10 October 2016

Streetspace Group, Wootton Lane, Wootton, Kent, CT4 6RP

VIABILITY ASSESSMENT REVIEW REPORT

STRICTLY PRIVATE AND CONFIDENTIAL

FOI EXEMPTION SECTION 41 & 43(2): PRIVATE AND CONFIDENTIAL

EIR Exemption 12 (5) (e) – (f)

Prepared for:

Dover District Council

Prepared by:

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For and on behalf of:

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savills

1. Introduction

1.1. Client Instruction

We have been instructed by Dover District Council to undertake a review of a Financial Viability Assessment carried out by Messrs Strutt and Parker (herein referred to as S&P) on behalf of their client the planning applicant known as Deacon Landscape/Streetspace Group (herein referred to as the applicant). Their report is dated 28 April 2016.

1.2. Confidentiality

Due to the commercially sensitive nature of some of the information provided as part of the viability assessment review, this report is provided on a strictly private and confidential basis. The report must not be recited or referred to in any document, or copied or made available (in whole or in part) to any other person without our express prior written consent.

1.3. Report Limitations

Although this report has been prepared in line with RICS guidance, as per Valuation Standards 1 of the RICS Valuations - Professional Standards, incorporating the International Valuation Standards, Global and UK 8th Edition (March 2012), advice given expressly in preparation for, or during the course of negotiations or possible litigation does not form part of a formal "Red Book" valuation and should not be relied upon as such.

1.4. Date of Review

The date of review is the date of this report. Subject to all site specific variables remaining the same and there being no fundamental market changes, our review remains valid for a period of one month after which we reserve the right to review our position.

1.5. Information Provided

We have been provided with and relied upon the following information:

- Proposed drawings as obtained via Dover District Council's planning portal;
- Design and Access statement as obtained via Dover District Council's planning portal.

1.6. Background

We understand that the applicant occupies the Property for a business known as the Streetspace Group, which in essence, specialises in glazed structures and outdoor storage systems.

Due to business growth intentions and forecasts, the Property is deemed inadequate to fulfil such aspirations and as such the applicant seeks to relocate to a more suitable premises. The applicant has entered into a legal Option Agreement to buy a 1 acre (0.40 ha) site (agreed in the sum of £380,000) at the Whitecliffs Business Park, Dover, in order to construct a new build premises.

The applicant is pursuing planning permission at the Property for a residential development scheme of 8 new build houses to gain a capital receipt that will enable the proposed business relocation.

The purpose of this review is to ascertain whether the proposed residential scheme can financially support an off-site payment calculated at 5% of the anticipated Gross Development Value (herein referred to as GDV) towards affordable housing.

2. The Property

2.1. Location

The Property has frontage to Wootton Lane, a rural lane, that to the north-east can be accessed from the A2 (approximately 1.3 miles distant) or the A260 to the south-west at Selstead (also about 1.3 miles distant).

Wootton is a small sought-after village, comprising mostly residential properties, including some period cottages and houses, along with a flint elevation Church, called St Martin, situated further to the north of the village. Further to the north-east and lying close to the A2 is Lydden Hill Race Circuit.

The city of Canterbury lies around 12 miles distant to the north-west, with Dover being approximately 8.5 miles to the south-east and Folkestone about 7.7 miles distant to the south-west.

A location plan is below.

savills

2.2. Description

The existing Property comprises a light industrial premises consisting a collection of three principal detached buildings (in total extending to approximately 4,494sqft / 417sqm) situated in a cluster towards the northern portion of the Property, with a concrete / gravel yard used for open storage, including a number of metal shipping containers for secure storage. We estimate the existing buildings, hardstanding yard area utilise a site area of about 1.15 acres (0.47 hectares), with the remainder of the Property forming largely woodland/amenity land extending to area of around 4.21 acres (1.7 hectares).

The Property is accessed via a vehicular gated access off Wootton Lane.

The overall Property forms an almost rectangular shaped site being broadly level (with a dip in topography towards the eastern part). We understand there is a dry pond situated towards the northern boundary. The Property has generally well established boundaries, comprising hedges and trees.

To the immediate north, the Property neighbours a detached residential property known as Street Farm house, with arable farmland to the east and west. To the south is a further residential property known as Smallden.

Below are photographs taken at the time of our inspection.

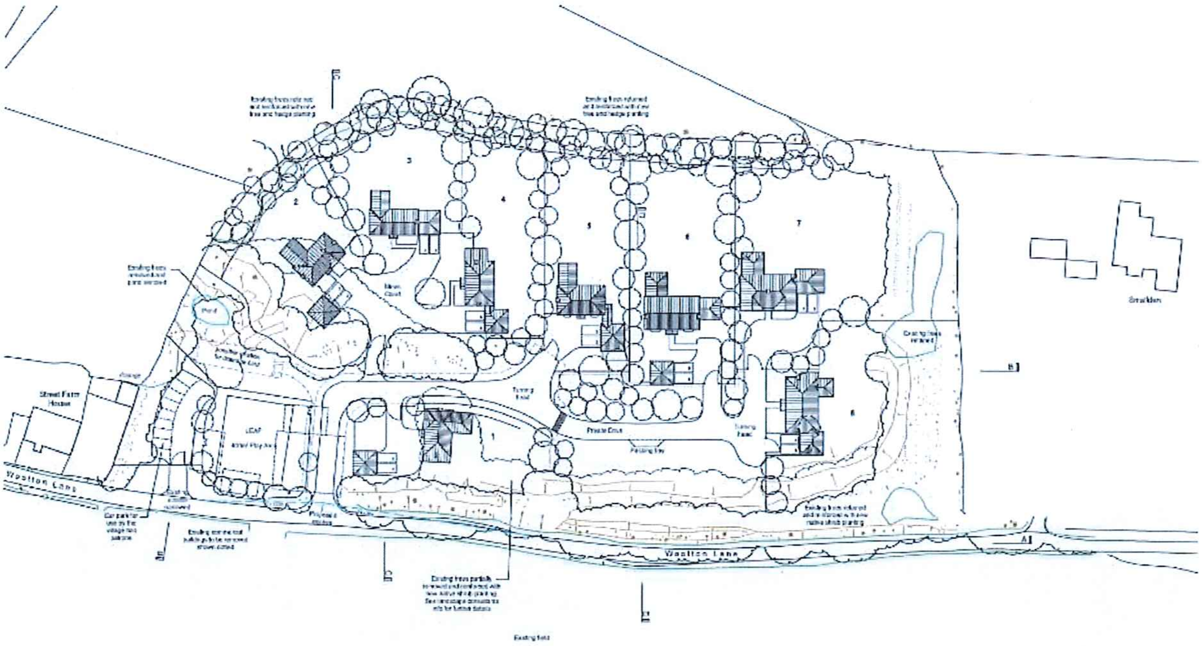
Existing Property

2.3. Proposal Summary

We understand that the planning application is in outline form, with some reserved matters. We have obtained a copy of the proposed site layout plan (drawing number 21801C/11 Revision E) prepared by Messrs Clague, which shows the proposed scheme for 8 new build detached family houses to be constructed, each to benefit from a double attached / detached garage. The proposed houses will mostly be sited in generous plots. We have also obtained a copy of drawing number 21801C/20 which shows proposed images of Plot Nos.3 and 4 to comprise 2 storey houses, in 'Kentish' vernaculars with render and white weather-boarded elevations, respectively.

The scheme will be accessed off a newly created vehicular access, with a children's play area to be created adjacent to the north, with a car park (to comprise approximately 9 spaces) to be used by village hall patrons, adjacent. This will be accessed via the existing vehicular access (to be narrowed).

Existing perimeter trees will be retained and enhanced, along with the reinstatement of a new pond towards the Property's northern perimeter.



Proposed Site Layout

3. Methodology

3.1. Financial Viability Assessments

In line with the National Planning Policy Framework (NPPF), site-specific financial viabilities are a material consideration in determining how much and what type of affordable housing should be required in residential and mixed-use developments.

As such, viability appraisals can and should be used to analyse and justify planning applications to ensure that Section 106 requirements do not make a scheme unviable.

The RICS define financial appraisals for planning purposes as 'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations whilst ensuring an appropriate site value for the landowner and a market risk adjusted return to a developer in delivering a project.'

We understand the logic is that, if the residual value of a proposed scheme is reduced to significantly below an appropriate viability benchmark sum, it follows that it is commercially unviable to pursue such a scheme, and the scheme is unlikely to proceed.

If a scheme is being rendered unviable because of Section 106 requirements, it may be appropriate to look at reducing the burden of those requirements in order to facilitate viability.

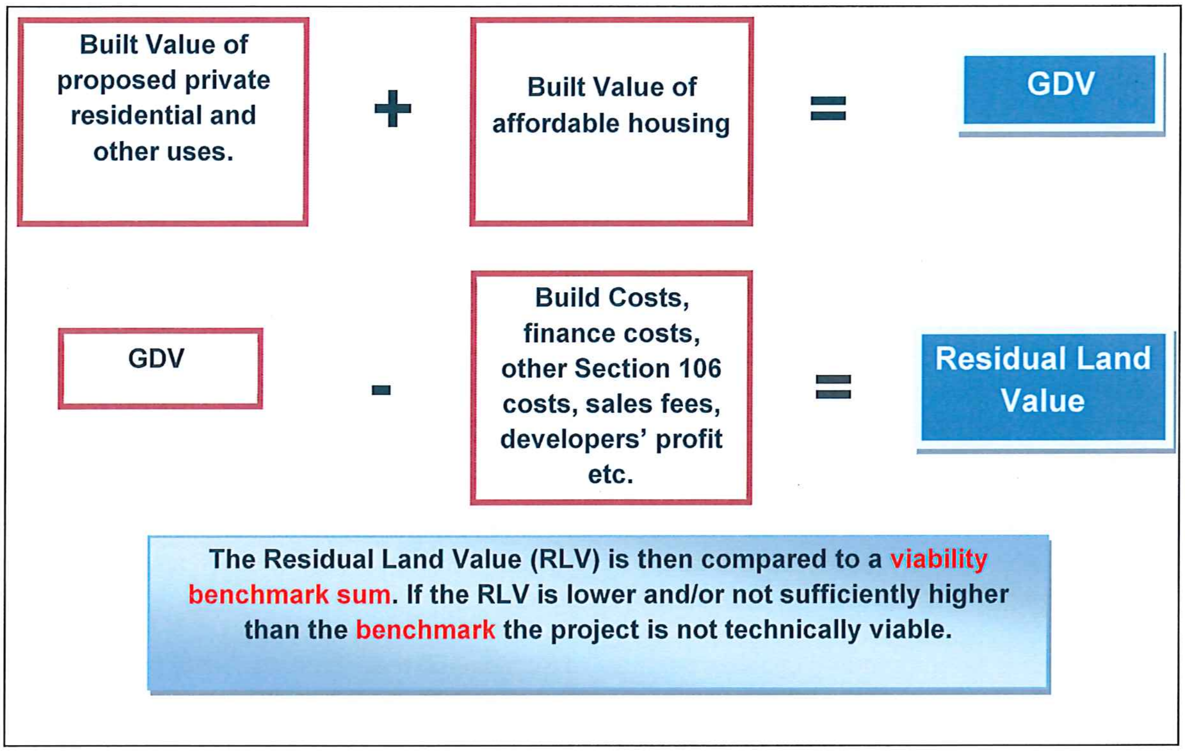
3.2. Factors affecting viability

The following factors are particularly relevant to viability:

- The quantity of affordable housing;
- The tenure split within the affordable housing between rented and intermediate;
- Grant funding on the affordable housing;
- Cascade clauses related to grant, affordable housing quantum and tenure split;
- 'Other' Section 106 costs (e.g. highways, education etc.);
- Optimum land uses within the development;
- Market conditions;
- Timing of delivery;
- Abnormal building costs; and
- Particular planning requirements.

3.3. Residual Land Valuation

The financial viability of development proposals is determined using the residual land valuation method. A summary of this valuation process can be seen below:



3.4. Profit

The above residual land approach can be inverted so that it becomes a 'profit residual' based upon the insertion of a specific land cost (equivalent to the viability benchmark sum). By doing this, the focus is moved onto the level of profit driven by a scheme. This is, however, a purely presentational alternative.

4. Viability Benchmarks

4.1 Identifying an appropriate viability benchmark sum requires judgement bearing in mind that national planning guidance indicates that appropriate land for housing should be 'encouraged' to come forward for development. The RICS published a guidance note in 2012 on 'Financial Viability in Planning' to which we have had regard. Our views on what constitutes an appropriate viability benchmark are outlined below.

4.2. Existing Use Value/Current Use Value (EUV/CUV)

The EUV, sometimes known as the CUV for Toolkit purposes, refers to the value of the asset at today's date in the adopted planning use. It refers to the Market Value of the asset on the special assumption reflecting the current use of the property only and disregarding any prospect of development other than for continuation/expansion of the current use.

4.3. Alternative Use Value (AUV)

The AUV refers to the value of the asset under an alternative planning use for which permission might reasonably be expected to be obtained.

4.4. Purchase Price Paid

There is some current debate about the extent to which purchase price paid (and rolled up debt associated with the site) should influence the choice of viability benchmark sum.

We see sensible reason for taking purchase price paid into greater account given the reduction in HCA grant funding as, without doing so, land will not be 'encouraged' to come forward for 'development'. Indeed, developers will be faced with unviable and blighted planning consents.

As such, to ignore purchase price paid (unless unreasonable as at the time of purchase based upon prevailing market conditions and planning policies) would be bad for all stakeholders interested in the delivery (i.e. actual construction) of new housing.

4.5. Market Value

The guidance from the RICS contained within their 'Financial Viability in Planning' 1st edition, states that when considering the value of the development site for planning purposes the 'Site value should equate to the Market Value subject to the following assumption; that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.'

The Market Value as defined by the RICS is 'the estimated amount for which the asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

National planning policy states that:

> *'...to ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking into account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable' Para173, National Planning Policy Framework*

As such we understand that, in having regard to the development plan the Market Value of a site should reflect a financially viable scheme.

5. Choice of Toolkit Benchmark

5.1. EUV

S&P have assessed the Existing Use Value of the Property as being £298,000. They comment that they have valued the existing office, warehouse/workshop and open storage space on a per sqft basis with an additional value of the remaining land valued on a £ per acre basis. They have capitalised the rental income (£30,700 per annum) by an all risks yield of 10% to reflect the rural location and limited servicing together with allowing a void period of 12 months, producing a figure of £280,000, with a sum of £18,000 added to account for the remaining land, thus totalling £298,000.

Based on our own inspection, we found the Property to closely resemble the floor areas and site areas referred by S&P.

Industrial rents for older, secondary accommodation, of basic specification but close to the A2/M2 are generally achieving £3.50 to £4.75 per square foot depending on age and condition. The nearest established industrial location to Wootton is at Aylesham, where modern warehouse premises are let at rents of £3.50 to £4.50 per square foot with good road connections to the A2. In the case of freehold sales, prices for second hand industrial properties in rural locations are generally achieving £30 to £60 per square foot according to size, as compared with in excess of £80 per square foot for new or refurbished units. Prime industrial investment properties are selling at net initial yields of 6.5% to 8%, depending on lease term and tenant covenant whereas secondary industrials are more generally between 9% and 11%.

Given the planning history of the Property, plus the range of buildings with limited infrastructure, we consider the Property is more likely to appeal to an owner occupier than to an investor developer relying upon intensification of commercial uses for leasing. Adopting the same approach as described by S&P, we regard the value of the workshops to be in the order of £265,000, based on £27,500 per annum market rental value and 10% yield. This broadly confirms the value arrived at by S&P and reflects approximately £55 per square foot capital value for the buildings after allowance of £4,000 per acre for 4.2 acres (1.7 ha) for the remainder of the Property outside the immediate curtilage of the buildings and yard.

Whilst we have considered our opinion of the EUV, in our view, of greater importance, is the cost that the applicant is anticipated to incur in order to find suitable alternative premises in order to relocate elsewhere in the vicinity.

5.2. Relocation Costs

S&P have considered this to be the sum at which the applicant can relocate to White Cliffs Business Park, which they have assessed at £1,388,550.

As commented above, we consider this to be particularly pertinent, given that the existing business operation seeks to relocate to a more suitable premises for business growth and therefore one must consider the associated anticipated costs.

We have seen a copy of the legal Option Agreement and visited the location at Whitecliffs Business Park. We note that £380,000 is the agreed purchase price for a 1 acre (0.40 ha) site. This is markedly greater than £250,000 per acre asking price being quoted for industrial land on the opposite side of Honeywood Parkway, but it is conceivable that the site to be purchased might reasonably command a premium value, since it is adjacent to main road frontage in a location which is already characterised by trade counter as well as retail uses.

We understand the applicant intends to build a 10,000 square foot (929 sqm) new warehouse/light industrial building, providing workshops, storage and offices.

We have undertaken a residual appraisal (**Appendix 1**) using Prodev software, adopting a GDV of £1,125,000 for the proposed completed building before the subtraction of build costs. This GDV is based on a market rental value of £9 per square foot and an all risks yield of 8%, illustrative of prime industrial rents in the area assuming a standard specification for speculative development.

Whilst GDV forms part of a residual appraisal, in the context of what we are assessing, costs are more pertinent.

Our own estimate of £1,412,228 for overall costs of the development (including £380,000 price agreed to be paid for the land) closely resembles £1,388,550, concluded by S&P. Notwithstanding that, we have adopted a GDV towards the upper range of industrial rents and yields, the output from the residual appraisal still shows a negative value of -20.34% on cost (equal to a loss of approximately £287,500. Examples of cost factors which are unknown but likely to have a particular impact on the cost of the development include:

- Infrastructure costs, specification of hardstanding and outside yard areas - £75,000 (to include a new road/parking accessed off a new principal road) adopted in Savills compared with £25,000 by S&P;
- Internal fit out – assumed included within build costs in the order of £75 per square foot adopted by both;
- Cost of funding – detailed in Savills appraisal over a total 12 months development period.
- New principal road - a developer might generally be expected to meet the cost of constructing a spine road from the highway edge, including connection to mains services. This is assumed not to be the case in Savills appraisal though it is not evident from our reading of the option agreement. S&P have accounted for the construction of a 'new access road' presumed to be a spine road at £80,000.

It is noted that S&P have made an allowance totalling £85,000 associated with the cost of temporary premises during the construction phase, along with relocation costs for existing staff and materials. It is debatable whether or not these cost might arise. At the present time, we are not privileged to information regards the timing of the sale of the Property and it is possible that any site works could be phased to give relief from having to vacate the fraction of the site which is operational. We have not accounted for such costs within our appraisal.

Such is the imbalance in the supply of industrial property currently that manufacturers have struggled to find suitable sites without having to compete with higher value alternative uses. At £9 per square foot and a GDV reflecting £112 per square foot freehold capital value, this is already at the upper limit of rent paid by trade counter occupiers (letting of 3,000 sq ft trade counter unit at Dover Trade Park, December 2015), and freehold vacant possession values paid for brand new units of 1,000 square feet.

To summarise, we have applied some slightly similar and dissimilar variables within our illustrative appraisal, however, our estimation of the anticipated relocation costs (inputting the agreed Option land figure of £380,000) totals £1,412,228 which we do not consider to be a too dissimilar from the figure that S&P have allowed for at £1,388,550.

5.3. AUV

S&P have not provided an opinion of the Alternative Use Value. They have commented that in looking at the market solution for the site, it is not possible to carry out full appraisals of all potential development options.

We have not had regard to an AUV, as in our opinion the most pertinent consideration in assessing whether the proposed residential scheme can support an off-site contribution towards affordable housing at 5% of GDV is the associated value to be derived from the planning application scheme against relocation costs.

5.4. Purchase Price Paid

We have obtained a copy of the Land Registry Title, however, it does not contain a purchase price.

S&P have not referred to the purchase price.

6. Economic Modelling

6.1. Economic Model Used

S&P have used the residual software package known as Circle to undertake their assessment of the redevelopment land value reflecting the proposed redevelopment scheme for 8 detached houses, with and without the inclusion of an off-site contribution towards affordable housing calculated at 5% of GDV.

S&P's opinion of the land value reflecting the proposed scheme is £1,070,000, compared with ours at a not too dissimilar opinion of value at £1,060,000.

We have undertaken our own residual assessment using a similar software package, called Prodev.

6.2. Economic Modelling Assumptions

In preparing our model on the same basis as S&P, we applied the following variables. For ease of reference we have included an initial column with S&Ps assumed variables. A copy of our illustrative residual land appraisals are contained in **Appendix 2**.

Input	Strutt & Parker	Savills
Gross Development Value	• £5,335,000 (£/sqft range from £254psf-£290psf). • In assessing the GDV, S&P have made assumptions as to the gross internal floor areas of each proposed house. These range from 1,851sqft – 3,057sqft.	• £4,765,000 (£/sqft range from £306psf - £317psf). • Whilst we agree that a developer will pursue a detailed planning permission for 4-5 bedroom properties of slightly varying sizes, we have applied more standardised optimum sizes. We have assumed 5 x 4 bedroom houses at 1,800sqft and 3 x 5 bedroom houses at 2,100sqft. • Although the overall GDV is lower, the £/sqft is higher. • In assessing our opinion of the potential GDV, we have had regard to new build comparable evidence within the wider vicinity due to absent examples within Wootton. For example, we are aware that a local developer (Forest Homes) has achieved in the second quarter of this year £540,000 and £625,000 for 4 bedroom detached houses at a small new build scheme of around 7 units at Westfield Heights, Westfield Lane, Etchinghill (about 9 miles distant). We have also considered the prices that a developer called Murston Construction have been achieving at a scheme called The Orchards, Woodnesborough (about 11 miles distant), comprising 12 houses, where we understand £/sqft of between £269psf-£272psf are being quoted. We consider this scheme to be have lessor appeal when compared with the subject scheme.
Acquisition Fees	• Stamp Duty – £50,856. • Agent's Fee – 1.5% • Solicitor's Fee – 0.50% • Town Planning - £10,000 • Survey - £2,500	• Stamp Duty – We have allowed for this at the current appropriate rate. • Agent's Fee – Not included. We envisage the Property will be widely marketed and therefore we have not accounted for this fee. • Solicitor's Fees – £10,000 • Town Planning and Survey – We have accounted for such outgoings within professional fees.

Input	STRUTT & PARKER	savills
Site Preparation	• £30,000.	• We have accounted for this at £50,000. • We understand from the Design and Access statement that a Phase 1 and Phase 2 Contamination Risk Assessment has been carried out, with notable comments being that it is considered that the site has the potential for hydrocarbon and metal contamination as well as asbestos in the soils underlying the site.
Section 106 Contributions	• S&P have incorporated a figure of £65,000.	• We have adopted the same figure of £65,000.
Build Costs / Contingency / Professional Fees	• S&P have allowed for build costs at £120psf / £1292psm; • S&P have allowed for additional costs including road/site works, services, landscaping, garages and warranties. • Contingency = 5% • Professional Fees = 6% • Total build costs = £2,754,244	• To account for sub and super structure costs, along with a sum for preliminaries, we have had regard to current BCIS mean tender prices for detached houses in Kent at £122psf / £1,315psm. • We have made an allowance for additional costs in relation to services, cesspools (we understand from the Design and Access Statement that on-site foul treatment will be required), building regulations/warranties, landscaping, double garages, driveways and road provision. • Contingency = 5.0% • Professional Fees = 7% • Total build costs = £2,520,672. As commented above, we have assumed more standardised floor areas for the 8 proposed houses.
Abnormal Costs	• Not specifically itemised.	• We have accounted for the provision of the play area (known as a LEAP) at £10,000. • We have assumed a sum of £18,000 for providing the car parking spaces for patrons of the village hall.
Disposal Fees	• Estate agent's Fees – 1.25% • Solicitors Fees – 0.35% (£2,312 per unit) • Marketing - £45,000.	• Estate agent's Fees – 1.25% • Solicitors Fees - £1,500 per unit • Marketing - £25,000.

Input	Strutt & Parker	Savills
Development Interest Rate / Finance Cost	• Interest rate = 7.00% • Finance = £296,050.	• Interest rate of 7.00% • Finance = £127,316.
Developers Return	• 21.21% on costs	• 20% on costs. We feel that given the sought-after location of the Property, along with generally constrained new build supply of residential properties in Wootton and nature of the outline planning application, a developer would adopt this profit on cost return.
Timescale	• Build period – 15 months • Sales period – 12 months post development completion.	• Build period – 14 months • Sales period – 10 months, however, we have assumed that the completed houses will be sold on a staggered basis, 4 months prior to construction completion.

7. Toolkit Analysis

7.1 We have appraised the proposed scheme against our perception of the envisage relocation costs (£1,412,228) in order to fully understand the economics of the development and to establish whether the proposed scheme can support an off-site payment of 5% of GDV towards affordable housing.

7.2 We have appraised the proposed scheme on the bases set out in the table below (please see **Appendix 2** for our full appraisals).

Affordable Housing	Residual Redevelopment Land Value	Relocation Costs	Against Relocation Costs
5% GDV off-site contribution	£830,000	£1,412,228	**Unviable**

7.3 As demonstrated by the results above, our opinion is that the proposed scheme cannot support an off-site contribution towards affordable housing at 5% of the Gross Development Value.

7.4 To reiterate, we have undertaken comparable land research to assess this and our conclusion is there is limited transactional activity for industrial land as developers have withheld from commencing speculative development. They have been unprepared to sell to owner occupiers in small lot sizes, hoping for larger transactions or possible allocation of land to meet residential supply. The price paid in this instance is a reflection of the strength of owner occupier demand, compounded with a restriction of industrial land for sale. In the absence of more 'affordable' industrial land in rural areas, activity is confined to locations that are more strategic to the road network and business parks. Here, the price paid is a reflection of competing higher value trade counter uses, on front land.

8. Conclusion

We have analysed S&P's viability assessment in light of our own collation of evidence and in summary, there are a number of variables where we are aligned, with our conclusions being the same.

In our opinion, the cost of the applicant relocating to an alternative more suitable premise will be in the region of £1,412,000 (inputting an agreed land purchase cost), with an anticipated land receipt reflecting the proposed planning application scheme being in the region of £1,060,000 (a difference of about £352,000) demonstrating that the proposed scheme cannot support a financial off-site contribution towards affordable housing at 5% of GDV.

Sarah Mason MPhil (Cantab) MRICS
Associate Director

George Gray MRICS
Associate Director

Appendix 1 – Illustrative Residual Appraisal – Relocation Costs

REVENUE	File: Illustrative App Com 051016		
Unit 1 Detached	10,000.00 sq-ft at 9.00 psf/pa	90,000	
Inv.Value-A	Net annual income	90,000	
	Capitalised at 8% Yield	1,125,000	1,125,000
(Net Income: 90,000)		**REVENUE**	1,125,000
COSTS			
Site Value		380,000	
Site Stamp Duty		8,500	
Site Legal Fees		3,500	
		Site Costs	392,000
Unit 1 Detached	10,000.00 sq-ft at 75.00 psf	750,000	
Ground Works/services		25,000	
Road/parking		50,000	
Contingency	at 5.00%	41,250	
Professional Fees	at 7.00%	57,750	
		Build Costs	924,000
Invest.sale Agents Fee	at 1.50%	16,875	
Invest.sale Legal Fees	at 0.75%	8,438	
		Disposal Fees	25,313
INTEREST	**(See CASHFLOW)**		70,915
7.00% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Oct 16)		
Building Costs	Month 1 to 10 (Oct 16 - Jul 17)		
Investment Sales	Month 13 (Oct 17)		
PROFIT	-287,228	**COSTS**	1,412,228
PROFIT/SALE	-25.53%	**PROFIT/COST**	-20.34%
IRR	N/A	**RENT COVER**	-3.2 years
YIELD/COST	6.37%		

Appendix 2 – Illustrative Residual Appraisal – Residential Redevelopment

REVENUE	File: Illustrative Appraisal 051016		
Plot 1 4 Bed Det			550,000
Plot 2 4 Bed Det			550,000
Plot 3 4 Bed Det			560,000
Plot 4 4 Bed Det			565,000
Plot 5 4 Bed Det			575,000
Plot 6 5 Bed Det			650,000
Plot 7 5 Bed Det			665,000
Plot 8 5 Bed Det			650,000
		REVENUE	4,765,000

COSTS			
Site Value		1,059,750	
Site Stamp Duty		42,500	
Site Legal Fees		10,000	
		Site Costs	1,112,250
Demolition/site Prep		50,000	
S106 Contrib		65,000	
		Initial Payments	115,000
4 Bed Det	9,000.00 sq-ft at 122.00 psf	1,098,000	
5 Bed Det	6,300.00 sq-ft at 122.00 psf	768,600	
Services (5000)		40,000	
Cesspools (5000)		40,000	
Building Regs/warranties (2000)		16,000	
Landscaping (5000)		40,000	
General Landscaping		10,000	
Double Garage X 8		80,000	
Driveways		80,000	
Road		50,000	
Car Park Village Hall		18,000	
Leap		10,000	
Contingency	at 5.00%	112,530	
Professional Fees	at 7.00%	157,542	
		Build Costs	2,520,672
Direct Sale Agents Fee	at 1.25%	59,563	
Direct Sale Legal Fees		12,000	
		Disposal Fees	71,563
Marketing		25,000	
		End Payments	25,000

INTEREST	(See CASHFLOW)	126,316
7.00% pa	on Debt charged Quarterly and compounded Quarterly	
Site Costs	Month 1 (Oct 16)	
Demolition/site Prep	Month 1 to 3 (Oct 16 - Dec 16)	
S106 Contrib	Month 1 (Oct 16)	
4 Bed Det (bld.)	Month 3 to 14 (Dec 16 - Nov 17)	
5 Bed Det (bld.)	Month 3 to 14 (Dec 16 - Nov 17)	
Services (5000)	Month 1 to 3 (Oct 16 - Dec 16)	
Cesspools (5000)	Month 3 to 14 (Dec 16 - Nov 17)	
Building Regs/warranties (2000)	Month 1 to 3 (Oct 16 - Dec 16)	
Landscaping (5000)	Month 7 to 14 (Apr 17 - Nov 17)	
General Landscaping	Month 11 to 14 (Aug 17 - Nov 17)	
Double Garage X 8	Month 3 to 14 (Dec 16 - Nov 17)	
Driveways	Month 3 to 14 (Dec 16 - Nov 17)	
Road	Month 3 to 14 (Dec 16 - Nov 17)	
Car Park Village Hall	Month 3 to 14 (Dec 16 - Nov 17)	
Leap	Month 3 to 14 (Dec 16 - Nov 17)	
Marketing	Month 6 to 15 (Mar 17 - Dec 17)	
Plot 1 4 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)	
Plot 2 4 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)	

Plot 3 4 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)		
Plot 4 4 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)		
Plot 5 4 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)		
Plot 6 5 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)		
Plot 7 5 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)		
Plot 8 5 Bed Det (sale)	Month 8 to 17 (May 17 - Feb 18)		
PROFIT	794,200	**COSTS**	3,970,800
PROFIT/SALE	16.67%	**PROFIT/COST**	20.00%
IRR	N/A		

REVENUE	File: Illustrative App 5pc 051016		
Plot 1 4 Bed Det			550,000
Plot 2 4 Bed Det			550,000
Plot 3 4 Bed Det			560,000
Plot 4 4 Bed Det			565,000
Plot 5 4 Bed Det			575,000
Plot 6 5 Bed Det			650,000
Plot 7 5 Bed Det			665,000
Plot 8 5 Bed Det			650,000
		REVENUE	4,765,000

COSTS			
Site Value		833,000	
Site Stamp Duty		31,000	
Site Legal Fees		10,000	
		Site Costs	874,000
Demolition/site Prep		50,000	
S106 Contrib		65,000	
5% Gdv Contrib		238,250	
		Initial Payments	353,250
4 Bed Det	9,000.00 sq-ft at 122.00 psf	1,098,000	
5 Bed Det	6,300.00 sq-ft at 122.00 psf	768,600	
Services (5000)		40,000	
Cesspools (5000)		40,000	
Building Regs/warranties (2000)		16,000	
Landscaping (5000)		40,000	
General Landscaping		10,000	
Double Garage X 8		80,000	
Driveways		80,000	
Road		50,000	
Car Park Village Hall		18,000	
Leap		10,000	
Contingency	at 5.00%	112,530	
Professional Fees	at 7.00%	157,542	
		Build Costs	2,520,672
Direct Sale Agents Fee	at 1.25%	59,563	
Direct Sale Legal Fees		12,000	
		Disposal Fees	71,563
Marketing		25,000	
		End Payments	25,000

INTEREST	(See CASHFLOW)	126,316
7.00% pa	on Debt charged Quarterly and compounded Quarterly	
Site Costs	Month 1 (Oct 16)	
Demolition/site Prep	Month 1 to 3 (Oct 16 - Dec 16)	
S106 Contrib	Month 1 (Oct 16)	
5% Gdv Contrib	Month 1 (Oct 16)	
4 Bed Det (bld.)	Month 3 to 14 (Dec 16 - Nov 17)	
5 Bed Det (bld.)	Month 3 to 14 (Dec 16 - Nov 17)	
Services (5000)	Month 1 to 3 (Oct 16 - Dec 16)	
Cesspools (5000)	Month 3 to 14 (Dec 16 - Nov 17)	
Building Regs/warranties (2000)	Month 1 to 3 (Oct 16 - Dec 16)	
Landscaping (5000)	Month 7 to 14 (Apr 17 - Nov 17)	
General Landscaping	Month 11 to 14 (Aug 17 - Nov 17)	
Double Garage X 8	Month 3 to 14 (Dec 16 - Nov 17)	
Driveways	Month 3 to 14 (Dec 16 - Nov 17)	
Road	Month 3 to 14 (Dec 16 - Nov 17)	
Car Park Village Hall	Month 3 to 14 (Dec 16 - Nov 17)	
Leap	Month 3 to 14 (Dec 16 - Nov 17)	
Marketing	Month 6 to 15 (Mar 17 - Dec 17)	

Direct Sales	Month 8 to 17 (May 17 - Feb 18)		
PROFIT	794,200	**COSTS**	3,970,800
PROFIT/SALE	16.67%	**PROFIT/COST**	20.00%
IRR	N/A		