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Date: 11th September 2020

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Dear Laura

Viability Appraisal Review: Planning Application 16/00506/OUTM
Staged Appraisal Review Fernwood, Nottinghamshire

Further to your instruction to undertake the review of the viability assessment for the above project, I set out below my opinion on the outcome of the viability assessment at the two review stages. This review differs from usual viability testing in as much as the Applicant has sort to review the trigger for the clawback review from the S106 stated 594 completed dwellings to 840 dwellings.

The WLSL review has therefore sort to rebuild the whole 1800 unit scheme for consistency with the original assessment. The Applicant has only submitted appraisals up to each trigger point.

The WLSL review has therefore provided two appraisals effectively split into two parts, the first being the unit delivery up to 594/840 and the second part being the balance to 1800 units. On this basis the viability can be measured at both the completed scheme and the trigger point date.

This short report reviews the methodology, the inputs and considers the residual value outcome at each stage. The Applicant has confirmed no intention to review the amount of affordable housing or S106 but has requested the late review date on the basis that the first date is still carrying heavier infrastructure burdens so is less likely to be viable than at later stages.

WLSL concurs with this point in principle when there is a single review point as the ability to have a fair chance of measuring any improved viability is usually at a point when the site has become established from a marketing point of view, values are adjusting upwards and contingency based infrastructure costs become known and are likely to be a lower cost in the appraisal than in one that has contingency added to it.

METHODOLOGY/BASELINE

Firstly, the appraisal is submitted by the Applicant following the same methodology as the previous Planning Application submission. There were differences however following the initial review that required querying. The two areas needing to be addressed were:

1. The house types differed between the 594 and 840 unit as the NDSS was applied to later stage and the unit names/descriptions had been updated. As this created uncertainty in comparing the two phases the request to have both stages based on the same unit mix and size was requested which the Applicant revised accordingly
2. The second issue was the additional costs set out in the updated appraisals which were not set out as such in the original appraisal. This was queried and the additional costs were removed.

Largely the majority of the assumptions are in accordance with the original principles established at the outset for the S106 viability reviews. WLSL has followed the same methodology as per the previous assessment.

The objective is again to consider the reasonableness of the assumptions adopted by the Applicant but mainly to ensure consistency so that the Council can be advised of the real difference between the two trigger points.

APPLICANT APPROACH

Information regarding the scheme has again been provided by the Applicant via their advisors Atlas.

- The appraisal is submitted based on the same HCA DAT model as per the previous review, being a standard residual model
- Profit is fixed and land is residualised as the trigger test.
- The Affordable housing share and tenure remains as per the approved scheme

Viability testing can be either Land target based, or profit target based. The original Planning Application review conclusions for the 13% affordable housing model were profit based so the conclusions to this review will be profit based for consistency though a land value residual model has been run for comparison purposes.

GOVERNMENT POLICY GUIDANCE FOR VIABILITY TESTING

The Royal Institution of Chartered Surveyors (RICS): Financial Viability in Planning RICS Guidance Note 1st edition (GN 94/2012) August 2012
Whereby:

- An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project.

National Planning Policy Framework 2019
The NPPF sets out the following basis for viability testing:

The key purpose of viability assessments is to demonstrate the impact on viability of policy costs. Where policy costs, assuming that the other assumptions are reasonable, contribute to a demonstrable lack of viability, then those costs are adjusted to a point where the scheme can be considered viable.

The most relevant extracts to viability assessment from the revised NPPF are summarised as follows:

- ***Para 34:*** The Development Plan should set out the contributions expected from the development to include setting out the levels and types of affordable housing provision required, along with other infrastructure (as needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.

- ***Para 57:*** Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available. The standardised inputs are set out in the PPG.

Planning Practice Guidance (PPG) on viability
This guidance relates to both plan making and the use of viability in decision making. The PPG states "Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it.

This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return…" "…In plan making and decision making viability helps to strike a balance between the aspirations of developers, landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permissions."

The PPG also states that contributions should be realistic and not compromise sustainability and that the Cumulative costs of 'all relevant policies' will not undermine deliverability.

The revised PPG retains the assumption that the landowner should receive a land value based on Existing Use Value plus a Premium and that this reasonable incentive is equal to the minimum a willing landowner would be willing to sell the land for. Equally the developer will require sufficient return in order that the site comes forward for development. The incentive would not apply in this context.

The test arising from this approach is whether net residual (development) value or cost or profit, as demonstrated by a residual appraisal, exceeds a relevant and appropriate benchmark value or cost or profit by an adequate margin, while also assuming an adequate commercial return to the developer.

This enhanced value basis is usually reflected as a minimum value per gross acre in the case of agricultural or other low value land or evidenced by a third party Red Book valuation or sustainable methodology to determine a reasonable value.

The premium over EUV/Alternative Use Value and/or application of minimum value, as appropriate, is recognised as necessary since a landowner is likely to have to bear costs, such as relocation (where the business is retained, taxation, the cost, time and effort involved in obtaining planning permission etc. to bring their land forward for development to the change of use consent, as well as requiring an element of 'profit', in the form of value-enhancement, for doing so.

Reference to a consistent method of benchmarking minimum value as a 'threshold' against which residual land value for development can be compared, rather than attempting to reflect or justify actual price paid (or agreed to be paid) by a specific developer, is recognised in the PPG but was already common practice and recognised as a fairer approach when determining viability.

This avoids potential arguments, for example, as to whether the developer may have paid too much for the land and that as a result provision of public infrastructure should then be at risk in mitigating the overpayment.

Application in this Development site context
There are key assumptions which are consistent with previous assessments:

- *The site uses a fixed profit input. The residual land target has no premium applied to it and the adopted target figure is as per the original rate discounted in the WLSL review. This forms the basis of the Existing Use Value (EUV) approach.*
- *Profit on GDV is at an agreed benchmark rate. The rate is fixed at a blended rate of 20% on Open Market GDV and 6% on Affordable Housing GDV.*
- *The sales values and build costs are based as per the original modelling.*

APPLICANT POSITION

As per previous assessments the same viability issue is assumed. The Applicant states that the project in offering the 13% affordable housing offer. As such only the relative impact of the trigger point is being considered.

APPLICANT ASSUMPTIONS

This report provides an independent view as to whether the assumption to delay the trigger point is reasonable in the context of the information supplied.

The appraisal undertaken by the Applicant has been reviewed and re-modelled accordingly.

Threshold Land Values
Remains as per the original lowered price based on £100,000 per acre equating to £23,136,000.

Gross Development Value
Open market sales are based on an average value of £205.75 psft. Affordable values are set at 81.65% of Open Market for the Discount to Market Value properties (DOMV) and the Affordable Rent is set at 48.6% of Open Market Value

As this is a refresh of the original assumptions resubmitted to test the different residual outcomes of the trigger the values are acceptable. The affordable housing percentages are reasonable.

Build Costs

As raised earlier build costs were queried as the submitted appraisal had higher costs. On querying with the Applicant's agent, the build costs were fixed at the lower price.

The stated build cost on replicating the original varies between the tenures. The OM units build costs are set at £91.45 psft, the Affordable Rented properties are set at £94.08 psft and the DOMV units at a lower £76.13 psft.

The current 5 year BCIS for the area is exceeding the Applicant's assumptions so the build costs for the purpose of the viability assessment are reasonable.

Externals

These costs were added to the Applicant's appraisal which added c£7.8m of costs that were not included in the original Planning Application assessment. These costs have been removed from the current review as the externals costs were embedded within the original build costs as a matter of principle.

Abnormal Costs

Abnormal/Infrastructure costs of £38,547,712 equating to £21,511 per unit are adopted. The cost per unit is high and was a factor in the reduction in the affordable housing at the time of the original Planning Application. The cost is assumed at the same level as part of this review, which was a reduction to the amount as originally submitted. There is no new information to review regarding the infrastructure costs, so these are considered reasonable.

Section 106 and CIL Contributions

In accordance with the Planning Application viability assessment the scheme would be due to contribute to S106 to Education, Health and Council costs. Both submitted early phase appraisals assume Education and Council costs, but the 840 unit version also includes additional health contributions of £340,000. The 594 unit scheme assumes contributions of £3,582,586 (£6,031 per unit) and the 840 unit scheme assumes S106 contributions of £5,247,512 (£6,247 per unit).

The WLSL modelling, in the absence of seeing a combined 1800 unit scheme appraisal has reverted to the original S106 sum and assumed a pro rata £5,889 per unit throughout the 1800 units. This is assumed to be consistent with the Applicant's original position. If the S106 has simply been triggered sooner (i.e. a greater proportion needs to be phased earlier) than the averaged assumption suggests then the WLSL average cost basis may be underestimating S106 in the early phase, however in the absence of further detail the LPA will need to confirm this position.

The WLSL model assumes a total S106 of £10.6m with £3.498m delivered as part of the 594 unit scheme and £4.946m delivered by 840 units.

CIL is also assumed and at a rate of £4.65 psft (£50 psm). The WLSL adopts the higher £5.38 psft (£57.90 psm) delivered pro rata. The WLSL rate is the same contribution assumed at the original Planning Application stage.

Contingency

A 2.5% contingency has been included within the build costs by the Applicant. This is considered reasonable.

Professional Fees

Fees of 8% of costs have been adopted. The fees rate could be considered high in terms of recent viability assessment averages but was the adopted rate at the time of the review.

Acquisition
Agent fees are assumed at 1.00%. A legal transaction fee has been allowed for at 0.75%. The legal fee could be considered a little high given recent experience which models more usually at 0.5%, but was the adopted rate at the time of the review.

A Stamp Duty allowance is applied to the fixed price at 4%. This is below the rate that would actually be paid which is modelled in the WLSL appraisal at 4.95%.

Disposal Fees
Marketing fees combined with agent’s fees are assumed at 2%. The legal fee is assumed at £500 per unit. The RP disposal fees are assumed at £57,000 per tenure. In reality there may not be a necessity for this scheme to assume both a cost to the developer to dispose to the RP as well as the RP purchase costs, though in reality the reasonableness test would relate to the overall costs to dispose which when combined are not unreasonable.

Finance Rate
Finance costs are assumed at 6.00% in the Applicant modelling. As the Applicant has not provided the full 1800 unit scheme it is not possible to model the cashflow on the whole development. The original scheme was modelled at 6.5% finance costs. 6% is a more appropriate rate to use current day, however, in the same way the build costs were adjusted to be consistent with the original modelling the WLSL appraisals adopt a 6.5% rate.

Profit
Profit is assumed at 20% of Open Market GDV and 6% of Affordable housing GDV. The NPPF requires that LPA’s assess the risk of a scheme to determine where within the NPPF range of 15-20% profit on OM GDV a scheme should be. In reality most larger schemes are tested at 20% OM GDV or where schemes are considered high risk or longer term where large infrastructure burdens are a high percentage of costs.

In the context of this scheme the infrastructure burden is a high proportion of the costs relative to the values achievable so the scheme would be relatively higher risk than a simple scheme average scheme . The profit would therefore be considered reasonable.

The following table summarises the appraisal inputs:

Summary of Assumptions

Appraisal Item	Applicant	WLSL Baseline
Land cost	£100k per acre £23,136,000 used as BLV target	As per Applicant but fixed at £100k per acre £23,136,000
Build Cost	£91 psft base build costs plus overheads and externals	£76.13 psft - £94.08 psft Including externals by agreement
Section 106	594 units £3,582,586 (£6031 p/unit) 840 units £5,247,512 (£6,247 p/unit).	Total S106 of £10.6m 594 units £3.498m 840 units £4.946m Average £5,889 per unit
Contingency	2.5%	As per Applicant
Professional fees	8%	As per Applicant
Acquisition Fees	Sales 1% Legal 0.75% Stamp Duty 4%	As per Applicant Stamp Duty 4.95%
Disposal Fees	Marketing 2% Legal £500 per unit RP sales £243 per unit	As per Applicant
Finance	6%	Tested at 6.5%
Profit	20% OMGDV 6% AH scheme	As per Applicant but used as Residual Viability Target measure

Summary of Applicant's Position

As set out above the appraisals the Applicant's Residuals are as follows:

- 594 unit scheme produces a residual land value of -£5,064,051 for the 594 units. The assumption being that the 1800 unit scheme equates to the full BLV.
- 840 unit scheme produces a residual land value of +£795,848 for the 840 units. The assumption being that the 1800 unit scheme equates to the full BLV.

In each of the above outcomes the BLV target is above the residual value output. These are summarised below:

- In the case of the 594 unit scheme the target BLV is £7,904,000
- In the case of the 840 unit scheme the target BLV is £11,189,100

Neither trigger point review is close to meeting the target BLVs above. The relative improvement in residual value is noticeably better in the 840 unit showing at least a positive residual albeit it is some -£10.393m below target.

WLSL APPRAISALS

WLSL has remodelled the Applicant's appraisal to determine that the methodology and mathematics in the appraisal are modelled correctly. It can be confirmed that the modelling is correct.

The residual Models are both running inconsistent outputs in comparison to the Applicant models due to the lack of cashflow details in relation to the whole scheme so to report on a residual land value basis is not appropriate.

The WLSL models based on fixed land and residual profit report the following:

	Version	Residual Profit £	Residual Profit %	Difference to 20% trigger / Viable
App 1	WLSL 594	£4,880,929	1.08%	Unviable
App 1a	WLSL Balance	£60,044,051	28.21%	Viable
App 1b	WLSL 1800	£62,580,419	19.70%	Viable
App 2	WLSL 840	£13,262,275	8.85%	Unviable
App 2a	WLSL Balance	£47,293,842	27.99%	Viable
App 2b	WLSL 1800	£62,324,128	19.55%	Viable

- App 1 / 2 represents the trigger point appraisal.
- App 1a / 2a is the balancing units remaining following the trigger point
- App 1b / 2b is the whole appraisal consolidated

Appraisals Results

As per the analysis above the clear conclusion is that the earlier trigger date of 594 units is unviable but also that it is relatively less unviable than the 840 unit trigger point.

The second important factor in the above table is the line 2 (1a and 2a) where the remaining units post-trigger profit is significantly higher but also significantly higher than the target viability outcome.

The third line (App 1b and 2b) is the consolidated appraisal where the schemes are treated as one and the cashflows of the two separate parts are combined. Each appraisal is viable in its consolidated format.

SUMMARY CONCLUSION

In summary the majority of the assumptions are reasonable and are on or below benchmarks and in in accordance with the parameters set out in the original review. The WLSL modelling adopted savings at the original review and this review has removed additional costs submitted by the Applicant and reduced the appraisal baseline back to the original assumptions.

The clear conclusion is that the earlier the trigger point in the scheme the lower the viability outcome due largely to the cashflow implications of early infrastructure delivery and early S106 payments.

As the scheme progresses to the 840 unit trigger the viability has improved from a 1.08% profit residual to an 8.85% residual profit. This is an improvement of £8.3m equating to a plus 7.77% for 246 additional units.

The line 3 conclusions show that there us surplus in the second phase that would improve the outcome further.

Whilst the brief did not include running additional models at later trigger points it is likely that a trigger point appraisal undertaken later in the scheme would produce a further enhanced residual outcome.

Additional Affordable Housing Units Objective

It is understood that the objective of the LPA is to seek additional affordable housing units from the review mechanism. In terms of this objective the following is clear:

- The 594 unit trigger review appraisal in its current format will not deliver sufficient return to justify enhanced affordable housing units; and
- The 840 unit trigger review appraisal in its current format is considerably more viable but still some considerable distance from the viability target threshold so this later trigger will also not deliver sufficient return to justify enhanced affordable housing units

RECOMMENDATION

- It would be recommended that if there is to be a review and it is an either a 594 or 840 dwelling trigger the later 840 unit trigger would be the recommended option as the viability is clearly improving over the lifetime of the development.
- Secondly if there is the option for the LPA to consider a later trigger point again, beyond 840 units, whilst the number of units remaining is diminishing and therefore the opportunity number of units will be lower, there is likely to be a greater chance of an improved viability outcome that may provide the Council with an enhanced contribution from the Applicant.

The WLSL findings concur with Applicant that the scheme would benefit from the later dated review trigger.

Regards

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Appendices – WLSL Appraisals

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Development Appraisal
White Land Strategies Ltd
13 September 2020

APPRAISAL SUMMARY — WHITE LAND STRATEGIES LTD

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Appraisal Summary for Phase 1 Residential 594

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Units	517	472,274	206.00	188,179	97,288,444
AH AR All units average	40	29,139	116.44	84,825	3,392,987
AH DOMV All units average	37	26,672	155.00	111,734	4,134,160
Totals	**594**	**528,085**			**104,815,591**

NET REALISATION			**104,815,591**
OUTLAY			
ACQUISITION COSTS			
Fixed Price	23,136,000		
Fixed Price (231.36 Acres @ 100,000.00 /Acre)		23,136,000	
			23,136,000
Stamp Duty		1,146,300	
Effective Stamp Duty Rate	4.95%		
Agent Fee	1.00%	231,360	
Legal Fee	0.75%	173,520	
			1,551,180

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**	
OM Units	472,274	91.15	43,047,775	
AH AR All units average	29,139	94.08	2,741,397	
AH DOMV All units average	26,672	76.13	2,030,539	
Totals	**528,085 ft²**		**47,819,712**	
Contingency		2.50%	1,195,493	
Abnormals	594 un	21,511.00 /un	12,777,534	
S106	594 un	5,889.00 /un	3,498,066	
CIL	498,946 ft²	5.38	2,684,329	
				67,975,134
PROFESSIONAL FEES				
Professional Fees		8.00%	3,825,577	
				3,825,577
DISPOSAL FEES				
Sales / Letting		2.00%	2,028,452	
RP Sales	40 un	203.00 /un	8,120	
Sales Legal Fee	554 un	500.00 /un	277,000	
				2,313,572
FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Land			3,600,312	
Construction			1,254,035	
Other			26,582	
Total Finance Cost				4,880,929
TOTAL COSTS				**103,682,392**
PROFIT				
				1,133,199

Performance Measures

Profit on Cost%	1.09%
Profit on GDV%	1.08%
Profit on NDV%	1.08%

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

IRR	8.09%
Profit Erosion (finance rate 6.500)	2 mths

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Development Appraisal
White Land Strategies Ltd
13 September 2020

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Appraisal Summary for Phase 2 Residential Balance 1206

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Units	1,050	959,164	206.00	188,179	197,587,749
AH AR All units average	81	59,006	116.44	84,825	6,870,799
AH DOMV All units average	75	54,065	155.00	111,734	8,380,054
Totals	**1,206**	**1,072,235**			**212,838,602**

NET REALISATION				**212,838,602**
OUTLAY				
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
OM Units	959,164	91.15	87,427,783	
AH AR All units average	59,006	94.08	5,551,329	
AH DOMV All units average	54,065	76.13	4,115,958	
Totals	**1,072,235 ft²**		**97,095,070**	**97,095,070**
Contingency		2.50%	2,427,377	
Abnormals	1,206 un	21,511.00 /un	25,942,266	
S106	1,206 un	5,889.00 /un	7,102,134	
CIL	1,013,229 ft²	5.38	5,451,170	
				40,922,947
PROFESSIONAL FEES				
Professional Fees		8.00%	7,767,606	
				7,767,606
DISPOSAL FEES				
Sales / Letting		2.00%	4,119,356	
RP Sales	81 un	2,022.00 /un	163,782	
Sales Legal Fee	1,125 un	500.00 /un	562,500	
				4,845,638
FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Construction			2,163,289	
Total Finance Cost				2,163,289
TOTAL COSTS				**152,794,551**
PROFIT				
				60,044,051

Performance Measures

Profit on Cost%	39.30%
Profit on GDV%	28.21%
Profit on NDV%	28.21%
IRR	32.58%
Profit Erosion (finance rate 6.500)	5 yrs 2 mths

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Development Appraisal
White Land Strategies Ltd
13 September 2020

APPRAISAL SUMMARY	WHITE LAND STRATEGIES LTD

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Units	517	472,274	206.00	188,179	97,288,444
AH AR All units average	40	29,139	116.44	84,825	3,392,987
AH DOMV All units average	37	26,672	155.00	111,734	4,134,160
OM Units	1,050	959,164	206.00	188,179	197,587,749
AH AR All units average	81	59,006	116.44	84,825	6,870,799
AH DOMV All units average	75	54,065	155.00	111,734	8,380,054
Totals	**1,800**	**1,600,320**			**317,654,193**
NET REALISATION				**317,654,193**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price		23,136,000			
Fixed Price (231.36 Acres @ 100,000.00 /Acre)			23,136,000		
				23,136,000	
Stamp Duty			1,146,300		
Effective Stamp Duty Rate		4.95%			
Agent Fee		1.00%	231,360		
Legal Fee		0.75%	173,520		
				1,551,180	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
OM Units	472,274	91.15	43,047,775		
AH AR All units average	29,139	94.08	2,741,397		
AH DOMV All units average	26,672	76.13	2,030,539		
OM Units	959,164	91.15	87,427,783		
AH AR All units average	59,006	94.08	5,551,329		
AH DOMV All units average	54,065	76.13	4,115,958		
Totals	**1,600,320 ft²**		**144,914,782**		
Contingency		2.50%	3,622,870		
Abnormals	1,800 un	21,511.00 /un	38,719,800		
S106	1,800 un	5,889.00 /un	10,600,200		
CIL	1,512,175 ft²	5.38	8,135,500		
				205,993,151	
PROFESSIONAL FEES					
Professional Fees		8.00%	11,593,183		
				11,593,183	
DISPOSAL FEES					
Sales / Letting		2.00%	6,147,808		
RP Sales	40 un	203.00 /un	8,120		
RP Sales	81 un	2,022.00 /un	163,782		
Sales Legal Fee	1,679 un	500.00 /un	839,500		
				7,159,210	
FINANCE					
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)					
Total Finance Cost				5,641,050	
TOTAL COSTS				**255,073,774**	
PROFIT					
				62,580,419	

2020 594 balance to 1800
TargProf £62.0m (19.55%): resid prof 19.7%
594 breakdown: 1.08% Profit

Performance Measures

Profit on Cost%	24.53%
Profit on GDV%	19.70%
Profit on NDV%	19.70%
IRR	17.06%
Profit Erosion (finance rate 6.500)	3 yrs 5 mths

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

Appraisal Summary for Phase 1 Residential 840

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Units	731	679,830	205.75	191,348	139,875,023
AH AR All units average	56	35,887	100.01	64,090	3,589,059
AH DOMV All units average	53	38,160	168.00	120,960	6,410,880
Totals	**840**	**753,877**			**149,874,961**
NET REALISATION				**149,874,961**	
OUTLAY					
ACQUISITION COSTS					
Fixed Price		23,136,000			
Fixed Price (231.36 Acres @ 100,000.00 /Acre)			23,136,000		
				23,136,000	
Stamp Duty			1,146,300		
Effective Stamp Duty Rate		4.95%			
Agent Fee		1.00%	231,360		
Legal Fee		0.75%	173,520		
				1,551,180	
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
OM Units	679,830	91.45	62,170,453		
AH AR All units average	35,887	94.08	3,376,249		
AH DOMV All units average	38,160	76.13	2,905,121		
Totals	**753,877 ft²**		**68,451,823**		
Contingency		2.50%	1,711,296		
Abnormals	840 un	21,511.00 /un	18,069,240		
S106	840 un	5,889.00 /un	4,946,760		
CIL	717,990 ft²	5.38	3,862,786		
				97,041,905	
PROFESSIONAL FEES					
Professional Fees		8.00%	5,476,146		
				5,476,146	
DISPOSAL FEES					
Sales / Letting		2.00%	2,925,718		
RP Sales	56 un	203.00 /un	11,368		
Sales Legal Fee	784 un	500.00 /un	392,000		
				3,329,086	
FINANCE					
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)					
Land			4,466,980		
Construction			1,611,390		
Total Finance Cost				6,078,370	
TOTAL COSTS				**136,612,687**	
PROFIT					
				13,262,275	
Performance Measures					
Profit on Cost%		9.71%			
Profit on GDV%		8.85%			
Profit on NDV%		8.85%			

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

IRR	12.92%
Profit Erosion (finance rate 6.500)	1 yr 5 mths

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

Appraisal Summary for Phase 2 Residential Balance 960

Currency in £

REVENUE					
Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Units	835	762,764	205.75	187,950	156,938,614
AH AR All units average	64	46,622	100.01	72,855	4,662,706
AH DOMV All units average	61	43,973	168.00	121,105	7,387,423
Totals	**960**	**853,359**			**168,988,744**
NET REALISATION				**168,988,744**	
OUTLAY					
CONSTRUCTION COSTS					
Construction	**ft²**	**Build Rate ft²**	**Cost**		
OM Units	762,764	91.15	69,525,904		
AH AR All units average	46,622	94.08	4,386,235		
AH DOMV All units average	43,973	76.13	3,347,646		
Totals	**853,359 ft²**		**77,259,785**	**77,259,785**	
Contingency		2.50%	1,931,495		
Abnormals	960 un	21,511.00 /un	20,650,560		
S106	960 un	5,889.00 /un	5,653,440		
CIL	806,736 ft²	5.38	4,340,242		
				32,575,736	
PROFESSIONAL FEES					
Professional Fees		8.00%	6,180,783		
				6,180,783	
DISPOSAL FEES					
Sales / Letting		2.00%	3,286,521		
RP Sales	64 un	2,022.00 /un	129,408		
Sales Legal Fee	896 un	500.00 /un	448,000		
				3,863,929	
FINANCE					
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)					
Construction			1,814,668		
Total Finance Cost				1,814,668	
TOTAL COSTS				**121,694,901**	
PROFIT					
				47,293,842	
Performance Measures					
Profit on Cost%		38.86%			
Profit on GDV%		27.99%			
Profit on NDV%		27.99%			
IRR		35.57%			
Profit Erosion (finance rate 6.500)		5 yrs 1 mth			

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

Development Appraisal
White Land Strategies Ltd
13 September 2020

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
OM Units	731	679,830	205.75	191,348	139,875,023
AH AR All units average	56	35,887	100.01	64,090	3,589,059
AH DOMV All units average	53	38,160	168.00	120,960	6,410,880
OM Units	835	762,764	205.75	187,950	156,938,614
AH AR All units average	64	46,622	100.01	72,855	4,662,706
AH DOMV All units average	61	43,973	168.00	121,105	7,387,423
Totals	**1,800**	**1,607,236**			**318,863,705**

NET REALISATION				**318,863,705**
OUTLAY				
ACQUISITION COSTS				
Fixed Price		23,136,000		
Fixed Price (231.36 Acres @ 100,000.00 /Acre)			23,136,000	
				23,136,000
Stamp Duty			1,146,300	
Effective Stamp Duty Rate		4.95%		
Agent Fee		1.00%	231,360	
Legal Fee		0.75%	173,520	
				1,551,180
CONSTRUCTION COSTS				
Construction	**ft²**	**Build Rate ft²**	**Cost**	
OM Units	679,830	91.45	62,170,453	
AH AR All units average	35,887	94.08	3,376,249	
AH DOMV All units average	38,160	76.13	2,905,121	
OM Units	762,764	91.15	69,525,904	
AH AR All units average	46,622	94.08	4,386,235	
AH DOMV All units average	43,973	76.13	3,347,646	
Totals	**1,607,236 ft²**		**145,711,608**	
Contingency		2.50%	3,642,790	
Abnormals	1,800 un	21,511.00 /un	38,719,800	
S106	1,800 un	5,889.00 /un	10,600,200	
CIL	1,524,726 ft²	5.38	8,203,028	
				206,877,426
PROFESSIONAL FEES				
Professional Fees		8.00%	11,656,929	
				11,656,929
DISPOSAL FEES				
Sales / Letting		2.00%	6,212,239	
RP Sales	56 un	203.00 /un	11,368	
RP Sales	64 un	2,022.00 /un	129,408	
Sales Legal Fee	1,680 un	500.00 /un	840,000	
				7,193,015
FINANCE				
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				6,125,027
TOTAL COSTS				**256,539,577**
PROFIT				
				62,324,128

2020 840 balance to 1800 (960 units)
TargProf £62.0m 19.59%: resid prof 19.55%
840 breakdown: 8.8% on 840 units

Performance Measures

Profit on Cost%	24.29%
Profit on GDV%	19.55%
Profit on NDV%	19.55%
IRR	16.84%
Profit Erosion (finance rate 6.500)	3 yrs 4 mths