

Expert Opinion
- Market Value
& Other
Matters



*Leisure
Property
Services
Limited*

Buckingham Hotel Gross
Development Valuation



Prepared for

Buckingham Hotel, Buxton

December 2025

www.leisurepropertyservices.com

12 December 2025

Mr Barar

Buckingham Hotel

1-2 Burlington Road

Buxton

Derbyshire SK17 9AS

Dear Mr Barar

Further to your letter of instruction dated 3 November 2025, I have undertaken a valuation of the subject hotel assuming it has been completed in line with the planning application HPK/2025/0158, to assess its viability as a development as a whole.

In addition, I have addressed a number of related matters including:

- Reviewing appraisals 1-3 in Fisher German's report with a view to determining if all necessary costs have been allowed for (including the appropriate BCIS residential conversion rate based on your inspection of the property).
- Reviewing the effect upon viability through use of natural materials for the building envelope rather than man-made items, as currently proposed.
- Reviewing the effect upon viability through loss of the proposed rear infill section of the building.
- Assessing whether there is evidence of deliberate neglect of, or damage to the existing building, sufficient to trigger Para 209 NPPF.

I was specifically asked to undertake this work in line with the Civil Procedure Rules, which effectively means that I have a duty to care to undertake my work for the benefit of the Court (in this case the planning inspectorate) and to address all matters that are relevant in making a determination on the planning appeal.

Duty to the Court

I have been instructed to provide advice to the and my duty is to the Planning Inspectorate. I have complied with these requirements and continue to do so. I am aware of the requirements of CPR Part 35, the Practice Direction and Protocol.

Statement of Truth

I confirm that I have made clear which facts and matters referred to in this report are within my knowledge and which are not. Those that are within my knowledge I can confirm to be true.

The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

Conflict of interest

As far as I am aware, I have no conflict of interest in relation to the provision of valuation advice on this hotel. I have no ongoing or historic fee earning relationship with any of the parties involved in this dispute, nor have I valued the property in the past.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'D Harper', is shown within a rectangular box.

David Harper FRICS
RICS Registered Valuer
RICS Registered Expert Witness
Director - Leisure Property Services

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Qualifications

1. I am a Fellow of the Royal Institution of Chartered Surveyors, having qualified in 1996. I am also a RICS Registered Valuer and a RICS approved Expert Witness.
2. I am a Director of Leisure Property Services Ltd, a company I set up in August 2005 with the intention of helping investors and operators buy hotels off-market, as well as provide valuation advice.
3. I graduated from Sheffield Polytechnic (now Sheffield Hallam University) in 1992 and initially became involved in “general practice” valuation work incorporating a broad spectrum of property classes including retail, office, industrial, cinemas, public houses and even a cemetery and a dry ski slope.
4. In 1997 I was employed by Richard Ellis in the hotels team carrying out a wide range of hotel valuations across the world. I worked there throughout many company rebranding exercises (culminating in the current branding CBRE Hotels) until August 2005, having headed up both the hotel valuation team and international brokerage team.
5. My experience of the hotel market is wide ranging, and I estimate I have undertaken over £30 billion worth of hotel valuations over the last 25+ years, on a very wide range of hotel types.
6. I have extensive experience of UK provincial hotels, having valued, helped purchase, helped sell and helped develop over 200 such properties in my career.
7. I also have experience of developing various aparthotels, serviced apartments complexes and many other types of select service accommodation options.
8. I have been asked to speak on numerous occasions at professional conferences on hotel valuations including the Henry Stewart Hotel Valuations Conference, World Travel Market, Africa Hotel Investment Forum, GRi conferences and the International Hotel Investment Forum. I am also asked to provide commentary to the BBC on matters relating to tourism.
9. I am the author of a valuation textbook entitled Hotel Valuation for Investors that was published by EG Books in February 2008.
10. I wrote a second book “Hotel and Resorts: An Investor’s Guide” which was published in August 2016, by Routledge.
11. I am the author of the iSURV section relating to the valuation of hotels. iSURV is the RICS subscription service for Chartered Surveyors, promoting best practice in valuations.

Background

12. The property currently comprises a 37-bedroom mid-market hotel that is in run down condition and is not operational. There are structural repairs that are required to make the property structurally sound. In addition, a comprehensive refurbishment if the property is to become operational.
13. The owner (Mr Barar) of the Buckingham Hotel applied for planning permission to redevelop the property as a 53-bedroom aparthotel under planning application HPK/2025/0158.
14. The Local Planning Authority (High Peak Borough Council) refused the planning application on heritage and viability grounds. It is noted that the heritage concerns raised by the LPA have viability implications for the scheme as a whole.
15. On behalf of the LPA, Fischer German (**FG**) assessed the value of the existing hotel at £85,000 in its current condition, a refurbishment of the current building at -£720,000, a residential development at -£318,000 and the aparthotel scheme at -£2,200,000.
16. Mr Barar disagrees with the appraisal results and instructed AR Consulting (**ARC**) to update their feasibility study taking into account FG's comment on their original forecasted earnings.
17. I have been asked to assess the accuracy of the gross development value of the completed development, to determine whether the project is financially viable.
18. I have also been asked to review a number of other matters arising from FG's appraisal.

Valuation Methodology

Capital Valuation Methodology

19. To assess the capital value of serviced apartment complexes like the proposed Buckingham Hotel redevelopment, a valuer needs to reflect the approach that potential purchasers would adopt when formulating their bid offer.
20. I believe this would be standard "trade related" valuation practice, which in simple terms involves estimating the likely net income to the owner, and the appropriate multiplication factor to this income stream, to reflect how desirable such a property investment would be in the current marketplace.
21. According to the Valuation and Appraisal Manual, which is published by the Royal Institution of Chartered Surveyors ("RICS") and regulates how valuations are carried out in the UK, (and is also known as the "Red Book") the value of a trading property, or indeed any asset, is the price that a prospective purchaser will pay for the property if it has been effectively marketed. The

“Red Book” was first published in 1974 and since 1991 compliance with the Practice Statements has been mandatory.

22. Market value is defined by the RICS 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 where the parties had each acted knowledgeably, prudently and without compulsion.”*
23. When looking at potential earnings, trading properties are generally purchased on the basis of future income potential. Projecting future income also enables any purchaser to account for any additional investment they intend to make, such as the refurbishment of facilities, changing the positioning of the rooms or restaurant, extensions, as well as changing staffing levels.

Valuation of a trading property when trading has not stabilised

24. A new development like the proposed aparthotel will take a number of years until trading stabilises. On average such a new development typically take between 2 and 4 years to stabilise.
25. The most common method of valuation adopted by potential purchasers and their advisors for “non-stable” trading properties is to prepare a forecast in future values, for a period of not less than five years.
26. The net cash flow in Year 5 is then used as a basis for future income flows and inflated at an appropriate rate for Years 6 to 10, having regard to the trading property’s prospects and the anticipated level of inflation.
27. This is referred to as the Discounted Cashflow Method (DCF).
28. Hotels that have already reached stable trading are typically valued off the Income Capitalisation method, as undertaken by **FG** in their appraisals. .
29. In non-technical terms there is little difference between the Income Capitalisation method and the Discounted Cashflow Method. The projections are either in present or future values, and the multiplication factor changes to take into account the growth rates projected.
30. For example, if a valuer used the Income Capitalisation method, they would make their trading projections in present values and apply a capitalisation rate to calculate the value. Alternatively, if a DCF approach was adopted the projections would be in future values (so including growth/inflation) and a discount rate would be adopted. That discount rate would factor in growth/inflation. So, if the capitalisation rate was 5%, and growth was projected at 2% per annum, the discount rate would usually be 7%.
31. One of the reasons most valuers use both methods is that the only real evidence available in the marketplace is capitalisation rates, as calculating discount rates requires us to analyse the

current earnings and purchase price and then assume the growth rate that the purchaser assumed when assessing the price they were prepared to pay.

32. The accuracy of these projections will be entirely dependent on the skill and expertise of the valuer involved. The more information that is available to the valuer relating to the performance of local trading hotels the easier it will be to assess the value of the hotel.

Yield selection

33. The value of the trading property is calculated by applying a yield (or capitalisation rate) to the projected EBITDA of the trading property and then deducting any necessary capital expenditure (capex).
34. A yield is a phrase that is potentially confusing. In this regard it can apply to either a capitalisation rate or a discount rate. It can be either a gross yield or net yield, depending on whether transaction costs have been explicitly deducted. It is a general term applied to discuss the multiplication factor that would be applied to a property, or to reflect the relative strength or weakness of a market or particular property as an investment. Most times a reported yield actually refers to the gross capitalisation rate applied to a vacant possession property, or a net capitalisation rate applied to a leased hotel property.
35. This yield provides a multiplication factor for the valuer to apply, by taking the inverse of the yield. So, if the yield were 6%, the multiplication factor would be 16.66 ($1/6\% = 16.66$).
36. Necessary capex is considered to be capex that is required to allow the trading property to trade at the EBITDA levels being projected. Capex that would enhance the trading performance is not deducted by the valuer, unless they also enhance their trading projections accordingly.
37. A capitalisation rate is used when using the Income Capitalisation method as all projections are in present values.
38. A discount rate is used when using a Discounted Cashflow method as the projections are in future values.
39. These capitalisation / discount rates are selected by reference to historic transactional evidence, market factors and the location and nature of the property.
40. If, for example, a trading property had an EBITDA of £1,045,000 and sold for £15,000,000 that would represent a gross yield of 6.97% ($£1,045,000/£15,000,000$).

Cross Checking Results - Comparable Evidence

41. Valuation results from either (or both) method(s) are then crosschecked against comparable transactional evidence (comparables) and our understanding of purchasers' perceptions of values (e.g. on a per room / apartment basis) and acceptable returns on investment.

42. Unfortunately, valuing hotels solely on a price per bedroom basis is not accurate for most types of operating entities. Such direct comparables tend to be misleading, as no two properties are identical.
43. The valuer must remember that each property is unique¹, with a different trading profile, different potential customer base, as well as different facilities. As such, it is often incorrect to simply apply a capitalisation rate for one property based entirely on a local sale, without making suitable adjustments. The same is true for a “per bedroom” comparison.
44. Whilst I have explained that the direct per bedroom comparison is unsafe for the actual valuation, a simple comparison is useful as a final check that all trading and investment factors have been properly accounted for or explained. If the comparisons are significantly divergent the valuer would re-check the figures or have an explanation for why the factors within his calculations have shown a divergence.
45. All valuers will directly compare their calculated price per bedroom / apartment against any relevant comparable property transactions, as well as the yield applied against any known transactional yields. If they cannot justify why there is a discrepancy, they will review their work.
46. The “art of valuation” lies in applying comparable evidence in an appropriate way to the property being valued adjusting, where necessary, all elements of future trading, as well as capitalisation rates, to arrive at a price per bedroom that accurately sits within the local, national and international market parameters, as at the valuation date.
47. To ascertain the value of the property I have calculated the value first using the income capitalisation method and secondly using the Discounted Cashflow method (DCF). These results have then been cross-checked with comparable transactions, after which I have finalised my valuations. The specific details are provided in the relevant places in this report.

Inspection and Information

48. I inspected the property on 4 November 2025. I was able to inspect all parts of the property.
49. The information I have been provided with is as follows:
 - a. **FG** Viability Report dated 21 October 2025.
 - b. Breakdown of proposed apartments and proposed floorplans.

¹ Except perhaps when looking at sales of budget hotels sold on leases, especially when trading is controlled at a group level rather than local level.

- c. Report on the proposed development costs by Mascot Management, dated April 2025.
- d. **ARC** Feasibility study dated December 2025.
- e. Various different building quotations, including for stonework, window replacement and roof renewal.
- f. Collier's review of M&G Residential Conversion dated December 2024

Location

- 50. The property's location is well known to all the parties, and it is not my intention provide a full description of the location.
- 51. That said, location is of fundamental importance to an aparthotel, as its trading is often closely linked to its destination.
- 52. In the **ARC** feasibility study, the location was defined as being in a location of high demand and a shortage of supply.
- 53. The report stated *"There is a shortage of high-quality accommodation in the town with Buxton Crescent the only upper upscale hotel. There are also only a limited number of upper upscale hotels across the Peak District and no apart-hotels at all. This was highlighted in the Buxton Visitor Economy Strategy adopted by High Peak Borough Council in February 2020. The report concluded that there was a need for c.300 new bedspaces (150 rooms), primarily higher grade and more "characterful", in order to grow the Buxton visitor economy. Since then, the 81 bedrooms Buxton Crescent has opened, but others have closed including the Buckingham Hotel, resulting in minimal net gain in hotel rooms since 2020."*
- 54. I concur with this assessment.

Property Facilities & Condition

- 55. At present, the property comprises an unused hotel with 37 bedrooms, restaurant, bar and meeting rooms. The hotel has not traded since October 2022. The limited internal refurbishment until that date led to a decision being taken that it could not longer keep trading. Significant infrastructure such as boilers, passenger lifts and the fire control panel are no longer operational and would need to be replaced if the property was to become operational.
- 56. In addition to the above, significant capital expenditure is necessary for the hotel to trade again. At the very minimum requirements include remedial works to the roof, the services, the fenestration, as well as a comprehensive refurbishment of all public areas, back of house areas and bedrooms, along with the costs of the external works.

57. In their Viability Report **FG** state that the property would require £435,938 for structural works.
58. In addition, if the property were to be in a condition where it could trade as a hotel again, a further £500,000 would be required for construction works (to cover the upgrade of the public and accommodation areas of the hotel), along with a further £591,544 for external works.
59. To set this into a market context, the “construction works” equates to £13,500 per bedroom, which seems quite a low figure, given the condition of the property. It is quite possible that this allowance would need to be increased once a detailed assessment of costs was undertaken.
60. It is not possible to put the structural works or external works into a similar market context, as they are property related, rather than market related.
61. In my opinion a comprehensive redevelopment of the site will be better from an operational and investment perspective than a simple refurbishment of the existing building.

Proposed Accommodation

62. According to the **ARC** Feasibility Study, the apart-hotel will be developed and furnished to a high upper upscale standard with 53 apartments as follows:
 - 3 accessible studios, from 32.2m² to 34.5m²;
 - 14 standard studios 25.8m² to 32.2m²;
 - 11 standard family studios with extra beds from 27.8m² to 36.9m²;
 - 9 superior studios from 31.7m² to 38.0m²;
 - 11 superior family studios from 32.5m² to 43.4m²;
 - 5 one-bedroom family apartment 41.7m² to 45.4m²;
63. 19 rooms will be capable of accommodating an additional single bed, with a further nine rooms able to take two or three single beds, appealing to the important family market in the Peak District.
64. **ARC** did not provide estimated building costs themselves but instead relied upon the development costs provided by Mascot Management.
65. The Mascot Management cost estimate was provided in April 2025 and concluded that the 53-apartment aparthotel would cost almost £6.4m, which equates to approximately £120,750/apartment. This £6.4m includes external works, but excludes fit out costs.

- 66. FG accepted Mascot Management's shell & core build costs of £5,377,623 with submitted Fit Out costs of £1,831,111, which equates to a total of approximately £34,500/apartment.
- 67. During my review of the Fit Out costs a numerical discrepancy was identified. Mr Barar made the necessary adjustments and prepared a revised Fit Out, costing £1,470,627, which equates to £27,748/apartment.
- 68. The main adjustments came when the number of sink taps was reduced to an appropriate level, the door locking system was brought down to industry standard quality (it was state of the art levels that are inappropriate for a service apartment in this market) and adopting industry standard bed quality (once again the original specification was too high for the proposed development).

Title

- 69. I have assumed for the purposes of this valuation that the property is held with freehold title, and that such title is free from encumbrances that would diminish its appeal to potential purchasers and would not detract from the marketability of the property.

Market Commentary

Local Market Overview

- 70. The **ARC** Feasibility Study provides an overview of the local market, from a supply and proposed new supply perspective.
- 71. In addition, the report covers local demand by outlining benchmark data for the Peak District, as well as for a selection of Spa Town and more generally for Aparthotels.
- 72. In summary **ARC** reported occupancy in the Peak District was 69.9% for year-to-date October 2025, down from 76% for the full year 2024. The ADR for Peak District hotels was reported at £99.38 for YTD October 2025, down from £101.52 for full year 2024.
- 73. **FG** provided asking rates for a number of local properties taken from Booking.Com ranging from £70 to £380. They also referenced anecdotal discussions with local operators reporting local occupancy levels to be between 40% and 65%.
- 74. CoStar state that occupancy in the Derbyshire and Nottingham local market for 12 months to September 2025 was 74.8% with an ADR of £78.
- 75. **ARC** also provided trading data for Upper Upscale hotels in Spa Towns which demonstrated an occupancy of 73.5% and an ADR of £139.28 (for YTD October 2025).

76. This contrasted with an average of 78% occupancy and £147.38 for all upper upscale aparthotels in the regional UK.
77. ARC identified a lack of aparthotels in the local market. This suggests, given nationwide market trends, that there is an unrequited demand for such accommodation in the area.

Trading Projections

78. As the hotel is not trading I have considered market averages for my assessment of how the development will perform.
79. In addition, I have reviewed the newly commissioned feasibility study by hotel specialists **ARC** and reviewed an assessment by **FG**, of a single year's trading representing what they believe is stable trading.
80. I believe the approach adopted by ARC is the more appropriate methodology, as actual trading data is significantly more reliable than hearsay evidence that cannot be accurately assessed.
81. **ARC** projected that the aparthotel would trade as follows:

Key Performance Indicators - AR Consulting Projections					
	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy (%)	71.1%	73.3%	78.7%	78.7%	78.7%
ADR (UKP)	171.24	184.96	193.46	198.29	203.25
RevPAR (UKP)	121.75	135.58	152.25	156.05	159.96
Total Revenue ('000s)	2,406	2,677	3,005	3,082	3,159
IBFC ('000's)	1,249	1,448	1,688	1,731	1,774
IBFC (%)	51.9%	54.1%	56.2%	56.2%	56.2%
EBITDA ('000s)	1,109	1,274	1,475	1,482	1,519
EBITDA (%)	46.1%	47.6%	49.1%	48.1%	48.1%

Figure 1 Trading projections for 53 apartment aparthotel – Source: AR Consulting

82. **ARC** projections built up the occupancy level from 71% to 78.7%, based on evidence from CoStar as to the trading dynamics from three different market sets. Their ADR projections start at £171.24 in year 1 to £183 in year 3 (in present values – i.e. excluding inflation).
83. **ARC** projections included approximately 2% of other income, mainly vending machine sales.
84. The cost base **ARC** applied was in line with industry standards for aparthotels.
85. After deducting an FF&E reserve **ARC's** projected net operating profit stabilised at 48.1%, which is within normal industry parameters for Aparthotels, albeit towards the top end given the property will have only 53 apartments.

86. **FG** projected a single year's trading with an occupancy of 67% and an ADR of £150.62. These projections appear to be based on anecdotal discussions with local operators, which has the benefit of being based on the local market, but unfortunately does not relate to the proposed development, an upper upscale aparthotel that will cater to the family market.
87. **FG** assumed F&B sales (presumably for vending machine sales also) of £833 per week (around 2.1%) generating an assumed a turnover of £1,995,607.
88. **FG** assumed an operating profit of 42%. Unfortunately their cost base was not broken down into the constituent parts, so it is difficult to analyse the various elements. This EBITDA margin seems relatively low for aparthotels.

Property Valuation

Market Value

89. I believe the property would trade as follows:

Key Performance Indicators					
	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy (%)	70.0%	73.5%	78.0%	78.0%	78.0%
ADR (UKP)	170.00	179.38	189.00	193.84	198.69
RevPAR (UKP)	119.00	131.84	147.42	151.20	154.98
Total Revenue ('000s)	2,349	2,603	2,910	2,985	3,059
IBFC ('000's)	1,219	1,441	1,640	1,682	1,724
IBFC (%)	51.9%	55.4%	56.4%	56.4%	56.4%
EBITDA ('000s)	1,031	1,207	1,349	1,354	1,388
EBITDA (%)	43.9%	46.4%	46.4%	45.4%	45.4%

Figure 2 Projected Performance - Source: LPS projections

90. I have based these projections on a number of assumptions, using my experience with similar properties and available market data.
91. I have assumed an occupancy level of 78% in year 3.
92. This compares to the projected occupancy of 71.1% in year 1 growing to 78.7% when stable projected by **ARC** and **FG** at 67%.
93. I have adopted an ADR of £170 in year 1, increasing to £180 in year 3 (in uninflated values). This compares with the ADR of £171.24 to £183.79 (in uninflated numbers) projected by **ARC** and £150.62 projected by **FG**.
94. I have projected Other Revenue at 2% of turnover. Turnover is projected at £2,349,039 in year 1. This compares to **ARC** projecting £2,405,729 and **FG** projecting £1,995,607.

Revenue Mix					
	Year 1	Year 2	Year 3	Year 4	Year 5
Rooms Revenue ('000's)	2,302	2,550	2,852	2,925	2,998
Rooms Revenue (% of T/R)	98.0%	98.0%	98.0%	98.0%	98.0%
F&B Revenue ('000's)	0	0	0	0	0
F&B Revenue (% of T/R)	0.0%	0.0%	0.0%	0.0%	0.0%
Other Income ('000's)	47	52	58	60	61
Other Income (% of T/R)	2.0%	2.0%	2.0%	2.0%	2.0%

Figure 3 projected Revenue Mix - Source: LPS Projections

95. I have deducted departmental profits, in line with industry averages using the accounting standards of USALI (direct costs and departmental staff costs and cleaning included in department costs).
96. My rooms margin looks low compared with typical industry standards for aparthotels, but I have adjusted this to reflect the relatively small number of apartments compared with industry standards.

Departmental Profits					
	Year 1	Year 2	Year 3	Year 4	Year 5
Rooms (%)	70.0%	72.0%	72.0%	72.0%	72.0%
Food & Drink (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Other Income (%)	40.0%	40.0%	40.0%	40.0%	40.0%

Figure 4 Departmental Profits - Source: LPS Projections

97. I have adopted Undistributed costs as follows. Figure 9 tracks them as a percentage of turnover (% of T/R), on a per available room basis (PAR) and also on a per occupied rooms basis (POR).

Unallocated Costs					
	Year 1	Year 2	Year 3	Year 4	Year 5
A&G (% of T/R)	5.0%	5.0%	5.0%	5.0%	5.0%
A&G (PAR)	6.07	6.73	7.09	7.27	7.91
A&G (POR)	8.67	9.15	10.23	9.89	10.14
S&M (% of T/R)	3.5%	3.0%	2.5%	2.5%	2.5%
S&M (PAR)	4.25	4.04	3.76	3.86	3.95
S&M (POR)	6.07	5.49	4.82	4.94	5.07
R&M (% of T/R)	3.0%	3.0%	3.0%	3.0%	3.0%
R&M (PAR)	3.64	4.04	4.51	4.63	4.74
R&M (POR)	5.20	5.49	5.79	5.93	6.08
Energy (% of T/R)	6.0%	5.0%	4.5%	4.5%	4.5%
Energy (PAR)	7.29	6.73	6.77	6.94	7.12
Energy (POR)	10.41	9.15	8.68	8.90	9.12
Total Unallocated Costs ('000's)	411.1	416.4	436.5	447.7	458.9
Total Unallocated Costs (% of T/R)	17.5%	16.0%	15.0%	15.0%	15.0%

Figure 5 Undistributed Costs - Source: LPS Projections

98. My projections equate to an Income before fixed costs² (IBFC) of 51.9%, rising to 56.4% .

² IBFC is the equivalent of gross operating profit.

99. I have adopted an EBITDA of 43.9% rising to 45.4%. In calculating EBITDA I have deducted a notional 4% (in stable years, stepping up from 1% in the first year) of turnover for an FF&E reserve, to allow for the replacement for fittings and furniture.
100. I have also allowed for a notional management fee of 2% of turnover.
101. I have assumed a capitalisation rate of 9.75% and a discount rate of 12.25% to take into account the various factors mentioned earlier.
102. My adopted inflation rate was 2.5% per annum.
103. I calculate that the Market Value of the redeveloped Buckingham Hotel is **£12.500,000 (Twelve Million, Five Hundred Thousand Pounds)**, which breaks down to £235,850 / apartment.

Comparable Evidence

104. To set this valuation into context I have reviewed all the comparable transactions listed in the German Fischer appraisal document, as well as looking at other transactions in the Peak District that I am aware of.
105. Callow Hall Hotel in Ashbourne sold for £2m in August 2018 to the Hive Hotel Group from its previous owners who bought it post-Von Essen administration. The sale equated to £133,333/bedroom.
106. The Izaak Walton Hotel in Dovedale sold in November 2019 to Heritage Hotels & Holdings for £2.35m. It has 38 rooms equating to £61,842.
107. The Maynard in Grindleford sold in November 2019 for £5.035m. It has 19 bedrooms equating to £265,000/bedroom.
108. The Crescent in Buxton has recently had a change to its operational structure. The operator has changed to Champneys, from Danubius. There has been speculation in the media that it was sold in November 2025, after the previous owners defaulted on an £11.4m loan.

Aparthotel Transactions in Regional UK								
Sale Date	Name	Location	Class	Rooms	Sale Price	£/apartments	Price Per SF	Year Built
10/09/2025	City Warehouse Apartments	Manchester		28	£ 4,650,000	£ 166,071	£ 265.71	1950
11/06/2025	Staycity West End	Edinburgh	Upscale	142	£ 12,150,000	£ 85,563	£ 268.12	2011
17/03/2025	Dolphin Bay Suites	Inverness	Luxury	8	£ 1,250,000	£ 156,250	£ 113.34	1700
04/10/2024	Mode Breck Apartments Poulton le Fylde	Poulton-Le-Fylde		11	£ 1,500,000	£ 136,364	£ 230.45	2013
25/09/2024	Kotel Windermere	Windermere		21	£ 2,750,000	£ 130,952	£ 147.52	1900
29/02/2024	Park House Apartments	Harrow	Upscale	25	£ 2,750,000	£ 110,000	£ 395.97	1980
22/12/2023	Hiding Space Westgate Apartments	Bath	Upper Midscale	17	£ 1,415,000	£ 83,235	£ 112.96	1880
22/12/2023	Ivy Cottage	Dyce	Midscale	4	£ 275,000	£ 68,750	£ 102.77	1960
13/11/2023	The James	Manchester	Upscale	40	£ 5,079,911	£ 126,998	£ 337.96	1884
31/03/2023	Riviera Hotel & Holiday Apartments	Bournemouth	Economy	67	£ 5,200,000	£ 77,612	£ 105.66	1960
01/03/2023	Signature Living Aparthotel	Liverpool	Upper Midscale	18	£ 2,175,000	£ 120,833	£ 297.46	1960
15/02/2023	Apple Apartments Cambridge	Cambridge		14	£ 4,871,155	£ 347,940	£ 856.54	1910
22/12/2022	Roomzzz Manchester Corn Exchange	Manchester	Upper Midscale	114	£ 38,500,000	£ 337,719	£ 171.79	1897

Figure 6 - Aparthotels sold in the last 3 years in Provincial UK - Source: CoStar

109. There is nothing contained within the comparable evidence that would cause me to alter my valuation.

Other Matters

110. I have been asked to deal with a number of other matters.
111. I have reviewed the additional **FG** Appraisals.

Review FG's appraisal 1.

112. The first appraisal relates to the existing hotel, without any improvement works to make it operational. **FG** have allowed for structural works of £435,939, but no allowance has been made to fit out the property, provide infrastructure services or for the renewal of the roof or windows. These works are essential if the property is to become operational again.
113. In addition, **FG** have not made an allowance for external works. These works are necessary to ensure the property can trade.
114. This is an error, as the hotel in its current condition could not be operational without significant capital expenditure. At the very least, the hotel will require beds, as bedroom accommodation is the primary offering for most hotels. It is likely that at least £370,000 (£10,00 per bedroom) to bring the hotel into operation.
115. As **FG** have not made any allowance for such a fit out, I do not think it would be possible to achieve an ADR of £56, nor an occupancy of 60%. I also do not believe the revenue and operational profits would be at the levels projected by **FG**.
116. Their appraisal results in a value of £570,000. This is a difficult number to quantify without taking it to market, as the existing building would only be purchased by a buyer if there is a redevelopment route available to them.
117. I have seen sites without the benefit of planning permission like this sell for as little as £100,000 and for as much as £700,000, depending on what the redevelopment options look like.
118. In the case of this property, which has had a number of redevelopment options rejected, I believe most potential purchasers would be wary of assuming any scheme would be granted. I would therefore expect the value applied to the site to reflect this pessimism.

Review FG's appraisal 2.

119. Appraisal 2 relates to a refurbishment of the existing hotel.
120. **FG** have allowed £435,938 for structural works, external works of £591,544 and then construction works (the fit out) of £500,000.
121. After investing this money, they believe the hotel will trade at 65% and an ADR of £84.00. This translates to a turnover of £898,097 and an operational profit of £121,243. (13.5%).
122. The fit-out costs adopted will impact potential trading. £500,000 represents £13,500 per bedroom, which is only just above what I believe is the bear minimum to get the hotel to be operational. It is noted that the £500,000 allowed for by FG was identical to the allowance they made in relation to the 2023 appeal (3302879) which was regarded by the inspector as inadequate. I believe the various costs allocated in appraisal 2 are generally inadequate.
123. That said, I am not unduly unhappy with the trading projections made by **FG**, as they seem reasonable. However, it is difficult to be 100% certain as to the trading potential until a full review of the proposed fit out is undertaken, which in this case is not possible.

Review Fischer German's appraisal 3.

124. I have been asked to review **FG's** third appraisal, relating to a residential conversion.
125. In their appraisal **FG** calculated the site would allow for 21 apartments, producing a gross development value of £4,855,50, which equates to just under £293psf.
126. I am not a residential expert and so cannot with certainty opine on this value, but note that FG have increased the average sale rate from £264psf (which they used in the 2023 appeal) to £293psf (an increase of 11%) for this appraisal. That seems to be based on four completed apartment sales.
127. One of the properties (Flat 3, the Square, Buxton, SK17 6AZ) FG advised was sold in June 2025 for £450,000, although I have been unable to confirm this transaction occurred. This property was placed on the market in December 2025, this time at £360,000 (December 2025) inferring a reduced value psf of £217. However it was taken off the market 12 December 2025.
128. Apartment 4, Alison Park Temple Road, Buxton SK17 9BA was very much the highest priced property in the set adopted by FG. It was described as a luxury flat upgraded to the very highest specifications. This quality level is at odds with the quality of fit out adopted by FG in their appraisal. To my mind it seems inappropriate to allow a £547psf asking price to skew the psf allowance being adopted in the appraisal.
129. The remaining two sales relied upon by FG equate to £221psf and £267psf.

130. When **FG** deduct relevant building costs, they demonstrate a negative residual land value, even without making an allowance for a S106 contribution, or allowing for affordable housing within the development.
131. I would comment that In the Review of M&G's Residential Conversion (December 2024) Colliers' preference was for the use of the BCIS median rate for conversion cost, based on the state of the existing property, level of work required and proposed psf sale rates for the completed flats.
132. The report stated *"There is no written specification for the accommodation. To achieve the required resale values (see below) the quality of F&F would have to be medium to good, which goes against the use of BCIS lower quartile for the conversion costs. I would have preferred to have used the median costs. If I had included these costs, the deficit would have even more pronounced."*
133. Use of the BCIS median rate (£1,583/m²) rather than lower quartile (£1,198/m²) for residential conversion costs would substantially increase FG's calculated deficit of £318,000.
134. I would also comment that **FG** have not deducted any marketing expenses. I believe such expenditure would be required.

Reviewing the effect upon viability through use of natural materials for the building envelope.

135. I have been asked to assess the impact of using natural materials in the construction process. As I understand it, there are 303 pieces of stonework that would require extra expenditure and add to the overall development costs. Additionally stonework to the two main door surrounds is required.
136. I have been provided with estimated costs from Mather & Ellis (stonemasons) from 2022, who have provided updated costings guidance November 2025 to reflect inflationary costs since 2022.
137. I calculate the cost of the natural stonework would be just over £400,000, as shown below.

Total Cost of Stonework			
Lintels			
	Arched Front	Arched Side	Square
Pieces	24	28	26
Individual Cost	1,516	1,440	275
Cost	36,390	40,332	7,150
Cills			
	Front	Side	
Pieces	57	28	
Individual Cost	548	520	
Cost	31,208	14,564	
Mullions			
	Gd Floor	1st Floor	2nd Floor
Pieces	42	44	36
Individual Cost	2,100	1,900	1,700
Cost	88,200	83,600	61,200
Frieze Panels			
	Front	Side	
Pieces	6	12	
Individual Cost	1,241	1,179	
Cost	7,448	14,150	
Two Door Surrounds	20,000		
Total Pieces	303	Total Cost	£404,241

Figure 7 - Stonework cost estimates

138. I have been provided with a quotation from Proctor Cast Stone dated November 2025 for the same 303 pieces and two surrounds, in non natural stone, totalling £91,000.
139. This means that using natural stone for this element of the building would add £313,000 to the development costs.
140. In addition, replacing the windows with timber frame replacements would cost in the region of £415,000 (quote dated November 2025). The cost of uPVC replacements was £210,000 (quote dated April 2025).
141. As such, wooden replacement windows cost an additional £205,000.
142. Adding over £518,000 to the development costs will adversely impact the viability of any development.

Reviewing the effect upon viability through loss of the proposed rear infill section of the building.

143. I have been asked to consider the impact of not allowing the rear of the property to be developed.
144. Not allowing the infill would mean the total development would comprise 47 apartments, a net loss of 6 apartments.
145. **ARC** assessed the impact on the trading performance of the 47 apartments in their feasibility study

Key Performance Indicators - AR Consulting Projections - 47 apartments					
	Year 1	Year 2	Year 3	Year 4	Year 5
Occupancy (%)	71.1%	74.1%	79.5%	79.5%	79.5%
ADR (UKP)	170.49	184.15	192.60	197.42	202.35
RevPAR (UKP)	121.22	136.46	153.12	156.95	160.87
Total Revenue ('000s)	2,148	2,390	2,682	2,748	2,816
IBFC ('000's)	1,058	1,231	1,444	1,479	1,516
IBFC (%)	49.3%	51.5%	53.8%	53.8%	53.8%
EBITDA ('000s)	950	1,121	1,330	1,363	1,396
EBITDA (%)	44.2%	46.9%	49.6%	49.6%	49.6%

Figure 8 - Trading Projections for 47-apartment aparthotel - Source: AR Consulting

146. **ARC** believe that the operational profit will be reduced by 14.3% in the first year and 12.0% in the second year, stabilising at a decline of 8.1%.
147. It is logical that operational profit margins for the smaller aparthotel will be lower than for the 53-apartment option, as typically profit levels improve when the business has economies of scale.
148. If this reduction in EBITDA is replicated in my valuation, the GDV is likely to be in the region of £10.7m.

Assessing whether there is evidence of deliberate neglect of, or damage to the existing building, sufficient to trigger Para 209 NPPF

149. Paragraph 209 of the NPPF states that the deteriorated state of a heritage asset should not be considered in a decision if there is evidence of deliberate neglect or damage.
150. I understand that this means that if the owner deliberately allows the property to deteriorate in condition, then the condition of the building must be disregarded in any planning determination. The intention is to ensure that a negligent owner cannot deliberately damage the property for example by removing the roof, and benefit from their negligence.
151. The Conservation Officer's 20 Oct 2025 response states *"It is noted in the applicant's further comments that they indicate the condition of the existing building does not make a positive*

contribution to the designated heritage assets. However, as set out in par.209 of the NPPF 'where there is evidence of deliberate neglect of, or damage to, a heritage asset, the deteriorated state of the heritage asset should not be taken into account in any decision'.

- 152. The property is not in operational condition, and it will require significant investment to make it operational.
- 153. However, in my opinion, there is no sign of damage being caused to the structure of the building through neglect. There was evidence that care had been taken as to the structure of the hotel from Mr Barar, who has continued to live onsite, despite the closure of the hotel in 2022.
- 154. It is, not in my opinion, unusual for a hotelier to decide that investment to make it operational through refurbishment is not the best financial option, when redevelopment is a much more favourable option.
- 155. As such, I do not believe that the behaviour of the owner should trigger paragraph 209.

Development Appraisal

- 156. I have been asked to undertake a development appraisal.
- 157. I have assumed Mascot Management's Shell & Core Build costs of £5,377,623, which were adopted by FG.
- 158. Mascot Management's build costs include a sum of £50,000 for window surrounds. This is lower than the November 2025 cast stone quotation of £91,000. I have therefore allowed an additional £41,000 to cover the cost of cast stone, resulting in total shell & core build costs of £5,416,439.
- 159. I have used the revised fit-out costs of £1,470,672 provided by Mr Barar.
- 160. Based on the advised GIA of 2,461 m² and the combined total of build and fit-out costs (£6,887,066) the overall development rate is £2,798 per sqm.
- 161. Whilst BCIS does not provide specific cost data for aparthotels, BCIS New Build Flats (apartments) costs can be used as a proxy, given the proposed scheme is similar to an apartment development, the only notable differences being an office and reception along with accessible and staff toilets, all of which have separately costed for in the fit-out.
- 162. The October 2025 BCIS New Build Flats (apartments) costs for High Peak provided at Appendix Seven in in FG's appraisal record the upper quartile as £2,329 per sqm.
- 163. The aparthotel rate of £2,798 is 20% higher than the upper quartile rate for new build apartments, evidencing the upper upscale nature of the scheme.

- 164. This has been adopted because of the commercial nature of the building and increased costs to ensure wear and tear does not diminish the property unnaturally early.
- 165. I have allowed for external works (£436,430), BNG units (£18,750) and S106 contributions (£4,800) which are the costs utilised by FG.
- 166. I have applied the same levels for contingency (10%), professional fees (8%), finance costs (7%) and disposal fees (1.75%) as FG.
- 167. A development timetable of 15 - 20 months is expected, with disposal upon completion.
- 168. I have applied a developer profit rate of 10% which is standard for aparthotels of this type.

NEW APARTHOTEL DEVELOPMENT SURPLUS/DEFICIT

	£	£
ACQUISITION COSTS		
Land: Residualised Price		2,162,062
Stamp Duty (Effective Rate)	4.51%	97,603
Agent Fee	1%	21,621
Legal Fee	0.75%	16,215
		135,439
CONSTRUCTION COSTS		
GIA per per Mascot Management QS	2,461 m ²	<u>£/per m²</u>
Shell & Core Build Rate - Mascot Management QS	£2,184.25	£2,184
Build Cost		5,375,439
Cast Stone - Additional Provision		41,000
External Works per - Mascot Management QS		436,430
		5,852,869
Construction Contingency	10%	585,287
		6,438,156
PROFESSIONAL FEES	8%	515,052
		9,250,709
BIODIVERSITY NET GAIN		18,750
SECTION 106		4,800
<u>FIT-OUT</u>		
Internal Finishes		274,402
Apartments (53 x £20,775)		1,101,075
Staff & Communal Areas		45,400
Sanitary Installations		5,750
Project Manager		44,000
		1,470,627
		10,744,886
DISPOSAL FEES		
Sales Agent Fee	1.00%	125,000
Sales Legal Fee	0.75%	93,750
		218,750
FINANCE		
Land - 20 months	7%	
Construction & Professional Fees	7%	
Fit-Out - months 16-20 (4 months)	7%	400,000
		11,363,636
Developer Profit on Cost	10%	1,136,364
TOTAL DEVELOPMENT COST		£12,500,000
GROSS DEVELOPMENT VALUE		£12,500,000
Shell & Core Build Rate	£2,200.91	per m ²
Fit-Out Rate	£597.57	per m ²
Total Rate for 2,461 m²	£2,798.48	per m²

Figure 9 - Development Appraisal - Source: LPS

Conclusions

- 169. There are flaws with the assessment undertaken by FG.
- 170. The aparthotel scheme provides a development surplus of approximately £2,160,000.
- 171. The deficits of £720,000 for the existing hotel following refurbishment and £318,000 for residential conversion as reported in FG's appraisal are both understated.
- 172. In my opinion, the proposed aparthotel is the only viable option that enables the site to be brought back into reuse.