

# **Financial Viability Statement**

Land Adjacent to Pearl Dean, West Down

**Prepared on behalf of:**

Acorn Developments (SW) Ltd

July 2020

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**Client**

Acorn Developments (SW) Ltd

**Date**

July 2020

# Declaration: Conformity with RICS Professional Statement

## The RICS Professional Statement Financial Viability in Planning, September 2019, 1<sup>st</sup> Edition

Confirmation of conformity with the RICS Professional Statement Financial Viability in Planning, September 2019, 1st Edition, is set out within the following sub-sections.

### Instruction and Purpose of Report

In accordance with email correspondence and an instruction dated 9 June 2020, Turley has been instructed by Acorn Developments (SW) Ltd ('the Applicant') to objectively assess, and report upon, the financial viability of a residential development of 18 dwellings ('the Development') at Land Adjacent to Pearl Dean, West Down ('the Site').

The Development relates to an extant planning application (ref: 60385) at the Site, of the following description:

*"Erection of 17 dwellings (3 bungalows & 14 houses) (amended plans & documents) (landscaping information & plan)"*

The eighteenth dwelling (of the Development) was approved under a separate planning application (ref: 65925), which was granted permission in January 2019.

The purpose of the viability assessment ('VA') is to test the financial viability of the Development of the site, taking into account the policy requirements set by North Devon Council ('NDC') as well as national planning policy and guidance.

### Objectivity, impartiality and reasonableness

Turley places the utmost importance on the integrity, impartiality and potential conflicts of interests in carrying out its services, and seeks to identify and assess all relationships which may result in a conflict of interest or pose a threat to impartiality. Turley aims to inspire confidence by being open and impartial, offering transparency of process, being fair and maintaining the confidentiality of our clients.

In undertaking this instruction and carrying out the viability assessment, Turley confirms that at all times we have acted impartially, with objectivity, without interference and with reference to all appropriate available sources of information.

Turley confirms that adequate time has been provided to produce this report.

Turley confirms that there is no instruction in place to undertake an Area-Wide viability assessment concerning existing and future planning policies against which the proposed development scheme will, in due course be considered.

Turley has set out a full explanation of the evidence provided with reasoned justification. It is noted that it is a requirement to seek to secure resolution of any differences of opinion between parties where possible, should these arise.

### **Conflict(s) of interest**

Turley confirms, to the best of its knowledge, that no conflict or risk of conflict of interest exists in carrying out this viability assessment on behalf of the applicant and in respect of the site.

### **Contingent Fee**

In preparing this report, no performance related or contingent fees have been agreed between Turley and the applicant.

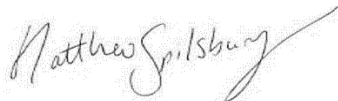
### **Confidentiality and Publication**

This viability assessment has been prepared on the basis that it is expected to be made publicly available, other than in exceptional circumstances.

Where information may compromise delivery of the proposed development or infringe other statutory and regulatory requirements, these exceptions will be discussed and agreed with the Local Planning Authority (LPA) and documented early in the process. Commercially sensitive information will be presented in aggregate form following these discussions. Any sensitive personal information will not be made public.

### **Personnel**

This report has been prepared and countersigned by:



**Matt Spilsbury MRICS MRTPI**  
Director, Head of Development Viability

For and on behalf of Turley



**Steve Smith MRICS**  
Associate Director, Development Viability

For and on behalf of Turley

## Executive Summary

Turley has been appointed by Acorn Developments (SW) Ltd ('the Applicant') to objectively assess, and report upon, the financial viability of a residential development of 18 dwellings ('the Development') at Land Adjacent to Pearl Dean, West Down ('the Site').

The Development relates to an extant planning application (ref: 60385) at the Site, of the following description:

*"Erection of 17 dwellings (3 bungalows & 14 houses) (amended plans & documents) (landscaping information & plan)"*

The eighteenth dwelling (of the Development) was approved under a separate planning application (ref: 65925), which was granted permission in January 2019.

The purpose of the viability assessment ('VA') is to test the financial viability of the Development of the Site, taking into account the policy requirements set by North Devon Council ('NDC' or 'the Council') as well as national planning policy and guidance.

By way of analysis set out in chapter 5 of this document, it is considered that the BLV for the site is £807,390.

In comparison, the viability appraisal of the Development conducted in full accordance with the planning permission (i.e. inclusive of 28% on-site affordable housing and S106 contributions), generates a residual land value ('RLV') of -£65,066 at the minimum developer's return on Gross Development Value ('GDV').

Turley has conducted sensitivity testing in order to determine whether it is possible to return the Development to a viable position.

A sensitivity test viability appraisal, conducted on a 100% open market sale Development scheme, generates an improved RLV of £361,948, at the minimum reasonable developer's return.

Whilst this represents a marked improvement, it maintains a deficit against the BLV. Delivery of the development, even on these improved terms, will be at the risk of the Applicant.

It is therefore deemed appropriate that NDC applies the flexibility provided within Local Plan policy in order to support the continued delivery and completion of the Development of the Site, which is being progressed at substantive risk.

As supported by the results of this assessment, it is considered that there is a robust financial case to justify delivery of the Development on a 100% open market sale basis, and for the Council to re-evaluate/ remove all other S106 contributions.

It is recommended that NDC reconsiders the overall sought provision of affordable housing and the requirement for payment of other S106 contributions in order to support the financial viability of the Development.

# 1. Introduction

## **Instruction**

- 1.1 Turley has been appointed by the Applicant to objectively assess, and report upon, the financial viability of the Development at the Site.
- 1.2 The purpose of the VA is to test the financial viability of the development of the site, taking into account the policy requirements set by NDC as well as national planning policy and guidance.

## **Site Context**

### **Subject Site Location & Access**

- 1.3 The Site occupies an area of approximately 1.03 hectares (2.55 acres), which previously comprised a greenfield land parcel and a (retained) residential property 'Pearl Dean', and is located west of Ilfracombe Road.
- 1.4 The Site is located within the small settlement of West Down. The northern and eastern boundaries of the site are characterised by existing residential properties (semi's and detached) and the southern and western by greenfield land. It is understood that the Site slopes steeply from north-east to south-west, with a fall of approximately 10m.
- 1.5 Vehicular access is via Ilfracombe Road at the north-east of the Site. West Down is located approximately 8km south of Ilfracombe and 16km north of Barnstaple. A local bus service, with bus stops with walking distance of the Site, provides a regular service (303) to Barnstaple and Woolacombe.
- 1.6 A location plan is provided within **Appendix 1**.

### **Planning History and Status**

- 1.7 A review of the NDC's online planning application public access database has been undertaken to identify any relevant planning history pertaining to the Site.
- 1.8 It is understood that prior to the planning application (ref: 60385) for the Development at the Site, there were several planning applications for extensions and alterations to the existing premises: Pearl Dean (see Design and Access Statement for further details).
- 1.9 Furthermore, there were outline applications (ref: 27810 and 30200) relating to the land behind Pearl Dean for the erection of nine local need houses and public open space. It is understood that the outline planning applications were withdrawn (ref: 27810) and "finally disposed of" (ref: 30200).

### **Implemented Planning Permission**

- 1.10 It is understood that the Applicant submitted a full planning application (ref: 60385) for the Proposed Development in November 2015, which was granted permission (with conditions) in August 2017. A Section 106 Agreement, attached to the permission, was executed by the Applicant and the Council on 17 August 2017.

1.11 The signed Section 106 Agreement attached to the full planning permission (ref: 60385) prescribes the following contributions:

- First Education Contribution: £5,934.35 (plus indexation)
- Highway Contribution: £8,000 (plus indexation)
- Recreation Contribution: £64,578 (plus indexation)
- Second Education Contribution: £34,084.23 (plus indexation)
- Affordable Housing: not less than five dwellings comprising a mix of three two-bedroom, four person dwellings and two three-bedroom dwellings. All affordable dwellings shall be Social Rent Units apart from one three-bedroom dwelling which shall be for Affordable Rent.

1.12 Subsequent planning applications to vary and discharge the conditions of the original consent have been submitted by the Applicant, as follows:

- Ref: 63893 – *“variation of condition 10 (drainage ditch) attached to planning permission 60385 (erection of 17 dwellings (3 bungalows & 14 houses) (amended plans & documents) (landscaping information & plan)) to allow a change of description.”*
- Ref: 64153 - *“approval of details in respect of discharge of conditions 3 (facing materials), 4 (phase one ground contamination survey) & 6 (construction management plan) attached to planning permission 60385 (additional information).”* The application was approved in April 2018.
- Ref: 64125 - *“variation of condition 2 (approved plans) attached to planning permission 60385 (erection of 17 dwellings) to enable amended design & layout to plots 11 & 12 and affordable housing accommodation schedule.”* The application was approved in August 2018.

1.13 In addition, an 18<sup>th</sup> unit was granted planning permission (ref: 25925) on 28<sup>th</sup> January 2019. In totality, 18 units comprises the Development to be subject to viability assessment.

***Disclaimer***

1.14 This report does not constitute a valuation, and cannot be regarded, or relied upon as a valuation as it falls outside of the RICS Valuation – Professional Standards (the ‘Red Book’)<sup>1</sup>.

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<sup>1</sup> RICS (2017) RICS Valuation, Global Standards 2017

- 1.15 This report provides a guide for feasibility in line with the purpose for which the assessment is required, as stated within the RICS Financial Viability in Planning (2012) Guidance Note<sup>2</sup>.

### **Date of Appraisal & COVID 19**

- 1.16 The date of appraisal is the stated date on the cover of this report.
- 1.17 The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation ('WHO') as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.
- 1.18 Market activity is being impacted in many sectors. As at the appraisal date, we consider that we can attach less weight to previous market evidence for comparison purposes to inform viability appraisal inputs. Indeed, the current response to COVID 19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.
- 1.19 Consequently, a higher degree of caution should be applied in viability assessment than would normally be the case.

### **Document Structure**

- 1.20 The viability assessment report is structured as follows:
- **Section 2:** presents the relevant planning policy context.
  - **Section 3:** confirms the approach and methodology to this viability assessment together with a brief review of the relevant current guidance for undertaking viability assessments.
  - **Section 4:** sets out a summary of the principal assumptions and evidence used within this financial viability assessment.
  - **Section 5:** derives the benchmark land value ('BLV') or 'Site Value'.
  - **Section 6:** summarises the results of viability assessment.
  - **Section 7:** sets out concluding recommendations to the applicant and the Council in respect of the level of affordable housing provision and Section 106 planning obligations that can be realistically supported by the Development in accordance with the National Planning Policy Framework ('NPPF') and national Planning Practice Guidance for Viability ('PPGV')<sup>3</sup>.

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<sup>2</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

<sup>3</sup> MHCLG (2019) National Planning Practice Guidance – Viability



## 2. Planning Policy Context

2.1 This section of the document presents the relevant national and local planning policy context to viability assessment of the Development of the Site.

### **National Planning Policy Framework**

2.2 The National Planning Policy Framework (NPPF) presents the Government's planning policies for England and how these are expected to be applied.

2.3 Paragraph 2 of the NPPF states that planning law requires planning applications to be determined in accordance with the development plan unless material considerations indicate otherwise<sup>4</sup>. The NPPF, along with emerging plans, are material considerations that must be accorded weight within planning decision-making.

### **Sustainable Development**

2.4 The presumption in favour of sustainable development runs as a 'golden thread' through decision-making and plan-making as set out within paragraph 11. However, the presumption in favour will not apply where specific policies in the NPPF indicate that development should be restricted.

### **Deliverability & Viability**

2.5 The NPPF confirms that it is the applicant's responsibility to demonstrate whether the circumstances affecting the development justify the requirement for the submission of a viability assessment at the application stage.

2.6 The LPA, as decision maker, must determine the weight to be given to the submitted viability assessment having regard to all the circumstances in the case including the following:

- whether the Plan and viability evidence underpinning it is up to date; and
- whether there have been any changes in site circumstances since the Plan was brought into force.

2.7 All viability assessments, including those undertaken at plan-making stage, should reflect the recommended approach in national planning guidance<sup>5</sup>.

### **Planning Practice Guidance for Viability ('PPGV')**

2.8 The Government's national planning guidance for understanding viability in both plan making and decision taking is set out within national Planning Practice Guidance for Viability ('PPGV')<sup>6</sup>.

2.9 Detailed guidance is provided with regard to viability assessment in decision-taking upon individual schemes at the application stage. Firstly, it is the responsibility of the applicant

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<sup>4</sup> Section 38(6) of the Planning and Compulsory Purchase Act 2004

<sup>5</sup> MHCLG (2019) National Planning Policy Framework (NPPF)

<sup>6</sup> MHCLG (2019) Planning Practice Guidance: Viability

to demonstrate the particular circumstances justifying the need for viability assessment. Whilst not stated as exhaustive, examples stated in PPGV are:

- where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan;
- where further information on infrastructure or site costs is required;
- where particular types of development are proposed which may significantly vary from standard models of development for sale (for example BTR or housing for older people); or
- where a recession or similar significant economic changes have occurred since the plan was brought into force.

2.10 Paragraph 20 confirms that the inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values (including gross development value, benchmark land value ('BLV') including the landowner premium, developer's return and costs).

2.11 Paragraph 10 confirms the applicant's viability assessment must be based upon and refer back to the viability assessment that informed the plan, and transparently present evidence of any change in site circumstances since the plan was brought into force. It should reflect the Government's recommended approach to defining key inputs as set out in PPGV.

## **Adopted Local Policy**

### **Development Plan**

2.12 For the purposes of this assessment, the development plan for the application site comprises the North Devon and Torridge Local Plan ('NDTLP') (adopted October 2018).

2.13 The NDTLP sets out the long-term vision for how the towns, villages and countryside of northern Devon will develop and evolve in the period up to 2031, via a strategy of supporting, distributing and delivering sustainable development and growth.

2.14 The NDTLP plans for provision of a minimum of 17,220 dwellings and 84.9 hectares of employment land over the period 2011 – 2031. Accordingly, the Council's will take a positive approach that reflects the presumption in favour of sustainable development, and will aim to work proactively with applicants to find solutions that mean proposals can be approved wherever possible.

### **Housing**

2.15 To achieve a balanced local housing market, Policy ST17 requires the scale and mix of dwellings, in terms of dwelling numbers, type, size and tenure provided through development proposals to reflect identified local housing needs, subject to consideration of:

- (a) site character and context; and

(b) development viability.

2.16 Policy ST18 (Affordable Housing), requires affordable housing provision on residential developments on the following basis:

- (a) proposals for 11 or more dwellings, or for the provision of greater than 1,000 square metres (gross internal area) of residential floorspace irrespective of the number of dwellings, will be expected to provide on-site delivery of affordable housing equal to 30% of the number of dwellings (gross) on site; and
- (b) If the requirement for affordable housing thresholds is removed from national planning policy or guidance then the clauses above will no longer have effect and all residential development proposals that provide for a net gain in open market housing will be required to provide affordable housing equal to 30% of the number of dwellings (gross) on site.

2.17 Policy ST18 further states the following in respect of affordable housing provision:

- Where a fraction of an affordable dwelling is required by policy, such provision will be collected through a financial contribution of broadly equivalent value to that which would have been required on-site.
- Where the policy seeks on-site provision, alternative off-site delivery or provision through financial contributions of broadly equivalent value may be negotiated where it can be demonstrated that on-site provision is not possible or appropriate.
- Negotiation to vary the scale and nature of affordable housing provision, along with the balance of other infrastructure and planning requirements, will be considered on the basis of a robust appraisal of development viability.
- Where it is considered that a proposal is formulated with a view to circumventing affordable housing requirements, the affordable housing provision will be re-negotiated.
- Affordable housing will be sought initially on the basis of a tenure mix of 75% social rented and 25% intermediate accommodation, although variation may be negotiated on the basis of identified local housing need and/or development viability.
- Affordable housing provision should be provided broadly in-step with market housing as development delivery progresses, be visually indistinguishable from market housing and be intermixed with it across the site. Any proposed departure from these requirements will need to be robustly justified.

***Infrastructure***

2.18 Policy ST23 confirms that developments will be expected to provide, or contribute towards the timely provision of physical, social and green infrastructure made necessary by the specific and/or cumulative impact of the development.

- 2.19 Where on-site infrastructure provision is either not feasible or not desirable, then off-site provision or developer contributions will be sought to secure delivery of the necessary infrastructure, through methods such as planning obligations or the Community Infrastructure Levy ('CIL').

### **CIL**

- 2.20 CIL was introduced under the Planning Act 2008 and is legislated by the CIL Regulations 2010 (as amended). Local authorities in England and Wales can elect to charge CIL on new development to assist in funding infrastructure associated with planned growth.
- 2.21 NDC consulted on a draft CIL Charging Schedule in January 2017. According to the NDC website, they *"are now waiting for updated government guidance to be published following a national CIL review before continuing work on the CIL for North Devon."*
- 2.22 CIL is therefore not applicable for the purposes of this report.

## 3. Approach & Methodology

### The Role of Viability Assessment in Planning

- 3.1 This chapter provides the approach and methodology to this viability assessment set within the context of the legislative planning framework and recognised national practice guidance for undertaking viability assessments.

#### **RICS Financial Viability in Planning: Conduct and Reporting (1<sup>st</sup> edition, May 2019)**

- 3.2 This RICS professional statement sets out mandatory requirements on conduct and reporting in relation to financial Viability Assessments ('VAs') for planning in England, whether for area-wide or scheme-specific purposes. It recognises the importance of impartiality, objectivity and transparency when reporting on such matters. It also aims to support and complement the Government's reforms to the planning process announced in July 2018 and subsequent updates, which include an overhaul of the NPPF and PPGV and related matters.
- 3.3 The statement focuses on reporting and process requirements, and the need for the assessment of viability to be carried out having proper regard to all material facts and circumstances. The additional requirements became effective on 1 September 2019.

#### **RICS Financial Viability in Planning Guidance Note (GN 94/2012)**

- 3.4 The RICS Financial Viability in Planning (2012) Guidance Note<sup>7</sup> (hereafter 'the Guidance') is grounded in the statutory and regulatory planning regime. It provides a definitive and objective methodological framework for the preparation of scheme specific viability assessments for planning purposes, which concords with national best practice.
- 3.5 It defines financial viability 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, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the developer in delivering that project.'*<sup>8</sup>

- 3.6 The Guidance supports the use of the residual appraisal methodology where either the level of return or residual Land Value (RLV) can be an input, and the consequential output (either a residual land value or return respectively) can be compared to a benchmark 'Site Value' to assess the implications on viability.
- 3.7 Importantly, the Guidance defines Site Value, either input into a scheme specific viability assessment or as a benchmark, as follows:

*'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.'*<sup>9</sup>

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<sup>7</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

<sup>8</sup> Ibid, p.4

<sup>9</sup> Ibid, p.4

- 3.8 The fundamental objective, therefore, is to ensure an efficient use of the site (land) and a fair return for the landowner and/or developer (risk adjusted) with reasonable planning obligations that can be realised through the efficient use of the land.

### **National Planning Practice Guidance for Viability ('PPGV')**

- 3.9 PPGV sets out the Government's recommended approach and confirms the principles for conducting viability assessment as follows:

*'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'.<sup>10</sup>*

- 3.10 PPGV defines Site Value as the 'benchmark land value' ('BLV'), which should be established on the basis of the existing use value ('EUV') of the land, plus a premium for the landowner. This approach is referred to as the 'existing use value plus' ('EUV+'). PPGV confirms that the premium (i.e. 'plus') should:

*'...reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements'.<sup>11</sup>*

- 3.11 PPGV confirms that the BLV should be calculated as follows. It should:

- be based upon existing use value;
- allow for a premium to landowners (including equity resulting from those building their own homes);
- reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees; and
- be informed by market evidence including current uses, costs and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance.

- 3.12 It proceeds to confirm that the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any CIL charge should be taken into account<sup>12</sup>.

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<sup>10</sup> MHCLG (2018) National Planning Practice Guidance – Viability: Paragraph: 010

<sup>11</sup> MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 013

<sup>12</sup> MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 014

3.13 PPGV also confirms that alternative uses can be used in establishing the BLV. For the purposes of viability assessment the AUV refers to:

*'...the value of land for uses other than its existing use.'*<sup>13</sup>

3.14 Where there is no implementable alternative permission upon which to calculate the AUV, plan makers can set out circumstances where AUV is used. Examples of such circumstances included in PPGV (whilst not exhaustive) are:

- if there is evidence that the alternative use would fully comply with development plan policies;
- if it can be demonstrated that the alternative use could be implemented on the site in question;
- if it can be demonstrated there is market demand for that use; and
- if there is an explanation as to why the alternative use has not been pursued.

3.15 Where AUV is used this should be supported by evidence of the costs and values of the alternative use to justify the land value. PPGV confirms the Government's position that valuation based on AUV includes the premium to the landowner (i.e. the AUV is equal to the EUV+ as a BLV)<sup>14</sup>.

### **Procedural Requirements**

3.16 The RICS Guidance recommends that practitioners are reasonable and transparent in both undertaking and reviewing FVAs. It specifically states at G5 on p.50:

*'Where possible, differences of opinion should be resolved between consultants acting for the applicant and the council. Once the financial position has been established and agreed between consultants, this does not preclude further negotiation between the council and the applicant having regard to all material planning considerations.'*

3.17 Paragraph 4.5.2 on page 25 of the RICS Guidance states the following:

*'Many local authorities will require, in respect of individual developments, an impartial and objective review of the viability assessment submitted as part of a planning application. These should be prepared by suitably qualified practitioners as set out in 4.2. It is recommended that once these reports have been prepared, the applicant is provided with a copy (in draft and final forms) to enable responses, if any, to be made to either the LPA or directly to the consultant undertaking the independent review.'*

3.18 This is reinforced by paragraph 4.5.3 on page 25, which states:

*'Practitioners should be reasonable, transparent and fair in objectively undertaking or reviewing financial viability assessments. Where possible, practitioners should seek to resolve differences of opinion.'*

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<sup>13</sup> MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 017

<sup>14</sup> MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 017

- 3.19 It is expected that the Council and any appointed reviewing practitioners will act to follow best practice, which is reflective of the transparent process of dialogue advocated by the RICS Guidance.

### **Methodology**

- 3.20 In order to determine the viability of the proposed development of the subject site, a residual valuation model with cash flow has been prepared using proprietary software Argus Developer.
- 3.21 The methodology for undertaking this viability assessment follows the residual appraisal method, which is that accepted by the RICS and recommended within RICS Professional Guidance<sup>15</sup>. The methodology is also consistent with the Government's recommended approach as set out in PPGV<sup>16</sup>.
- 3.22 The assessment calculates the cost to acquire, construct, and deliver the capital costs of the development scheme, which is set against the value of the development on the assumption it is completed in the current market.

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<sup>15</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

<sup>16</sup> MHCLG (2019) National Planning Practice Guidance – Viability



## 4. Viability Assessment Assumptions

- 4.1 This section presents the principal assumptions used in the viability assessment. As recommended by the Guidance<sup>17</sup>, in undertaking a scheme specific viability assessment, the approach taken is to reflect industry benchmarks having regard to the specific circumstances of the Development.

### **Development Outputs**

#### **Land Analysis**

- 4.2 The Site occupies an area of 1.03 hectares (2.55 acres) and is understood to have previously comprised a greenfield land parcel and a (retained) residential property named Pearl Dean.

#### **The Development**

- 4.3 The Development represents a consented planning application for the construction of 18 dwellings, comprising a mix of 2, 3 & 4-bed houses and 3-bed bungalows.
- 4.4 In accordance with the extant S106 agreement, pursuant to planning application reference: 60385, the Development is to deliver not less than five affordable dwellings comprising a mix of three two-bedroom, four person dwellings and two three-bedroom dwellings. All affordable dwellings are to be Social Rent units apart from one three-bedroom dwelling which shall be for Affordable Rent.
- 4.5 The site layout for the Development is included within **Appendix 2**.

#### **Accommodation Schedule**

- 4.6 An accommodation schedule for the Development has been provided by the Applicant, detailing the private and affordable plot allocations, and is presented in Table 4.1 overleaf.

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<sup>17</sup> RICS (2012) Financial Viability in Planning Guidance Note (GN 94/2012) 1st Edition

**Table 4.1: Summary Accommodation Schedule | Development**

Plot	Tenure	Accommodation Type	Beds	Garage	Area (m <sup>2</sup> )	Area (ft <sup>2</sup> )
Plot 1	Private	Detached	4	Double	157	1,690
Plot 2	Private	Detached	4	Single	142	1,528
Plot 3	Private	Detached	4	Single	142	1,528
Plot 4	Affordable (SR)	Semi-detached	2	-	75	804
Plot 5	Affordable (SR)	Semi-detached	2	-	75	804
Plot 6	Affordable (SR)	Semi-detached	3	-	87	931
Plot 7	Affordable (SR)	Semi-detached	3	-	87	931
Plot 8	Private	Detached	4	Single	142	1,528
Plot 9	Private	Detached	4	Single	142	1,528
Plot 10	Private	Detached Bungalow	3	Single	98	1,053
Plot 11	Private	Detached	4	Single	142	1,528
Plot 12	Private	Detached	4	Single	142	1,528
Plot 13	Private	Detached	4	Double	157	1,690
Plot 14	Private	Detached Bungalow	3	Single	112	1,209
Plot 15	Private	Detached Bungalow	3	Single	98	1,053
Plot 16	Private	Semi-detached	3	Single	90	969
Plot 17	Affordable (AR)	Semi-detached	3	Single	90	969
Plot 18	Private	Detached Bungalow	3	-	77	829
<b>Grand Total:</b>					<b>2,053</b>	<b>22,102</b>

*Source: The Applicant*

- 4.7 The accommodation schedule proposes five dwellings to be provided as affordable units, representing 28% of the total dwelling capacity. The affordable housing provision includes three three-bedroom dwellings and two two-bedroom dwellings – above the minimum expectation set-out within with the S106 agreement.
- 4.8 In accordance with the extant Section 106 agreement, four of the affordable dwellings are allocated for Social Rent and one for Affordable Rent.

### **Development Value**

- 4.9 The value to be adopted in the assessment of viability is the Net Achievable Sales Value of the Proposed Development and is based on the special assumption that the

development is complete on the publication date of this document in the prevailing market conditions<sup>18</sup>.

### Residential Units

- 4.10 The Applicant has provided Turley with details of reservations and transacted sales within the Development up to the current date.
- 4.11 The achieved sales have completed during the period 31 July 2019 to 18 October 2019, although the sales period has now been ongoing for approximately 12 months – which reflects an actual sales rate of 0.42 per month.
- 4.12 Details of current and previous reservations have been provided, which are categorised by those still confirmed and others where the purchasing chain has collapsed and needs to be re-started prior to the completing the transaction.
- 4.13 A summary of the sales data for the Proposed Development is provided in the Table 4.2.

**Table 4.2: Achieved Sales and Reservations | Development**

Status	Date of Sale	Plot	Accommodation Type	Beds	Area (ft <sup>2</sup> )	Price (£)	Price (£/ft <sup>2</sup> )
Previously Reserved (re-establishing chain)		Plot 10	Detached Bungalow	3	1,053	£375,000	£356.22
<b>Previously Reserved (re-establishing chain) Average:</b>					<b>1,053</b>	<b>£375,000</b>	<b>£356.22</b>
Reserved	-	Plot 3	Detached	4	1,528	£450,000	£294.41
	-	Plot 8	Detached	4	1,528	£450,000	£294.41
<b>Reserved Average:</b>					<b>1,528</b>	<b>£450,000</b>	<b>£294.41</b>
Sold	31/07/2019	Plot 1	Detached	4	1,690	£470,000	£278.12
	30/08/2019	Plot 15	Detached Bungalow	3	1,053	£350,000	£332.48
	27/09/2019	Plot 14	Detached Bungalow	3	1,209	£370,000	£306.09
		Plot 16	Semi-detached	3	969	£290,000	£299.35
	18/10/2019	Plot 13	Detached	4	1,690	£480,000	£284.04
<b>Sold Average:</b>					<b>1,322</b>	<b>£392,000</b>	<b>£296.52</b>
<b>Overall Average:</b>						<b>£404,375</b>	<b>£301.78</b>

*Source: the Applicant*

- 4.14 Due to current market conditions, it is not expected that the low sales and viewing rates experienced to date at the Site, will improve, despite the continued low interest rates and temporary first home purchasing incentives. Accordingly, achievable sales values

<sup>18</sup> RICS (2008) Valuation of Development Land – Valuation Information Paper (VIP) 12

for the remainder of the open market sale units are anticipated to remain (at best) consistent with the achieved sales prices or to fall.

4.15 Drawing on the analysis of reservations and achieved sales at the Site, the viability assessment adopts a range of market-facing net achievable sales values for the open market units. This results in a blended open market sales value of £299/ft<sup>2</sup>. This has been adopted with the appraisal(s) for the Development.

4.16 A pricing schedule for the open market sales units is provided in the following table.

**Table 4.3: Achievable Open Market Sales Values | Development**

Plot	Tenure	Accommodation Type	Beds	Area (ft <sup>2</sup> )	Value (£)	Value (£/ft <sup>2</sup> )
Plot 1	Private	Detached	4	1,690	£470,000	£278.12
Plot 2	Private	Detached	4	1,528	£430,000	£281.33
Plot 3	Private	Detached	4	1,528	£450,000	£294.41
Plot 8	Private	Detached	4	1,528	£450,000	£294.41
Plot 9	Private	Detached	4	1,528	£465,000	£304.23
Plot 10	Private	Detached Bungalow	3	1,053	£375,000	£356.22
Plot 11	Private	Detached	4	1,528	£425,000	£278.06
Plot 12	Private	Detached	4	1,528	£425,000	£278.06
Plot 13	Private	Detached	4	1,690	£480,000	£284.04
Plot 14	Private	Detached Bungalow	3	1,209	£370,000	£306.09
Plot 15	Private	Detached Bungalow	3	1,053	£350,000	£332.48
Plot 16	Private	Semi-detached	3	969	£290,000	£299.35
Plot 18	Private	Detached Bungalow	3	829	£299,950	£361.90
<b>Grand Total:</b>				<b>17,662</b>	<b>£5,279,950</b>	<b>£298.94</b>

*Source: The Applicant; Turley analysis*

***Affordable Housing Values***

4.17 Values attributable to each affordable housing tenure product have been calculated using industry benchmarks and relevant local market information.

4.18 Capital values for the affordable units have been set at 40% of open market value ('OMV') for the Social Rent units and 55% of OMV for the Affordable Rent units within the Proposed Development appraisal.

4.19 The affordable housing values are summarised in the following table.

**Table 4.4: Affordable Housing Values | Development**

Plot	Tenure	Accommodation Type	Beds	Area (ft <sup>2</sup> )	Value (£)	Value (£/ft <sup>2</sup> )
Plot 4	Affordable (SR)	Semi-detached	2	804	£98,000	£121.88
Plot 5	Affordable (SR)	Semi-detached	2	804	£98,000	£121.88
Plot 6	Affordable (SR)	Semi-detached	3	931	£112,000	£120.26
Plot 7	Affordable (SR)	Semi-detached	3	931	£112,000	£120.26
Plot 17	Affordable (AR)	Semi-detached	3	969	£159,500	£164.64
<b>Grand Total:</b>				<b>4,439</b>	<b>£579,500</b>	<b>£130.53</b>

*Source: The Applicant; Turley analysis*

### Development Costs

- 4.20 The Applicant has supplied Turley with a comprehensive schedule of the development costs for the Development, including professional fees and insurances, which provides detail on the costs incurred and a projection of the costs to completion.
- 4.21 Turley has summarised the cost elements under relevant headings for incorporation within the viability appraisal(s).

**Table 4.5: Development Costs | Development**

Elements	£ Cost
Build (Units) (Incl. prelims)	£2,707,787.50
Externals / Site Works / Abnormals	£1,338,063.59
Professional Fees & Ins.	£153,476.60
<b>Total</b>	<b>£4,199,327.69</b>

*Source: The Applicant*

- 4.22 Supporting cost information, i.e. copies of orders/ invoices, can be provided upon request. Turley invites the Council to confirm the level of information required.

### Other Development Costs

- 4.23 Other development costs are summarised in Table 4.6.

**Table 4.6: Other Development Costs | Development**

Cost	Rate	Commentary
S106 Planning Obligations	£118,201	As summarised within the development cost summary. Contributions reflect the signed S106 agreement and include indexation (inflation).
Residential Sales Agent Fee	2.00%	Of GDV.
Residential Sales Legal Fee	£750	Per unit
Acquisition Fees	-	Standard fees relating to SDLT (as per HMRC), agent's fee (1.0%) and legal fee (0.5%).
Finance (Debit)	7.00%	Total blended cost of capital.
Developer's Return	18.53%	Of GDV – blended between open market sale (20%) and affordable (6%)

*Source: Turley; the Applicant*

### Development, Marketing & Sales Programme

4.24 The development programme has been confirmed by the Applicant and reflects progress on-site up to current date. The summary, provided below, reflects a construction start date of January 2018 and the projected construction and sales end dates based upon current output/ velocity.

**Table 4.7: Programme | Development**

Period	Stage	Description
Month 1:	Purchase	Assumes grant of planning permission.
Months 2 – 4:	Pre-Construction	Procurement, planning and site set-up.
Months 5 – 37:	Construction	Site remediation, abnormal works and residential construction period.
Months 22 – 52:	Sales	Residential sales at a velocity of approximately 0.6 dwellings per month.

*Source: The Applicant*

4.25 The Applicant has confirmed that the rate of viewings and sales have been negatively impacted by the lead-up to Brexit and, most recently, by the COVID-19 pandemic, which continues to cast uncertainty over sales values and reservation / transaction rates. A high degree of caution should be applied to ongoing sales at the Site.

## 5. Site Value (or ‘Benchmark Land Value’)

- 5.1 Establishing the minimum level of financial return at which a reasonable landowner would be willing to release their land for development represents a critical component of a viability assessment. It must represent a premium over the existing use value (EUV) and a reasonable incentive, in comparison with other options available, for the landowner to sell land for development, whilst allowing a sufficient contribution to comply with policy requirements.
- 5.2 When not directly featuring as a cost in an appraisal conducted on a residual basis, this ‘minimum return’ forms the BLV against which the RLV derived from the appraisal is tested in order to determine the viability of the proposed development and scope for planning obligations (including affordable housing).
- 5.3 The RICS Guidance recommends consideration of both transactional and comparable evidence in reaching an appropriate BLV – which it defines as ‘Site Value’. Specifically, it recommends that checks should include comparison with the sale price of land for similar development, where such evidence exists, based on land value per hectare (or acre) and per unit of development.
- 5.4 The Government’s PPG requires that the BLV should:
- ‘...be informed by market evidence including current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value... This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.’<sup>19</sup>*
- 5.5 Paragraph 016 of PPGV provides further elaboration. It states:
- ‘Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners.’<sup>20</sup>*
- 5.6 The approach adopted for arriving at an appropriate BLV for the Site follows that set out within Chapter 3 of this document and accords with the relevant RICS Guidance, PPGV and the NPPF (2019). It considers:
- the EUV of the subject site;

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<sup>19</sup> MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 014

<sup>20</sup> MHCLG (2019) National Planning Practice Guidance – Viability: Paragraph: 016

- the alternative use value ('AUV') of the subject site; and
- available comparable evidence of land transactions.

#### **Existing Use Value (EUV)**

- 5.7 The Site occupies an area of approximately 1.03 hectares (2.55 acres), which previously comprised a greenfield land parcel and a (retained) residential property 'Pearl Dean'.
- 5.8 Via consideration of marketed and transacted land with similar characteristics in the local market, it has been determined that a total of £25,500 (circa £10,000/acre or £24,716/ha) would be representative of the EUV of the Site prior to permission being granted for the Development.

#### **Alternative Use Value (AUV)**

- 5.9 Turley understands that there are unlikely to be alternative uses that are acceptable in planning policy terms to NDC, other than C3 Use Class residential development.
- 5.10 As a result, no calculation has been prepared to determine an AUV for the subject site.

#### **Market (Transactional) Evidence**

- 5.11 Turley has conducted research into the value of transacted greenfield residential land, suitable for residential development, within the local market utilising Land Registry records.
- 5.12 Turley has had particular regard (and places considerable weight) upon two local transactions, located within 10km of the Site. An overview of each of the sites is provided below.

#### **Easterly Park**

- 5.13 Located approximately 6.25km from the Site, in the east of Braunton, the Easterly Park site comprises 6.18 acres of former agricultural land acquired by Chichester Developments in May 2019 for £2,467,000 with consent for the erection of 55 dwellings, of which 19 (35%) were to be delivered as affordable units (14 for Social Rent and five for Shared Ownership). The purchase price equated to £44,855 per unit and £399,352 per gross acre. Turley has had regard to the signed S106 agreement pursuant to the planning application, which requires financial contributions in the form of:

- Education Contribution: £98,501
- Highways Contribution: £55,000

#### **Cherry Fields**

- 5.14 Bovis Homes acquired the 4.2 acre, former agricultural land, west of Mead Park, Bickington, in March 2020 for £1,725,000 with consent (at appeal) for 61 dwellings, of which 17 (28%) are to be delivered as affordable housing (75% for Social Rent and 25% for Shared Ownership). The purchase price equated to £28,279 per unit and £410,646 per gross acre. The signed S106 agreement for the site includes provisions for:



- Education Contribution: £3,332 (per open market dwelling with two or more bedrooms)
- Highways Contribution: £122,000
- Off Site POS Contribution: £66,114
- Toucan Crossing Commuted Sum: £20,000
- Traffic Regulation Order Contribution: £5,000

5.15 Having regard to the S106 planning obligations for both sites, it is considered that they are broadly comparable (type and proportion of contribution) to the subject site. Though Easterly Park is to provide fewer planning obligations on top of affordable housing, it is to provide a higher proportion of affordable housing units. It is Turley's opinion that these schemes provide strong local comparable evidence to inform the BLV for the Site. Moreover, greater weight can be applied to the Easterly Park site which is the closer of the two comparables and, thus, provides greater reliability for benchmarking for the value of the Site.

5.16 Turley has assessed the value of the Site against the value per gross acre of Easterly Park, which equates to £807,390 (£44,855 per unit based upon 18 units).

#### **Determining 'Benchmark Land Value'**

5.17 It is considered that the market-facing methodology is more relevant and appropriate in this instance, and is consistent with the RICS Professional Statement, RICS Guidance, NPPF, and PPGV.

5.18 Reflecting on the above analysis Turley has proceeded to adopt the policy-compliant market comparable based BLV for the Site – representative with the transacted value of greenfield land for residential development (delivered in compliance with adopted planning policies) in the local market.

5.19 For the purpose of this viability assessment, it is considered that the 'premium' at which the vendor would be incentivised to dispose of the Site would generate a receipt equal to approximately £807,390.

## 6. Appraisal Results

6.1 This chapter presents the results of the assessment of financial viability arising from the development of the site.

### Viability Appraisal

6.2 A viability appraisal ('Appraisal 1') has been undertaken for the development of 18 dwellings, of which 28% are provided as affordable housing.

6.3 By way of analysis set out in chapter 5 of this document, it is considered that, if acting reasonably and when fully accounting for adopted planning policy, guidance and all other relevant factors, including a minimum 'premium' at which the vendor would be incentivised to dispose of the site, this results in a BLV of £807,390.

6.4 The viability appraisal demonstrates that, for the Development to generate the minimum risk-adjusted developer's return, the residual land value ('RLV') output generated equates to -£65,066. The RLV falls below the BLV.

6.5 This viability appraisal for the Proposed Development is provided within **Appendix 3**.

### Sensitivity Testing

6.6 Turley has conducted a sensitivity test appraisal ('Appraisal 2') that alters the proportion of affordable housing provision to nil in order to determine if it is possible to return the Development of the Site to a viable position.

6.7 The primary appraisal input assumptions in Appraisal 2 remain consistent with Appraisal 1. Limited adjustments are made to reflect tenure and market sales risk. These are summarised in Table 6.1.

**Table 6.1: Appraisal Inputs | Sensitivity Test**

Cost	Rate	Commentary
Open Market Sales Value	£299.52/ft <sup>2</sup>	Reflecting a 100% open market sales scheme.
Developer's Return	20.00%	Of GDV – 100% open market sale scheme

*Source: Turley; the Applicant*

6.8 Appraisal 2 demonstrates that, were the Development to be disposed of as a 100% open market sale scheme, allowing for the minimum risk-adjusted developer's return, the RLV generated equates to £361,948.

6.9 Appraisal 2 is enclosed at **Appendix 4**.

## 7. Conclusion

- 7.1 Turley has been appointed by Acorn Developments (SW) Ltd to objectively assess, and report upon, the financial viability of a residential development of 18 dwellings at Land Adjacent to Pearl Dean, West Down.
- 7.2 The Development relates to an extant planning application (ref: 60385) at the Site, of the following description:
- “Erection of 17 dwellings (3 bungalows & 14 houses) (amended plans & documents) (landscaping information & plan)”*
- 7.3 The eighteenth dwelling was approved under a separate planning application (ref: 65925), which was granted permission in January 2019.
- 7.4 The purpose of the viability assessment is to test the financial viability of the Development of the Site, taking into account the policy requirements set by North Devon Council as well as national planning policy and guidance.
- 7.5 By way of analysis set out in chapter 5 of this document, it is considered that the BLV for the site is £807,390.
- 7.6 In comparison, the viability appraisal of the Development conducted in full accordance with the planning permission (i.e. inclusive of 28% on-site affordable housing and S106 contributions), generates a residual land value (‘RLV’) of -£65,066 at the minimum developer’s return on Gross Development Value (‘GDV’).
- 7.7 Turley has conducted sensitivity testing in order to determine whether it is possible to return the Development to a viable position.
- 7.8 A sensitivity test viability appraisal, conducted on a 100% open market sale Development scheme, generates an improved RLV of £361,948, at the minimum reasonable developer’s return.
- 7.9 Whilst this represents a marked improvement, it maintains a deficit against the BLV. Delivery of the development, even on these improved terms, will be at the risk of the Applicant.
- 7.10 It is therefore deemed appropriate that NDC applies the flexibility provided within Local Plan policy in order to support the continued delivery and completion of the Development of the Site, which is being progressed at substantive risk.
- 7.11 As supported by the results of this assessment, it is considered that there is a robust financial case to justify delivery of the Development on a 100% open market sale basis, and for NDC to re-evaluate/ remove all S106 contributions.
- 7.12 It is recommended that NDC reconsiders the overall sought provision of affordable housing and the requirement for payment of all S106 contributions in order to support the financial viability of the Development.

## **Appendix 1: Site Location Plan**



**Reed + Holland**  
Chartered Architects

Reed Holland Associates Ltd ©  
Somerset House,  
Middle Street,  
Taunton,  
Somerset  
TA1 1SH

(01823) 336479  
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Project Proposed Development  
Adjacent to Pearl Dean,  
West Down, Ilfracombe

Client Acorn Developments SW Ltd

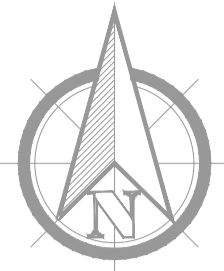
Title Site Location Plan

Scale 1:1250 @ A3 Date Nov-15

Drg No **13.33.00**

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## **Appendix 2: Scheme Layout**



### Accommodation Schedule

#### Affordable Dwellings

- Plot 4 - Type F - 2 Bed House - 74.7m<sup>2</sup> (804sqft)
- Plot 5 - Type F - 2 Bed House - 74.7m<sup>2</sup> (804sqft)
- Plot 6 - Type G - 3 Bed House - 86.52m<sup>2</sup> (931sqft)
- Plot 7 - Type G - 3 Bed House - 86.52m<sup>2</sup> (931sqft)
- Plot 18 - Type C - 3 Bed House - 90m<sup>2</sup> (969sqft)

#### Open Market Dwellings

- Plot 1 - Type E - 4 Bed House - 157m<sup>2</sup> (1690sqft)
- Plot 2 - Type D - 4 Bed House - 142m<sup>2</sup> (1528sqft)
- Plot 3 - Type D - 4 Bed House - 142m<sup>2</sup> (1528sqft)
- Plot 8 - Type D - 4 Bed House - 142m<sup>2</sup> (1528sqft)
- Plot 9 - Type D - 4 Bed House - 142m<sup>2</sup> (1528sqft)
- Plot 10 - this plot omitted to accommodate pumping station
- Plot 11 - Type B - 3 Bed Bungalow - 97.8m<sup>2</sup> (1053sqft)
- Plot 12 - Type D - 4 Bed House - 142m<sup>2</sup> (1528sqft)
- Plot 13 - Type D - 4 Bed House - 142m<sup>2</sup> (1528sqft)
- Plot 14 - Type E - 4 Bed House - 157m<sup>2</sup> (1690sqft)
- Plot 15 - Type A - 3 Bed Bungalow - 112.3m<sup>2</sup> (1209sqft)
- Plot 16 - Type B - 3 Bed Bungalow - 97.8m<sup>2</sup> (1053sqft)
- Plot 17 - Type C - 3 Bed House - 90m<sup>2</sup> (969sqft)

- 1,800mm height natural stone wall with cock and hen coping
- 1,650mm height x 900mm width close boarded lockable gate
- 1,800mm height close boarded timber fence
- 1,500mm height timber panel fence between plots. Note: Semi-detached and terrace properties to have 1,800mm height privacy panels abutting building between plots

Rev H. 23.06.16 - Plots 6 & 7 amended, accom. schedule amended  
 Rev G. 20.05.16 - Existing tree locations updated  
 Rev F. 22.01.16 - Plot 10 omitted pumping station added  
 Rev E. 11.01.16 - Plot 10 removed  
 Rev D. 22.10.15 - Keys and site works information added  
 Rev C. 26.01.15 - Visibility splays removed  
 Rev B. 14.01.15 - Minor revisions to Pearl Dean parking and Plots 4 - 7 parking.  
 Rev A. 13.01.15 - Minor revisions including junction

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Project Proposed Development  
 Adjacent to Pearl Dean,  
 West Down, Ilfracombe

Client Acorn Developments (SW) Ltd

Title Proposed Layout - House Types

Scale 1:250 @ A1 Date Jan-15

Drg No **13.33.03H**

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**Appendix 3: Appraisal 1 – Permitted  
Development Scheme**



Lower Broad Park  
West Down, Ilfracolme, Devon

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Consented Development Appraisal  
28% Affordable Housing

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Development Appraisal  
Turley  
22 July 2020

**Lower Broad Park  
West Down, Ilfracolme, Devon**

**Appraisal Summary for Phase 1 Policy Compliant**

**Currency in £**

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Residential Dwellings (Policy Compliant)	18	22,102	265.11	325,525	5,859,450

**NET REALISATION** **5,859,450**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price (Negative land)	(65,066)
	(65,066)

**CONSTRUCTION COSTS**

**Construction**

	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>
Residential Dwellings (Policy Compliant)	22,102	122.51	2,707,788 <b>2,707,788</b>
Road/Site Works			1,338,064
S106 Planning Obligations			118,201
			1,456,265

**PROFESSIONAL FEES**

Professional Fees & Insurance	153,477
Finance Charges / Fees	105,432
	258,909

**DISPOSAL FEES**

Sales Agent Fee (2%)	118,269
Sales Legal Fee (£750/unit)	9,750
	128,019

**FINANCE**

<b>Timescale</b>	<b>Duration</b>	<b>Commences</b>
Purchase	1	Sep 2017
Pre-Construction	3	Oct 2017
Construction	33	Jan 2018
Sale	31	Jun 2019
Total Duration	52	

**Lower Broad Park****West Down, Ilfracolme, Devon**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land	(12,826)	
Construction	256,277	
Other	38,468	
Total Finance Cost		281,919

**TOTAL COSTS** **4,767,834****PROFIT** **1,091,616****Performance Measures**

Profit on Cost%	22.90%
Profit on GDV%	18.63%
IRR	25.48%

Lower Broad Park  
West Down, Ilfracolme, Devon

## Grouped Cash Flow Phase 1 (Policy Compliant)

Page A 1

Monthly B/F	001:Sep 2017	002:Oct 2017	003:Nov 2017	004:Dec 2017	005:Jan 2018	006:Feb 2018	007:Mar 2018	008:Apr 2018	009:May 2018
	0	65,066	65,066	65,066	65,066	47,404	10,967	(43,111)	(113,946)
<b>Land Purchase</b>									
Residualised Price	65,066	0	0	0	0	0	0	0	0
	<b>65,066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	0	0	0	0	(11,109)	(22,920)	(34,016)	(44,399)	(54,067)
Road/Site Works	0	0	0	0	(5,490)	(11,326)	(16,809)	(21,940)	(26,718)
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,599)</b>	<b>(34,246)</b>	<b>(50,825)</b>	<b>(66,339)</b>	<b>(80,785)</b>
<b>Professional Fees</b>									
Architect	0	0	0	0	(630)	(1,299)	(1,928)	(2,517)	(3,065)
Quantity Surveyor	0	0	0	0	(433)	(892)	(1,324)	(1,729)	(2,105)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,062)</b>	<b>(2,192)</b>	<b>(3,253)</b>	<b>(4,245)</b>	<b>(5,170)</b>
<b>Other Cost</b>									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sales and Capitalisation</b>									
Unit Sales	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flow Before Finance</b>	<b>65,066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,662)</b>	<b>(36,437)</b>	<b>(54,078)</b>	<b>(70,584)</b>	<b>(85,955)</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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	0	0	0	0	0	0	(251)	(663)
<b>Net Cash Flow After Finance</b>	<b>65,066</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,662)</b>	<b>(36,437)</b>	<b>(54,078)</b>	<b>(70,835)</b>	<b>(86,618)</b>
Cumulative Net Cash Flow Monthly	65,066	65,066	65,066	65,066	47,404	10,967	(43,111)	(113,946)	(200,564)

Lower Broad Park  
West Down, Ilfracolme, Devon

## Grouped Cash Flow Phase 1 (Policy Compliant)

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Monthly B/F	010:Jun 2018 (200,564)	011:Jul 2018 (301,925)	012:Aug 2018 (416,972)	013:Sep 2018 (544,647)	014:Oct 2018 (683,915)	015:Nov 2018 (833,674)	016:Dec 2018 (992,846)	017:Jan 2019 (1,160,415)	018:Feb 2019 (1,335,221)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(63,022)	(71,264)	(78,791)	(85,604)	(91,704)	(97,090)	(101,762)	(105,720)	(108,964)
Road/Site Works	(31,143)	(35,215)	(38,935)	(42,302)	(45,316)	(47,977)	(50,286)	(52,242)	(53,845)
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>(94,165)</b>	<b>(106,479)</b>	<b>(117,726)</b>	<b>(127,906)</b>	<b>(137,020)</b>	<b>(145,067)</b>	<b>(152,048)</b>	<b>(157,962)</b>	<b>(162,809)</b>
<b>Professional Fees</b>									
Architect	(3,572)	(4,039)	(4,466)	(4,852)	(5,198)	(5,503)	(5,768)	(5,992)	(6,176)
Quantity Surveyor	(2,454)	(2,775)	(3,068)	(3,333)	(3,571)	(3,780)	(3,962)	(4,116)	(4,243)
	<b>(6,026)</b>	<b>(6,814)</b>	<b>(7,534)</b>	<b>(8,185)</b>	<b>(8,768)</b>	<b>(9,283)</b>	<b>(9,730)</b>	<b>(10,109)</b>	<b>(10,419)</b>
<b>Other Cost</b>									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sales and Capitalisation</b>									
Unit Sales	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flow Before Finance</b>	<b>(100,191)</b>	<b>(113,293)</b>	<b>(125,259)</b>	<b>(136,091)</b>	<b>(145,788)</b>	<b>(154,350)</b>	<b>(161,778)</b>	<b>(168,070)</b>	<b>(173,228)</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(1,170)	(1,754)	(2,415)	(3,177)	(3,971)	(4,821)	(5,792)	(6,735)	(7,716)
<b>Net Cash Flow After Finance</b>	<b>(101,361)</b>	<b>(115,047)</b>	<b>(127,675)</b>	<b>(139,268)</b>	<b>(149,759)</b>	<b>(159,172)</b>	<b>(167,569)</b>	<b>(174,806)</b>	<b>(180,944)</b>
Cumulative Net Cash Flow Monthly	(301,925)	(416,972)	(544,647)	(683,915)	(833,674)	(992,846)	(1,160,415)	(1,335,221)	(1,516,165)

**Lower Broad Park  
West Down, Ilfracolme, Devon**

**Grouped Cash Flow Phase 1 (Policy Compliant)**

Monthly B/F	019:Mar 2019 (1,516,165)	020:Apr 2019 (1,702,260)	021:May 2019 (1,892,277)	022:Jun 2019 (2,085,099)	023:Jul 2019 (2,093,785)	024:Aug 2019 (2,101,941)	025:Sep 2019 (2,108,430)	026:Oct 2019 (2,112,299)	027:Nov 2019 (2,112,204)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(111,495)	(113,311)	(114,414)	(114,803)	(114,478)	(113,440)	(111,687)	(109,221)	(106,041)
Road/Site Works	(55,096)	(55,993)	(56,538)	(56,730)	(56,570)	(56,057)	(55,191)	(53,972)	(52,401)
Statutory/LA	0	0	0	0	0	0	0	0	(118,201)
	<b>(166,590)</b>	<b>(169,305)</b>	<b>(170,952)</b>	<b>(171,534)</b>	<b>(171,048)</b>	<b>(169,497)</b>	<b>(166,878)</b>	<b>(163,193)</b>	<b>(276,643)</b>
<b>Professional Fees</b>									
Architect	(6,320)	(6,422)	(6,485)	(6,507)	(6,489)	(6,430)	(6,330)	(6,191)	(6,010)
Quantity Surveyor	(4,341)	(4,412)	(4,455)	(4,470)	(4,457)	(4,417)	(4,349)	(4,253)	(4,129)
	<b>(10,661)</b>	<b>(10,834)</b>	<b>(10,940)</b>	<b>(10,977)</b>	<b>(10,946)</b>	<b>(10,847)</b>	<b>(10,679)</b>	<b>(10,443)</b>	<b>(10,139)</b>
<b>Other Cost</b>									
Sales Agent Fee	0	0	0	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)
Sales Legal Fee	0	0	0	(315)	(315)	(315)	(315)	(315)	(315)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>
<b>Sales and Capitalisation</b>									
Unit Sales	0	0	0	189,015	189,015	189,015	189,015	189,015	189,015
	<b>0</b>	<b>0</b>	<b>0</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>
<b>Net Cash Flow Before Finance</b>	<b>(177,251)</b>	<b>(180,139)</b>	<b>(181,892)</b>	<b>2,374</b>	<b>2,890</b>	<b>4,542</b>	<b>7,327</b>	<b>11,248</b>	<b>(101,897)</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(8,844)	(9,878)	(10,929)	(11,060)	(11,047)	(11,030)	(11,197)	(11,154)	(11,088)
<b>Net Cash Flow After Finance</b>	<b>(186,095)</b>	<b>(190,017)</b>	<b>(192,821)</b>	<b>(8,686)</b>	<b>(8,156)</b>	<b>(6,488)</b>	<b>(3,869)</b>	<b>94</b>	<b>(112,985)</b>
Cumulative Net Cash Flow Monthly	(1,702,260)	(1,892,277)	(2,085,099)	(2,093,785)	(2,101,941)	(2,108,430)	(2,112,299)	(2,112,204)	(2,225,190)

Lower Broad Park  
West Down, Ilfracolme, Devon

## Grouped Cash Flow Phase 1 (Policy Compliant)

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Monthly B/F	028:Dec 2019 (2,225,190)	029:Jan 2020 (2,214,573)	030:Feb 2020 (2,196,500)	031:Mar 2020 (2,169,793)	032:Apr 2020 (2,133,473)	033:May 2020 (2,086,144)	034:Jun 2020 (2,026,608)	035:Jul 2020 (1,953,860)	036:Aug 2020 (1,866,490)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(102,147)	(97,539)	(92,218)	(86,182)	(79,433)	(71,970)	(63,793)	(54,903)	(45,298)
Road/Site Works	(50,476)	(48,199)	(45,570)	(42,587)	(39,252)	(35,564)	(31,524)	(27,130)	(22,384)
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>(152,624)</b>	<b>(145,739)</b>	<b>(137,788)</b>	<b>(128,770)</b>	<b>(118,686)</b>	<b>(107,535)</b>	<b>(95,317)</b>	<b>(82,033)</b>	<b>(67,682)</b>
<b>Professional Fees</b>									
Architect	(5,790)	(5,529)	(5,227)	(4,885)	(4,502)	(4,079)	(3,616)	(3,112)	(2,567)
Quantity Surveyor	(3,977)	(3,798)	(3,591)	(3,356)	(3,093)	(2,802)	(2,484)	(2,138)	(1,764)
	<b>(9,767)</b>	<b>(9,326)</b>	<b>(8,818)</b>	<b>(8,240)</b>	<b>(7,595)</b>	<b>(6,882)</b>	<b>(6,100)</b>	<b>(5,250)</b>	<b>(4,331)</b>
<b>Other Cost</b>									
Sales Agent Fee	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)
Sales Legal Fee	(315)	(315)	(315)	(315)	(315)	(315)	(315)	(315)	(315)
	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>
<b>Sales and Capitalisation</b>									
Unit Sales	189,015	189,015	189,015	189,015	189,015	189,015	189,015	189,015	189,015
	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>
<b>Net Cash Flow Before Finance</b>	<b>22,494</b>	<b>29,820</b>	<b>38,280</b>	<b>47,875</b>	<b>58,604</b>	<b>70,469</b>	<b>83,468</b>	<b>97,602</b>	<b>112,871</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(11,878)	(11,746)	(11,573)	(11,555)	(11,275)	(10,933)	(10,719)	(10,232)	(9,663)
<b>Net Cash Flow After Finance</b>	<b>10,617</b>	<b>18,073</b>	<b>26,707</b>	<b>36,320</b>	<b>47,329</b>	<b>59,535</b>	<b>72,749</b>	<b>87,370</b>	<b>103,208</b>
Cumulative Net Cash Flow Monthly	(2,214,573)	(2,196,500)	(2,169,793)	(2,133,473)	(2,086,144)	(2,026,608)	(1,953,860)	(1,866,490)	(1,763,282)

**Lower Broad Park  
West Down, Ilfracolme, Devon**

**Grouped Cash Flow Phase 1 (Policy Compliant)**

Monthly B/F	037:Sep 2020 (1,763,282)	038:Oct 2020 (1,643,190)	039:Nov 2020 (1,466,734)	040:Dec 2020 (1,289,200)	041:Jan 2021 (1,110,733)	042:Feb 2021 (931,187)	043:Mar 2021 (750,563)	044:Apr 2021 (568,954)	045:May 2021 (386,266)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(34,980)	0	0	0	0	0	0	0	0
Road/Site Works	(17,285)	0	0	0	0	0	0	0	0
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>(52,265)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Professional Fees</b>									
Architect	(1,983)	0	0	0	0	0	0	0	0
Quantity Surveyor	(1,362)	0	0	0	0	0	0	0	0
	<b>(3,345)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Cost</b>									
Sales Agent Fee	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)
Sales Legal Fee	(315)	(315)	(315)	(315)	(315)	(315)	(315)	(315)	(315)
	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>
<b>Sales and Capitalisation</b>									
Unit Sales	189,015	189,015	189,015	189,015	189,015	189,015	189,015	189,015	189,015
	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>
<b>Net Cash Flow Before Finance</b>	<b>129,275</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(9,183)	(8,429)	(7,351)	(6,418)	(5,339)	(4,261)	(3,276)	(2,197)	(1,119)
<b>Net Cash Flow After Finance</b>	<b>120,092</b>	<b>176,456</b>	<b>177,534</b>	<b>178,467</b>	<b>179,546</b>	<b>180,624</b>	<b>181,609</b>	<b>182,688</b>	<b>183,766</b>
Cumulative Net Cash Flow Monthly	(1,643,190)	(1,466,734)	(1,289,200)	(1,110,733)	(931,187)	(750,563)	(568,954)	(386,266)	(202,500)



Lower Broad Park  
West Down, Ilfracolme, Devon

## Grouped Cash Flow Phase 1 (Policy Compliant)

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Monthly B/F	046:Jun 2021 (202,500)	047:Jul 2021 (17,694)	048:Aug 2021 167,191	049:Sep 2021 352,076	050:Oct 2021 536,961	051:Nov 2021 721,846	052:Dec 2021 906,731
<b>Land Purchase</b>							
Residualised Price	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>							
Construction Cost	0	0	0	0	0	0	0
Road/Site Works	0	0	0	0	0	0	0
Statutory/LA	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Professional Fees</b>							
Architect	0	0	0	0	0	0	0
Quantity Surveyor	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Cost</b>							
Sales Agent Fee	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)	(3,815)
Sales Legal Fee	(315)	(315)	(315)	(315)	(315)	(315)	(315)
	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>	<b>(4,130)</b>
<b>Sales and Capitalisation</b>							
Unit Sales	189,015	189,015	189,015	189,015	189,015	189,015	189,015
	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>	<b>189,015</b>
<b>Net Cash Flow Before Finance</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	(79)	0	0	0	0	0	0
<b>Net Cash Flow After Finance</b>	<b>184,806</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>	<b>184,885</b>
Cumulative Net Cash Flow Monthly	(17,694)	167,191	352,076	536,961	721,846	906,731	1,091,616

**Appendix 4: Appraisal 2 – Open Market Sale  
Development Scheme**

Lower Broad Park  
West Down, Ilfracolme, Devon

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Market Sale Appraisal

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Development Appraisal  
Turley  
22 July 2020

**Lower Broad Park  
West Down, Ilfracolme, Devon**

**Appraisal Summary for Phase 2 Proposed**

**Currency in £**

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Sales Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
Residential Dwellings (Market Sales)	18	22,102	299.52	367,775	6,619,950

**NET REALISATION** **6,619,950**

**OUTLAY**

**ACQUISITION COSTS**

Residualised Price			361,948		
Stamp Duty			4,344	361,948	
Effective Stamp Duty Rate		1.20%		4,344	

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Build Rate ft<sup>2</sup></b>	<b>Cost</b>	
Residential Dwellings (Market Sales)	22,102	122.51	2,707,788	
Road/Site Works			1,338,064	
S106 Planning Obligations			118,201	
				4,164,053

**PROFESSIONAL FEES**

Professional Fees & Insurance			153,477	
Finance Charges / Fees			105,432	
				258,909

**DISPOSAL FEES**

Sales Agent Fee (2%)		2.00%	132,399	
Sales Legal Fee (£750/unit)	18 un	750.00 /un	13,500	
				145,899

**FINANCE**

<b>Timescale</b>	<b>Duration</b>	<b>Commences</b>
Purchase	1	Sep 2017
Pre-Construction	3	Oct 2017
Construction	33	Jan 2018
Sale	31	Jun 2019
Total Duration	52	

**Lower Broad Park  
West Down, Ilfracolme, Devon**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)

Land	84,805	
Construction	236,745	
Other	39,257	
Total Finance Cost		360,807

**TOTAL COSTS** **5,295,960****PROFIT** **1,323,990****Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR	24.15%

**Lower Broad Park  
West Down, Ilfracolme, Devon**

**Grouped Cash Flow Phase 2 (Proposed)**

	001:Sep 2017	002:Oct 2017	003:Nov 2017	004:Dec 2017	005:Jan 2018	006:Feb 2018	007:Mar 2018	008:Apr 2018	009:May 2018
Monthly B/F	0	(366,292)	(368,429)	(370,566)	(372,727)	(392,551)	(431,252)	(487,846)	(561,261)
<b>Land Purchase</b>									
Residualised Price	(361,948)	0	0	0	0	0	0	0	0
Stamp Duty	(4,344)	0	0	0	0	0	0	0	0
	<b>(366,292)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	0	0	0	0	(11,109)	(22,920)	(34,016)	(44,399)	(54,067)
Road/Site Works	0	0	0	0	(5,490)	(11,326)	(16,809)	(21,940)	(26,718)
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,599)</b>	<b>(34,246)</b>	<b>(50,825)</b>	<b>(66,339)</b>	<b>(80,785)</b>
<b>Professional Fees</b>									
Architect	0	0	0	0	(630)	(1,299)	(1,928)	(2,517)	(3,065)
Quantity Surveyor	0	0	0	0	(433)	(892)	(1,324)	(1,729)	(2,105)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,062)</b>	<b>(2,192)</b>	<b>(3,253)</b>	<b>(4,245)</b>	<b>(5,170)</b>
<b>Other Cost</b>									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sales and Capitalisation</b>									
Unit Sales	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flow Before Finance</b>	<b>(366,292)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(17,662)</b>	<b>(36,437)</b>	<b>(54,078)</b>	<b>(70,584)</b>	<b>(85,955)</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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	(2,137)	(2,137)	(2,162)	(2,162)	(2,265)	(2,516)	(2,831)	(3,243)
<b>Net Cash Flow After Finance</b>	<b>(366,292)</b>	<b>(2,137)</b>	<b>(2,137)</b>	<b>(2,162)</b>	<b>(19,823)</b>	<b>(38,702)</b>	<b>(56,593)</b>	<b>(73,415)</b>	<b>(89,198)</b>
Cumulative Net Cash Flow Monthly	(366,292)	(368,429)	(370,566)	(372,727)	(392,551)	(431,252)	(487,846)	(561,261)	(650,458)

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## Grouped Cash Flow Phase 2 (Proposed)

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Monthly B/F	010:Jun 2018 (650,458)	011:Jul 2018 (754,444)	012:Aug 2018 (872,115)	013:Sep 2018 (1,002,414)	014:Oct 2018 (1,144,353)	015:Nov 2018 (1,296,782)	016:Dec 2018 (1,458,624)	017:Jan 2019 (1,628,911)	018:Feb 2019 (1,806,433)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
Stamp Duty	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(63,022)	(71,264)	(78,791)	(85,604)	(91,704)	(97,090)	(101,762)	(105,720)	(108,964)
Road/Site Works	(31,143)	(35,215)	(38,935)	(42,302)	(45,316)	(47,977)	(50,286)	(52,242)	(53,845)
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>(94,165)</b>	<b>(106,479)</b>	<b>(117,726)</b>	<b>(127,906)</b>	<b>(137,020)</b>	<b>(145,067)</b>	<b>(152,048)</b>	<b>(157,962)</b>	<b>(162,809)</b>
<b>Professional Fees</b>									
Architect	(3,572)	(4,039)	(4,466)	(4,852)	(5,198)	(5,503)	(5,768)	(5,992)	(6,176)
Quantity Surveyor	(2,454)	(2,775)	(3,068)	(3,333)	(3,571)	(3,780)	(3,962)	(4,116)	(4,243)
	<b>(6,026)</b>	<b>(6,814)</b>	<b>(7,534)</b>	<b>(8,185)</b>	<b>(8,768)</b>	<b>(9,283)</b>	<b>(9,730)</b>	<b>(10,109)</b>	<b>(10,419)</b>
<b>Other Cost</b>									
Sales Agent Fee	0	0	0	0	0	0	0	0	0
Sales Legal Fee	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sales and Capitalisation</b>									
Unit Sales	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Cash Flow Before Finance</b>	<b>(100,191)</b>	<b>(113,293)</b>	<b>(125,259)</b>	<b>(136,091)</b>	<b>(145,788)</b>	<b>(154,350)</b>	<b>(161,778)</b>	<b>(168,070)</b>	<b>(173,228)</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(3,794)	(4,379)	(5,040)	(5,847)	(6,641)	(7,492)	(8,509)	(9,452)	(10,433)
<b>Net Cash Flow After Finance</b>	<b>(103,986)</b>	<b>(117,671)</b>	<b>(130,299)</b>	<b>(141,939)</b>	<b>(152,429)</b>	<b>(161,842)</b>	<b>(170,286)</b>	<b>(177,523)</b>	<b>(183,661)</b>
Cumulative Net Cash Flow Monthly	(754,444)	(872,115)	(1,002,414)	(1,144,353)	(1,296,782)	(1,458,624)	(1,628,911)	(1,806,433)	(1,990,094)

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## Grouped Cash Flow Phase 2 (Proposed)

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Monthly B/F	019:Mar 2019 (1,990,094)	020:Apr 2019 (2,178,954)	021:May 2019 (2,371,736)	022:Jun 2019 (2,567,322)	023:Jul 2019 (2,554,723)	024:Aug 2019 (2,541,454)	025:Sep 2019 (2,526,377)	026:Oct 2019 (2,508,585)	027:Nov 2019 (2,486,691)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
Stamp Duty	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(111,495)	(113,311)	(114,414)	(114,803)	(114,478)	(113,440)	(111,687)	(109,221)	(106,041)
Road/Site Works	(55,096)	(55,993)	(56,538)	(56,730)	(56,570)	(56,057)	(55,191)	(53,972)	(52,401)
Statutory/LA	0	0	0	0	0	0	0	0	(118,201)
	<b>(166,590)</b>	<b>(169,305)</b>	<b>(170,952)</b>	<b>(171,534)</b>	<b>(171,048)</b>	<b>(169,497)</b>	<b>(166,878)</b>	<b>(163,193)</b>	<b>(276,643)</b>
<b>Professional Fees</b>									
Architect	(6,320)	(6,422)	(6,485)	(6,507)	(6,489)	(6,430)	(6,330)	(6,191)	(6,010)
Quantity Surveyor	(4,341)	(4,412)	(4,455)	(4,470)	(4,457)	(4,417)	(4,349)	(4,253)	(4,129)
	<b>(10,661)</b>	<b>(10,834)</b>	<b>(10,940)</b>	<b>(10,977)</b>	<b>(10,946)</b>	<b>(10,847)</b>	<b>(10,679)</b>	<b>(10,443)</b>	<b>(10,139)</b>
<b>Other Cost</b>									
Sales Agent Fee	0	0	0	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)
Sales Legal Fee	0	0	0	(435)	(435)	(435)	(435)	(435)	(435)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>
<b>Sales and Capitalisation</b>									
Unit Sales	0	0	0	213,547	213,547	213,547	213,547	213,547	213,547
	<b>0</b>	<b>0</b>	<b>0</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>
<b>Net Cash Flow Before Finance</b>	<b>(177,251)</b>	<b>(180,139)</b>	<b>(181,892)</b>	<b>26,330</b>	<b>26,846</b>	<b>28,497</b>	<b>31,283</b>	<b>35,204</b>	<b>(77,942)</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(11,609)	(12,643)	(13,694)	(13,730)	(13,577)	(13,420)	(13,492)	(13,309)	(13,104)
<b>Net Cash Flow After Finance</b>	<b>(188,860)</b>	<b>(192,782)</b>	<b>(195,586)</b>	<b>12,599</b>	<b>13,269</b>	<b>15,077</b>	<b>17,791</b>	<b>21,895</b>	<b>(91,045)</b>
Cumulative Net Cash Flow Monthly	(2,178,954)	(2,371,736)	(2,567,322)	(2,554,723)	(2,541,454)	(2,526,377)	(2,508,585)	(2,486,691)	(2,577,736)



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## Grouped Cash Flow Phase 2 (Proposed)

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Monthly B/F	028:Dec 2019 (2,577,736)	029:Jan 2020 (2,545,077)	030:Feb 2020 (2,504,822)	031:Mar 2020 (2,455,794)	032:Apr 2020 (2,397,043)	033:May 2020 (2,327,144)	034:Jun 2020 (2,244,899)	035:Jul 2020 (2,149,325)	036:Aug 2020 (2,038,990)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
Stamp Duty	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(102,147)	(97,539)	(92,218)	(86,182)	(79,433)	(71,970)	(63,793)	(54,903)	(45,298)
Road/Site Works	(50,476)	(48,199)	(45,570)	(42,587)	(39,252)	(35,564)	(31,524)	(27,130)	(22,384)
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>(152,624)</b>	<b>(145,739)</b>	<b>(137,788)</b>	<b>(128,770)</b>	<b>(118,686)</b>	<b>(107,535)</b>	<b>(95,317)</b>	<b>(82,033)</b>	<b>(67,682)</b>
<b>Professional Fees</b>									
Architect	(5,790)	(5,529)	(5,227)	(4,885)	(4,502)	(4,079)	(3,616)	(3,112)	(2,567)
Quantity Surveyor	(3,977)	(3,798)	(3,591)	(3,356)	(3,093)	(2,802)	(2,484)	(2,138)	(1,764)
	<b>(9,767)</b>	<b>(9,326)</b>	<b>(8,818)</b>	<b>(8,240)</b>	<b>(7,595)</b>	<b>(6,882)</b>	<b>(6,100)</b>	<b>(5,250)</b>	<b>(4,331)</b>
<b>Other Cost</b>									
Sales Agent Fee	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)
Sales Legal Fee	(435)	(435)	(435)	(435)	(435)	(435)	(435)	(435)	(435)
	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>
<b>Sales and Capitalisation</b>									
Unit Sales	213,547	213,547	213,547	213,547	213,547	213,547	213,547	213,547	213,547
	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>
<b>Net Cash Flow Before Finance</b>	<b>46,450</b>	<b>53,775</b>	<b>62,235</b>	<b>71,830</b>	<b>82,560</b>	<b>94,424</b>	<b>107,424</b>	<b>121,558</b>	<b>136,827</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(13,791)	(13,520)	(13,206)	(13,080)	(12,661)	(12,179)	(11,850)	(11,223)	(10,514)
<b>Net Cash Flow After Finance</b>	<b>32,659</b>	<b>40,255</b>	<b>49,029</b>	<b>58,750</b>	<b>69,899</b>	<b>82,245</b>	<b>95,574</b>	<b>110,335</b>	<b>126,313</b>
Cumulative Net Cash Flow Monthly	(2,545,077)	(2,504,822)	(2,455,794)	(2,397,043)	(2,327,144)	(2,244,899)	(2,149,325)	(2,038,990)	(1,912,678)

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## Grouped Cash Flow Phase 2 (Proposed)

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Monthly B/F	037:Sep 2020 (1,912,678)	038:Oct 2020 (1,769,359)	039:Nov 2020 (1,569,536)	040:Dec 2020 (1,368,495)	041:Jan 2021 (1,166,392)	042:Feb 2021 (963,071)	043:Mar 2021 (758,531)	044:Apr 2021 (552,870)	045:May 2021 (345,990)
<b>Land Purchase</b>									
Residualised Price	0	0	0	0	0	0	0	0	0
Stamp Duty	0	0	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>									
Construction Cost	(34,980)	0	0	0	0	0	0	0	0
Road/Site Works	(17,285)	0	0	0	0	0	0	0	0
Statutory/LA	0	0	0	0	0	0	0	0	0
	<b>(52,265)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Professional Fees</b>									
Architect	(1,983)	0	0	0	0	0	0	0	0
Quantity Surveyor	(1,362)	0	0	0	0	0	0	0	0
	<b>(3,345)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Cost</b>									
Sales Agent Fee	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)
Sales Legal Fee	(435)	(435)	(435)	(435)	(435)	(435)	(435)	(435)	(435)
	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>
<b>Sales and Capitalisation</b>									
Unit Sales	213,547	213,547	213,547	213,547	213,547	213,547	213,547	213,547	213,547
	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>
<b>Net Cash Flow Before Finance</b>	<b>153,231</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
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)	(9,912)	(9,018)	(7,800)	(6,737)	(5,519)	(4,301)	(3,179)	(1,961)	(743)
<b>Net Cash Flow After Finance</b>	<b>143,319</b>	<b>199,823</b>	<b>201,041</b>	<b>202,103</b>	<b>203,321</b>	<b>204,540</b>	<b>205,661</b>	<b>206,880</b>	<b>208,098</b>
Cumulative Net Cash Flow Monthly	(1,769,359)	(1,569,536)	(1,368,495)	(1,166,392)	(963,071)	(758,531)	(552,870)	(345,990)	(137,892)

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## Grouped Cash Flow Phase 2 (Proposed)

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Monthly B/F	046:Jun 2021 (137,892)	047:Jul 2021 70,948	048:Aug 2021 279,788	049:Sep 2021 488,629	050:Oct 2021 697,469	051:Nov 2021 906,309	052:Dec 2021 1,115,150
<b>Land Purchase</b>							
Residualised Price	0	0	0	0	0	0	0
Stamp Duty	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Construction Costs</b>							
Construction Cost	0	0	0	0	0	0	0
Road/Site Works	0	0	0	0	0	0	0
Statutory/LA	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Professional Fees</b>							
Architect	0	0	0	0	0	0	0
Quantity Surveyor	0	0	0	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Cost</b>							
Sales Agent Fee	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)	(4,271)
Sales Legal Fee	(435)	(435)	(435)	(435)	(435)	(435)	(435)
	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>	<b>(4,706)</b>
<b>Sales and Capitalisation</b>							
Unit Sales	213,547	213,547	213,547	213,547	213,547	213,547	213,547
	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>	<b>213,547</b>
<b>Net Cash Flow Before Finance</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>
Debit Rate 7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%	7.000%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	0	0	0	0	0	0
<b>Net Cash Flow After Finance</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>	<b>208,840</b>
Cumulative Net Cash Flow Monthly	70,948	279,788	488,629	697,469	906,309	1,115,150	1,323,990

