MAXEY GROUNDS

Your Ref:
Our Ref: VJM/21206E
Date: 19/08/2022

Loosegate Developments (Long Sutton) Ltd
Browns Yard
Seas End Road
Moulton Loosegate
Spalding
Lincolnshire
PE12 6JX

Dear Sirs,

Re: Development Site at Seagate Road, Long Sutton, Lincolnshire

In accordance with your instructions, we have re-assessed the viability position of the proposed development of the above site to reflect the increases in sale prices and building costs over the last 6 months. This letter is an addendum to our Viability Report dated 9th February 2022.

Build costs have increased significantly over the last 6 months. In addition to that, we are aware of independent cost advice for build costs on another site nearby on which we are acting and this cost assessment has demonstrated that average build costs over a range of property types is significantly higher than BCIS lower quartile figures, which Maxey Grounds previously adopted in this assessment, and are, in fact, slightly above the BCIS generally median figure. With the current continuing rising costs it is considered the median generally figure is the appropriate (and not excessive) level to consider as representative of the basic costs of construction. A combination of the increase in BCIS costs and this change in methodology means that the basic build cost adopted for this re-assessment is £1,346 per m^2.

You have also advised us that there are some additional infrastructure works required to divert and upgrade the electrical network and connections. These include diversion of overhead cables on Seagate Road at a cost of £42,100 and diversion of overhead cables for latter phases at a cost of £142,574. Furthermore, the off site works for upgrading the electricity connection for Phase 1 have cost an additional £112,920 extra over the standard cost of electricity connection.

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You have also advised there is insufficient capacity to support the electricity connections for the remainder of the development, as such, a reservation of capacity application has been submitted, however the quote for this additional work has not yet been received. Further costs will only worsen the currently viability position.

In addition to build costs rising, sale prices have also increased over the last 6 months, as such we have reflected these increases in our amended accommodation schedule. Overall, the price increases have led to a 5.2% increase in Gross Development Value (GDV).

Having updated the sale prices and costs on the basis above, the HCA DAT output shows that for a scheme with 25% affordable housing and full cash S106 contributions of £1,186,755 there is a financial **deficit** (present value) of £3,384,111. For a scheme with all affordable housing and cash S106 contributions removed, the HCA DAT still shows a significant financial **deficit** (present value) of £1,443,552. As such, even with updated build costs and sale prices, the development is still not viable, unless the developer accepts a profit level of below 17.5%.

Yours faithfully

Victoria Marr

Victoria Marr BSc (Hons) MRICS FAAV RICS Registered Valuer
For and on behalf of Maxey Grounds & Co LLP
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