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Richard Gilbert
Senior Planning Officer
Planning and Development Services
Kirklees Council
Huddersfield
HD1 9EL

Our ref: 230511 Land at Burn Road Birchencliffe - Rebuttal Letter v1

Your ref:

11th May 2023

Dear Richard,

Land at Burn Road, Birchencliffe, Huddersfield - Rebuttal

I write in respect of planning application 2021/61/94719/W and the Viability Assessment prepared by Roger Hannah on behalf of Wiggett Construction Ltd (the Applicant).

Roger Hannah prepared a Viability Assessment (July 2022) which concluded that based on their assumptions of costs and values, the proposed scheme was unable to deliver a policy compliant scheme.

We were instructed to undertake a review of the Applicant's submission which was completed in November 2022 and included a review of the abnormal costs by Rex Procter and Partners. Our review concluded that the scheme could afford to provide the following; 4 affordable units (policy compliant) and a non-housing s106 contribution of £101,327. The main differences related to the abnormal costs, Benchmark Land Value, hard build costs and Part L costs.

Roger Hannah subsequently prepared a further submission which was issued to us via email on 20th February 2023. Having reviewed their rebuttal, it is clear that there are a number of key areas where we are still in disagreement. These are:

1. Build Cost's
2. Fees – Professional and Contingency
3. Development Finance / Cashflow
4. Developer's Profit
5. Benchmark Land Value

We discuss each point in turn below.

Standard Build Costs

Roger Hannah in their July 2022 assessment adopted a hard build cost allowance of £170 per sqft (£1,829.86 psm) which included an external works allowance. In our initial assessment we adopted a build rate of £156 psf based on data from BCIS which reflected the 'median quartile' rate and a 10% allowance for external works.

Roger Hannah have now provided a cost plan for the proposed scheme along with supporting evidence from the Applicant of build costs from recent schemes which they have completed. The total construction

cost including external works allowance amounts to £5,222,213 which equates to £1,833.72 psm / £170.36 psf.

The hard build cost including preliminaries amounts to £3,788,350 which equates to £1,330.24 psm / £123.58 psf. The cost plan also includes an additional allowance of £1,422,854 for external works. The costs are summarised in the table below.

Table 1.1 - Summary of Applicant's Cost Plan

Item	Cost (£)	Analysis
Substructure	£509,586	
Superstructure	£1,422,830	
Internal Finishes	£547,975	
Fittings, Furnishings and equipment	£245,045	
Services	£368,716	
Subtotal	£3,094,152	
Preliminaries	£694,207	22% of hard build cost
Total	£3,788,359	£1,327.44 psm / £123.32 psf
External Works	£1,433,854	37.85% of the hard build cost and preliminaries allowance £547,272 per acre
Total	£5,222,213	

Source: Roger Hannah and Wiggett Construction, April 2023

Whilst the items in the cost plan which make up the hard build and preliminary costs appear reasonable, we would expect the cost for each item to be based on quantities and rates, rather than budget costs. Further to this, items 5.1 to 5.6.2 are the same (£34,700) as are items 5.8.1 and 5.8.2 (£62,910) which suggests again these are budget costs and are not based on actual quantities or rates.

The Applicant's cost plan provides an elemental breakdown of the external works allowance which amount to £1,433,854 and equates to 37.85% of the hard build including preliminaries allowance or £547k per acre. The acceptable range is typically between 10% and 20% of the hard build cost. This is supported by the Kirklees Local Plan and CIL Viability Addendum, May 2019 prepared by Cushman & Wakefield which included a 10% external works allowance.

Whilst the elements within the cost plan (items 8.2 – 8.8) appear reasonable, we have not been provided with further evidence on the sources for this information i.e. quotations. It is therefore important to understand that it is difficult to analyse the costs presented as the items appear to be budget costs. We would need to see further evidence of an element build-up of costs which include the quantities and rates. We note that the same cost allowances have been applied to items 8.7.1, 8.7.2 and 8.7.5 (£34,536) which again appear to be budget estimates.

We also note that the cost plan includes allowance for heat sources (item 5.5 - £34,700) and solar panels (item 4.2 - £138,320). This becomes relevant when considering the Part L allowance which is discussed below.

At this stage, we have adopted the Applicant's costs but would reiterate that it appears to be based on budget sums rather than known quantities and rates and that if further s106 negotiations take place then we would request the Applicant to provide this information.

Fees

Both Roger Hannah and AspinallVerdi are in agreement with allowances made in terms of professional fees (7%) and contingency (3%), however we note that Roger Hannah have applied these fees to the base build cost which includes the external works allowance and the abnormal cost allowance. Whereas as in our initial assessment we only applied the fees to the hard build costs.

We have taken on board Roger Hannah's comments and consider it appropriate to apply to the professional fees and contingency allowance to both the hard build and abnormal cost allowance but not the external works allowance. We consider the external works would include allowances for professional fees and contingency.

Finance / Cashflow

Both Roger Hannah and AspinallVerdi were in agreement with the 6.5% finance allowance. However, Roger Hannah have stated that the amount in our appraisal is artificially low. This is likely due to the timing of certain assumptions, for example when the revenue starts to be generated and the distribution of the abnormal costs which Roger Hannah state should be weighted upfront. We discuss this further below.

Roger Hannah in their latest rebuttal letter state that the 6.5% finance rate is now too low and that a more appropriate rate would be 8-8.5%. Roger Hannah have provided an email from White Oak who are a regulated European lending platform which states that the finance for this scheme can be provided with an interest rate of around 10%.

We work extensively across the UK advising local house builders / SME developers on the viability of their schemes and whilst we would agree that the interest rates have risen we are yet to see them increase to above 7.5%. On this basis, we have increased the finance rate to 7.5%.

We have analysed the cashflow provided by Roger Hannah to identify the assumptions which are different in both appraisals.

i) Timing Assumptions

In Roger Hannah's 100% market housing appraisal, the following timing assumptions have been adopted

- Pre-construction: 3 months
- Construction: 13 months (1.69 units a month)
- Sales period: 9 months (2.4 units a month) starting 8 months into the construction period.

In our financial appraisals we have adopted the following timing assumptions

- Pre-construction: 3 months
- Construction: 13 months (1.69 units a month)
- Sales period: 9 months (2.4 units a month) starting 6 months into the construction period.

In our opinion a small housing scheme in this type of location will be popular given its proximity to Junction 24 of the M62 and Huddersfield town centre which is less than 3 miles south of the site. It is highly likely that the developer will secure reservations during the timescale of site set-up and construction. We would fully anticipate sales reaching completion whist other homes are being constructed, which will reduce finance costs.

ii) Revenue

In terms of revenue, in Roger Hannah's appraisal the sales period commences 8 months into the construction whilst in our appraisals it commences 6 months into the construction period at which point approximately 14 units will have been constructed. Clearly, the length of time in which there is no revenue being generated will impact the amount of interest.

iii) Distribution of costs

In terms of abnormal costs, we have adopted the same approach as Roger Hannah whereby these costs have been timed throughout the pre-construction period and have been weighted upfront at 80% in Argus Developer.

Developer's Profit

Roger Hannah in their July 2022 assessment prepared a policy compliant appraisal which included the affordable provision as a commuted sum. Subsequently, we prepared a policy complaint appraisal which included onsite affordable housing. We therefore included a developer's profit of 6% on GDV for the affordable units. We explained this as a typical assumption due to the negligible risk of disposal because such units can be pre-sold to a registered provider prior to the commencement of the construction phase.

Roger Hannah in their rebuttal letter have stated that the affordable profit should be 8% on GDV citing high levels of cost inflation and rising interest rates but have not provided any evidence to support this higher assumption.

We have not been provided with policy compliant appraisals either with onsite affordable provision which would include a lower profit for the affordable units or on the basis of a commuted sum payment. Their appraisal provided models a 100% market housing scheme at 20% profit on GDV.

In our policy compliant appraisal with onsite affordable housing, we have adopted a 20% profit on GDV for the market units and a 6% profit on GDV for the affordable housing. We consider this approach to be the industry standard and more generally the risk is reflected in the other assumptions adopted i.e. contingency, finance and abnormal costs.

Benchmark Land Value (BLV)

Roger Hannah in their July 2022 assessment adopted an Existing Use Value of £10,000 per acre plus a 20 times premium which amounts to £200,000 per acre and a total BLV of £524,000 for the site. Roger Hannah argue that this is the minimum land value required given that the site is allocated for residential development.

We assessed the EUV of the site as £7,500 per acre and then derived the level of premium on the basis of a multiplier of 10x based on the level of abnormal costs related to the site. We therefore considered that an appropriate BLV for the site was £200,000 (£76,335 per acre).

Roger Hannah maintain their position with respect to the BLV and state the multiplier approach is not an accepted method and has no grounding in any RICS guidance and is therefore an arbitrary figure. This is contrary to the approach Roger Hannah adopted in their July 2022 assessment. At Page 19 of their original report they state that they have applied a premium of 20 times the EUV to incentivise the land owner. However no consideration has been given to the level of abnormal costs associated with the development.

The Planning Practice Guidance (PPG) on viability advocates an Existing Use Value (EUV) plus premium approach. The PPG (Paragraph: 013 and 014 Reference ID: 10-014-20190509) states that the BLV should:

- Be based upon an Existing Use Value (EUV).
- Allow for a premium to landowners (as an incentive) - whilst allowing a sufficient contribution to fully comply with policy requirements. The premium must also be considered within the context of any abnormal costs associated with the development.
- Reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.

We would focus on the second and third points in the guidance above, as we believe the level of abnormal costs impacts the premium while still allowing for an incentive for the landowner whilst providing policy requirements. Given the level of abnormal costs on the site, we maintain that a premium of 10x the EUV is reasonable.

Further to this, in our original review, we prepared a policy compliant residual appraisal which produced a land value of £613,911 which is not only above our BLV assumption, it was also above Roger Hannah's assessment of the BLV.

We maintain our position with regards to our assessment of the BLV.

We discuss this further below in relation to the residual land value in our updated financial appraisal.

Other items

iv) Part L - Roger Hannah in their July 2022 assessment adopted £6,838 per unit for Part L building regulations. In our assessment we adopted £4,847 per unit taken from the Future Homes Standard consultation document produced in 2019 and asked the Applicant to provide a list of items and costs to be included at the scheme which supported the higher cost per unit. This has not been forthcoming. Roger Hannah have now adopted £5,517 per unit which is based on indexing the £4,847 cost using the BCIS All-in Tender Price Index (Q1 2023). The cost plan includes allowances for "heat sources" and "solar panels" which have a combined cost of £173,020 and equates to £7,864 per unit. We consider this to be an appropriate allowance to meet Part L and have therefore removed the additional £4,847 per unit which we previously included in our financial appraisals.

v) Abnormal costs - As part of our instruction from the Local Authority, we appointed Rex Procter and Partners to review these costs. The total difference amounts to £260,000 which reduced the abnormal development costs to £697,162 (£266,208 per acre), we have adopted this in our financial appraisals as have Roger Hannah.

vi) Updated Accommodation Schedule - We have been informed that the scheme layout has been updated to remove the Type A - five bed detached property which have been replaced with two additional Type B units (these have also been reduced by 10 sqm each). This change results in a reduction in floorspace of 63 sqm (678 sqft). The total number of units remains unchanged. We have factored this change to our updated financial appraisals. The total Gross Internal Area (GIA) of the revised scheme is 2,847.88 sqm (30,654.32 sqft).

Table 1.2 - Updated Accommodation Schedule

Property	No of Beds	sqm (per unit)	No. units	Total sqm
B - Detached	4	136.67	6	820.02
D - Semi Detached	4	126.63	10	1266.3
E - Detached	4	159.96	1	159.96
F- Detached	4	125.4	4	501.6
G - Detached	4	100.00	1	100
Total			**22**	**2,847.88**

vii) Gross Development Value - The change to the scheme mix has reduced the GDV by £190,000.

viii) Non-Housing S106 costs - Additional costs were confirmed by Kirklees Council which were not included in Roger Hannah's assessment. The total non-housing contribution amounts to £101,326.49 which we have included within our financial appraisal.

Conclusion

Based on our updated policy compliant appraisal, the residual land value is now £270,887 which is still above our assessment of the Benchmark Land Value.

We consider that the external works allowance is having a significant impact on the schemes viability. We have therefore prepared a second appraisal which includes a 15% external works allowance – all of the other assumptions remain the same. This second appraisal produces a residual land value of £1,110,506 which is substantially higher than both Roger Hannah's and our assessment of the BLV. This indicates that if the Applicant were able to make cost savings then the schemes viability would improve and could therefore deliver a policy compliant scheme.

In addition, we have carried out sensitivity analysis on our appraisals to show the impact of fluctuations to build costs and sales values on the scheme's viability. These can be found in the attached appraisals. Both indicate that if the Applicant were able to make additional costs savings then the residual land value in both scenario's increases and thus improves the schemes viability and its ability to deliver a policy compliant scheme.

We therefore maintain our position that the scheme can afford 4 affordable units and a non-housing section 106 contribution of £101,327.

Yours sincerely

Atam Verdi MRICS
RICS Registered Valuer
Director

Encs. Updated Financial Appraisals

APPRAISAL SUMMARY

ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v1

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
House Type B - 4 Bed	6	8,827	312.68	460,000	2,760,000
House Type D - 4 Bed	10	13,630	315.48	430,000	4,300,000
House Type E - 4 Bed	1	1,722	310.69	535,000	535,000
House Type G - 4 Bed	1	1,076	320.63	345,000	345,000
House Type F - 4 Bed - Rented	2	2,700	85.98	116,067	232,134
House Type F - 4 Bed - SO	1	1,350	146.07	197,200	197,200
House Type F - 4 Bed - FH	1	1,350	220.37	297,500	297,500
Totals	**22**	**30,655**			**8,666,834**

NET REALISATION		**8,666,834**

OUTLAY

ACQUISITION COSTS

Residualised Price	600,382	
Residualised Price (Negative land)	(329,495)	
		270,887
Agent Fee	10,000	
Legal Fee	5,000	
		15,000

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
House Type B - 4 Bed	8,828	123.58	1,090,964
House Type D - 4 Bed	13,630	123.58	1,684,395
House Type E - 4 Bed	1,722	123.58	212,805
House Type G - 4 Bed	1,076	123.58	132,972
House Type F - 4 Bed - Rented	2,700	123.58	333,666
House Type F - 4 Bed - SO	1,350	123.58	166,833
House Type F - 4 Bed - FH	1,350	123.58	166,833
Totals	**30,656 ft²**		**3,788,468**
Contingency		3.00%	134,569

230504 Land at Burn Road - Policy Compliant v1

				3,923,037
Other Construction Costs				
Abnormal Development Costs			697,162	
External Works		37.85%	1,181,350	
External Works		37.85%	252,585	
				2,131,097
Section 106 Costs				
Non Housing S106 Contribution			101,327	
				101,327
PROFESSIONAL FEES				
Professional Fees		7.00%	313,994	
				313,994
MARKETING & LETTING				
Marketing		3.00%	113,654	
				113,654
DISPOSAL FEES				
Sales Legal Fee	22 un	650.00 /un	14,300	
				14,300
TOTAL COSTS BEFORE FINANCE				**6,883,296**
FINANCE				
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				122,497
TOTAL COSTS				**7,005,794**
PROFIT				
				1,661,040
Performance Measures				
Profit on Cost%		23.71%		
Profit on GDV%		19.17%		
Profit on NDV%		19.17%		
IRR% (without Interest)		79.65%		

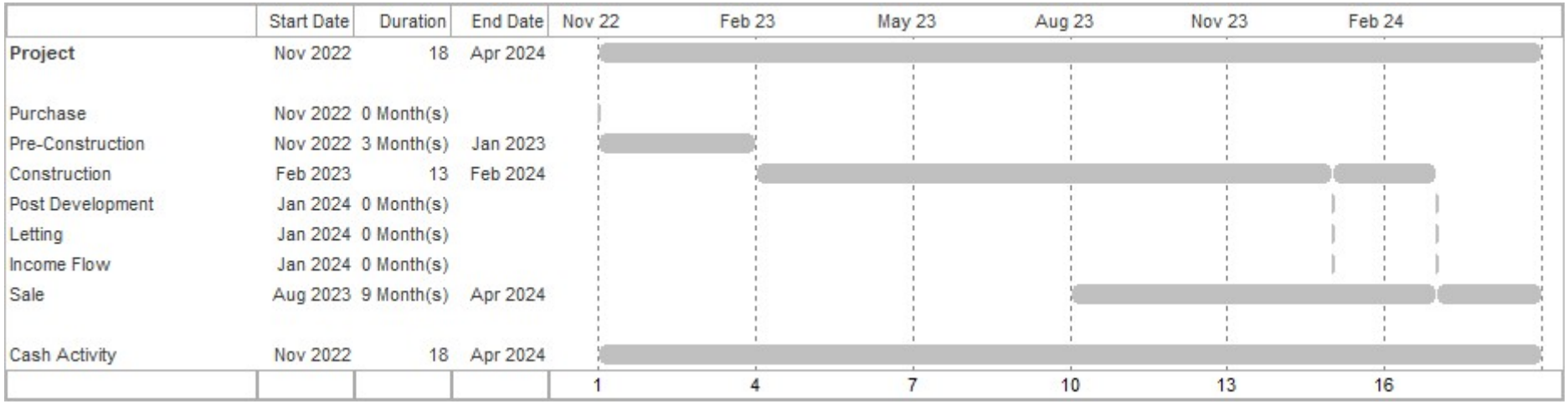
TIMESCALE AND PHASING CHART

ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v1

Project Timescale	
Project Start Date	Nov 2022
Project End Date	Apr 2024
Project Duration (Inc Exit Period)	18 months

All Phases



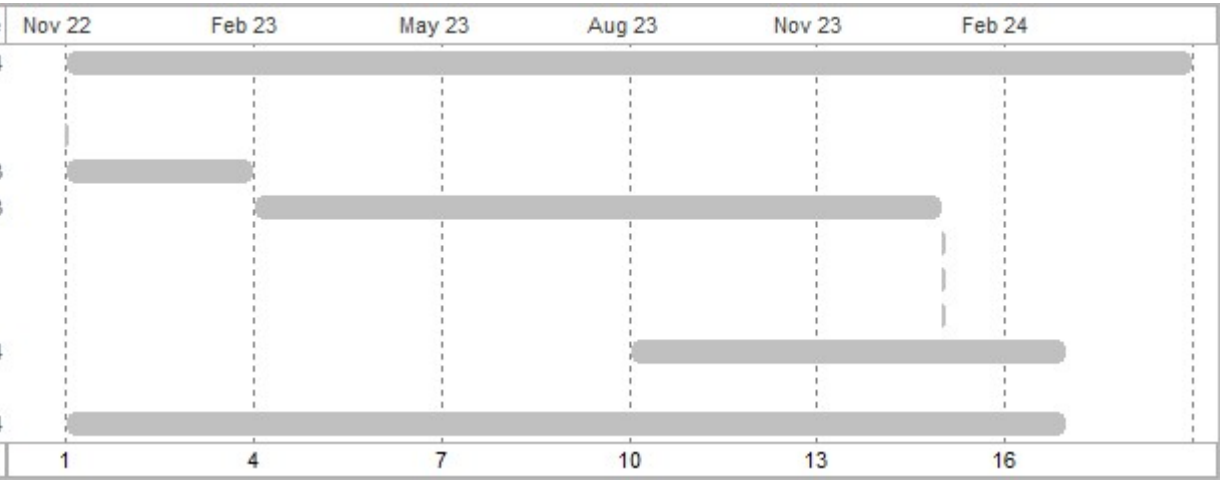
TIMESCALE AND PHASING CHART

ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v1

1. Market Housing

	Start Date	Duration	End Date
Project	Nov 2022	18	Apr 2024
Purchase	Nov 2022	0 Month(s)	
Pre-Construction	Nov 2022	3 Month(s)	Jan 2023
Construction	Feb 2023	11	Dec 2023
Post Development	Jan 2024	0 Month(s)	
Letting	Jan 2024	0 Month(s)	
Income Flow	Jan 2024	0 Month(s)	
Sale	Aug 2023	7 Month(s)	Feb 2024
Cash Activity	Nov 2022	16	Feb 2024



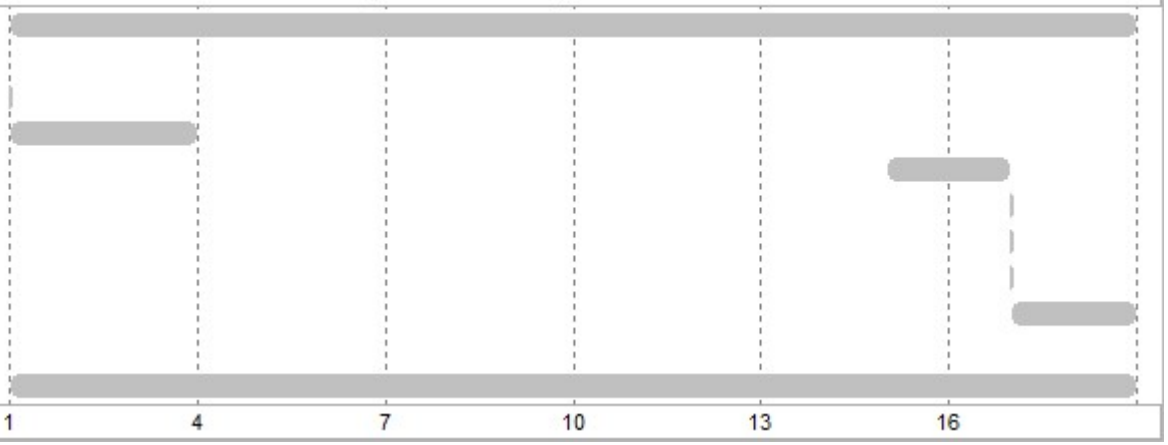
TIMESCALE AND PHASING CHART

ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v1

2. Affordable Housing

	Start Date	Duration	End Date
Project	Nov 2022	18	Apr 2024
Purchase	Nov 2022	0 Month(s)	
Pre-Construction	Nov 2022	3 Month(s)	Jan 2023
Construction	Jan 2024	2 Month(s)	Feb 2024
Post Development	Mar 2024	0 Month(s)	
Letting	Mar 2024	0 Month(s)	
Income Flow	Mar 2024	0 Month(s)	
Sale	Mar 2024	2 Month(s)	Apr 2024
Cash Activity	Nov 2022	18	Apr 2024



230504 Land at Burn Road - Policy Compliant v1

Detailed Cash flow (Merged Phases)

	001:Nov 2022	002:Dec 2022	003:Jan 2023	004:Feb 2023	005:Mar 2023	006:Apr 2023	007:May 2023	008:Jun 2023	009:Jul 2023
Monthly B/F	0	(694,888)	(954,857)	(1,063,048)	(1,286,982)	(1,570,192)	(1,981,523)	(2,489,071)	(3,060,422)
Phase 1 - Revenue									
Sale - House Type B - 4 Bed	0	0	0	0	0	0	0	0	0
Sale - House Type D - 4 Bed	0	0	0	0	0	0	0	0	0
Sale - House Type E - 4 Bed	0	0	0	0	0	0	0	0	0
Sale - House Type G - 4 Bed	0	0	0	0	0	0	0	0	0
Phase 2 - Revenue									
Sale - House Type F - 4 Bed - SO	0	0	0	0	0	0	0	0	0
Sale - House Type F - 4 Bed - FH	0	0	0	0	0	0	0	0	0
Sale - House Type F - 4 Bed - Rented	0	0	0	0	0	0	0	0	0
Phase 1 - Disposal Costs									
Sales Legal Fee	0	0	0	0	0	0	0	0	0
Phase 2 - Disposal Costs									
Sales Legal Fee	0	0	0	0	0	0	0	0	0
Phase 1 - Acquisition Costs									
Residualised Price	(600,382)	0	0	0	0	0	0	0	0
Agent Fee	(10,000)	0	0	0	0	0	0	0	0
Legal Fee	(5,000)	0	0	0	0	0	0	0	0
Phase 2 - Acquisition Costs									
Residualised Price	329,495	0	0	0	0	0	0	0	0
Phase 1 - Construction Costs									
Con. - House Type B - 4 Bed	0	0	0	(27,415)	(65,064)	(94,947)	(117,064)	(131,417)	(138,004)
Con. - House Type D - 4 Bed	0	0	0	(42,328)	(100,455)	(146,593)	(180,742)	(202,901)	(213,072)
Con. - House Type E - 4 Bed	0	0	0	(5,348)	(12,691)	(18,520)	(22,835)	(25,634)	(26,919)
Con. - House Type G - 4 Bed	0	0	0	(3,342)	(7,930)	(11,573)	(14,268)	(16,018)	(16,821)
Abnormal Development Costs	(371,820)	(232,387)	(92,955)	0	0	0	0	0	0
External Works	0	0	0	(29,687)	(70,454)	(102,813)	(126,763)	(142,305)	(149,438)
Non Housing S106 Contribution	0	0	0	(101,327)	0	0	0	0	0
Contingency	(11,155)	(6,972)	(2,789)	(2,353)	(5,584)	(8,149)	(10,047)	(11,279)	(11,844)
Phase 2 - Construction Costs									
Con. - House Type F - 4 Bed - Rented	0	0	0	0	0	0	0	0	0
Con. - House Type F - 4 Bed - SO	0	0	0	0	0	0	0	0	0
Con. - House Type F - 4 Bed - FH	0	0	0	0	0	0	0	0	0
External Works	0	0	0	0	0	0	0	0	0

230504 Land at Burn Road - Policy Compliant v1

Detailed Cash flow (Merged Phases)

	001:Nov 2022	002:Dec 2022	003:Jan 2023	004:Feb 2023	005:Mar 2023	006:Apr 2023	007:May 2023	008:Jun 2023	009:Jul 2023
Monthly B/F	0	(694,888)	(954,857)	(1,063,048)	(1,286,982)	(1,570,192)	(1,981,523)	(2,489,071)	(3,060,422)
Contingency	0	0	0	0	0	0	0	0	0
Phase 1 - Professional Fees									
Professional Fees	(26,027)	(16,267)	(6,507)	(5,490)	(13,030)	(19,014)	(23,444)	(26,318)	(27,637)
Phase 2 - Professional Fees									
Professional Fees	0	0	0	0	0	0	0	0	0
Phase 1 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Phase 2 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Net Cash Flow Before Finance	**(694,888)**	**(255,626)**	**(102,250)**	**(217,290)**	**(275,208)**	**(401,608)**	**(495,163)**	**(555,872)**	**(583,736)**
Debit Rate 7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	(4,343)	(5,941)	(6,644)	(8,002)	(9,722)	(12,385)	(15,479)	(18,953)
Net Cash Flow After Finance	**(694,888)**	**(259,969)**	**(108,191)**	**(223,934)**	**(283,210)**	**(411,331)**	**(507,548)**	**(571,352)**	**(602,690)**
Cumulative Net Cash Flow Monthly	(694,888)	(954,857)	(1,063,048)	(1,286,982)	(1,570,192)	(1,981,523)	(2,489,071)	(3,060,422)	(3,663,112)

230504 Land at Burn Road - Policy Compliant v1

Detailed Cash flow (Merged Phases)

010:Aug 2023	011:Sep 2023	012:Oct 2023	013:Nov 2023	014:Dec 2023	015:Jan 2024	016:Feb 2024	017:Mar 2024	018:Apr 2024
(3,663,112)	(3,354,059)	(3,005,140)	(1,501,555)	(811,006)	18,572	622,198	956,826	1,177,650
920,000	920,000	920,000	0	0	0	0	0	0
0	0	1,075,000	1,075,000	1,075,000	1,075,000	0	0	0
0	0	0	0	0	0	535,000	0	0
0	0	0	0	0	0	345,000	0	0
0	0	0	0	0	0	0	0	197,200
0	0	0	0	0	0	0	0	297,500
0	0	0	0	0	0	0	232,134	0
(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	0	0
0	0	0	0	0	0	0	(1,300)	(1,300)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(136,827)	(127,884)	(111,176)	(86,703)	(54,464)	0	0	0	0
(211,254)	(197,446)	(171,650)	(133,864)	(84,090)	0	0	0	0
(26,690)	(24,945)	(21,686)	(16,912)	(10,624)	0	0	0	0
(16,677)	(15,587)	(13,551)	(10,568)	(6,638)	0	0	0	0
0	0	0	0	0	0	0	0	0
(148,163)	(138,479)	(120,387)	(93,886)	(58,976)	0	0	0	0
0	0	0	0	0	0	0	0	0
(11,743)	(10,976)	(9,542)	(7,441)	(4,674)	0	0	0	0
0	0	0	0	0	(154,321)	(179,345)	0	0
0	0	0	0	0	(77,160)	(89,673)	0	0
0	0	0	0	0	(77,160)	(89,673)	0	0
0	0	0	0	0	(116,821)	(135,765)	0	0

230504 Land at Burn Road - Policy Compliant v1

Detailed Cash flow (Merged Phases)

010:Aug 2023	011:Sep 2023	012:Oct 2023	013:Nov 2023	014:Dec 2023	015:Jan 2024	016:Feb 2024	017:Mar 2024	018:Apr 2024
(3,663,112)	(3,354,059)	(3,005,140)	(1,501,555)	(811,006)	18,572	622,198	956,826	1,177,650
0	0	0	0	0	(9,259)	(10,761)	0	0
(27,401)	(25,610)	(22,264)	(17,363)	(10,907)	0	0	0	0
0	0	0	0	0	(21,605)	(25,108)	0	0
(13,376)	(13,376)	(13,376)	(13,376)	(13,376)	(13,376)	(13,376)	0	0
0	0	0	0	0	0	0	(10,010)	(10,010)
326,198	**364,025**	**1,509,697**	**693,215**	**829,578**	**603,626**	**334,628**	**220,824**	**483,390**
7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(17,144)	(15,106)	(6,112)	(2,666)	0	0	0	0	0
309,053	**348,919**	**1,503,585**	**690,549**	**829,578**	**603,626**	**334,628**	**220,824**	**483,390**
(3,354,059)	(3,005,140)	(1,501,555)	(811,006)	18,572	622,198	956,826	1,177,650	1,661,040

SENSITIVITY ANALYSIS REPORT ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v1

Table of Profit Amount and Land Cost

	Construction: Rate /ft²				
Sales: Rate /ft²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
	117.40 /ft²	120.49 /ft²	123.58 /ft²	126.67 /ft²	129.76 /ft²
-5.000%	£1,577,995 (£212,744)	£1,579,802 (£75,870)	£1,581,609 £61,004	£1,583,416 £197,879	£1,585,224 £334,753
-2.500%	£1,617,710 (£378,690)	£1,619,518 (£241,815)	£1,621,325 (£104,941)	£1,623,132 £31,933	£1,624,939 £168,807
0.000%	£1,657,426 (£544,635)	£1,659,233 (£407,761)	£1,661,040 (£270,887)	£1,662,847 (£134,012)	£1,664,654 £2,862
+2.500%	£1,697,141 (£710,581)	£1,698,949 (£573,706)	£1,700,756 (£436,832)	£1,702,563 (£299,958)	£1,704,370 (£163,083)
+5.000%	£1,736,857 (£876,526)	£1,738,664 (£739,652)	£1,740,471 (£602,777)	£1,742,278 (£465,903)	£1,744,085 (£329,029)

Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²
Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
House Type B - 4 Bed	1	£123.58	2.00 Up & Down
House Type D - 4 Bed	1	£123.58	2.00 Up & Down
House Type E - 4 Bed	1	£123.58	2.00 Up & Down
House Type G - 4 Bed	1	£123.58	2.00 Up & Down
House Type F - 4 Bed - Rented	2	£123.58	2.00 Up & Down
House Type F - 4 Bed - SO	2	£123.58	2.00 Up & Down
House Type F - 4 Bed - FH	2	£123.58	2.00 Up & Down

Sales: Rate /ft²
Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
House Type B - 4 Bed	1	£312.68	2.00 Up & Down
House Type D - 4 Bed	1	£315.48	2.00 Up & Down
House Type E - 4 Bed	1	£310.69	2.00 Up & Down
House Type G - 4 Bed	1	£320.63	2.00 Up & Down
House Type F - 4 Bed - Rented	2	£85.98	2.00 Up & Down

230504 Land at Burn Road - Policy Compliant v1

House Type F - 4 Bed - SO	2	£146.07	2.00 Up & Down
House Type F - 4 Bed - FH	2	£220.37	2.00 Up & Down

APPRAISAL SUMMARY

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230504 Land at Burn Road - Policy Compliant v2

Appraisal Summary for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	**Units**	**ft²**	**Sales Rate ft²**	**Unit Price**	**Gross Sales**
House Type B - 4 Bed	6	8,827	312.68	460,000	2,760,000
House Type D - 4 Bed	10	13,630	315.48	430,000	4,300,000
House Type E - 4 Bed	1	1,722	310.69	535,000	535,000
House Type G - 4 Bed	1	1,076	320.63	345,000	345,000
House Type F - 4 Bed - Rented	2	2,700	85.98	116,067	232,134
House Type F - 4 Bed - SO	1	1,350	146.07	197,200	197,200
House Type F - 4 Bed - FH	1	1,350	220.37	297,500	297,500
Totals	**22**	**30,655**			**8,666,834**

NET REALISATION		**8,666,834**

OUTLAY

ACQUISITION COSTS

Residualised Price	1,278,022	
Residualised Price (Negative land)	(177,516)	
		1,100,506
Agent Fee	10,000	
Legal Fee	5,000	
		15,000

CONSTRUCTION COSTS

Construction	**ft²**	**Build Rate ft²**	**Cost**
House Type B - 4 Bed	8,828	123.58	1,090,964
House Type D - 4 Bed	13,630	123.58	1,684,395
House Type E - 4 Bed	1,722	123.58	212,805
House Type G - 4 Bed	1,076	123.58	132,972
House Type F - 4 Bed - Rented	2,700	123.58	333,666
House Type F - 4 Bed - SO	1,350	123.58	166,833
House Type F - 4 Bed - FH	1,350	123.58	166,833
Totals	**30,656 ft²**		**3,788,468**
Contingency		3.00%	134,569

230504 Land at Burn Road - Policy Compliant v2

				3,923,037
Other Construction Costs				
Abnormal Development Costs			697,162	
External Works		15.00%	468,170	
External Works		15.00%	100,100	
				1,265,432
Section 106 Costs				
Non Housing S106 Contribution			101,327	
				101,327
PROFESSIONAL FEES				
Professional Fees		7.00%	313,994	
				313,994
MARKETING & LETTING				
Marketing		3.00%	113,654	
				113,654
DISPOSAL FEES				
Sales Legal Fee	22 un	650.00 /un	14,300	
				14,300
TOTAL COSTS BEFORE FINANCE				**6,847,251**
FINANCE				
Debit Rate 7.500%, Credit Rate 0.000% (Nominal)				
Total Finance Cost				169,552
TOTAL COSTS				**7,016,803**
PROFIT				
				1,650,031
Performance Measures				
Profit on Cost%		23.52%		
Profit on GDV%		19.04%		
Profit on NDV%		19.04%		
IRR% (without Interest)		61.73%		

TIMESCALE AND PHASING CHART

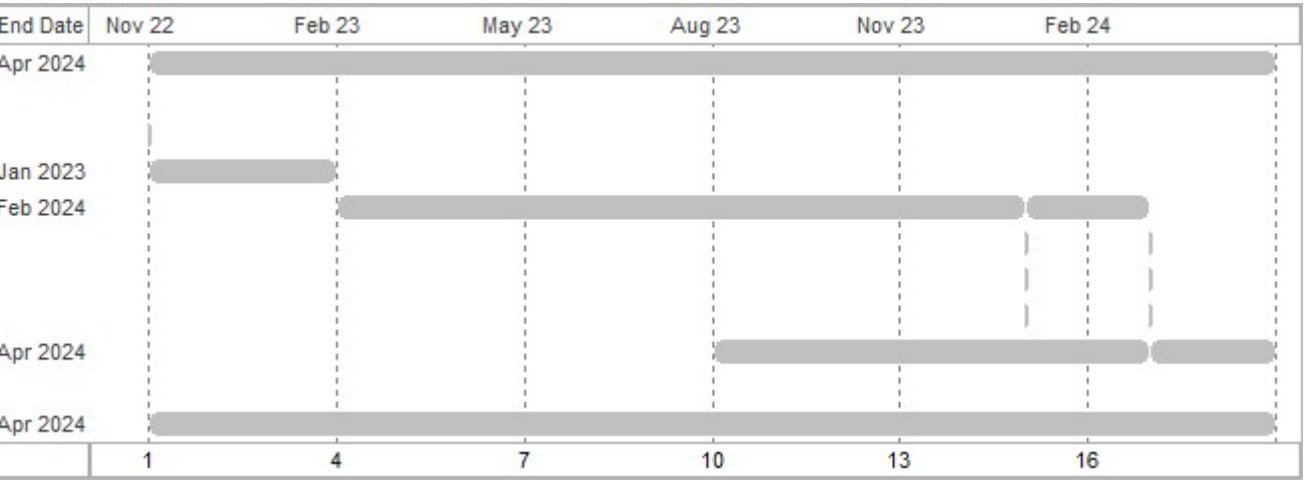
ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v2

Project Timescale	
Project Start Date	Nov 2022
Project End Date	Apr 2024
Project Duration (Inc Exit Period)	18 months

All Phases

	Start Date	Duration	End Date
Project	Nov 2022	18	Apr 2024
Purchase	Nov 2022	0 Month(s)	
Pre-Construction	Nov 2022	3 Month(s)	Jan 2023
Construction	Feb 2023	13	Feb 2024
Post Development	Jan 2024	0 Month(s)	
Letting	Jan 2024	0 Month(s)	
Income Flow	Jan 2024	0 Month(s)	
Sale	Aug 2023	9 Month(s)	Apr 2024
Cash Activity	Nov 2022	18	Apr 2024



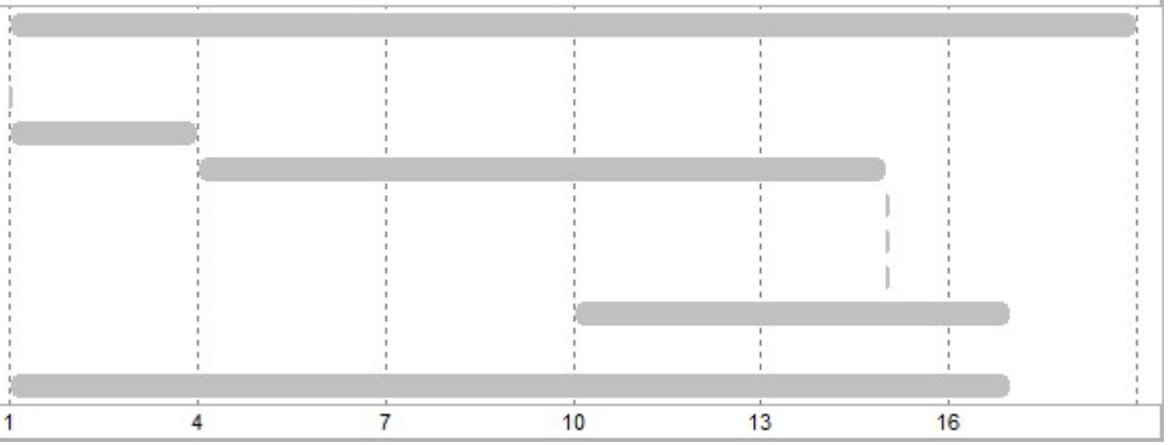
TIMESCALE AND PHASING CHART

ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v2

1. Market Housing

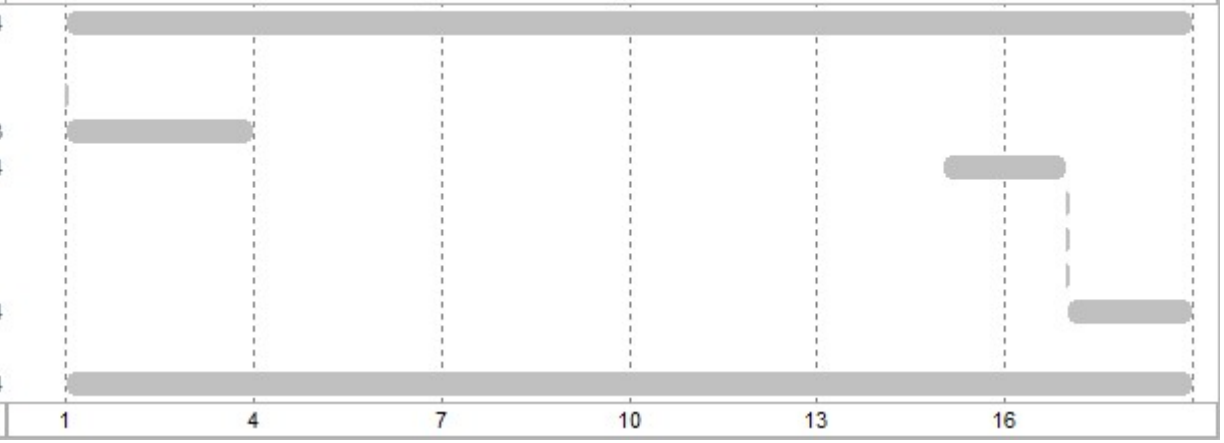
	Start Date	Duration	End Date
Project	Nov 2022	18	Apr 2024
Purchase	Nov 2022	0 Month(s)	
Pre-Construction	Nov 2022	3 Month(s)	Jan 2023
Construction	Feb 2023	11	Dec 2023
Post Development	Jan 2024	0 Month(s)	
Letting	Jan 2024	0 Month(s)	
Income Flow	Jan 2024	0 Month(s)	
Sale	Aug 2023	7 Month(s)	Feb 2024
Cash Activity	Nov 2022	16	Feb 2024



230504 Land at Burn Road - Policy Compliant v2

2. Affordable Housing

	Start Date	Duration	End Date
Project	Nov 2022	18	Apr 2024
Purchase	Nov 2022	0 Month(s)	
Pre-Construction	Nov 2022	3 Month(s)	Jan 2023
Construction	Jan 2024	2 Month(s)	Feb 2024
Post Development	Mar 2024	0 Month(s)	
Letting	Mar 2024	0 Month(s)	
Income Flow	Mar 2024	0 Month(s)	
Sale	Mar 2024	2 Month(s)	Apr 2024
Cash Activity	Nov 2022	18	Apr 2024



230504 Land at Burn Road - Policy Compliant v2

Detailed Cash flow (Merged Phases)

	001:Nov 2022	002:Dec 2022	003:Jan 2023	004:Feb 2023	005:Mar 2023	006:Apr 2023	007:May 2023	008:Jun 2023	009:Jul 2023
Monthly B/F	0	(1,524,508)	(1,789,662)	(1,903,039)	(2,114,300)	(2,360,116)	(2,714,250)	(3,149,851)	(3,639,394)
Phase 1 - Revenue									
Sale - House Type B - 4 Bed	0	0	0	0	0	0	0	0	0
Sale - House Type D - 4 Bed	0	0	0	0	0	0	0	0	0
Sale - House Type E - 4 Bed	0	0	0	0	0	0	0	0	0
Sale - House Type G - 4 Bed	0	0	0	0	0	0	0	0	0
Phase 2 - Revenue									
Sale - House Type F - 4 Bed - SO	0	0	0	0	0	0	0	0	0
Sale - House Type F - 4 Bed - FH	0	0	0	0	0	0	0	0	0
Sale - House Type F - 4 Bed - Rented	0	0	0	0	0	0	0	0	0
Phase 1 - Disposal Costs									
Sales Legal Fee	0	0	0	0	0	0	0	0	0
Phase 2 - Disposal Costs									
Sales Legal Fee	0	0	0	0	0	0	0	0	0
Phase 1 - Acquisition Costs									
Residualised Price	(1,278,022)	0	0	0	0	0	0	0	0
Agent Fee	(10,000)	0	0	0	0	0	0	0	0
Legal Fee	(5,000)	0	0	0	0	0	0	0	0
Phase 2 - Acquisition Costs									
Residualised Price	177,516	0	0	0	0	0	0	0	0
Phase 1 - Construction Costs									
Con. - House Type B - 4 Bed	0	0	0	(27,415)	(65,064)	(94,947)	(117,064)	(131,417)	(138,004)
Con. - House Type D - 4 Bed	0	0	0	(42,328)	(100,455)	(146,593)	(180,742)	(202,901)	(213,072)
Con. - House Type E - 4 Bed	0	0	0	(5,348)	(12,691)	(18,520)	(22,835)	(25,634)	(26,919)
Con. - House Type G - 4 Bed	0	0	0	(3,342)	(7,930)	(11,573)	(14,268)	(16,018)	(16,821)
Abnormal Development Costs	(371,820)	(232,387)	(92,955)	0	0	0	0	0	0
External Works	0	0	0	(11,765)	(27,921)	(40,745)	(50,236)	(56,396)	(59,222)
Non Housing S106 Contribution	0	0	0	(101,327)	0	0	0	0	0
Contingency	(11,155)	(6,972)	(2,789)	(2,353)	(5,584)	(8,149)	(10,047)	(11,279)	(11,844)
Phase 2 - Construction Costs									
Con. - House Type F - 4 Bed - Rented	0	0	0	0	0	0	0	0	0
Con. - House Type F - 4 Bed - SO	0	0	0	0	0	0	0	0	0
Con. - House Type F - 4 Bed - FH	0	0	0	0	0	0	0	0	0
External Works	0	0	0	0	0	0	0	0	0

230504 Land at Burn Road - Policy Compliant v2

Detailed Cash flow (Merged Phases)

	001:Nov 2022	002:Dec 2022	003:Jan 2023	004:Feb 2023	005:Mar 2023	006:Apr 2023	007:May 2023	008:Jun 2023	009:Jul 2023
Monthly B/F	0	(1,524,508)	(1,789,662)	(1,903,039)	(2,114,300)	(2,360,116)	(2,714,250)	(3,149,851)	(3,639,394)
Contingency	0	0	0	0	0	0	0	0	0
Phase 1 - Professional Fees									
Professional Fees	(26,027)	(16,267)	(6,507)	(5,490)	(13,030)	(19,014)	(23,444)	(26,318)	(27,637)
Phase 2 - Professional Fees									
Professional Fees	0	0	0	0	0	0	0	0	0
Phase 1 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Phase 2 - Marketing/Letting									
Marketing	0	0	0	0	0	0	0	0	0
Net Cash Flow Before Finance	**(1,524,508)**	**(255,626)**	**(102,250)**	**(199,368)**	**(232,675)**	**(339,540)**	**(418,636)**	**(469,963)**	**(493,521)**
Debit Rate 7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	(9,528)	(11,126)	(11,894)	(13,140)	(14,594)	(16,964)	(19,581)	(22,518)
Net Cash Flow After Finance	**(1,524,508)**	**(265,154)**	**(113,376)**	**(211,262)**	**(245,815)**	**(354,135)**	**(435,600)**	**(489,544)**	**(516,038)**
Cumulative Net Cash Flow Monthly	(1,524,508)	(1,789,662)	(1,903,039)	(2,114,300)	(2,360,116)	(2,714,250)	(3,149,851)	(3,639,394)	(4,155,433)

230504 Land at Burn Road - Policy Compliant v2

Detailed Cash flow (Merged Phases)

010:Aug 2023	011:Sep 2023	012:Oct 2023	013:Nov 2023	014:Dec 2023	015:Jan 2024	016:Feb 2024	017:Mar 2024	018:Apr 2024
(4,155,433)	(3,760,011)	(3,330,010)	(1,755,744)	(1,010,105)	(144,923)	529,228	945,817	1,166,641
920,000	920,000	920,000	0	0	0	0	0	0
0	0	1,075,000	1,075,000	1,075,000	1,075,000	0	0	0
0	0	0	0	0	0	535,000	0	0
0	0	0	0	0	0	345,000	0	0
0	0	0	0	0	0	0	0	197,200
0	0	0	0	0	0	0	0	297,500
0	0	0	0	0	0	0	232,134	0
(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	(1,671)	0	0
0	0	0	0	0	0	0	(1,300)	(1,300)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
(136,827)	(127,884)	(111,176)	(86,703)	(54,464)	0	0	0	0
(211,254)	(197,446)	(171,650)	(133,864)	(84,090)	0	0	0	0
(26,690)	(24,945)	(21,686)	(16,912)	(10,624)	0	0	0	0
(16,677)	(15,587)	(13,551)	(10,568)	(6,638)	0	0	0	0
0	0	0	0	0	0	0	0	0
(58,717)	(54,879)	(47,709)	(37,207)	(23,372)	0	0	0	0
0	0	0	0	0	0	0	0	0
(11,743)	(10,976)	(9,542)	(7,441)	(4,674)	0	0	0	0
0	0	0	0	0	(154,321)	(179,345)	0	0
0	0	0	0	0	(77,160)	(89,673)	0	0
0	0	0	0	0	(77,160)	(89,673)	0	0
0	0	0	0	0	(46,296)	(53,804)	0	0

230504 Land at Burn Road - Policy Compliant v2

Detailed Cash flow (Merged Phases)

010:Aug 2023	011:Sep 2023	012:Oct 2023	013:Nov 2023	014:Dec 2023	015:Jan 2024	016:Feb 2024	017:Mar 2024	018:Apr 2024
(4,155,433)	(3,760,011)	(3,330,010)	(1,755,744)	(1,010,105)	(144,923)	529,228	945,817	1,166,641
0	0	0	0	0	(9,259)	(10,761)	0	0
(27,401)	(25,610)	(22,264)	(17,363)	(10,907)	0	0	0	0
0	0	0	0	0	(21,605)	(25,108)	0	0
(13,376)	(13,376)	(13,376)	(13,376)	(13,376)	(13,376)	(13,376)	0	0
0	0	0	0	0	0	0	(10,010)	(10,010)
415,643	**447,624**	**1,582,374**	**749,894**	**865,182**	**674,151**	**416,589**	**220,824**	**483,390**
7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(20,221)	(17,624)	(8,107)	(4,255)	0	0	0	0	0
395,422	**430,000**	**1,574,267**	**745,639**	**865,182**	**674,151**	**416,589**	**220,824**	**483,390**
(3,760,011)	(3,330,010)	(1,755,744)	(1,010,105)	(144,923)	529,228	945,817	1,166,641	1,650,031

SENSITIVITY ANALYSIS REPORT ASPINALLVERDI

230504 Land at Burn Road - Policy Compliant v2

Table of Profit Amount and Land Cost

	Construction: Rate /ft²				
Sales: Rate /ft²	-5.000%	-2.500%	0.000%	+2.500%	+5.000%
	117.40 /ft²	120.49 /ft²	123.58 /ft²	126.67 /ft²	129.76 /ft²
-5.000%	£1,567,535 (£1,000,884)	£1,569,066 (£884,752)	£1,570,597 (£768,618)	£1,572,129 (£652,484)	£1,573,661 (£536,351)
-2.500%	£1,607,252 (£1,166,828)	£1,608,783 (£1,050,695)	£1,610,314 (£934,563)	£1,611,844 (£818,430)	£1,613,376 (£702,296)
0.000%	£1,646,964 (£1,332,776)	£1,648,500 (£1,216,639)	£1,650,031 (£1,100,506)	£1,651,562 (£984,374)	£1,653,092 (£868,241)
+2.500%	£1,686,587 (£1,498,722)	£1,688,212 (£1,382,588)	£1,689,744 (£1,266,454)	£1,691,279 (£1,150,317)	£1,692,810 (£1,034,185)
+5.000%	£1,726,133 (£1,664,667)	£1,727,844 (£1,548,534)	£1,729,459 (£1,432,400)	£1,730,991 (£1,316,266)	£1,732,523 (£1,200,132)

Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²
Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
House Type B - 4 Bed	1	£123.58	2.00 Up & Down
House Type D - 4 Bed	1	£123.58	2.00 Up & Down
House Type E - 4 Bed	1	£123.58	2.00 Up & Down
House Type G - 4 Bed	1	£123.58	2.00 Up & Down
House Type F - 4 Bed - Rented	2	£123.58	2.00 Up & Down
House Type F - 4 Bed - SO	2	£123.58	2.00 Up & Down
House Type F - 4 Bed - FH	2	£123.58	2.00 Up & Down

Sales: Rate /ft²
Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
House Type B - 4 Bed	1	£312.68	2.00 Up & Down
House Type D - 4 Bed	1	£315.48	2.00 Up & Down
House Type E - 4 Bed	1	£310.69	2.00 Up & Down
House Type G - 4 Bed	1	£320.63	2.00 Up & Down
House Type F - 4 Bed - Rented	2	£85.98	2.00 Up & Down

230504 Land at Burn Road - Policy Compliant v2

House Type F - 4 Bed - SO	2	£146.07	2.00 Up & Down
House Type F - 4 Bed - FH	2	£220.37	2.00 Up & Down