Thorn, Steve

From: Crew, Chris
Sent: 14 July 2010 11:47
To: _planningadvice
Subject: FW: Viability Appraisal - Land adj 47 Bridge Road, Long Sutton
Attachments: Additional Report - Viability Appraisal Bridge Road Long Sutton.doc

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From: Norbury, Dave [mailto:Dave.Norbury@urbanvision.org.uk]
Sent: 28 June 2010 14:57
To: Crew, Chris
Cc: 'Jon.Durbin@capita.co.uk'
Subject: Viability Appraisal - Land adj 47 Bridge Road, Long Sutton

Chris

Further to our conversation last week, please find attached my report following the receipt of additional information from the applicant.

Given the additional work this has required, is there any scope for a small additional fee, say £300?

I look forward to hearing from you.

Regards

Dave

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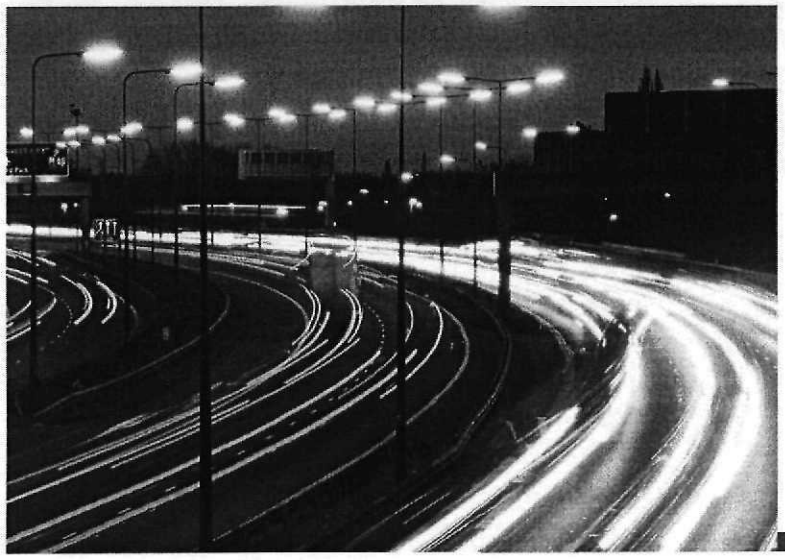
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Additional Report - Viability Appraisal: Land Adjacent to 47 Bridge Road, Long Sutton, Lincolnshire, PE12 9EF

PLANNING & DEVELOPMENT
15 JUL 2010
H11- 1253- 08

28/06/2010

completed by Dave Norbury MRICS

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1. Executive Summary

This is an additional report following the original report dated 23rd April 2010 titled "Viability Appraisal: Land Adjacent to 47 Bridge Road, Long Sutton, Lincolnshire PE12 9EF" and follows discussions between the author and the planning officer at South Holland District Council, Mr Chris Crew, and subsequently the applicant, Mr Jerry Harrall of SEArch Architects.

The appraisal within the original report showed the scheme to be in deficit when usual development costs were included together with cost and revenue estimates provided. Mr Harrall has subsequently provided additional information about the principles of the development and further cost details that have been used to produce a revised appraisal to more accurately reflect the facts of the development.

The appraisal of the full scheme adopting the new information show a profit against cost £204,629 or 2.64%.

The Local Planning Authority, South Holland District Council, in the original commission, required further analysis of the scheme has and asked:

1. Does the financial model work excluding the commercial units?

   The revised appraisal shows a non-commercial scheme to generate a profit of £816,696 or 12.97% on cost. However, the applicant has stated that the purpose of the development is not to generate a profit but to promote the sustainable nature of the proposals. Furthermore, the removal of the commercial element of the scheme would significantly detract from the sustainability as one of the main principles behind the development is the integration of commercial and residential zones and promotion of a strong "work/life ethic" and, should a consent be granted for a residential only scheme, it would not be developed.

2. If yes to 1, how far can the scale of residential be reduced before the model becomes unviable?

   A reduction to 31 residential units shows a deficit of £39,068 or -0.91% on cost. However, as stated above, a non-commercial and reduced density scheme would not meet the requirements of the applicant in relation to the principles of the proposed development and would therefore not be pursued.

3. Does the financial model only work on this site or could it apply to any other unallocated agricultural land around Long Sutton?

   As stated in the original report, the same appraisals on other sites would produce the same results.

2. Introduction

This is an additional report following the original report dated 23rd April 2010 titled "Viability Appraisal: Land Adjacent to 47 Bridge Road, Long Sutton, Lincolnshire PE12 9EF" and follows discussions between the author and the planning officer at South Holland District Council, Mr Chris Crew, and subsequently the applicant, Mr Jerry Harrall of SEArch Architects.

The original report contained viability appraisals based on available information of the scheme, primarily a budget cost estimate from Davis Langdon (construction consultants) and sales prices provided by C Carters Estate Agents. The details of both these sets of information had been independently assessed. The appraisals adopted assumptions on other development costs based on usual trends and rates and the result was that the scheme was shown to be in deficit by £1,422,048 or 15.14% of cost.

Mr Harrall has provided additional information about the development and further cost details that have been used to produce a revised appraisal to more accurately reflect the facts of the development.

The Local Planning Authority, South Holland District Council, in the original commission, required further analysis of the scheme has and asked:

1. Does the financial model work excluding the commercial units?
2. If yes to 1, how far can the scale of residential be reduced before the model becomes unviable?
3. If no to 1, how far can the scale of the whole development be reduced before the model becomes unviable?
4. Does the financial model only work on this site or could it apply to any other unallocated agricultural land around Long Sutton?

These elements have been reconsidered to reflect the additional information.

3. Revised Cost Assumptions

The original appraisal for the full scheme showed it to be unviable when usual development costs were included together with the cost and revenue estimates provided by the applicant. The applicant has subsequently provided additional information on a number of elements within the appraisal and about the principles behind the development itself.

The scheme is promoted as the "Long Sutton Sustainable Settlement Extension" and is not being developed as a usual speculative housing scheme by a volume housebuilder.

It adopts a low carbon work/life ethic *bringing* peoples workplace close to their home through the incorporation of a commercial zone alongside the residential development. *Renewable* energy solutions are to be adopted, including the use of wind turbines, and the site layout is arranged around a "stereographic graph" to maximise solar gain and resulting in a natural heating solution for both the residential and commercial units.

In addition, there is to be no surface water drainage system, gullies, soakaways or public storm water connection. The residential development is of low/medium density with 43% of the residential area comprising open space, including wetland areas and allotments to promote self-sufficiency, a level far in excess of usual development requirements and provision.

The desire for generating developers profit is not the driving force behind this development and therefore should the scheme produce any level of surplus, it can be construed to be financially viable.

There are five specific cost headings that have been revisited following the receipt of additional informational from the applicant and his advisors:

3.1 Inflation

The appraisal included an allowance for inflation on construction costs over the course of the building period at a rate of 2%. The applicant has advised that all costs have been agreed on a fixed cost basis and therefore there will be no additional cost as a result of inflation.

This element has been removed from the revised appraisal.

3.2 Overheads

A letter from Davis Langdon to the applicant dated 11th June 2010 states that the rates within the cost estimate take account of contractor's overheads and therefore to include a separate heading would result in double *accounting.*

This element has been removed from the revised appraisal.

3.3 Finance Costs

The applicant has advised that the cost of the land acquisition is not being included as a development cost and therefore any finance costs associated with the acquisition should not be accounted for in the appraisal. As the development is bespoke in nature and is being constructed as an "exemplar" development, being the first known development of its type, any net surplus generated by the scheme is seen as the return on the land investment.

The development is to be funded from existing revenue and cash resources and therefore there are no finance costs associated with borrowing.

3.4 Construction Costs

Davis Langdon have undertaken a thorough review of their cost estimate and identified two significant areas of cost savings:

- Reduced rate for heating and water installations £126,200
- Reduced rate for electrical installations £141,720

These have arisen as underfloor heating will only be provided to only ground floor areas of the dwellings, whereas this had previously been allowed to first floor areas as well, and in the commercial units, underfloor heating will only provided in the offices and not the warehouse areas as previously costed. Allowing for some further minor additions (£4,920) the total construction costs are estimated by Davis Langdon at circa £7,209,000.

The original Davis Langdon cost estimate provided for construction costs of £987.00/square metre for the residential units and £906.72/square metre for the commercial units. The Capita report concluded that these costs were excessive and recommended reduced rates of £945.27/square metre for the residential and £868/square metre for the commercial units (refer to p9 and Appendix A of the Capita Architecture report dated 19th February 2010 entitled "Report on Developer's Costs Contained Within Planning Application for Residential, Office and Commercial Eco Development at Long Sutton, Lincolnshire") and these figures were adopted for the appraisals detailed in the report of 23rd April 2010.

Following the cost review, unit rates of £940.92/square metre and £847.77/square metre have been adopted by Davis Langdon for the residential and commercial elements respectively. These costs could be reviewed further considering the Capita Architecture report which reduced the Davis Langdon costs by approximately 4.2%. Applying a similar reduction, costs would be £901.40/square metre for the residential units and £812.16/square metre for the commercial.

Davis Langdon have confirmed a figure of £455,000 for Preliminaries based on £7,000 per week for the 65 week development period. This was queried in the Capita Architecture and a figure of 10% of the construction costs recommended and adopted in the original appraisal.

The applicant has stated that the proposed development is adopting many "sustainable" elements that will increasingly be required for any development in the future as local authorities and other public agencies increase requirements within development briefs and/or funding applications to enhanced levels under the Code for Sustainable Homes. These additional requirements incur, in many elements not insignificant, additional costs but do not tend to have the same effect on property value. This is likely to lead to a reduction in site value and/or a reduction in the level of return a developer will be able to realise from a development, particularly in times of economic difficulties as we are currently experiencing.

3.5 Sales Costs

The previous appraisal allowed for sales costs at 5% of the sales value. This was to cover all costs associated with sales/marketing such as the establishment of a show home/marketing suite, preparation of sales particulars, advertising, back office/administration costs etc.

The applicant has provided correspondence from C Carters Estate Agents quoting sales fees of 1.25% + VAT of the agreed sale price per property plus £75 + VAT for an Energy Performance Certificate and conveyancing costs of £400-£500. The quote covers accompanied viewings, advertising online, in each of their offices and in the press, buyer position qualification and dedicated sales progression/management from sale agreement to completion.

These costs are only to be applied to the 24 units for sale on the open market. The additional 25 affordable units are to be sold directly to a social housing provider and will not incur the same sales costs.

The applicant has also advised that the office unit "Hodnydod" at the entrance to the development is for his own use and occupation and could, if necessary, be used as a sales/marketing office although the agents office is within a mile of the development site and could also serve this purpose.

The units to be sold on the market comprise:

• 4 no. 2 bed 3 person semi detached @ 62 square meters	Sales value	£115,000
• 1 no. 3 bed 5 person semi detached @ 86 square meters	Sales value	£145,000
• 13 no. 3 bed 5 person detached @ 86 square meters	Sales value	£155,000
• 3 no. 4 bed 6 person detached @ 108 square meters	Sales value	£170,000
• 3 no. 4 bed 7 person detached @ 62 square meters	Sales value	£180,000

The total sales value of these units amounts to £3,670,000. Fees of 1.25% therefore are £45,875 + VAT with costs for Energy Performance Certificates £1,800 + VAT and legal costs up to £12,000 + VAT, a total of £59,675 for the residential units. Applying these same figures to the commercial units, which have a total sales value of £855,000, fees are £10,687.50 + VAT, Energy Performance Certificates £675 + VAT and legal costs £4,500 + VAT, a total of £15,862.50.

4. Site Appraisal – Full Scheme

All costs and values contained in the original report have been used with the exception of the items detailed above at Section 2. These are summarised below:

4.1 Development Costs

Construction Costs

Residential Units	4,161 sq.m.	@ £940.92/sq.m.	£3,915,168
Commercial Units	1,105 sq.m.	@ £847.77/sq.m.	£ 936,786
			£4,851,954

External Works		**£1,086,003**
Services		**£ 319,104**
Drainage		**£ 299,360**
Preliminaries	Davis Langdon figure	**£ 455,000**
Contingencies	3% of cost. The appraisal software applies contingencies only to the build costs	**£ 145,559**
Professional Fees	10% of cost. The appraisal software applies professional fees to build costs plus contingencies	**£ 499,751**
Planning Application Fee	As stated in letter dated 5th December 2008 from Search Architects to South Holland District Council)	**£ 22,110**
Building Regulations Application Fee	Assumed	**£ 11,000**
Selling Expenses	As detailed at Section 2.5	**£ 75,537**
	Total Development Costs	**£7,765,378**

4.2 Sales Values

Residential	Sales value	**£7,115,000**
Commercial	Sales value	**£ 855,000**
	Total Sales	**£7,970,000**

4.3 Conclusion

The development appraisal based on the above shows a profit against cost of £204,629 or 2.64%. Whilst this is well below the usual return a developer would seek to realise (15%-20%) it does demonstrate that the scheme is viable given the information provided by the applicant and the reasons behind the proposed development.

The appraisal is summarised as follows:

Gross Development Value	**£7,970,000**
Construction Costs (incl. contingency)	£4,997,513
Professional Fees	£ 499,751
Other Costs	£2,268,114
Gross Development Costs	**£7,765,378**
Profit	**£ 204,629**

If the preliminaries are uplifted to 10% of costs (construction, externals, services and drainage) as recommended in the Capita Architecture report, the development shows a deficit of £10,569 or -0.13%. However, if the revised Davis Langdon construction costs are reduced in line with the Capita report, as detailed in Section 2.4, a profit of £241,319 or 3.12%, even retaining 10% for preliminaries is achieved. Adopting the Davis Langdon figure for preliminaries, profit is further increased to £435,526 or 5.78%.

5. Site Appraisal - Excluding Commercial Units

As per the client's instruction, the appraisal has been run to exclude the commercial units. The additional information provided by the applicant has been used with all other assumptions and cost amendments as contained in the original report and summarised below:

5.1 Development Costs

Construction Costs

Residential units	4,161 sq.m.	@ £940.92/sq.m.	**£3,915,168**
External Works			**£ 853,146**
Services			**£ 276,828**
Drainage			**£ 239,660**
Preliminaries		Based on Davis Langdon figure	**£ 400,000**
Contingencies		3% of cost. The appraisal software applies contingencies only to the build costs	**£ 117,455**

Other costs that should be included in any development appraisal include the following:

Professional Fees	10% of cost. The appraisal software applies professional fees to build costs plus contingencies	**£ 403,262**
Planning Application Fee	As stated in letter dated 5th December 2008 from SEArch Architects to South Holland District Council	**£ 22,110**
Building Regulations Application Fee	Assumed	**£ 11,000**
Selling Expenses	As detailed at Section 2.5	**£ 59,675**
	Total Development Costs	**£6,298,304**

5.2 Sales Values

Residential	**Total Sales**	**£7,115,000**

5.3 Conclusion

The appraisal demonstrates that, should only the residential element be developed, a profit of £816,696 or 12.97% on cost is realised. This level of return is below that a developer would normally look to achieve (15%-20% being usual) but, as the applicant has stated, the purpose of the development is not to generate a profit but to promote the sustainable nature of the proposals. Furthermore, the removal of the commercial element of the scheme would, from the applicants point of view, significantly detract from the sustainability as one of the main principles behind the development is the integration of commercial and residential zones and promotion of a strong "work/life ethic" and, should a consent be granted for a residential only scheme, it is unlikely to be developed.

The appraisal is summarised as follows:

Gross Development Value		***£7,115,000***
Construction Costs (incl. contingency)	£4,032,623	
Professional Fees	£ 403,262	
Other Costs	£1,862,419	
Gross Development Costs		**£6,298,304**
Profit		**£ 816,696**

As with the appraisal for the full scheme, the level of profit will change slightly if the same adjustments are made to preliminaries and construction costs but the scheme will continue to be viable adopting those costs.

6. Site Appraisal – Reduction in Scale of Residential Development

The Local Planning Authority has requested details of how far the scale of residential development can be reduced if the scheme is viable excluding the commercial units.

Adopting the above appraisal and reducing the level of residential by excluding the 13 no. 3 bedroom 5 person detached and the 5 no. 4 bedroom 6 person detached dwellings, the scheme will provide 31 residential units comprising:

10 no. 2 bedroom 3 person semi-detached houses @ 62 sq.m.
2 no. 2 bedroom 3 person semi-detached houses @ 75 sq.m.
16 no. 3 bedroom 5 person semi-detached houses @ 86 sq.m.
3 no. 4 bedroom 7 person detached houses @ 119 sq.m.

6.1 Development Costs

The following costs have been adopted for the purpose of the appraisal excluding the commercial units and the 13 no. 3 bed 5 person detached properties and 5 no. 4 bedroom 6 person semi-detached with appropriate adjustments as indicated:

Construction Costs

Residential units	2,503 sq.m.	@ £940.92/sq.m.	**£2,355,123**

External Works

Site Clearance	38,964 sq.m.	@ £2/sq.m.	£ 77,928
Access Road (reduced full scheme costs by 20%)	5,274 sq.m.	@ £60/sq.m.	£316,440
Parking Areas (total of 165 parking spaces in full scheme, 97 of which are within the residential area. In reducing the residential units by 18, 36 spaces have been removed from the appraisal. Therefore adopted 61/165 of the total scheme costs)	971 sq.m.	@ £45/sq.m.	£ 43,695
Paths, Paving & Patios (reduced full scheme costs by 35%)	120 sq.m.	@ £25/sq.m.	£ 3,000
External Stores – Houses	31 no.	@ £500	£ 15,500
Boundary Hedging	3,648 m	@ £20/m	£ 72,960

Allotments	1,703 sq.m.	@ £25/sq.m.	£ 42,575
Wetland Area	330 sq.m.	@ £150/sq.m.	£ 49,500
(reduced full scheme costs by 50%)			
Gates to Rear Gardens	31 no.	@ £180	£ 5,580
Landscaping	18,979 sq.m.	@ £7.50/sq.m.	£142,343
(reduced full scheme costs by 20%)			
Planting	Item		£ 44,000
(reduced full scheme costs by 20%)			
		Sub-Total	**£ 813,521**

Services

Service Connections	31 no.	@ £2,500	£ 77,500
Site Lighting	4,944 sq.m.	@ £12/sq.m.	£ 59,328
(reduced full scheme costs by 25%)			
11kv cable diversion	Item		£ 35,000
Wind Turbines	2 no.	@ £30,000	£ 60,000
		Sub-Total	**£ 231,828**

Drainage

Building Area	2,503 sq.m.	@ £20/sq.m.	£ 50,060
Hard Paved Area	7,522 sq.m.	@ £20/sq.m.	£150,440
(reduced full scheme costs by 20%)			
Sewer Connections	2 no.	@ £3,000	£ 6,000
		Sub-Total	**£ 206,500**

Preliminaries	Based on Davis Langdon figure	**£ 300,000**
Contingencies	3% of cost (construction plus externals, services and drainage plus preliminaries)	**£ 70,654**

Other costs that should be included in any development appraisal include the following:

Professional Fees	10% of cost. The appraisal software applies professional fees to build costs plus contingencies	**£ 242,578**
Planning Application Fee	As stated in letter dated 5th December 2008 from SEArch Architects to South Holland District Council	**£ 22,110**

Building Regulations Application Fee	Assumed	**£ 11,000**
Selling Expenses	As detailed at Section 2.5	**£ 35,762**
	Total Development Costs	**£4,289,076**

6.2 Sales Values

The following values have been adopted for the appraisal:

10 no. 2 bedroom 3 person semi-detached house (62 sq.m.)	@ £115,000	£1,150,000
2 no. 2 bedroom 3 person semi-detached house (75 sq.m.)	@ £120,000	£ 240,000
16 no. 3 bedroom 5 person semi-detached house	@ £145,000	£2,320,000
3 no. 4 bedroom 7 person detached house	@ £180,000	£ 540,000
	Total Sales	**£4,250,000**

6.3 Conclusions

Reducing the scale of the residential development by excluding the 13 no. 3 bedroom 5 person detached houses and the 5 no. 4 bedroom 6 person detached houses as well as the commercial element, the scheme produces a slight deficit of £39,068 or -0.91% on cost. However, as stated in regards the exclusion of the commercial element of the scheme, a non-commercial and reduced density scheme would not meet the requirements of the applicant in relation to the principles of the proposed development and would therefore not be pursued.

The appraisal is summarised as follows:

Gross Development Value		**£4,250,000**
Construction Costs (incl. contingency)	£2,425,777	
Professional Fees	£ 242,578	
Other Costs	£1,620,721	
Gross Development Costs		**£4,289,076**
Deficit		**(£ 39,076)**

Further amendments to construction costs and preliminaries, as in the above appraisals at Sections 4 and 5, will again alter the figures slightly and only the Davis Langdon revised figures have been used in the

assessments for the level of reduction in residential provision that can be developed before the scheme becomes unviable, have been adopted.

It should be noted that this is only 1 scenario of a mix of units that achieves a nil profit and merely demonstrates how the scale of the residential development when reduced in this mix scenario becomes unviable.

Other scenarios of reduced development were appraised to demonstrate the effect on the viability and the results are as follows:

Scheme	Profit/Deficit (£)	Profit/Deficit (% on cost)
Exclude 2 no. 2 bed 3 person semi-detached @ 75sq.m.) & 16 no. 3 bed 5 person semi-detached	Profit £121,663	Profit 2.74%
Exclude 11 no. 3 bed 5 person detached & 5 no. 4 bed 6 person detached	Profit £87,198	Profit 1.95%
Exclude all 2 bed semi-detached & all 4 bed detached	Profit £48,371	Profit 1.13%
Exclude 12 no. 3 bed 5 person detached & the 5 no. 4 bed 6 person detached	Profit £16,943	Profit 0.39%
Exclude all detached	Deficit £172,023	Deficit 4.43%

7. Other Sites

On the question of viability on other sites, the additional information does not change the response within the original report:

The valuation method assesses the costs of development against the value of the completed development.

The Local Planning Authority has asked "does the financial model only work only on this site, or does it apply to any other unallocated agricultural land around Long Sutton?".

There is no information on the value paid by the applicant for the subject site and no allowances for site acquisition costs have been included in the appraisals. As the appraisals for the full scheme and that excluding the commercial units are showing to be unviable and assuming that development on another unallocated agricultural site in the area would incur the same level of costs and achieve the same sales values, the financial model would be the same.

8. Summary

The results of the appraisals for the different development scenarios following the additional information from the applicant are summarised in the following table:

Scheme	Full Appraisal
Full scheme	Profit of £204,629 or 2.64% on cost
Excluding the commercial units	Profit of £816,696 or 12.97% on cost
Excluding the commercial units and reducing the scale of the residential development	A reduction in the residential element to 31 units comprising 12 no. 2 bed semis, 16 no. 3 bed semis and 3 no. 4 bed detached sees the scheme produce a deficit of £39,068 or -0.91% on cost.

However, the applicant has stressed the sustainability benefits that come with the development of the scheme subject to the planning application and would be unlikely to implement a consent for a scheme excluding the commercial element and with a reduced residential content.

Appendix A Site Appraisal – Full Scheme

Tenure & Timetable

Tenure is Freehold

	Construction Starts	Construction Mths	Letting Void	Letting Date	Rent Free	Sales Mths	Sale Date
Appraisal of full scheme	04/2010	15				6	12/2011

Project Start 04/2010 **Fees Start 04/2010** **Duration 21 Mths** **Project End 12/2011**

Development Summary

Net Sales	7,970,008	
Gross Development Value		**7,970,008**
Purchase Price	0	
Acquisition Costs	0	
Construction	5,075,441	
All other costs	2,689,938	
Finance	0	
Gross Development Cost		**7,765,379**
Profit	2.64 %	204,629

Statistics

Total Area: Net	5,266	square metres
Total Area: Gross	5,266	square metres
Net/Gross Ratio	100.00 %	
Void Cover (Rental)	0	months
Void Cover (Finance)	0	months
Break-even rent level	0 %	of ERV
Break-even rent average	0.00	per square metre
IRR	2.32 %	
NPV at 0.000 %	204,629	

Capitalisation & Sales

5,266 s.m. at 1,513.48 p.s.m.				
			7,970,008	
Less Purchaser's Costs	0.000 %		0	
Sale Price	12//2011			7,970,008
Gross Development Value				**7,970,008**

Costs

Acquisition

Purchase Price	04/2010			0 v
Demolition	04//2010			77,928 v

Construction

	Gross Area	Rate			
2 bed 3 person semi @ 62m2	620	940.92	583,370		
2 bed 3 person semi @ 75m2	150	940.92	141,138		
3 bed 5 person semi @ 86m2	1,376	940.92	1,294,706		
3 bed 5 person detached @ 86m2	1,118	940.92	1,051,949		
4 bed 6 person detached @ 108m2	540	940.92	508,097		
4 bed 7 person detached @ 119m2	357	940.92	335,908		
Workshop/Office unit @ 153m2	765	847.77	648,544		
Workshop/Office unit @ 85m2	340	847.77	288,242		
	5,266	921.37	4,851,954		
				4,851,954 v	
Total Construction				4,851,954	
Contingency	3.00 %			145,559 v	
					4,997,513
Professional Fees	10.000 %				499,751 v

Ancillary Costs			
Access Road	395,520	v	
Parking Areas	118,170	v	
Paths, Paving & Patios	4,600	v	
External Stores - Houses	24,500	v	
External Stores - Commercial Units	9,000	v	
Boundary Hedging	72,960	v	
Allotments	42,575	v	
Wetland Area	99,000	v	
Gates to Rear Gardens	8,820	v	
Landscaping	177,930	v	
Planting	55,000	v	
Service Connections	145,000	v	
Site Lighting	79,104	v	
11kv Cable Diversion	35,000	v	
Wind Turbines	60,000	v	
Drainage	299,360	v	
Preliminaries	455,000	v	
Planning Application Fee	22,110	v	
Building Regulations Application Fee	11,000	v	
Sales Costs	75,537	v	
			2,190,186
Gross Development Cost			**7,765,379**
Profit	2.64%		204,629

VAT Schedule

	Amount	VAT %	Total VAT	Net VAT
Purchase Price	0	17.50 %	0	0
Construction	5,075,441	17.50 %	888,202	0
Professional Fees	499,751	17.50 %	87,456	0
Ancillary Costs	2,190,186	17.50 %	383,283	0
	7,765,378		**1,358,941**	**0**

Percentage of VAT recovered **100.00 %** **Average recovery time** **3 months**

Assumptions

1. Interest is compounded quarterly
2. Construction related payments are made monthly.
3. Purchase and any rent are paid in advance, at the beginning of a month.
4. All other costs are paid in arrear, at the month's end.
5. Sales take place at the end of the month.
6. YPs are calculated on the basis of rents annually in arrears (Parry's).
7. Any negative Revenue Adjustments represent income
8. VAT is applicable to items marked "v"
9. Rent is paid quarterly in advance.

Appendix B Site Appraisal – Excluding Commercial Units

Tenure & Timetable

Tenure is Freehold

	Construction Starts	Construction Mths	Letting Void	Letting Date	Rent Free	Sales Mths	Sale Date
Appraisal of full scheme	04/2010	15				6	12/2011

Project Start 04/2010 **Fees Start 04/2010** **Duration 21 Mths** **Project End 12/2011**

Development Summary

Net Sales	7,115,011	
Gross Development Value		**7,115,011**
Purchase Price	0	
Acquisition Costs	0	
Construction	4,110,551	
All other costs	2,187,754	
Finance	0	
Gross Development Cost		**6,298,305**
Profit	12.97 %	816,706

Statistics

Total Area: Net	4,161	square metres
Total Area: Gross	4,161	square metres
Net/Gross Ratio	100.00 %	
Void Cover (Rental)	0	months
Void Cover (Finance)	0	months
Break-even rent level	0 %	of ERV
Break-even rent average	0.00	per square metre
IRR	11.30 %	
NPV at 0.000 %	816,706	

Capitalisation & Sales

4,161 s.m. at 1,709.93 p.s.m.

		7,115,011	
Less Purchaser's Costs	0.000 %	0	
Sale Price	12//2011		7,115,011
Gross Development Value			**7,115,011**

Costs

Acquisition

Purchase Price	04/2010		0 v
Demolition	04//2010		77,928 v

Construction

	Gross Area	Rate			
2 bed 3 person semi @ 62m2	620	940.92	583,370		
2 bed 3 person semi @ 75m2	150	940.92	141,138		
3 bed 5 person semi @ 86m2	1,376	940.92	1,294,706		
3 bed 5 person detached @ 86m2	1,118	940.92	1,051,949		
4 bed 6 person detached @ 108m2	540	940.92	508,097		
4 bed 7 person detached @ 119m2	357	940.92	335,908		
	4,161	940.92	3,915,168		
				3,915,168	v
Total Construction				3,915,168	
Contingency	3.00 %			117,455	v
					4,032,623
Professional Fees	10.000 %				403,262 v

Ancillary Costs			
Access Road	316,440	v	
Parking Areas	69,480	v	
Paths, Paving & Patios	4,600	v	
External Stores - Houses	24,500	v	
Boundary Hedging	72,960	v	
Allotments	42,575	v	
Wetland Area	49,500	v	
Gates to Rear Gardens	8,820	v	
Landscaping	142,343	v	
Planting	44,000	v	
Service Connections	122,500	v	
Site Lighting	59,328	v	
11kv Cable Diversion	35,000	v	
Wind Turbines	60,000	v	
Drainage	239,660	v	
Preliminaries	400,000	v	
Planning Application Fee	22,110	v	
Building Regulations Application Fee	11,000	v	
Sales Costs	59,675	v	
			1,784,491
Gross Development Cost			**6,298,305**
Profit	12.97%		816,706

VAT Schedule

	Amount	VAT %	Total VAT	Net VAT
Purchase Price	0	17.50 %	0	0
Construction	4,110,551	17.50 %	719,346	0
Professional Fees	403,262	17.50 %	70,571	0
Ancillary Costs	1,784,491	17.50 %	312,286	0
	6,298,304		**1,102,203**	**0**

Percentage of VAT recovered **100.00 %** **Average recovery time** **3 months**

Assumptions

1. Interest is compounded quarterly
2. Construction related payments are made monthly.
3. Purchase and any rent are paid in advance, at the beginning of a month.
4. All other costs are paid in arrear, at the month's end.
5. Sales take place at the end of the month.
6. YPs are calculated on the basis of rents annually in arrears (Parry's).
7. Any negative Revenue Adjustments represent income
8. VAT is applicable to items marked "v"
9. Rent is paid quarterly in advance.

Appendix C Site Appraisal – Excluding Commercial Units & Reduced Residential

Notes

Excludes 3 bed detached & 4 bed 6 person detached

Tenure & Timetable

Tenure is Freehold

	Construction Starts	Construction Mths	Letting Void	Letting Date	Rent Free	Sales Mths	Sale Date
Appraisal of full scheme	04/2010	15				6	12/2011

Project Start 04/2010 **Fees Start 04/2010** **Duration 21 Mths** **Project End 12/2011**

Development Summary

Net Sales	4,250,008	
Gross Development Value		**4,250,008**
Purchase Price	0	
Acquisition Costs	0	
Construction	2,503,704	
All other costs	1,785,372	
Finance	0	
Gross Development Cost		**4,289,076**
Profit	-0.91 %	-39,068

Statistics

Total Area: Net	2,503	square metres
Total Area: Gross	2,503	square metres
Net/Gross Ratio	100.00 %	
IRR	-0.80 %	
NPV at 0.000 %	-39,068	

Capitalisation & Sales

2,503 s.m. at 1,697.97 p.s.m.

			4,250,008	
Less Purchaser's Costs	0.000 %		0	
Sale Price	12//2011			4,250,008
Gross Development Value				**4,250,008**

Costs

Acquisition

Purchase Price	04/2010			0 v
Demolition	04//2010			77,928 v

Construction

Appraisal of full scheme

	Gross Area	Rate			
2 bed 3 person semi @ 62m2	620	940.92	583,370		
2 bed 3 person semi @ 75m2	150	940.92	141,138		
3 bed 5 person semi @ 86m2	1,376	940.92	1,294,706		
3 bed 5 person detached @ 86m2					
4 bed 6 person detached @ 108m2					
4 bed 7 person detached @ 119m2	357	940.92	335,908		
	2,503	940.92	2,355,122		
				2,355,122	v
Total Construction				2,355,122	
Contingency	3.00 %			70,654	v
					2,425,776
Professional Fees	10.000 %				242,578 v

Ancillary Costs			
Access Road	316,440	v	
Parking Areas	43,695	v	
Paths, Paving & Patios	3,000	v	
External Stores - Houses	15,500	v	
Boundary Hedging	72,960	v	
Allotments	42,575	v	
Wetland Area	49,500	v	
Gates to Rear Gardens	5,580	v	
Landscaping	142,343	v	
Planting	44,000	v	
Service Connections	77,500	v	
Site Lighting	59,328	v	
11kv Cable Diversion	35,000	v	
Wind Turbines	60,000	v	
Drainage	206,500	v	
Preliminaries	300,000	v	
Planning Application Fee	22,110	v	
Building Regulations Application Fee	11,000	v	
Sales Costs	35,762	v	
			1,542,793

Gross Development Cost			**4,289,076**
	Profit	**-0.91%**	**-39,068**

VAT Schedule

	Amount	VAT %	Total VAT	Net VAT
Purchase Price	0	17.50 %	0	0
Construction	2,503,704	17.50 %	438,148	0
Professional Fees	242,578	17.50 %	42,451	0
Ancillary Costs	1,542,793	17.50 %	269,989	0
	4,289,075		**750,588**	**0**

Percentage of VAT recovered	**100.00 %**	**Average recovery time**	**3 months**

Assumptions

1. Interest is compounded quarterly
2. Construction related payments are made monthly.
3. Purchase and any rent are paid in advance, at the beginning of a month.
4. All other costs are paid in arrear, at the month's end.
5. Sales take place at the end of the month.
6. YPs are calculated on the basis of rents annually in arrears (Parry's).
7. Any negative Revenue Adjustments represent income
8. VAT is applicable to items marked "v"
9. Rent is paid quarterly in advance.