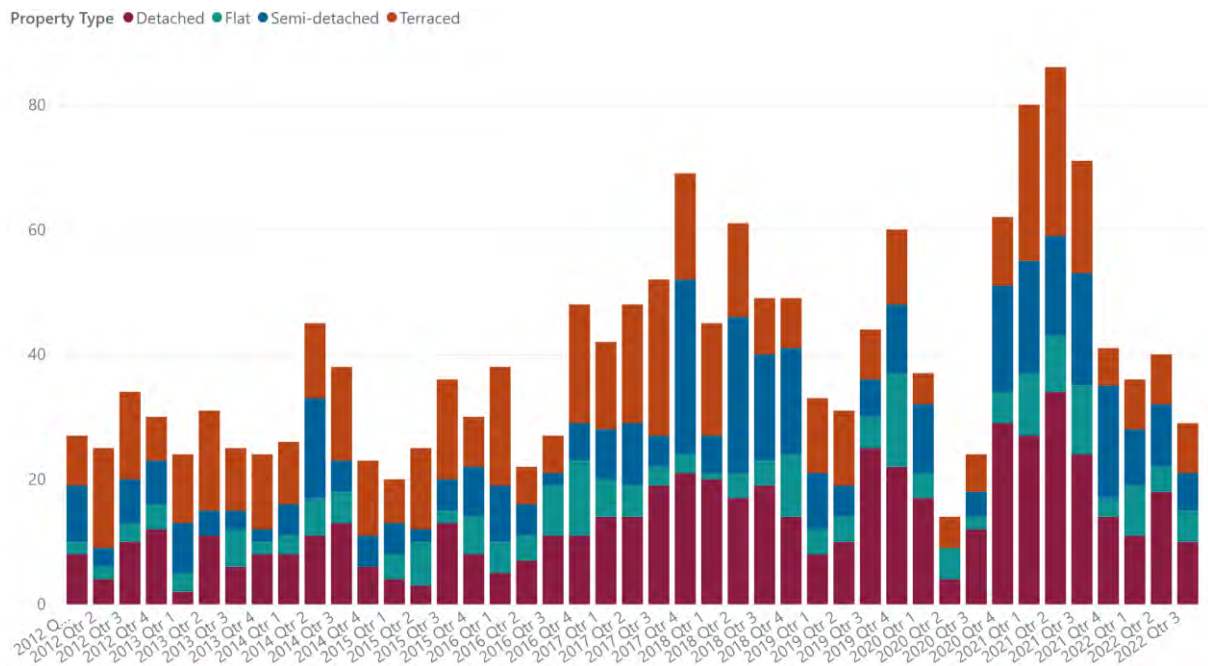
£397,827

Average sale price since 2021

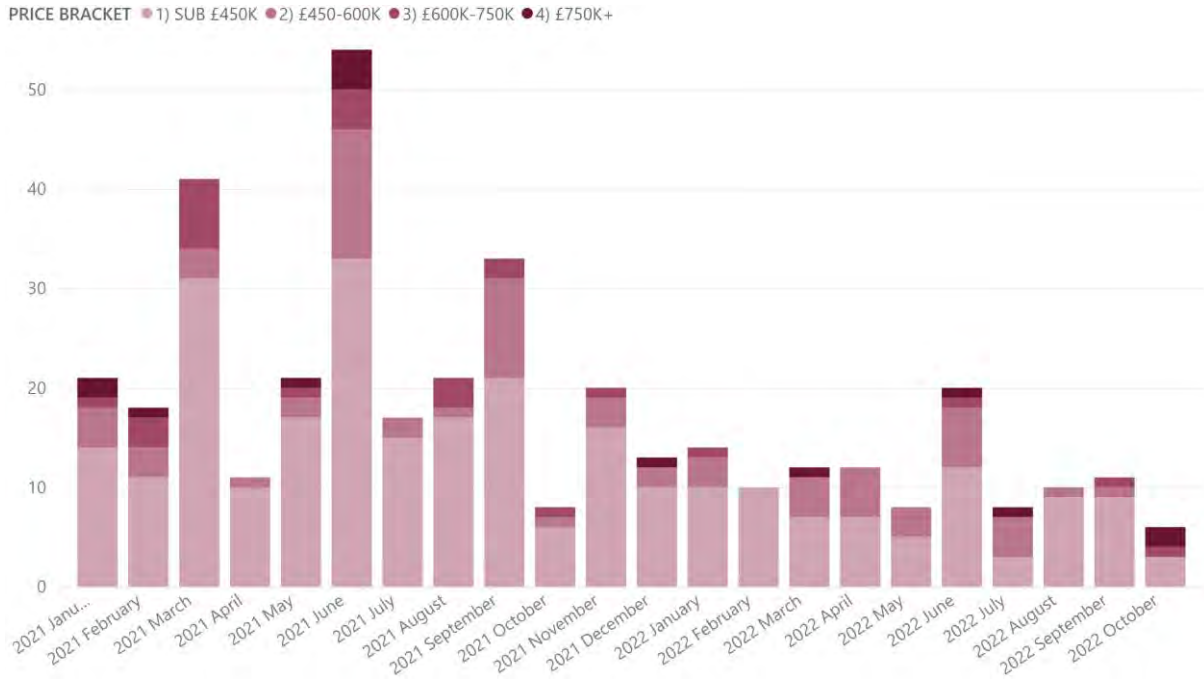
Source: Land Registry Price Paid data (within 3km of subject site, since 2021)



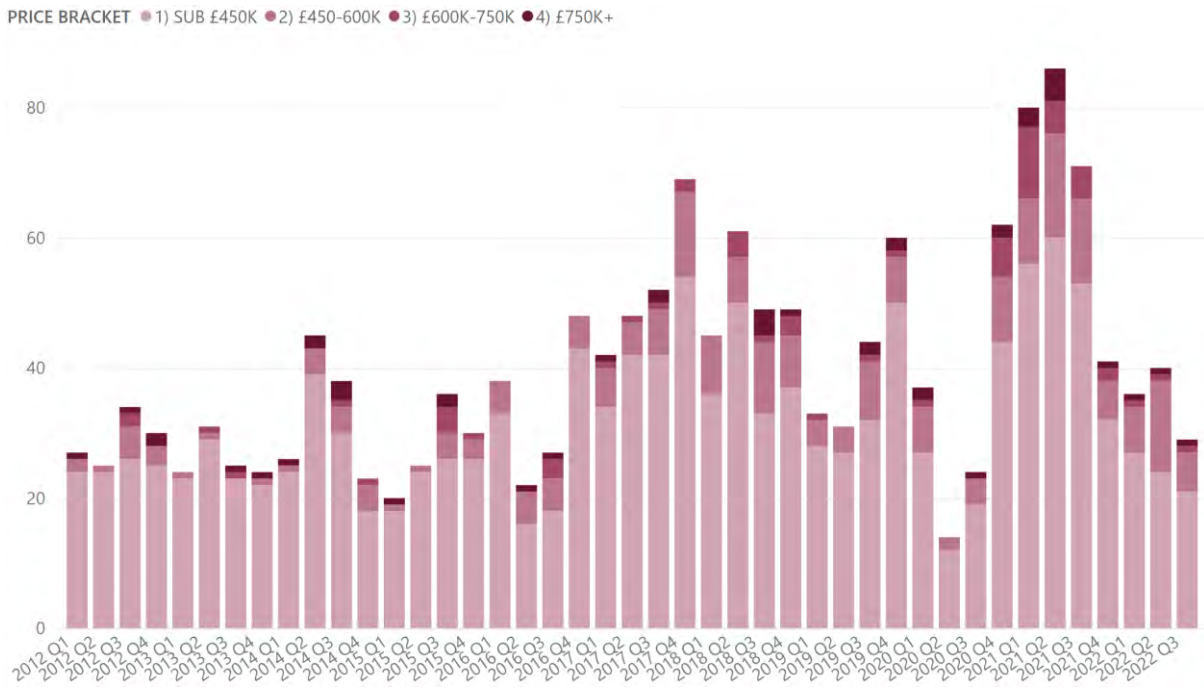
Source: Land Registry Price Paid data (3km, since 2021)



Source: Land Registry Price Paid data (3km, since 2012)



Source: Land Registry Price Paid data (3km, since 2021)



Source: Land Registry Price Paid data (3km, since 2012)

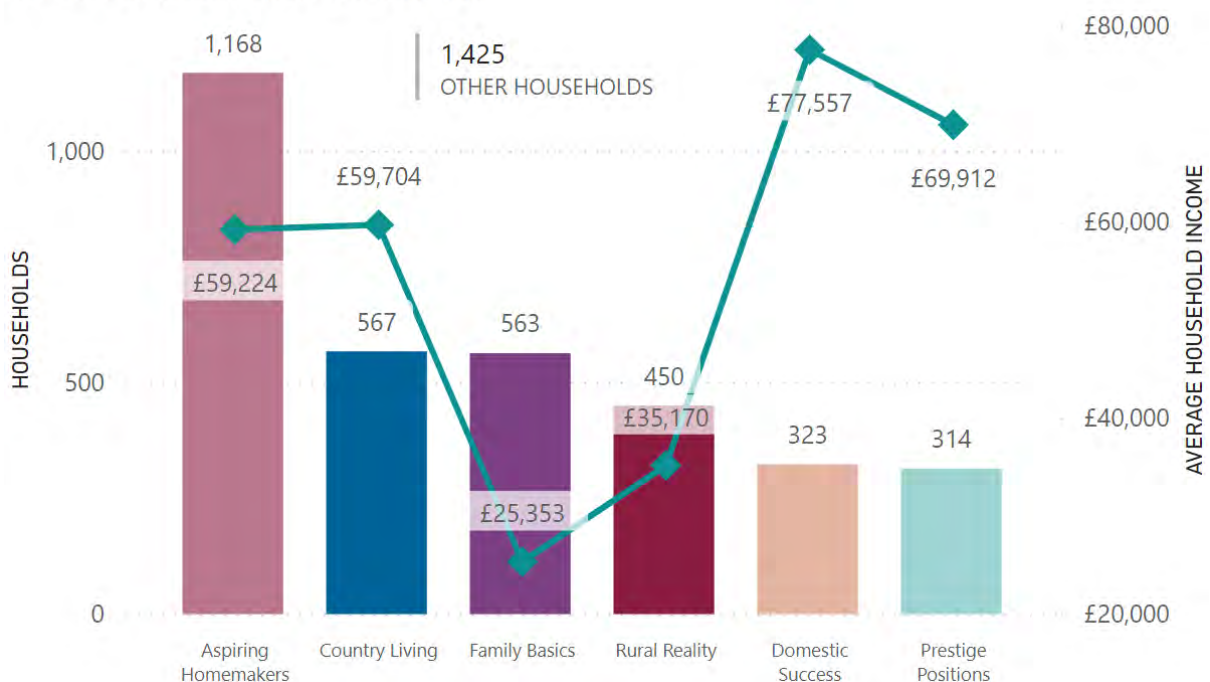
Demographic profiling

4.20 Household demographic data from Mosaic, Experian’s demographic profiling tool, has been examined within 3km of the site to determine the socio-economic context of the local area. Please see the table below for a full breakdown:

GROUP NAME	GROUP DESCRIPTION	H' HOLDS	AVG INCOME
Aspiring Homemakers	Younger households settling down in housing priced within their means	1,168	£59,224
Country Living	Well-off owners in rural locations enjoying the benefits of country life	567	£59,704
Family Basics	Families with limited resources who have to budget to make ends meet	563	£25,353
Rural Reality	Householders living in inexpensive homes in village communities	450	£35,170
Domestic Success	Thriving families who are busy bringing up children and following careers	323	£77,557
Prestige Positions	Established families in large detached homes living upmarket lifestyles	314	£69,912
Senior Security	Elderly people with assets who are enjoying a comfortable retirement	274	£28,444
Suburban Stability	Mature suburban owners living settled lives in mid-range housing	207	£38,626
Vintage Value	Elderly people reliant on support to meet financial or practical needs	195	£13,446
Transient Renters	Single people privately renting low cost homes for the short term	187	£33,134
Rental Hubs	Educated young people privately renting in urban neighbourhoods	176	£38,168
Municipal Challenge	Urban renters of social housing facing an array of challenges	135	£11,144
Modest Traditions	Mature homeowners of value homes enjoying stable lifestyles	113	£27,869
Urban Cohesion	Residents of settled urban communities with a strong sense of identity	104	£26,913
Total		4,776	£45,835

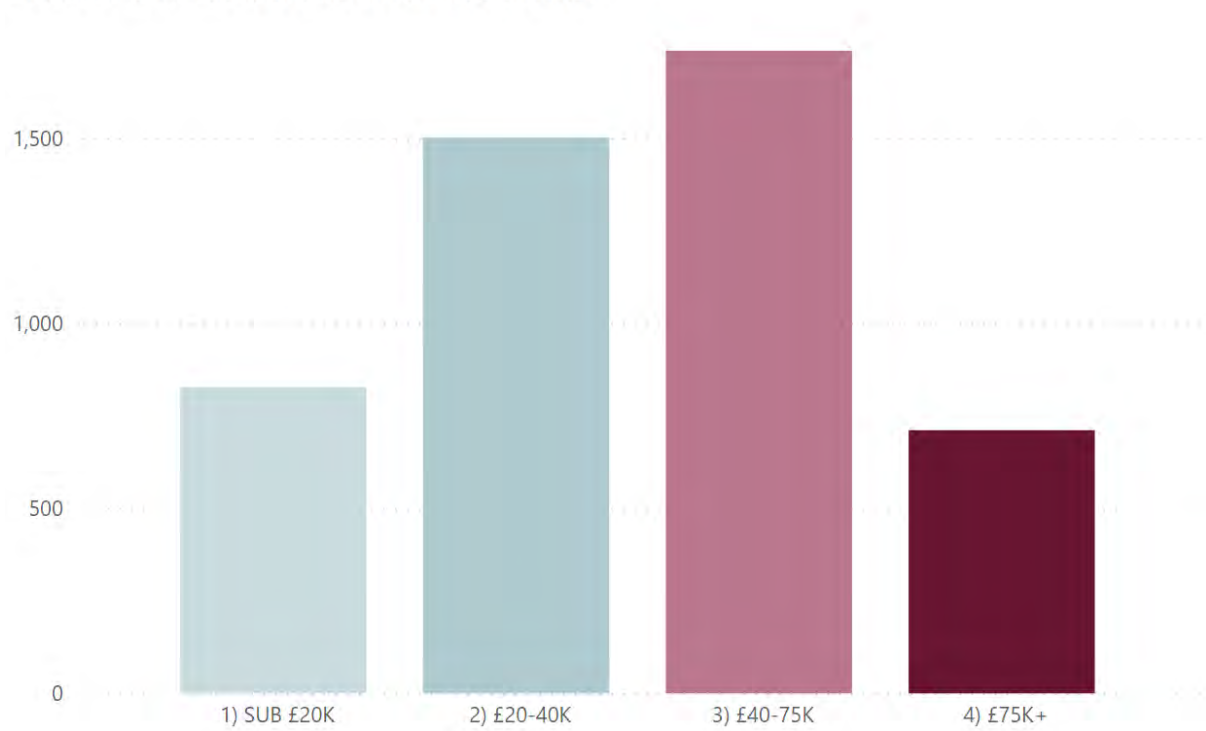
Source: Mosaic (red indicates an average household income of above £40,000 p.a., grey indicates an average household income below £40,000 p.a.)

TOP SIX HOUSEHOLD GROUPS WITHIN 3KM

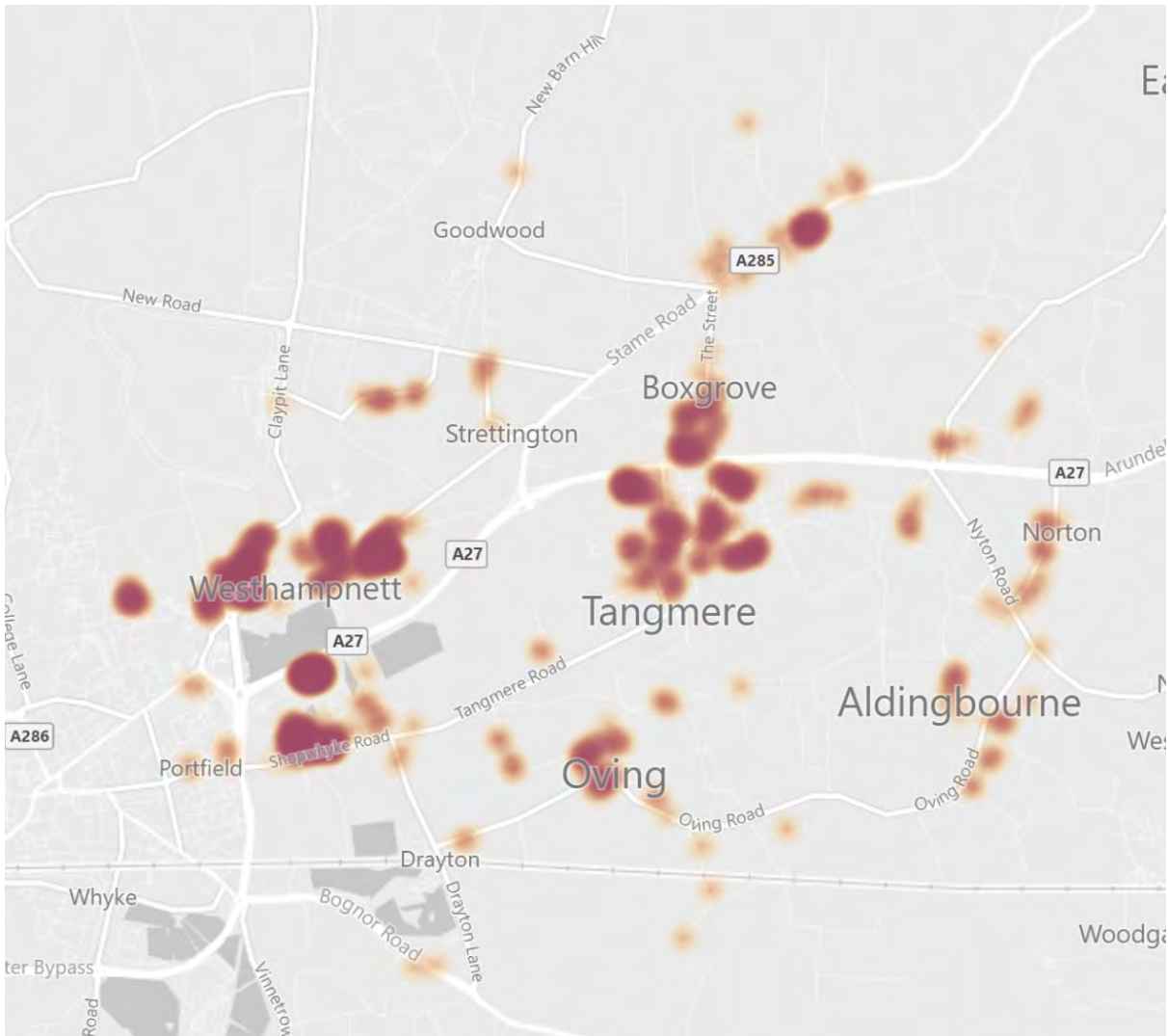


Source: Mosaic

HOUSEHOLD NUMBERS BY AREA AND PRICE BRACKET

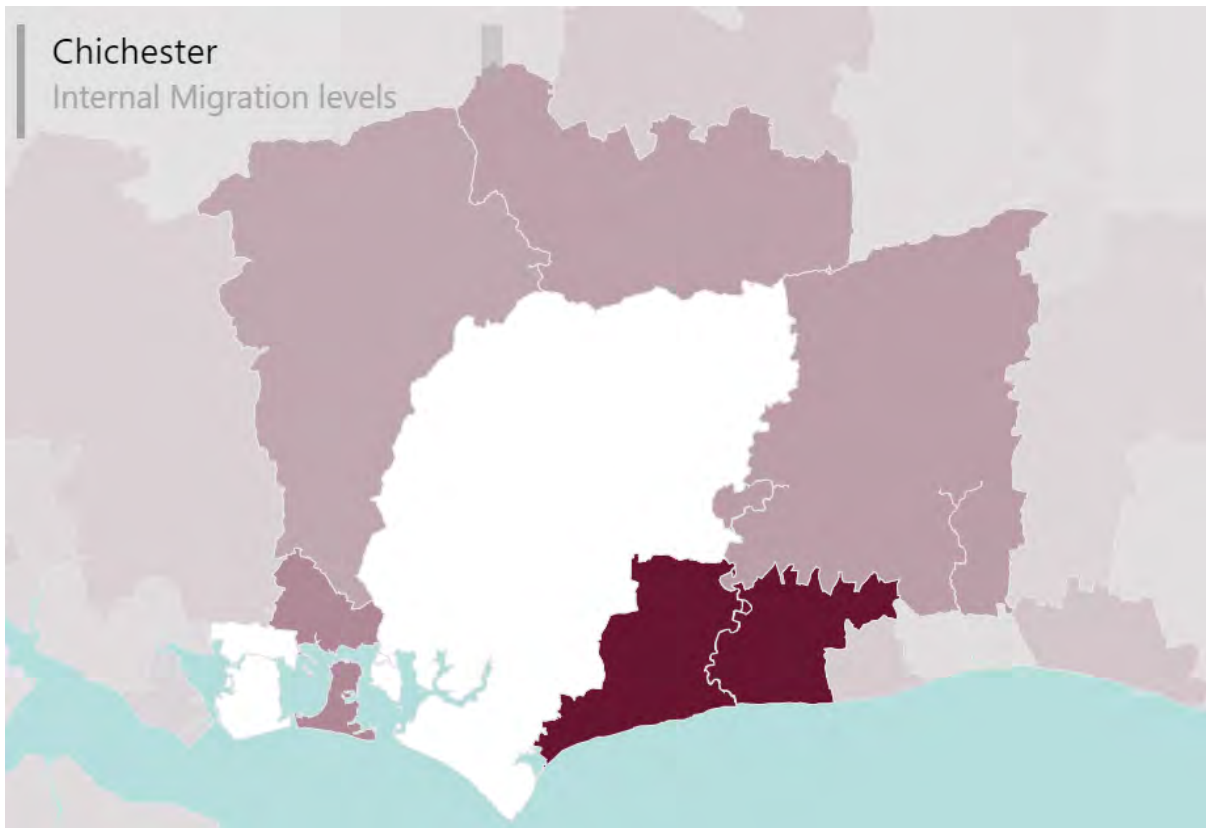


Source: Mosaic

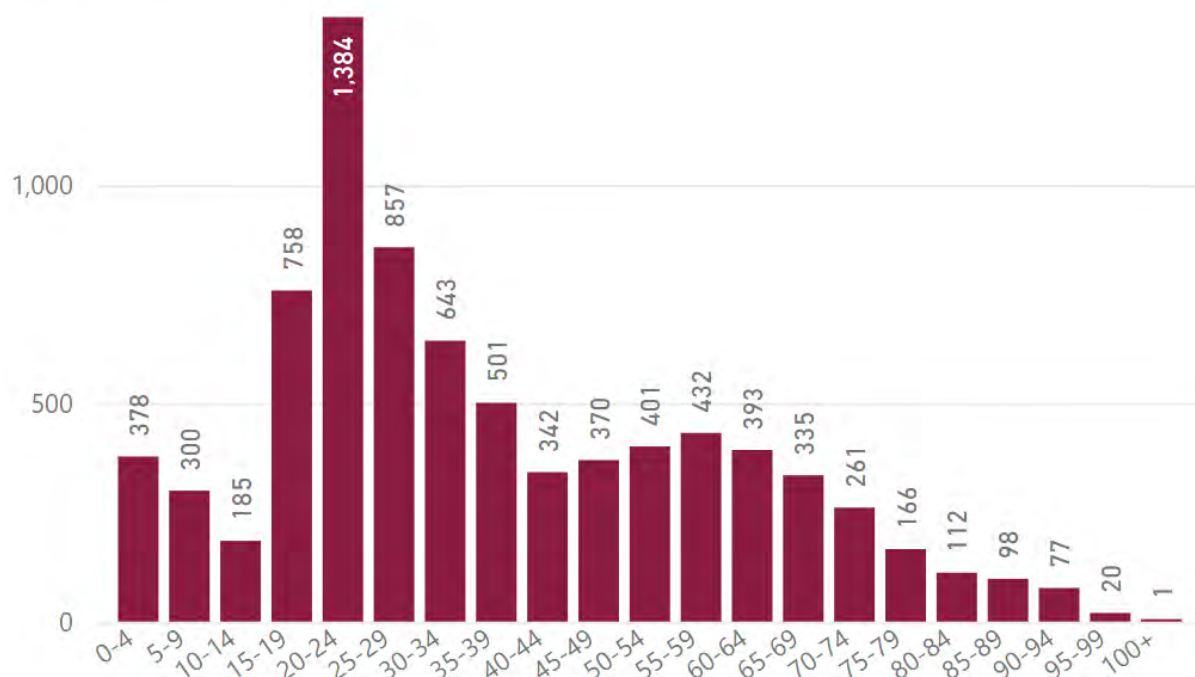


Source: Mosaic (showing distribution of households with average household income of £75K or more within 3km of site)

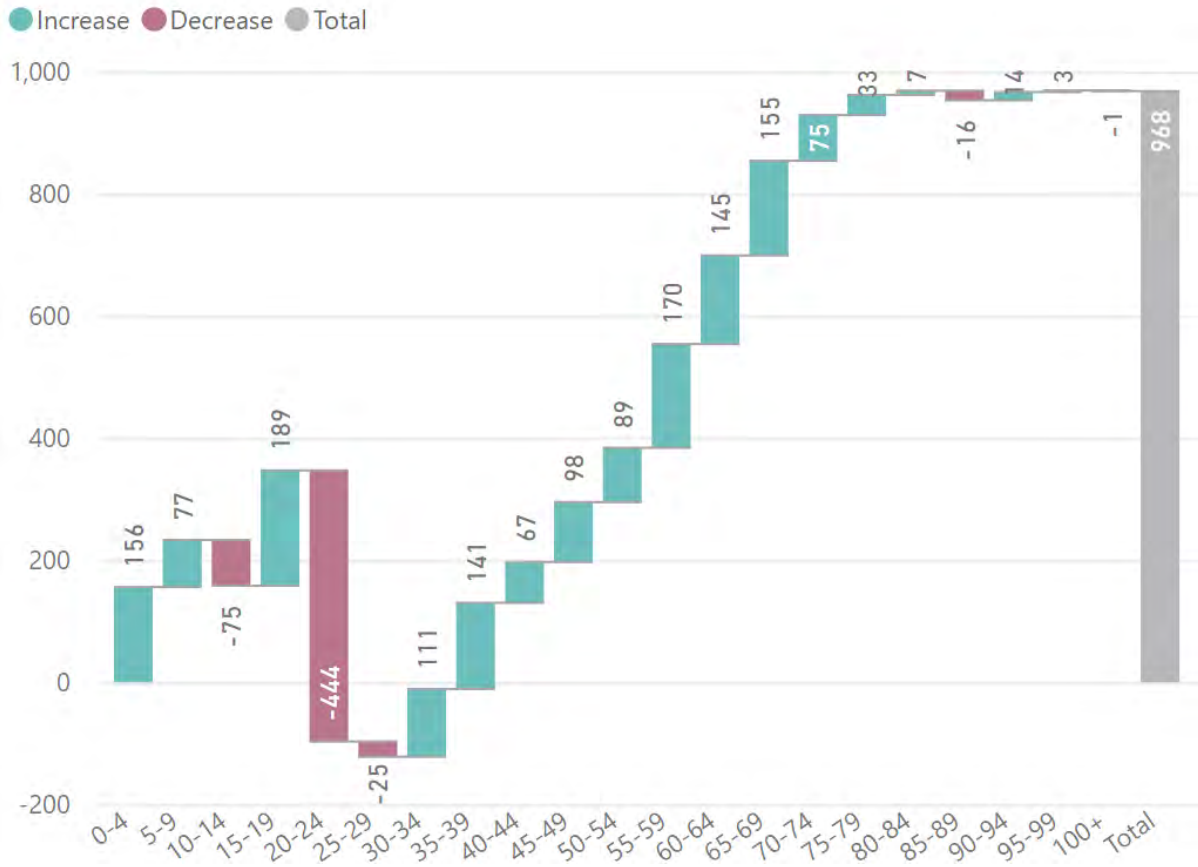
Internal Migration



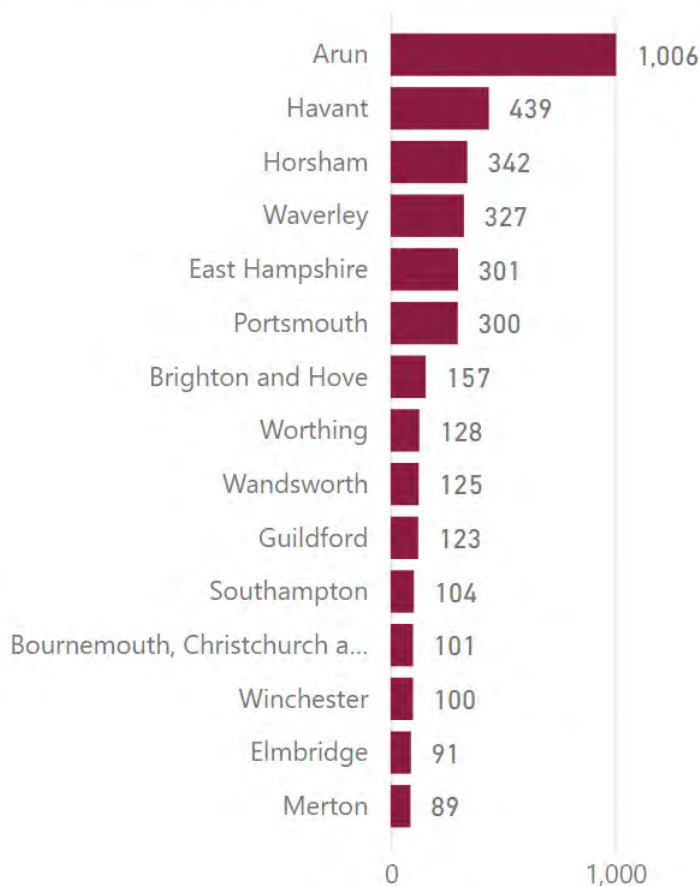
AGE DISTRIBUTION OF INTERNAL MIGRANTS



NET MIGRATION BY AGE RANGE



TOP 15 ORIGIN LOCAL AUTHORITIES



Source for the above: Office for National Statistics, 12 months to June 2020, district of Chichester

- 4.21 8,014 internal migrants moved from elsewhere in the UK to the district of Chichester in the 12 months to June 2020 – of these 4,990 moved from elsewhere in the South East (62%), 1,102 from London (14%) and 680 from the South West (8%), while the remainder migrated from other regions of the UK (16%).
- 4.22 Overall, internal migration accounted for a net increase in population of 968 individuals.
- 4.23 The most prominent age cohort of internal migrants was those aged 20-24, accounting for 17% (1,384) of all internal migration in the 12 months to June 2020.

Residential development land market

Development land market overview

- 4.24 Below we highlight some key trends that the land market is seeing at present:
- **Land prices.** A slowdown in the private sales market and higher financing costs in the wake of September's mini budget put downwards pressure on residential development land values in the final three months of 2022. UK greenfield and urban brownfield values fell on average by 3.5% and 8.5% in Q4 2022, taking the annual change to -1.3% and -9.2% respectively. A drop in land

values is reflective of several pressures now acting on the land market which cannot be ignored. The fallout from the mini-budget in September had a significant impact on the housing market. Rapid increases in mortgage rates and inflationary pressures on household spending resulted in reduced demand and falling house prices. At the same time, build and financing costs remain elevated, and Help to Buy has ended.

- **Limited land supply.** A lack of availability of land relative to demand should mitigate significant falls in land values, with nearly 85% of survey respondents saying land availability was either limited or very limited. However, a slowdown in the private sales market will undoubtedly put pressure on pricing in the near term. The outlook for the economy and market has resulted in land buyers becoming more selective, which we expect will lead to a more tiered land market going forward. Allocated sites of between 100-250 units in core locations and which are offered subject to planning are in highest demand. That said, there is evidence that some land deals are taking longer to complete or having payment terms amended.
- **Build costs.** Build costs are another concern, though they look to have peaked. The BCIS reported that tender prices rose 1.1% in the final quarter of 2022, and by 7.6% on an annual basis. While inflationary pressures driven by rising energy prices remain, there are indications that the supply of construction materials is stabilising. A drop in construction output means we expect contractors will become more competitive as the year progresses.
- **Sales rates.** Annual house price growth for 2022 stood at 2.8%, according to Nationwide (down from 10.4% in 2021), while the average 5-year fixed rate mortgage currently sits between 4% and 5%, from 1.5% to 2.5% a year previous. Reflecting this changed backdrop, 79% of respondents to our latest survey of volume and SME housebuilders across the UK said that site visits and reservations for new homes declined in the fourth quarter. Some 42% noted that cost of living pressures are having a “significant” impact on demand for new homes. Recent trading updates from the listed housebuilders all point to a notable slowdown in new home reservations in the final three months of last year.
- **Sales support.** The challenging sales market has led more housebuilders to consider ways to de-risk sites including through diversifying product and tenures. Some 44% of survey respondents stated that sales to build to rent investors (of both apartments and houses) will play a greater role in the market this year. For private sales, 59% of respondents said they plan to offer more incentives to encourage buyers, while 22% and 31% think the First Homes and Deposit Unlock schemes will help boost sales respectively.

Residential development land evidence

- 4.25 There are many differentiating factors which affect values of large strategic land sites, most notably the level of infrastructure needed on site and the Section 106 contributions, including the percentage of affordable housing required. In our valuation, we have considered the following land transactions.

Strategic site sales

- 4.26 We have had consideration for large scale strategic site sales which were at the earlier stages of the planning process.

Address	Location	Planning Status	£ per gross acre	£ per plot	Date	Approx resi £psf	Comments
Allocated land sales							
Wisley Airfield	Surrey	Allocation	£353,357	£47,619	Mar-20	£500	Allocated site for 2,100 units. 40% affordable. It was purchased for £100million. Higher residential value area.
Welborne	Hampshire	Allocation	£103,627	£13,175	Oct-17	£320	Allocated site for c. 3,000 units. 10% affordable. It was purchased for £40million. Historic transaction, with greenfield land values increasing since.
Briggens Estate	Hertfordshire	Allocation	£350,282	£41,333	Jun-21	£420	Allocated site for c. 1,500 units. 40% affordable. Purchased for £62million. Transacted in a stronger market.

Greenfield land sales

4.27 We have had regard to the following sales of greenfield sites with planning. These sites do not form part of a wider development master plan and are subject to S106 and infrastructure costs.

Address	£ per gross acre	£ per plot	Date	Approx resi £psf	Comments
Greenfield land sites (up to 500 units)					
Ockley Lane, Hassocks, West Sussex	£1,430,000	£96,000	Feb-21	£430	74.6-acre site purchased with the benefit of outline planning permission for up to 500 residential dwellings, including 30% affordable housing.
Land at Hook Lane, Pagham, West Sussex	£449,815	£64,883	Jul-21	£330-£345	43.24-acres site with outline planning permission for the construction of up to 300 new homes, a care home of up to 80 beds, D1 uses of up to 4,000 sq m, including a 2 form entry school. Affordable housing contribution at 30%.
Summer Lane, Pagham	£308,982 (Gross)	£49,437	Feb 21	£330	Circa 23 Ha (56 acres) comprising a residential greenfield development opportunity, with outline planning permission for 400 dwellings. The development is arranged as 3 separate parcels. S106 includes 30% affordable, cycle track, highways contribution

Serviced land sales

4.28 The below site sales form part of larger developments and have transacted as serviced parcels of land.

Address	Purchaser	£ per net acre	£ per plot	Date	Resi £psf	Comments
Serviced Land Sales						
Phase 1, Welborne	Confidential	£1,800,000	£137,405	HoT agreed	c. £440	Part of a wider development with OPP for 6,000 dwellings with 10% affordable housing requirement.
Latest sale, Berewood, Waterlooville	Confidential	£1,790,000	£130,714	Sep-22	£383	Part of a wider 500-acre development site with OPP for 2,650 units. Serviced land parcel with outline planning permission for 192 units with 40% affordable housing requirement.
Phase P3B Berewood, Waterlooville, Hampshire,PO7	Bloor	£1,574,000	£115,984	Sep 21	£375	Part of a wider 500-acre development site with OPP for 2,650 units. Serviced land parcel with outline planning permission for 122 units with 40% affordable housing requirement.
P5A Berewood, Waterlooville, Hampshire,PO7	Bloor	£1,807,000	£110,416	Sep 21	£375	Part of a wider 500-acre development site for OPP for 2,650 units. Serviced land parcel with outline planning permission for 144 units with 40% affordable housing requirement.
Parcel 1 Charlton Cross Estate, Houghton Regis	Bellway	c.£1,750,000	c.£88,000	Mar- 21	£365	7.7-acre site with outline planning permission for 153units with 10% affordable contribution.

4.29 As part of our valuation approach, however, we believe it is more accurate to assess the potential receipts and costs that are directly relevant to the Property, rather than use land transactions which will always reflect the specific attributes of that site, and refer to the land sales evidence as a sense check only. We have therefore had regard to the market for completed units of the type and nature proposed in the scheme at the Property.

New home sales market

New Build sales

4.30 In determining our opinion of value of the completed units at the proposed subject scheme we have given most regard to the new build schemes that are situated in similar micro locations to the subject, on the outskirts of Chichester and the surrounding rural areas.

4.31 We highlight the key comparable evidence considered within our valuation below:

Indigo Park, Shopwhyke Road, Chichester, PO20 2GD



Developer:	Bellway Homes
Units:	88
Status:	Under Construction
Average Price:	£400 psf (Asking)
Distance from Site:	1.2 miles west

Indigo Park is a collection of 1- and 2-bedroom apartments and 3- and 4-bedroom houses in Chichester.

We understand the scheme has only just launched with the show home being able to view from mid-February onwards. We understand that there were some pre-sales in the development, albeit we were unable to confirm reservation prices. The current asking sales rate is skewed due to inclusion of apartments, which are a less sought-after arrangement and tend to achieve lower values than houses in the area. The house sizes are also large for their type, skewing the £psf rate.

A selection of the recent asking prices is included below.

Plot	Bed	Sq ft	Release Price (£)	£psf
Pesselino	1 Bed Apartment	544	£223,000	£410
Verrocchio	1 Bed Apartment	667	£252,000	£378
Rosetti	2 Bed Apartment	667	£262,500 - £263,500	£395
Gainsborough	2 Bed Apartment	664	£262,500 - £263,500	£397
Chandler	3 Bed Terrace	937	£375,000 - £380,000	£406
Gilder	3 Bed Terrace	1,347	£493,500	£366
Bowyer	4 Bed Detached	1,338	£555,000	£415

Shopwhyke Lakes (Phase 2D), Sheerwater Way, Chichester, PO20



Developer:	CALA Homes
Units:	398 (30% affordable)
Status:	Under Construction
Average Price:	£425 psf
Distance from Site:	1.6 miles west

This development is a collection of 2-, 3-, 4 and 5-bedroom homes and 1- and 2-bedroom apartments.

We understand that 85% of this development is now sold. The developer has offered a set of incentives, of which include 5% deposit contributions for some units, up to £12,000 towards Stamp Duty or mortgage payments for a 12-month maximum, part exchanges and assisted moves. Since the end of Help to Buy they are not offering incentives unless the property is taking longer than usual to sell.

CALA Homes have been delivering around 400 homes since 2017. We are advised by the developer that approximately 330 units have sold to date, reflecting an average sales rate of circa 5 units a month across the development. We understand that 67 units remain to be sold, with completions due by 30th June 2023.

A selection of the average achieved sales is included below, alongside approximate sq ft which has been taken from the sales brochure. The achieved prices are exclusive of incentives:

Unit Type	Bed	Sq ft (approx)	Achieved Price (average)	£psf
Apartment	1 Bed	500	£200,000 - £210,000	£400
Apartment	2 Bed	650	£275,000	£423
Terrace House	2 Bed	670	£300,000 - £350,000	£447
Detached	3 Bed	900	£380,000	£422
Detached	4 Bed	1,200	£525,000	£437
Detached	5 Bed	1,600	£670,000	£418

Shopwhyke Lakes, Shopwhyke Road, Chichester, PO20


Developer:	Taylor Wimpey
Units:	169 (30% affordable)
Status:	Under Construction
Average Price:	£449 psf
Distance from Site:	0.9 miles

The Taylor Wimpey development is a collection of modern luxury 2-, 3- and 4-bedroom new homes located on the outskirts of Chichester and within 0.9 miles of the subject property.

We have been advised by the developer that 60% of the units have sold to date. We understand that some incentives are offered with the plots, such as £1,000 per month mortgage contribution, deposit top-up scheme, and up to £3,000 optional extras.

We are advised by the marketing suite that, since the end of Help to Buy, those units that would normally be popular with first time buyers have been overtaken by elderly downsizers or being purchased as investment properties. We understand that current sales rate is circa 3 units per week.

A selection of the average achieved sales is included below:

Unit Type	Bed	Sq ft	Achieved Price (average)	£psf
Terrace House	2 Bed	676	£335,000	£495
Semi-detached	3 Bed	852	£375,000	£440
Detached	3 Bed	852	£385,000	£452
Detached	3 Bed	917	£415,000	£452
Detached	4 Bed	1,205	£495,000	£410

New Fields, Oving Road, PO20



Developer:	Redrow
Units:	200 (57 of which are affordable)
Status:	Under Construction
Average Price:	£423 psf
Distance from Site:	1.2 miles

This development is a collection of 2-, 3- and 4-bedroom homes from Redrow's award-winning Heritage Collection.

We understand that the scheme was launched in February 2020 and that all but 17 units have sold to date, reflecting an average sales rate of circa 4 units a month across the development. We are advised by the marketing suite that the end of Help to Buy has not impacted absorption rates at the scheme as smaller units that would normally be popular with first time buyers are equally popular with downsizers who we understand form a sizeable pool of buyers in the area.

A selection of the average achieved sales is included below:

Unit Type	Bed	Sq ft	Achieved Price (average)	£psf
Apartment	2 Bed	689	£240,000	£348
Terrace House	2 Bed	727	£300,000	£413
Semi-detached	3 Bed	984	£410,000	£417
Detached	3 Bed	1,081	£460,000	£425
Detached	4 Bed	1,218	£530,000	£435

Residential value conclusions

4.32 From our research and conversations with key local agents, we understand that the sales market in the area is good, and that the activity has picked up in recent weeks. We understand that the end of Help to Buy has not particularly impacted sales velocity and that those units that would normally be popular with first time buyers are equally popular with elderly downsizers who we understand form a sizeable pool of purchasers in the area.

4.33 Our comparable evidence demonstrates that there is a clear value range achieved on each unit type in the area, which we summarise below:

Unit Type	Size Range (sq ft)	Capital Value Range	£PSF Range
2 Bed	676 - 727	£300k - £350k	£413 - £495
3 Bed	852 – 1,347	£380k - £493k	£366 - £452
4 Bed	1,200 – 1,338	£495k - £550k	£415 - £437

Unit Type	Size Range (sq ft)	Capital Value Range	£PSF Range
5 Bed	1,600	£560,000	£418

4.34 A blended sales rate across comparable developments ranges from £400 psf to £449 psf. This is clearly a wide variation, which can be explained by the fact that some of the comparable schemes, such as Indigo Park, are at early stages of marketing and comprise a good mixture of apartments, which tend to achieve lower values to houses, whilst house sizes are also large for their type, capping the achievable values and diluting the overall sales rate. Other developments, such as Shopwhyke Lakes by Taylor Wimpey have a skewed £psf rate due to a higher number of small, detached houses which tend to inflate the overall sales rates achieved given their small size and a sought-after arrangement.

4.35 Given we are valuing the entire scheme as opposed to one isolated phase, the unit mix will be more balanced, albeit we note that the average unit size assumed at the Property is large, and as such, the £psf rate will be somewhat diluted. We have therefore adopted an average value of £410 psf. This reflects an average capital value of £495,000, which falls within the value range observed at the comparable transactions.

Unit absorption rates

4.36 We have analysed the average sales rates achieved at local comparable schemes, which equate to approximately 4-9 private units per month. In our valuation we adopted an average sales rate of circa 7 units per month, assuming that there will be 2 or 3 separate sales centres in operation throughout the sales period. We have therefore adopted a unit absorption rate of approximately 130 units per annum for the proposed scheme, equating to 91 private units and 39 affordable units per annum.

4.37 These rates are applied to the total number of units within the scheme and apportioned to the area of the subject site as a percentage of the subject site. Based on our knowledge and experience with similar sites, we believe that these absorption rates will enable a balance between future supply and demand to be achieved without resulting in price deflation.

5. Valuation

Methodology

5.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Comparative method

5.2 We have arrived at our opinion of the Market Value of the completed units (often referred to as the “Gross Development Value”) using the comparative method, which involves comparison of the subject scheme with sales evidence from other comparable schemes and other sales within the local market and making adjustments using our professional judgement.

Residual method

5.3 Our opinions of the Market Value of the serviced land parcels are arrived at using the residual method which is a generally accepted method for valuing properties that are considered to have possible development potential. Having formed an opinion of the value of the completed units, using the method described above, we deduct from the estimated net receipts the anticipated costs of development and an allowance for the developer’s profit. We have carried out residual appraisals on separate land parcels each with 100 units.

Cashflow method

5.4 We have then phased the delivery of the residential parcels and set these future land receipts against anticipated infrastructure costs within a cashflow to reflect a land wholesaler’s approach to appraising land. The resulting cashflow has then been discounted to provide a net present value for each point in the future. We have used our own bespoke model for larger sites which we believe is more appropriate than Argus Developer.

Valuation considerations

- The subject Property is in a good location, within close proximity to the amenities and transport links provided by Chichester.
- We are advised by the Client that CPO1 was confirmed on 11 November 2021 and became operative on 23 December 2021 and therefore the Council now has compulsory purchase powers over all plots except those being added by CPO2 (plots 19A-F).
- We understand from the Client that the Council resolved to grant the outline planning permission to deliver 1,300 dwellings on 31st March 2021 subject to the S106 signing. We are advised by the Client that the S106 is in its final stages of preparation and that the Developer is expecting to start site investigations in September 2023.
- We understand from the Client that there is a requirement for 30% affordable housing provision.
- In order to arrive at our Gross Development Value, we have considered similar residential developments in the wider area.
- We have been provided with core build costs by Countryside, which we have adopted in our valuation.
- We have been provided with site infrastructure costs by the Client which we have relied upon for the purposes of this valuation.

- We have valued the Property on a special assumption that the Client owns the unencumbered freehold interest in the entire Property.
- We have valued the Property on a special assumption that the S106 Agreement has been completed and full planning permission granted.

SWOT Analysis

5.5 We outline the SWOT analysis below, which we have taken into account when forming our opinion of Market Value.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Large scale new build development with potential capacity for up to 1,300 houses with accompanying facilities. • Resolution to Grant planning permission for 1,300 units. • In close proximity to Chichester and its amenities. • Excellent road connections. • Strong residential market in the surrounding area. • 	<ul style="list-style-type: none"> • Detailed scheme is yet to be designed. • Large costs associated with infrastructure expenditure.
Opportunities	Threats
<ul style="list-style-type: none"> • Opportunity to create a high-quality village extension with a vibrant community and improved facilities. • Potential to respond to the current housing needs and provide wider choice and better mix in the size and type. • Potential to improve the residential sub-market with greater values than current levels in surrounding areas. 	<ul style="list-style-type: none"> • High interest rates, cost of living squeeze and end of Help to Buy may slow housing market. • Increasing build costs may reduce future land receipts and increase the infrastructure burden. • Large scale of the development could produce too many units for the local market to absorb and lead to price deflation.

Development inputs

5.6 As previously discussed, land transactions reflect the specific attributes of the site therefore we have assessed the potential receipts and costs that are directly relevant to the Property when determining our opinion of value for the subject site, which we then sense checked against development land sales evidence.

5.7 We list below the key development inputs adopted in our valuation:

Development variable	
Delivery	
Private housing absorption rate	91 per annum

First year of sales	2024
Accommodation	
No. Units	1,300
Average private residential area (GIA)	1,200 sq. ft.
Average affordable unit area (GIA)	850 sq. ft.
Affordable housing	30%
Affordable housing value adopted as % of Market Value	60%
Revenue	
Private sales values	£410 psf
Affordable receipts	£250 psf
Costs	
All-in construction costs	£185 psf
Profit	
Blended Profit on GDV	15% (17.5% on Cost)
<i>Profit on GDV - Private</i>	<i>17% (19.5% on Cost)</i>
<i>Profit on GDV - Affordable</i>	<i>4% (6.5% on Cost)</i>
Serviced Land	
<i>£ per NDA</i>	<i>£1,605,110</i>
<i>£ per Plot</i>	<i>£114,086</i>
Site Infrastructure	42,500,000
S106 /CIL	£44,500,000
Archaeology excavation	£3,000,000
Discount Factor (WACC)	8.5%
Market Value with outline planning (Master developer)	£30,617,777
Say	£30,600,000

Serviced land value analysis

- 5.8 As can be seen from the KPIs above, the serviced land value per net developable area (NDA) is at circa £1.6 million, and value per plot is at circa £114k.

- 5.9 Our comparable evidence demonstrates that consented serviced parcels of land are achieving values in the range of £1.57 million - £1.8 million per net developable acre and £88k - £130k per plot. We note that most of the transactions took place over 2021 when the sentiment and price growth was strongest. We have therefore given most weight to land sales that transacted end of 2022.
- 5.10 *Phase 1 at Welborne* has been agreed to three prospective joint venture partners end of 2022 at £1.8 million per acre, reflecting £130k per plot. The sale is in advanced legal due diligence. The commercial agreement with each joint venture partner is that serviced land parcels will be transferred into the joint venture companies at a value reflecting £1.8 million per acre. This figure was negotiated through the tendering process and the fact that it has been accepted by three independent housebuilder companies is evidence of serviced land values at Welborne.
- 5.11 We understand that on average the three prospective joint venture partners assumed private sales values of £440 per sq ft, 'all-in' construction costs of £183 per sq ft and sales and marketing costs of 2.75%. The affordable housing requirement was at 10%.
- 5.12 Given the land has been agreed in the current economic climate, we believe that it provides the most pertinent comparable evidence as to the achievable serviced land values at the Property. Taking into consideration lower residential value assumptions and higher affordable housing requirement at the subject property, we would expect the serviced land value to be lower than that observed in Welborne.
- 5.13 We understand that the most recent serviced parcel of land at the *Berewood* development was sold to a national housebuilder in September 2022. It comprises 192 homes including 77 (40%) affordable homes across 14 net development acres. We understand the purchaser assumed end sales values of £383 per sq ft on the private accommodation, £254 per sq ft on the affordable accommodation and paid a consideration equivalent to over £1.8 million per net development acre with no deferred payment. We understand that a price paid reflected very slim margins, albeit we note that the land transacted pre mini budget.
- 5.14 From our research and conversations with local land agents, we understand that the land market is more risk-averse now however, serviced parcels of land are generally viewed as de-risked. From our own participation in the market, it is also apparent that housebuilders are well funded and are aggressively pursuing permissioned development land, particularly where it is serviced. Therefore, we believe that the serviced land value of £1.6 million at the Property is in line with the market.

Discount factor (WACC)

- 5.15 The discount factor used within the discounted cashflow is effectively an unlevered weighted average cost of capital (WACC). It is therefore defined by a purchaser's anticipated cost of equity and debt. Developers and house builders have different ways of financing projects and are subject to varying levels of finance costs dependent on the risk and complexity of the development as well as their financial position and the availability of finance. This results in large fluctuations in the calculation of interest rates or WACC for the major players in strategic land. For example, as at February 2023, Aviva's WACC is 6.8%, Harworth Group ranges from 6.5 to 8.4%. Conversely, we understand that a sovereign wealth fund may have a WACC of 4%.
- 5.16 With the special assumption that the Property has planning permission, we anticipate that a purchaser would have access to senior debt finance and justify an overall WACC of approximately 8.5% and we have therefore adopted this as the discount factor within our valuation of the Property. This is a growth implicit discount rate as our model assumes zero inflation.

Residual Land Value analysis against Benchmark Land Value

5.17 The Client has provided us with Chichester District Council's Local Plan and CIL Viability Assessment Stage 1 Report dated April 2021. Paragraph 2.13.12 of the report notes the following:

"Typically, we would expect to apply an EUV+ based on a land value benchmark at approximately £250,000/ha (perhaps to an upper level of around £500,000/ha in respect of small areas of paddock land or similar) for greenfield land release, based on a circa ten times uplift factor (the "plus" element) from the EUV for agricultural land."

5.18 We have been instructed by the Client to assume £250,000/ha as the BLV for the purposes of assessing the viability of the Property in a planning context. If the rate of £250,000/ha is applied to the gross area of the subject site (188 acres / 76 hectares), the BLV is £19,000,000.

5.19 As can be seen from the above, the residual land value at the Property is significantly greater than the BLV and results in a potential surplus of £11,600,000. We are therefore of the opinion that the development is both viable and deliverable.

Calculation

5.20 We attach a copy of cashflows at **Appendix 3**.

Valuation bases

Market Value

5.21 Market Value is defined within RICS Valuation - Professional Standards as:

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

Valuation date

Valuation date

5.22 The Valuation date is 3 March 2023.

Market Value

Assumptions

5.23 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention within this report.

Key assumptions

5.24 Whilst we have not provided a summary of all these assumptions here, we would in particular draw your attention to the following key assumption that we have adopted:

- The proposed highways works will be carried out by Countryside, as the enabling developer, rather than by the developer of each of the related plots.
- Countryside will make a commuted sum contribution equivalent to 30% of the total construction costs of infrastructure and servicing costs as well as the land itself.

- Specification that is commensurate with that of an appropriate quality development in this location.

Special assumptions

5.25 As instructed by with you, our valuation is also undertaken the following special assumptions:-

- A special assumption that the Property is vacant.
- A special assumption that the Client owns the unencumbered freehold interest in the entire Property.
- A special assumption that S106 Agreement has been completed and full planning permission granted.
- A special assumption that the Developer will commence the development immediately on grant of the Order.

Market Value - special assumption of planning and unencumbered freehold interest

5.26 We are of the opinion that the Market Value of the freehold interest in the property on special assumptions outlined above, at the Valuation date is:

£30,600,000 (Thirty Million and Six Hundred Thousand Pounds).

5.27 This valuation is in accordance with the requirements of the Guidance and on the basis that special assumptions above, do not represent the Market Value of the property and the purpose for which this figure is used, should be carefully considered.

Appendix 1 Instruction documentation

From: [Yohanna Weber](#)
To: [Agne Berzinskaite](#)
Subject: [EXTERNAL] RE: Valuation report information - Tangmere [IWOV-DJB-DMS.FID216810]
Date: 03 February 2023 10:55:36
Attachments: [-WRD3760.jpg](#)
[GH-14231400633-CPO-DRAFT-P04.PDF](#)
[LR Schedule Tangmere CPO 2 V4.XLSX](#)
[FW Tangmere - Viability Report DWFLLP-Active.FID6907716.msg](#)
Importance: High

Hi Agne

Your fee proposal is approved and please proceed with the valuation under the previously signed Contract with the Council dated 29.01.2020. Regarding the information you require, please see below information in underlining and the attached with respect to the first 3 bullet points. The email attached addresses the remainder of the bullet points. Please do let me know as soon as possible if you require any further information; otherwise I look forward to speaking with you on 21 February 2023.

Kind regards
Yohanna

Yohanna Weber | Partner

E yohanna.weber@djblaw.co.uk | **T** 020 3026 9276 | **M** 07898 422304
Davitt Jones Bould | www.djblaw.co.uk | 0344 880 8000

Address for post and document scanning: **Exchange House, The Crescent, Taunton TA1 4EB**

From: Agne Berzinskaite <Agne.Berzinskaite@knightfrank.com>
Sent: 01 February 2023 11:25
To: Yohanna Weber <Yohanna.Weber@djblaw.co.uk>
Subject: RE: Valuation report - Tangmere [IWOV-DJB-DMS.FID216810]

Hi Yohanna,

Lovely talking to you just now.

I will discuss our fee proposal internally and revert later today but in the meantime and subject to your acceptance of our fee, we would need the following information to undertake an update Viability Assessment relating to the Tangmere Strategic Development:

- **Updated CPO site boundary** – please see attached updated CPO boundary. It largely mirrors that for CPO1, with the addition of the small plots numbered 19A-F.
- **Tenure.** Changes in tenure? Previously, several parcels of land were under separate ownerships and there was a one metre wide control strip bisecting the Property from east to west. The tenure situation remains largely the same, except that CPO1 was confirmed on 21 December 2021 and therefore the Council now has compulsory purchase powers over all plots except those being added by CPO2 (plots 19A-F). Schedule of updated interests is attached.
- **Current planning position**
 - Has the emerging Chichester Local Plan Review 2035 been adopted and the property benefits from an allocation to deliver 1,300 dwellings? The draft local plan is at Stage Three - Regulation 19 and Submission. Policy AL14 of the draft provides for a minimum allocation of 1,300 dwellings on the Tangmere Strategic Development Land
 - Having looked briefly on planning website, I understand that outline planning application for



DATE

29th January

2020

CHICHESTER DISTRICT COUNCIL

and

KNIGHT FRANK LLP

AGREEMENT

TO:

PROVIDE A VIABILITY ASSESSMENT RELATING TO THE TANGMERE SDL

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THIS AGREEMENT is dated

29th January

2020

PARTIES

(1) **CHICHESTER DISTRICT COUNCIL** of East Pallant House East Pallant Chichester West Sussex PO19 1TY ("the Council").

(2) **KNIGHT FRANK LLP** (a limited liability partnership) whose registered office is at 55 Baker Street London W1U 8AN (company registration number OC305934) ("the Contractor")

Agreed terms

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this clause apply in this agreement (unless the context requires otherwise).

Capacity: as agent, contractor, director, employee, owner, partner, or in any other capacity.

Commencement Date: a date to be agreed in writing between the parties.

Council Property: all documents, books, manuals, materials, records, correspondence, papers and information (on whatever media and wherever located) relating to the Business or affairs of the Council including hardware or software provided for the Contractor's use by the Council during the Term of this Agreement, and any data or documents (including copies) produced, maintained or stored by the Contractor on the Council's or the Contractor's computer systems or other electronic equipment during the Term of this Agreement.

Confidential Information: information in whatever form (including without limitation, in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located) relating to the business, customers, products, affairs and finances of the Council for the time being confidential to the Council and trade secrets including, without limitation, technical data and know-how relating to the Business of the Council including in particular (by way of illustration only and without limitation) and including (but not limited to) information that the Contractor creates, develops, receives or obtains in connection with the delivery of the services set out in this Agreement, whether or not such information (if in anything other than oral form) is marked confidential.

Intellectual Property Rights: patents, rights to inventions, copyright and related rights, moral rights, trade marks, trade names and domain names, rights in get-up, rights in goodwill or to sue for passing off,

rights in designs, rights in computer software, database rights, rights in confidential information (including know-how and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which may now or in the future subsist in any part of the world.

Pre-Contractual Statement: any undertaking, promise, assurance, statement, representation, warranty or understanding (whether in writing or not) of any person (whether party to this agreement or not) relating to this Agreement other than as expressly set out in this Agreement or any documents referred to in it.

Services: the services specified in Schedule 1

Completion Date : the date which is three weeks from the Commencement Date or such later date as agreed in writing between the Council and the Contractor.

Works: all records, reports, documents, papers, software, and all other materials in whatever form, including but not limited to hard copy and electronic form, prepared by the Contractor.

- 1.2 The headings in this agreement are inserted for convenience only and shall not affect its construction. A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.3 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.4 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.
- 1.5 The Schedules to this agreement form part of (and are incorporated into) this Agreement.

2. **TERM**

The Council hereby engages the Contractor to provide the Services on the terms and conditions set out in this agreement and shall commence on the Commencement Date and end on the Completion Date unless determined earlier pursuant to clauses 3.7 and 10 of this Agreement.

3. DUTIES AND OBLIGATIONS

- During the Term the Contractor shall
- 3.1 provide the Services with all reasonable care, skill and ability expected of someone providing similar Services.
 - 3.2 promptly give to the Council all such information and reports as it may reasonably require in connection with matters relating to the provision of the Services.
 - 3.3 The Contractor shall use reasonable endeavours to be available at all times on reasonable notice to provide such assistance or information as the Council may require.
 - 3.4 Unless specifically authorised to do so by the Council in writing, the Contractor shall not:
 - 3.4.1 have any authority to incur any expenditure in the name of or for the account of the Council; or
 - 3.4.2 hold itself out as having authority to bind the Council .
 - 3.5 The Contractor shall comply with the General Data Protection Regulations and all Data Protection Acts in relation to the use of information and communication systems and data protection to such extent that they are relevant to the provision of the Services.
 - 3.6 The Contractor may use a third party to perform any administrative, clerical or secretarial functions which are reasonably incidental to the provision of the Services provided that:
 - 3.6.1 the Council will not be liable to bear the cost of such functions; and
 - 3.6.2 at the Council's request the third party shall be required to enter into direct undertakings with the Council which may include a confidentiality agreement.
 - 3.6.3 the Contractor carries out an employment test as required by the Finance Act 2017 section 6
 - 3.7 The Contractor shall:
 - 3.7.1 comply with all applicable laws, regulations, codes and sanctions relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010 ;

3.7.2 not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;

3.7.3 promptly report to the Council any request or demand for any undue financial or other advantage of any kind received by the Contractor in connection with the performance of this agreement;

3.7.4 ensure that all persons associated with the Contractor or other persons who are performing services in connection with this agreement comply with this clause 3.7 and clause 10. Any breach shall be deemed a material breach of this Agreement.

4. FEES

The Council shall pay the Contractor a fee of Fifteen Thousand Pounds (£15,000.00) exclusive of VAT ("the Fee").

- 4.1 The Council shall pay the Contractor within 30 days of receipt of the Contractor's invoice subject to any deduction in respect of payment of tax and national insurance if an employment test shows that employee status applies to the Services .

5. OTHER ACTIVITIES

Nothing in this agreement shall prevent the Contractor from being engaged, concerned or having any financial interest in any Capacity in any other business, trade, profession or occupation during the period of this Agreement provided that:

- 5.1 such activity does not cause a breach of any of the Contractor's obligations under this agreement; and
- 5.2 the Contractor shall not engage in any such activity which is in any way competitive with the Business of the Council without the prior written consent of the Council; for the avoidance of doubt carrying out work for another local authority will not be considered a competitive activity.

6. CONFIDENTIAL INFORMATION

- 6.1 The Contractor acknowledges that in the course of this Agreement it will have access to Confidential Information. The Contractor has therefore agreed to accept the restrictions in this clause 6.
- 6.2 The Contractor shall not (except in the proper course of their duties), either during the Term of this Agreement or at any time after the

Termination Date, use or disclose to any third party (and shall use its reasonable endeavours to prevent the publication or disclosure of) any Confidential Information. This restriction does not apply to:

6.2.1 any use or disclosure authorised by the Council or required by law; or

6.2.2 any information which is already in, or comes into, the public domain otherwise than through the Contractor's unauthorised disclosure.

6.3 At any stage during the Term of this Agreement, the Contractor will promptly on request return all and any Council Property in its possession.

7. DATA PROTECTION

7.1 The Contractor shall comply with the requirements of the Data Protection Act 2018 and any subsequent legislation and associated codes of practice when processing personal data relating to any employee, worker, customer, client, supplier or agent of the Council.

8. INTELLECTUAL PROPERTY

8.1 The Contractor hereby assigns to the Council existing and future Intellectual Property Rights in the Works and all materials embodying these rights to the fullest extent permitted by law. Insofar as they do not vest automatically by operation of law or under this agreement, the Contractor holds legal title in these rights on trust for the Council.

8.2 The Contractor undertakes:

7.2.1 whenever requested to do so by the Council and in any event on the Completion Date for the Services promptly deliver to the Council all correspondence, documents, papers and records on all media (and all copies or abstracts of them), recording or relating to any part of the Works and the process of their creation which are in its possession, custody or power;

7.2.2 not to register nor attempt to register any of the Intellectual Property Rights in the Works, or permit a sub-contractor to register any such Rights unless requested to do so by the Council ; and

7.2.3 to do all acts necessary to confirm that absolute title in all Intellectual Property Rights in the Works has passed, or will pass, to the Council.

- 8.3 The Contractor warrants to the Council that:
- 8.3.1 It has not given and will not give permission to any third party to use any of the Works nor any of the Intellectual Property Rights in the Works;
 - 8.3.2 It is unaware of any use by any third party of any of the Works or Intellectual Property Rights in the Works; and
 - 8.3.3 the use of the Works or the Intellectual Property Rights in the Works by the Council will not infringe the rights of any third party.
- 8.4 The Contractor agrees to indemnify the Council and keep it indemnified at all times against all reasonably foreseeable, legally enforceable costs, claims, damages or expenses incurred by the Council, or for which the Council may become liable, with respect to any intellectual property infringement claim or other claim relating to the Services provided by the Contractor to the Council during the course of providing the Services save that the Council agrees to take all reasonable steps to mitigate any foreseeable losses. The Contractor shall maintain adequate liability insurance coverage and the Council confirms that it has received a copy of these which are satisfactory.
- 8.5 The Contractor waives any moral rights in the Works to which it is now or may at any future time be entitled under Chapter IV of the Copyright Designs and Patents Act 1988 or any similar provisions of law in any jurisdiction, including (but without limitation) the right to be identified, the right of integrity and the right against false attribution, and agrees not to institute, support, maintain or permit any action or claim to the effect that any treatment, exploitation or use of such Works or other materials infringes the Contractor's moral rights.
- 8.6 The Contractor acknowledges that, except as provided by law, no further fees or compensation other than those provided for in this agreement are due or may become due to the Contractor in respect of the performance of the Contractor's obligations under this clause 8.

9. **INSURANCE AND LIABILITY**

The following liability clauses shall apply where a Contractor is deemed to be a sole trader where, pursuant to the provisions of clause 13 of this Agreement, an ESS test has confirmed that the Contractor is a sole trader. In that event the Contractor will not be required to have separate insurances as he/she will be insured via the Council's own insurance policies

- 9.1 The Contractor shall be liable to the Council for any reasonably foreseeable, legally enforceable and fully mitigated loss, liability, costs (including reasonable legal costs), damages or expenses arising from any breach by the Contractor of the terms of this agreement including any negligent or reckless act, omission or default in the provision of the Services and shall accordingly maintain in force during the Term of this Agreement full and comprehensive Insurance Policies.
- 9.2 The Contractor shall ensure that its Public Liability, Employer's Liability and Professional Indemnity Insurance Policies are acceptable to the Council and that the level of cover and other terms of insurance are acceptable to and agreed by the Council each having a minimum level of cover of Five Million Pounds in respect of any one claim.
- 9.3 The Contractor shall on request supply to the Council evidence that such insurance is in place in the form of a Broker's certificate showing satisfactory evidence of its insurance cover.
- 9.4 The Contractor shall comply with all terms and conditions of the Insurance Policies at all times. If cover under the Insurance Policies shall lapse or not be renewed or be changed in any material way or if the Contractor is aware of any reason why the cover under the Insurance Policies may lapse or not be renewed or be changed in any material way, the Contractor shall notify the Council without delay.
- 9.5 The Contractor's maximum liability under this Agreement, except for death or personal injury (for which liability shall be unlimited), in contract, tort or otherwise in connection with this Agreement shall not exceed £10,000,000 (ten million pounds) in respect of any one claim.

10. TERMINATION

- 10.1 The Council may terminate this Agreement by serving written notice on the Contractor to take effect on the date stated in the notice ("the Termination Date" with no liability to make any further payment to the Contractor (other than in respect of amounts accrued before the Completion Date) if at any time the Contractor or any employee:-
- 10.1.1 commits any gross misconduct affecting the Business of the Council;
- 10.1.2 commits any serious or repeated breach or non-observance of any of the provisions of this agreement or refuses or neglects to comply with any reasonable and lawful directions of the Council;

10.1.3 is convicted of any criminal offence (other than an offence under any road traffic legislation in the United Kingdom or elsewhere for which a fine or non-custodial penalty is imposed);

10.1.4 is declared bankrupt or makes any arrangement with or for the benefit of creditors or has a county court administration order made under the County Court Act 1984;

10.1.5 is incapacitated (including by reason of illness or accident) from providing the Services for an aggregate period of FOUR WEEKS in any 26-week consecutive period;

10.1.6 commits any fraud or dishonesty or acts in any manner which in the opinion of the Council brings or is likely to bring the Contractor or the Council into disrepute or is materially adverse to the interests of the Council; or

10.1.7 commits any offence under the Bribery Act 2010.

- 10.2 The rights of the Council set out in clause 10.1 are without prejudice to any other rights that it might have at law to terminate this Agreement or to accept any breach of this agreement on the part of the Contractor as having brought the agreement to an end. Any delay by the Council in exercising its rights to terminate shall not constitute a waiver of these rights.

11. OBLIGATIONS ON TERMINATION

On the Termination Date the Contractor shall:

- 11.1 immediately deliver to the Council all Council Property in its possession or under its control;
- 11.2 irretrievably delete any information relating to the Business of the Council stored on any magnetic or optical disk or memory and all matter derived from such sources which is in its possession or under its control outside the premises of the Council. For the avoidance of doubt, the contact details of business contacts made during the period of this Agreement are regarded as Confidential Information, and as such, must be deleted from personal social or professional networking accounts; and
- 11.3 provide a signed statement that it has complied fully with its obligations under this clause 11.

12. EMPLOYMENT STATUS

- 12.1 The Council reserves the right to determine whether the terms of the Agreement are on employed or self-employed terms for tax purposes.

- 12.2 The Council is obliged under the terms of the Finance Act 2017 Section 6 and Schedule 1 to determine whether the Contractor would, but for the fact this contract is between the Council and the Contractor, otherwise be considered as employed for tax purposes. If the Contractor would otherwise be so considered the Council is obliged to deduct Pay-as-You- Earn under the provisions of that Act and national Insurance Contributions
- 12.3 If the Contractor is a sole trader, registered company or partnership and the Services are deemed to be *provided on self-employed terms* for tax purposes the relationship of the Contractor to the Council will be that of independent Contractor and nothing in this agreement shall render the Contractor an employee, worker, agent or partner of the Council and the Contractor shall not be held out as such.
- 12.4 If the Contractor is a sole trader and the Services are deemed to be *provided on employed terms* for tax purposes the relationship of the Contractor with the Council will be that of employee. In that event the Council is obliged to deduct and account for Pay As You Earn and National Insurance Contributions under the provisions of the Finance Act 2017, section 6 and Schedule 1.
- 12.5 If the Contractor employs a sub-contractor to carry out any of the services under this contract it shall be the Contractor's responsibility as the intermediary to carry out an Employment Status check but may request the Council to do so.
- 12.6 The Contractor shall indemnify the Council against any matters arising from any employment-related claim or any claim based on worker status (including reasonable costs and expenses arising out of or in connection with the provision of the Services). The Council may at its own discretion opt to satisfy any indemnity (in whole or in part) by way of deduction from any payments due to the Contractor.
- 12.7 Unless the status of employee applies pursuant to the Finance Act 2017 section 6 the Contractor shall be fully responsible for and shall indemnify the Council for and in respect of any income tax, National Insurance and social security contributions and any other liability, deduction, contribution, assessment or claim arising from or made in connection with the performance of the Services, where the recovery is not prohibited by law. The Contractor shall further indemnify the Council against all reasonable costs, expenses and any penalty, fine or interest incurred or payable by the Council in connection with or in consequence of any such liability, deduction, contribution, assessment

or claim save where the latter arise out of the Council's negligence or wilful default;

13. NOTICES


- 13.1 Any notice given under this agreement shall be in writing and signed by or on behalf of the party giving it and shall be served by sending it by pre-paid recorded delivery or registered post to the relevant party at (in the case of the Council to East Pallant House 1 East Pallant Chichester West Sussex PO19 1TY and (in the case of the Contractor) its registered office address so identified at Companies House. Any such notice shall be deemed to have been received 48 hours from the date of posting by pre-paid recorded delivery or special delivery registered post.
- 13.2 In proving such service it shall be sufficient to prove that the envelope containing the notice was addressed to the address of the relevant party and delivered into the custody of the postal authorities as pre-paid recorded delivery or registered post.

14. FREEDOM OF INFORMATION

The Contractor acknowledges that the Employer is subject to the requirements of the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and the National Audit Act 1983 and shall assist and co-operate with the Council to enable the Council to comply with its information disclosure and audit obligations. The Contractor acknowledges that the Council is subject to transparency obligations which require the Council to publish certain contract information and materials. Accordingly, and notwithstanding any other term of this Contract, the Contractor hereby gives its consent for the Council to publish this Contract (save and except such matters as the Council is by law able to exclude as being confidential, commercially sensitive, or otherwise not in the public interest to disclose), to the general public in whatever form the Council. The Contractor shall render such assistance and co-operate with the Council to enable such publication, including, if the Council so requires, assisting the Council at no additional cost to the Council in the redaction of such contract documents prior to publication to eliminate material considered confidential, commercially sensitive, or otherwise not in the public interest to disclose.

15. ENTIRE AGREEMENT

Each party on behalf of itself acknowledges and agrees with the other party that:

- 
- 15.1 this agreement together with any documents referred to in it constitutes the entire agreement and understanding between the Contractor and the Council and supersedes any previous arrangement, understanding or agreement between them relating to the Agreement (which shall be deemed to have been terminated by mutual consent);
 - 15.2 in entering into this agreement neither party has relied on any Pre-Contractual Statement; and
 - 15.3 each party agrees that the only rights and remedies available to it or arising out of or in connection with any Pre-Contractual Statement shall be for breach of contract. Nothing in this agreement shall, however, limit or exclude any liability for fraud.

16. VARIATION

No variation of this agreement or of any of the documents referred to in it shall be valid unless it is in writing and signed by or on behalf of each of the parties.

17. THIRD PARTY RIGHTS

A person who is not a party to this agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this agreement are not subject to the consent of any person that is not a party to this agreement.

18. GOVERNING LAW AND JURISDICTION

18.1 This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

18.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

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Schedule 1 – Services to be provided

The Council's Project Brief
(comprising of e mail correspondence between the parties)

From: Hannah Chivers
Sent: 29 May 2019 15:14
To: Charlie Dugdale
Cc: James Leaver; 'Nigel Riley' (nigel.riley@citicentric.co.uk); Robin de Wreede
Subject: RE: Tangmere - Viability Assessment.

Dear Charlie,

Following on the below, we will need a refresh of the viability assessment for Tangmere. Would you be able to provide me with a provisional quote and timescale for the work required to update the viability report?

We will need to flush out any procurement issues this end, but prior to that wanted to establish the cost before our legal team can instruct you.

Many thanks,
Hannah



Hannah Chivers
Senior Planning Policy Officer
Planning Policy
Chichester District Council

Ext: 21272 | Tel: 01243521272 | hchivers@chichester.gov.uk | Fax:



From: James Leaver [mailto:James.Leaver@knightfrank.com]
Sent: 24 May 2019 19:00
To: nigel.riley@citicentric.co.uk
Cc: Mike Allgrove; Robin de Wreede; Hannah Chivers; Charlie Dugdale
Subject: Re: Tangmere - Viability Assessment.

Dear Nigel

Thank you for highlighting this requirement which I am sure we can assist with.

I am copying Charlie Dugdale who has also been involved should Mike need to progress this next week (I am on leave next week).

We will obviously have the benefit of better information this time and now that Countryside are well underway with their due diligence.

Many thanks
James

Sent from my iPhone

On 24 May 2019, at 17:12, "nigel.riley@citicentric.co.uk" <nigel.riley@citicentric.co.uk> wrote:

James,

Following on from our telephone conversation I can confirm that at a recent conference with Alex Booth QC it was agreed that Knight Frank would be asked to update their previous viability report to assist the preparations/justification for the likely CPO necessary to assemble the Tangmere expansion site.

At the conference there was some discussion as to the specific information that would be available to KF in this regard and at present I believe that this will include the infrastructure costs that have been worked up by the Countryside team.

However, initially, can I suggest that you/a colleague makes contact with Mike Allgrove at the council (copied in to this email) to agree the details of the instruction including timing.

Kind regards

Nigel

Nigel Riley BSc. MRICS

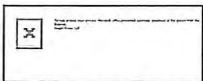
Director

<image003.jpg>

07989 130479

nigel.riley@citicentric.co.uk
www.citicentric.co.uk

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James Leaver, Dip VEM MRICS
Partner, Department Head
for Public Sector

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55 Baker Street
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T: +44 20 7861 1133
S: +44 20 7629 8171
M: +44 7771 885989
PA: +44 20 7861 1136 - Emma Baxter

james.leaver@knightfrank.com
knightfrank.com

From: Mike Allgrove
Sent: 06 June 2019 15:44
To: James Leaver (James.Leaver@knightfrank.com)
Cc: Hannah Chivers
Subject: FW: Tangmere viability assessment
Attachments: Fee Quote Tangmere Viability Assessment June 2019.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Dear James,

Thank you for arranging for quote for the viability work. We are somewhat surprised that the cost is the same as the last viability assessment. I would suggest that given that Knight Frank has prior knowledge of the site the cost should be cheaper than the previous assessment. I am concerned that we will need to enter a more formal procurement process if there is no clear cost advantage to using Knight Frank. Please could you ask Andrew Johnstone to review the quote and it may be possible for us then avoid going to the market to demonstrate that we are achieving best value.

Thanks,

Mike



Mike Allgrove
Planning Policy Manager
Planning Policy
Chichester District Council

Ext: 21044 | Tel: 01243521044 | mallgrove@chichester.gov.uk | Fax: 01243776766
<http://www.chichester.gov.uk>



From: Hannah Chivers
Sent: 05 June 2019 07:56
To: Mike Allgrove
Subject: Tangmere viability assessment

Hi Mike

Knight Frank have given us a quote for the viability work - £20,000 – which is the same amount as it cost last time. Do I need to speak to someone in procurement or legal about whether we will need to tender or whether Andrew can sign a waiver?

Hannah



Hannah Chivers
Senior Planning Policy Officer
Planning Policy
Chichester District Council

Ext: 21272 | Tel: 01243521272 | hchivers@chichester.gov.uk | Fax:



SCHEDULE 2 - Contractor's Tender Submission

(comprising of Knight Frank's letter dated 13 June 2019)

Hannah Chivers

Senior Planning Policy Officer
Planning Policy
Chichester District Council

By email only hchivers@chichester.gov.uk

13 June 2019

Dear Hannah

Property: Tangmere Viability Assessment

Thank you for your invitation for Knight Frank LLP to submit a fee quotation for a viability report to assist the preparations/justification for the likely CPO necessary to assemble the Tangmere expansion site. We propose a fee of **£15,000**, exclusive of VAT for a report prepared on a similar basis to our report of March 2017.

We believe it will be possible to produce a draft valuation report within three weeks of receipt of instructions and information. Given the scale of the development, receipt of the information in a timely manner will be essential for us to meet this timetable.

We are confident that we would have no conflicts of interest in providing this report to you. We have no current or recent fee earning involvement with the property and any other party connected with this transaction and that we would have no conflicts of interest in providing this report.

We confirm that the valuer will be an RICS Registered Valuer and meets the requirements of RICS Valuation Standards VPS1a, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

Knight Frank LLP's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this potential instruction is limited to £250,000 or 50 times the fee under this instruction. We do not accept any liability for any indirect or consequential loss (such as loss of profits). For the avoidance of doubt, the maximum aggregate of liability referred to above refers to the aggregate of all claims of any kind whatsoever brought by any party or parties arising out of or relating to this instruction. We can confirm that we have adequate professional indemnity cover in place for this instruction.

T +44 20 7629 8171 F +44 20 7493 4114
55 Baker Street London W1U 8AN

KnightFrank.co.uk

Knight Frank LLP is a limited liability partnership registered in England with registered number OC305934. Our registered office is 55 Baker Street London W1U 8AN where you may look at a list of members' names.

We look forward to hearing from you.

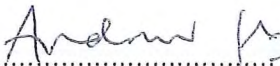
Kind regards

A handwritten signature in black ink, appearing to read "Andrew Johnston".


Andrew Johnston
Partner, Residential Development
Andrew.johnston@knightfrank.com
T 020 7861 5253
M 07766 811 784

In Witness whereof this Agreement has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Signed as a Deed by an
authorised official on behalf
of CHICHESTER DISTRICT
COUNCIL


.....
Authorised signatory

Executed by KNIGHT FRANK
LLP acting by [*Andrew Johnson*]
a Member, in the presence of:


.....
Member

Witness [name]
AGNE BERZINSKAITE

Witness [address]
55 BAKER STREET

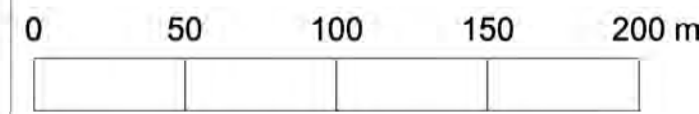
.....
LONDON
W1U 8AN

Appendix 2 Massing and density plan



- Key**
- Planning application boundary
 - Existing access to Saxon Meadow
 - Residential density 35 to 40 dph (excluding residential dwellings on upper floors above the flexible commercial units in the mixed use village centre)
 - Residential density 32.5 to 37.5dph
 - Residential density 27.5 to 32.5dph
 - Primary school
 - Potential primary school expansion (if primary school is not expanded, land use will be residential)

Notes/Revisions



Tangmere Strategic Development Location
 Countryside Properties (UK) Ltd



Building Density Parameters Plan

Status:		Drawn by:	Checked by:
		SL	TF
Project Number:	Scale:	Date:	
180620	Scale@A1: 1:2500	02/2020	
Drawing Number:	Revision:		
TOR-PP-003	H		

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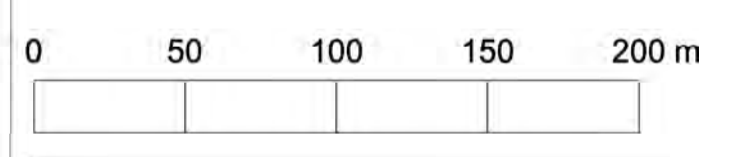
TELEPHONE
020 3664 6755
www.torfftd.co.uk



- Key**
- Planning application boundary
 - Existing access to Saxon Meadow
 - 2 - 2.5 storeys / Up to 10.5m
 - Up to 3 storeys / Up to 13m
 - Up to 3 storeys / Up to 16m
 - Primary school up to 9.0m
 - Potential primary school expansion (if primary school is not expanded, land use will be residential)
 - * Sports pavilion up to 6.5m

NOTE: Building heights subject to a maximum +/- 0.5m land raising where required to aid surface drainage

Notes/Revisions



Tangmere Strategic Development Location
 Countryside Properties (UK) Ltd

Building Height Parameters Plan

Status:		Drawn by:	Checked by:
		SL	TF
Project Number:	Scale:	Date:	
180620	Scale@A1: 1:2500	02/2020	
Drawing Number:	Revision:		
TOR-PP-002	K		

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Appendix 3 Valuation calculations

Tangmere Viability Assessment CPO2		Index	Sparkline	Line total
FINANCIAL APPRAISAL - MASTER DEVELOPER 1,300 UNITS				
Scenario:	Col Index	Description		
	3	-		2
RESIDUAL APPRAISAL				
Accommodation				
Private units				910
Private floor area (NSA)	1,200.0	19		1,092,000
Private floor area (GIA)	1,200.0	20		1,092,000
Affordable units	30%	11		390
Affordable floor area (NSA)	850.0	21		331,500
Affordable floor area (GIA)	850.0	22		331,500
Revenues				1,423,500
Private sales	410	25		447,720,000
Affordable sales	250	26		82,875,000
Total revenues				530,595,000
Costs				
Private construction	150	29		163,800,000
Affordable construction	140	30		46,410,000
Total base construction costs				210,210,000
Professional fees	10%	31		21,021,000
Contingency	5%	32		10,510,500
Total all-in construction costs				241,741,500
On-plot infrastructure costs	10%	35		21,021,000
Sales and marketing costs	2.75%	38		14,591,363
Total on-plot development costs				277,353,863
Finance				
On-plot finance costs	5.5%	36		15,254,462
Profit				
Profit on GDV	15%	42		79,589,250
Residual value				
Gross land value				158,397,425
Net land value	6.8%	40	Serviced MV	148,312,196
Value per unit			per plot	114,086
Value per acre (gross)			per acre	1,605,110
MASTER DEVELOPER CASHFLOW				
Land Sales Proceeds				
	No. Acres	Per Acre		
Residential land	92.4	1,605,110		148,312,196
Village Centre	1.2	500,000	27	600,000
Total Net Revenue				148,912,196
Cost of sales				
		1.5%	39	2,233,683
Infrastructure costs	42,500,000	33		42,500,000
Infrastructure Contingency	5.0%			2,125,000
S106 / CIL	34,230	41		44,499,000
Archaeology excavation				3,000,000
Total infrastructure & servicing costs				92,124,000
Development management fees	3.5%	37		1,487,500
Net Cash Flow				
Cumulative Cash Flow				53,067,013
MV with planning	8.5%	43	MV	32,851,693
Purchaser's Costs	6.8%	40		2,233,915
				Greenfield Market Value with planning
				Say
			per plot	23,552
			per acre	331,361