

OCTOBER 2025



**WHITE LAND STRATEGIES LTD**  
Viability Delivery Planning

## **LAND WEST OF CHELTENHAM**

VIABILITY ASSESSMENT FOR PLANNING APPLICATIONS  
NO. 22/01817/OUT (CBC) AND 22/01107/OUT (TBC)

FOR: CHELTENHAM BOROUGH COUNCIL AND  
TEWKESBURY BOROUGH COUNCIL

## 1.0 BACKGROUND

### 1.1 INTRODUCTION

White Land Strategies Ltd has been instructed by Cheltenham Borough Council to undertake a viability appraisal of the cross-border Planning Application submitted by St Modwen Developments (now Brighton STM Developments) residential led development proposed at land to the west of Cheltenham.

The report is to address the Applications for the two Planning Authorities being Ref 22/01817/OUT for Cheltenham Borough Council and 22/01107/OUT for Tewksbury Borough Council.

The viability assessment has been submitted by Highgate Land and Development Ltd HLD), the agent acting on behalf the of the Applicant.

The site extends to 68.69Ha/169.73 acres and greenfield land forming part of the wider Strategic Allocation at West Cheltenham.

The Applicant states that the scheme proposed consists of x1,100nr dwellings and a community hub of 1,300sqm (13,993sqft). There is a potential for over 55's accommodation but the residential units have been appraised as standard units.

The Existing Use Value i.e., the BLV target, is based on the agricultural site value.

CIL is chargeable in the area and has been assumed at £41,44psm (£3.85psft).

The Applicant has set out that Developer Profit is residualised but would be expected to equate to a percentage of GDV at:

- 20% of the Open Market units GDV.
- 6% of the Affordable units GDV

The Applicant provided x2nr appraisals:

- Scenario 1 is a Section 106 of £24,161,415 model with x385nr. Affordable units/35% Affordable Housing adopting fixed land value and residualised profit. The Affordable Housing units are stated to be Council's preferred mix.
- Appraisal 2 is a Section 106 of £24,161,415 with x385nr. Affordable. Affordable units/35% Affordable Housing adopting fixed land value and residualised profit. The Affordable Housing units are stated to be the Applicant's preferred mix as advised by Savills.
- Both scenarios are stated to be unviable.
- Sensitivity tests have been undertaken using scenario 2.

The Applicant proposes a process of working with the LPA's to determine a viable scheme.

The viability target for the Applicant based on a fixed land value approach is to measure Residual Value (RV) which is equivalent to the Profit to be measured against NPPF guidelines and FVA benchmarks.

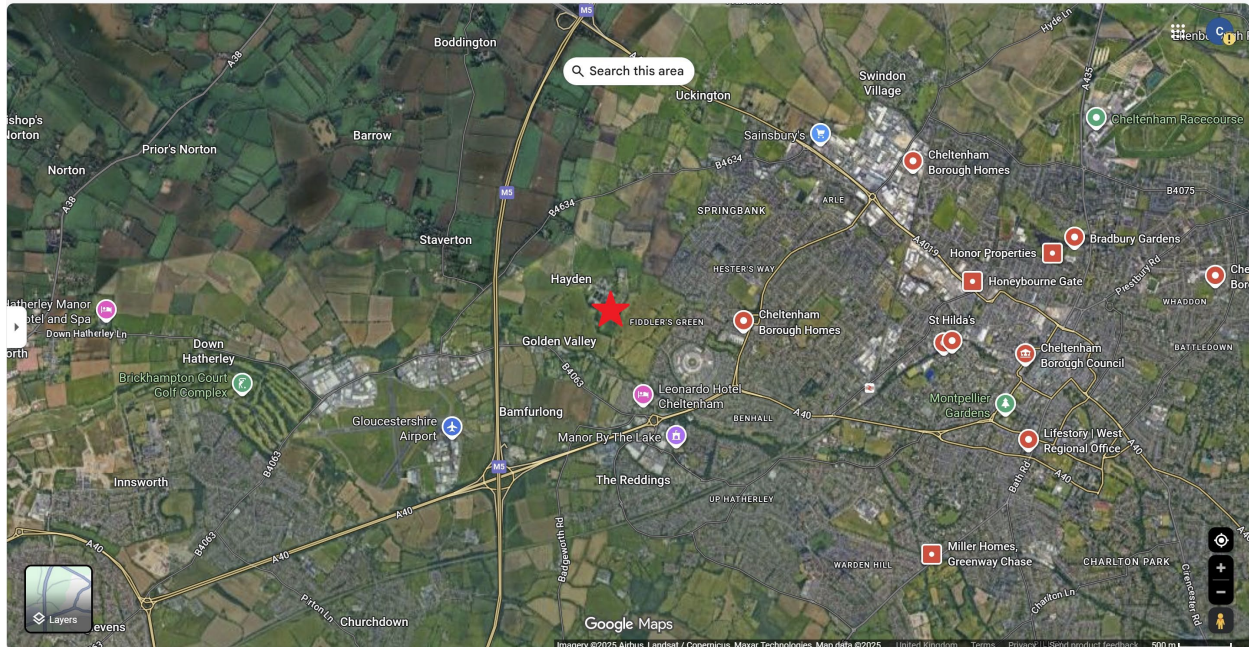
## Financial Viability Assessment: Land West of Cheltenham

The purpose of the WLSL viability assessment is to consider whether the reduction of the affordable housing and/or s106 contributions suggested by the Applicant on the grounds of viability is a reasonable position.

The WLSL commentary on the approach is addressed in this report accordingly.

### Location

The extract from Google Maps below shows the site location.



Source: Google Maps 2025

## 1.2 NEED FOR A VIABILITY ASSESSMENT

As stated above the review is due to the obligation to consider viability due to the submission not providing the full Policy Compliant affordable housing and Section 106 contributions required.

## 1.3 POLICY BASIS

In preparing this report particular regard has been given to policy and guidance within the following:

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

Whereby:

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

**The Royal Institution of Chartered Surveyors (RICS):** RICS Professional Statement 'Financial Viability in Planning: Conduct and Reporting 1st Edition (May 2019).

Whereby:

- Where planning obligations and other costs are introduced during the planning process, ascertaining the viability of a development involves a number of valuation judgements in both the inputs and outcomes of an appraisal of a scheme. In arriving at these judgements, it is a question of whether they are rational, realistic, and reasonable in the circumstances.
- Valuation and costing inputs would therefore not normally be at a level at either end of a possible range but must reflect a practitioner's professional viability judgement, having regard to such matters as the risks of development. The same consideration should be applied to resultant outputs to reach a rational, reasonable, and realistic conclusion.

#### NATIONAL PLANNING POLICY FRAMEWORK AS REVISED

**The NPPF sets out the following basis:**

The key purpose of viability assessments is to demonstrate what policy costs (i.e., affordable housing, other s106 obligations, CIL, etc.) the development can sustain, if any, and still be capable of delivery.

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

- *Para 34:* The Development Plan should set out the contributions expected from the development to include setting out the levels and types of affordable housing provision required, along with other infrastructure (as needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan.
- *Para 57:* Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments,

including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available. The standardised inputs are set out in the July PPG release.

### **Planning Practice Guidance (PPG) on viability**

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

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

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

The PPG retains the assumption that the landowner should receive a land value based on Existing Use Value plus a Premium and that this reasonable incentive is equal to the minimum a willing landowner would be willing to sell the land. Equally the developer will require sufficient return in order that the site comes forward for development.

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

The NPPF re-emphasises the adoption of Existing Use Value plus a premium to the land landowner equal to the minimum uplift to incentive the landowner.

This enhanced value basis is usually reflected as a minimum value per gross acre in the case of agricultural or other low value land. The premium over EUV and/or application of minimum value, as appropriate, is recognised as necessary since a landowner is likely to have to bear many costs, such as relocation, taxation, the cost, time, and effort involved in obtaining planning permission etc. to bring their land forward for development, as well as requiring an element of ‘profit’, in the form of value-enhancement, for doing so.

The NPPF does not state the level of premium uplift. Price paid is expressly excluded and comparables should be based on policy compliant schemes and market evidence where that market evidence reflects the scheme and risk. Site specific issues and local changes are to be reflected in the BLV. A 20% premium to landowners is appropriate for example and traditionally the former HCA/English Partnerships uplift of 10-20 times agricultural value would be appropriate for less strategic green sites.

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

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

The viability assessment set out in this report follows the advice within the PPG.

#### **Application in this Development site context**

- *The land is strategic greenfield land.*
- *The FVA model is set up based on a fixed land value approach.*
- *Profit is residualised and should be considered in the context of the NPPF acceptable range based on a reasonable EUV/AUV target. The target land Value is referred to as the Benchmark Land Value (BLV) and is the threshold to measure viability against.*
- *Profit is assumed at 20% of open market GDV. Profit on Affordable Housing is set at 6% of GDV.*
- *The Applicant's land value in this context is an Existing Use Value based the JCS 2019 Strategy.*
- *The assessment therefore is whether the Land Value (EUV/BLV) approach is reasonable in terms of an independent FVA analysis and in comparison to benchmark FVA land values for strategic greenfield sites, and whether the residual value in the model shows a surplus or deficit with a reasonable level of profit.*
- *The Applicant Viability Assessment proposal assumes no proffered lower contribution of affordable housing and not a reduced S106 allowance. Their stated position is that policy compliance not viable nor is their preferred affordable housing mix at policy compliant levels. They have not stated the preferred level of affordable housing and Section but are determining that this would be agreed through the viability review.*
- *In terms of the Review a deficit against the target profit would support the Applicant and surplus above the target profit will be interpreted as an additional contribution to Affordable Housing and/or S106 contributions.*

#### **1.4 ASSESSOR: WHITE LAND STRATEGIES LIMITED**

White Land Strategies Ltd is a niche advisory consultancy specialising in independent assessment of development options and viability assessments.

The practice is owned by Chris White. Chris has over 25 years' experience working in the property industry and specialises in development/viability appraisals, developer procurement, development agreements, delivery models and implementation advice to assist in the S106 negotiations, development of masterplans, development briefs, and the redevelopment of surplus assets.

His experience, having operated as a consultant, a developer, and within Local Authorities, provides a valuable broad range of understanding of private and public drivers for viability assessments.



He was formerly head of the Midlands Development Consulting team in BNP Paribas Real Estate for 3 years. Prior to this he was National Director at CBRE for the Development Consulting practice for 7 years. Prior to these core consultancy periods Chris was Managing Director of developer, Castlemore Securities' Regeneration company. Prior roles at Chesterton Plc, RegenCo Sandwell, Leicester Regeneration Company have widened Chris' understanding of brownfield development and viability/delivery matters.

WLSL regularly provides 'route to market reports'. As part of the development advice WLSL focusses on commercial deliverability of option appraisals and viability appraisals.

Chris has operated in the Midlands market since 2012 and is very familiar with the local market.

This report has been prepared by Chris White.



#### 1.5 IMPARTIALITY AND CONFLICTS OF INTEREST

White Land Strategies Ltd confirms that it has acted as an independent assessor with objectivity and impartiality to the parties. WLSL has no conflicts of interest.

There is no incentive-based fee and WLSL does not benefit from any increase and decrease in viability outcomes arising from any recommended change to the Applicant's position in terms of increases or decreases to the viability outcome.

The Financial Viability Assessment relates to a single site assessment and is conducted with full consideration of assumptions.

## 2.0 APPRAISAL ASSUMPTIONS

Provided in this section is a review of the Applicant's viability appraisal and assumptions. This report provides an independent view as to whether the assumptions appear reasonable in the context of the information supplied. Also highlighted are queries in relation to the applicant's assumptions where more information has been requested to assess its potential effect on the viability of the scheme.

The appraisal undertaken by the Applicant has been reviewed and re-modelled accordingly. Appraisals have also been reconstructed adopting sensitivity checks and updates where appropriate to test reasonableness of the submitted assumptions.

### 2.1 LAND VALUE

A viability test requires that landowners should receive a reasonable return for disposal of land coming forward for such developments and that, in essence, the cost associated with Planning contributions and infrastructure should not be so detrimental to land value that landowners should be forced to bring forward land below a reasonable market return.

What is considered a reasonable market return to a landowner is always a matter of debate when dealing with any viability assessment. There are varying assumptions and formulas applied when considering a reasonable return to a landowner.

The RICS has issued a guidance note 'Financial viability in Planning. Financial viability for planning purposes is defined by this guidance note as follows:

"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."

In the absence of the strategic benchmark, Existing Use Value (or plus a premium), should be considered as the basis of the entry price reflecting a premium over the current use to incentivise the landowner to dispose but also this should be reflective of policy considerations in determining the cost to deliver, otherwise the site might remain undeliverable for alternative uses.

The Applicant submitted a Benchmark Land Value (BLV) based on the Joint Core Strategy, January 2016. The site is allocated for residential development by virtue of Policy A7: West Cheltenham. The JCS allows for a BLV of £730,000 per net developable hectare (£295,426 per net developable acre). The JCS also discounts on a per unit basis an assumed infrastructure burden.

The Applicant has considered the traditional EUV approach of £10,000 per gross acre equating to £1,697,300 and applied the landowners premium multiplier of 12.51 times the EUV. The 12.91 multiplier was derived from the site known as 'B1 West Cheltenham' which adopted a net acre value of £295,427 based on the JCS.

This multiplier resulted in an EUV of £21,228,400 or £125,072 per gross acre.



WLSL is aware having undertaken the FVA reviews of both Golden Valley North and Golden Valley South that when adopting the JCS net land value approach and applying a discount equal to the infrastructure burden on site the JCS methodology assumed that sites of 1,000 to 2,000 units would have an assumed infrastructure burden of £19,000 per unit.

The Applicant's appraisal suggests a burden of over £67,000 per unit. Whilst there may be variation in the definition of infrastructure and what is and what is not included to compare 'apples with apples' it is evident that the infrastructure burden is significantly higher than the JCS methodology supports.

WLSL has reverted to benchmark methodology.

WLSL reviews large schemes across the UK, and it is usual practice to adopt a benchmark of £100,000 per gross acre without reference to abnormal costs equating to a premium to the landowner to release greenfield land for residential development.

I have adopted £100,000 per gross acre and allow for the infrastructure burden to be considered. The infrastructure costs are reviewed by an independent QS, RLB UK Ltd and is set out in summary later in this report.

- *The assessment therefore is, with the lower BLV of £100,000 per gross acre equating to £16,973,000 for the 169.73-acre site, does the Residual Value (RV) from the independent FVA analysis allow for a surplus to equate to a reasonable profit assuming all other inputs are reasonable.*

## 2.2 REVENUES

The sales values comparables have been reviewed by WLSL. The review below reviews both the sales and rents evidence. The FVA of Land West of Cheltenham has also been considered alongside Golden Valley North and Golden Valley South being the adjacent strategic residential/mixed use sites for benchmarking.

The Applicant has proposed a Policy Compliant Residential GDV of £308,348,451. This is made up of Open market (OM) dwellings DGV of £260,310,000 equating to £360.65psft for the proposed 721,775sqft (NIA) of development.

The Affordable Housing GDV is £48,038,451 equating to £162.11psft for the proposed 296,332sqft (NIA) of development. The affordable housing blends to 44.95% of OM. This is quite low but generally reflects a 75:25 social rent to shared ownership ratio.

### 2.2.1 MARKET SALES VALUES

The Applicant's Proposed Scenario unit mix is set out below. The 715 OM units proposed equate to 721,775sqft and £360psft revenue.

## Financial Viability Assessment: Land West of Cheltenham

Assumed Dwelling Type	No. of Dwellings	% of Market Mix	HLD Average Price (£) Per Dwelling Type	Assumed Average Dwelling Size (Sq Ft)	Assumed Total Floor Area (Sq Ft)	HLD Total Sales Values (Gross Development Value, GDV) in	HLD Average Dwelling £ per sq ft
1 Bed Apartments	18	2.52%	£175,000	525	9,450	£3,150,000	£333.33
2 Bed Apartments	18	2.52%	£225,000	675	12,150	£4,050,000	£333.33
2 Bed House	143	20.00%	£295,000	775	110,825	£42,185,000	£380.65
3 Bed House	286	40.00%	£350,000	975	278,850	£100,100,000	£358.97
4 Bed House	215	30.07%	£430,000	1,200	258,000	£92,450,000	£358.33
5 Bed House	35	4.90%	£525,000	1,500	52,500	£18,375,000	£350.00
<b>Total:</b>	<b>715</b>	<b>100.01%</b>		<b>1,009.48</b>	<b>721,775</b>	<b>£260,310,000</b>	<b>£360.65</b>

The Values have been advised by Savills for the Applicant and adopted by HLD the viability consultant.

WLSL has reviewed the comparables submitted and notes the relativity of the proposed values when compared to Golden Valley North and South.

At £360.65psft the proposed values are notably lower than GVN and GVS. GVN proposed values at £365psft and GVS at £375psft.

Whilst it is noted that the comparables put forward by Savills equate the value proposed by the Applicant the FVA revenues for this same geographic location in Cheltenham ought to be consistent. For this reason, WLSL has adopted the lower of the Golden Valley sales values rates of £365psft for the purpose of modelling.

## 2.2.2 AFFORDABLE HOUSING VALUES

The Affordable Housing mix put forward by Savills equates to a higher OM equivalent value at £368.57psft.

Assumed Dwelling Type	No. of Dwellings - (Based upon Tewkesbury BC's preferred mix as advised by SMH).	% of Market Mix	HLD Average Price (£) Per Dwelling Type	Assumed Average Dwelling Size (Sq Ft)*	Assumed Total Floor Area (Sq Ft)	HLD Total Sales Values (Gross Development Value, GDV) in £ Assuming 100% Market Housing	HLD Average Dwelling £ per sq ft
1 Bed Apartments	38	9.87%	£175,000	539	20,482	£6,650,000	£324.68
1 Bed Maisonette	30	7.79%	£175,000	539	16,170	£5,250,000	£324.68
2 Bed Apartments	0	0.00%	£225,000	705	0	£0	£319.15
2 Bed Maisonette	46	11.95%	£225,000	657	30,222	£10,350,000	£342.47
1 Bed Bungalow	34	8.83%	£250,000	539	18,326	£8,500,000	£463.82
2 Bed Bungalow	22	5.71%	£300,000	656.6	14,445	£6,600,000	£456.90
1 Bed House (assume Maisonette)	6	1.56%	£175,000	625	3,750	£1,050,000	£280.00
2 Bed House	104	27.01%	£300,000	802	83,408	£31,200,000	£374.06
3 Bed House	84	21.82%	£360,000	1,001.00	84,084	£30,240,000	£359.64
4 Bed House	16	4.16%	£430,000	1,190.00	19,040	£6,880,000	£361.34
5 Bed House	5	1.30%	£500,000	1,281.00	6,405	£2,500,000	£390.32
<b>Total:</b>	<b>385</b>	<b>100.00%</b>		<b>770</b>	<b>296,332</b>	<b>£109,220,000</b>	<b>£368.57</b>

The Applicant's net Affordable Housing values is based on the following pricing:

## Financial Viability Assessment: Land West of Cheltenham

Affordable Tenure Type	% of Affordable Housing Mix (Proposed by TB Council)	Affordable Dwelling Area (Sq Ft)	GDV (Assuming Market)	****HLD Assumed Transfer Value (As a % of MV)	Assumed GDV/Transfer Value of Affordable (£)	Assumed GDV/Transfer Value of Affordable (£psft)
Affordable Rent**	0.00%	0	£0	55.00%	£0	£0
Social Rent	75.06%	222,427	£81,980,532	37.00%	£30,332,797	£136
Shared Ownership	24.94%	73,905	£27,239,468	65.00%	£17,705,654	£240
First Homes	0.00%	0	£0	70.00%	£0	£0
	100.00%	296,332	£109,220,000		£48,038,451	£162.11

The social rent values are based on a 37% of OMV basis. This is considered low and should be set at a benchmark rate of 40% of OMV.

Shared ownership values are based on a 65% of OMV basis. This is considered to be the low end of OMV percentage and could be set at 70%. For the purpose of modelling the 65% of OMV assumption has been retained.

## COUNCIL PREFERRED MIX

A number of appraisals were reviewed assuming the above basis. For the purpose of summarising the outcome the final appraisals assume a new mix. This is in part a consequence of aiming to maximise the affordable housing offer.

Prior to finalising the FVA the Applicant issued a revised Affordable housing mix based on the assumption of 252 AH dwellings equivalent to 22.91% affordable housing. The tenure balance was also adjusted in consultation with the Council to adjust the 75:25 Rent:Shared ownership mix to a 50:50 mix.

The following table summarises the Applicant's Offer.

West Cheltenham Viability Testing - 50/50 Tenure Split - 22.91% Affordable Housing				
Assumed Dwelling Type	Savills' Proposed Overall Affordable Dwelling Mix	Savills' Proposed Social Rent Number	Savills' Proposed Shared Ownership Number	Total AH Dwelling Check
1 Bed Apartments	16	16	0	16
1 Bed Maisonette	20	10	10	20
2 Bed Apartments	14	14	0	14
2 Bed Maisonette	16	16	0	16
1 Bed Bungalow	13	13	0	13
2 Bed Bungalow	10	0	10	10
1 Bed House	0	0	0	0
2 Bed House	92	32	60	92
3 Bed House	63	19	44	63
4 Bed House	8	6	2	8
5 Bed House	0	0	0	0
<b>Total:</b>	<b>252</b>	<b>126</b>	<b>126</b>	<b>252</b>
Percentage check		50.00%	50.00%	

This was adjusted to the following mix issued by the Council's Housing team.

Assumed Dwelling	No. of Dwellings (Social Rent)	No. of Dwellings (Shared Ownership)	No. of Dwellings (Combined AH)
1 Bed Apartments	8	0	8
1 Bed Maisonette	24	12	36
2 Bed Apartments	0	0	0
2 Bed Maisonette	6	0	6
1 Bed Bungalow	12	0	12
2 Bed Bungalow	4	0	4
1 Bed House (assume Maisonette)	2	0	2
2 Bed House	34	70	104
3 Bed House	24	44	68
4 Bed House	8	0	8
5 Bed House	4	0	4
<b>Total:</b>	<b>126</b>	<b>126</b>	<b>252</b>

In terms of values for the above mix WLSL adjusted the values based on the revised 252 AH units. This is set out in the WLSL appraisals summary in section 3 of this report.

## 2.3 COMMERCIAL REVENUES

The Applicant has proposed a community hub pf 1,300sqm (13,993sqft). Within this a healthcare facility is assumed at 452sqm (4,865sqft) with the balancing 848sqm (9,128sqft) being commercial rented.

The Applicant has assumed a rent of £15psft with an investment yield at 8.5%. A 6-month rent free incentive is also assumed. These assumptions are not unreasonable.

## 2.4 BUILD COSTS

BCIS (Building Cost Information Service) is a standard baseline to use when undertaking viability assessments. When conducting viability assessments, the only industry standard benchmark available is the BCIS build cost and is used where there is no cost evidence from the Applicant.

The Applicant has assumed the BCIS 5-year lower quartile data set for Gloucestershire general for housing and 3-5 storey flats for the apartments. As the scheme includes bungalows the BCIS single storey rate has been adopted.

The build costs assumed are:

- Housing at £1,369psm (£127.18psft)
- Apartments at £1,557psm (£144.65psft)
- Single storey at £1,626psm (£151.06psft)

These rates are not unreasonable and are adopted by WLSL.

The Applicant's base build costs for the baseline scenario 1 are as follows:

	Median Average M2	Median Average ft2	Locational Weighting	Net to Gross	Plus External Costs	Plus Contingency	BCIS FIGURE	BCIS FIGURE
<b>Houses</b>			<b>1</b>	<b>0.00%</b>	<b>12.50%</b>	<b>0.00%</b>		
<b>Flats</b>			<b>1</b>	<b>0.00%</b>	<b>12.50%</b>	<b>0.00%</b>		
Estate Housing - Generally OM	£1,369.00	£127.18	£127.18		£143.08	£143.08	£143.08	£1,540.13
Flats (3-5 Storey) - Generally OM	£1,557.00	£144.65	£144.65	£144.65	£162.73	£162.73	£162.73	£1,751.63
Estate Housing - Generally AH	£1,369.00	£127.18	£127.18		£143.08	£143.08	£143.08	£1,540.13
Flats (3-5 Storey) - Generally AH	£1,557.00	£144.65	£144.65	£144.65	£162.73	£162.73	£162.73	£1,751.63
Estate Housing - Bungalows	£1,626.00	£151.06	£151.06		£169.94	£169.94	£169.94	£1,829.25
Community Hub	£3,580.00	£332.59	£332.59		£332.59	£332.59	£332.59	£3,580.00

An adjustment to External costs has been applied by WLSL. The External costs rate added to flats has been reduced from 12.5% to 5%. In addition, the external costs rate on the Community Hub has been reduced from 12.5% to 7%.

The WLSL revised build cost is set out below:

	Median Average M2	Median Average ft2	Locational Weighting	Net to Gross	Plus External Costs	Plus Contingency	BCIS FIGURE	BCIS FIGURE
<b>Houses</b>			<b>1</b>	<b>0.00%</b>	<b>12.50%</b>	<b>0.00%</b>		
<b>Flats</b>			<b>1</b>	<b>0.00%</b>	<b>5.00%</b>	<b>0.00%</b>		
<b>Flats</b>			<b>1</b>	<b>0.00%</b>	<b>7.00%</b>	<b>5.00%</b>		
Estate Housing - Generally OM	£1,369.00	£127.18	£127.18		£143.08	£143.08	£143.08	£1,540.13
Flats (3-5 Storey) - Generally OM	£1,557.00	£144.65	£144.65	£144.65	£151.88	£151.88	£151.88	£1,634.85
Estate Housing - Generally AH	£1,369.00	£127.18	£127.18		£143.08	£143.08	£143.08	£1,540.13
Flats (3-5 Storey) - Generally AH	£1,557.00	£144.65	£144.65	£144.65	£151.88	£151.88	£151.88	£1,634.85
Estate Housing - Bungalows	£1,626.00	£151.06	£151.06		£169.94	£169.94	£169.94	£1,829.25
Community Hub	£2,759.00	£256.32	£256.32		£17.94	£12.82	£287.08	£3,090.08

The Council later advised that the build cost to be applied to the Community was reduced to £287.08psft.

## 2.5 EXTERNALS

External costs are usually assumed at a rate of 10-15% for housing and 5% for flats to cater for services and plot boundary costs/adjacent road to mid-point.

The External costs budget submitted by the Applicant at 12.5% of build costs.

This has been reviewed and reduced. See above tables.

## 2.6 INFRASTRUCTURE/ABNORMAL COSTS

The Applicant's infrastructure/abnormal costs were subject to an independent review by Quantity Surveyor practice, RLB Ltd.

A summary of the RLB review is set out below:

## Financial Viability Assessment: Land West of Cheltenham

ST MODWEN					RLB			
	PTION	As submitted (Original)	TOTAL (£) JUNE	TOTAL (£) JULY	Low		High	
					Total (£)	Total (£/plot)	Total (£)	Total (£/plot)
	<b>ARY</b>							
	<b>ACT WORKS</b>							
	ITION AND ALTERATION WORKS	£91,025	£91,025	£91,025	£50,000	£45	£82,750	£75
	ATION AND EARTHWORKS	£4,799,009	£4,641,112	£4,622,027	£3,962,322	£3,602	£3,962,322	£3,602
	E WORKS	£6,444,963	£2,803,456	£1,886,612	£1,367,982	£1,244	£1,499,982	£1,364
	TRUCTURE WORKS - ON SITE	£11,653,083	£10,541,086	£11,457,501	£6,342,817	£5,766	£7,023,465	£6,385
	E SERVICES	£6,575,659	£7,048,391	£5,248,099	£4,770,999	£4,337	£4,770,999	£4,337
	AGE	£7,543,474	£6,752,299	£8,151,948	£4,870,973	£4,428	£5,779,889	£5,254
	ECOLOGICAL AND ENVIRONMENTAL WORKS	£1,806,287	£1,763,159	£1,289,313	£1,102,103	£1,002	£1,172,103	£1,066
	CAPING / PUBLIC OPEN SPACE	£8,102,262	£6,680,472	£6,497,994	£5,505,217	£5,005	£5,543,717	£5,040
	GENCY				£1,398,621	£1,271	£1,491,761	£1,356
	NTIAL ABNORMAL ALLOWANCES	£20,102,488	£20,102,488	£16,939,988	£16,939,988	£15,400	£16,939,988	£15,400
	ERCIAL ABNORMAL ALLOWANCES							
	OTAL	£67,118,250	£60,423,488	£56,184,507	£46,311,022	£42,101	£48,266,976	£43,879
	<b>ND ASSET MANAGEMENT COSTS</b>							
	TECHNICAL & LEGAL MASTER DEVELOPERS COSTS	£1,902,750	£1,902,750	£1,902,750	Elsewhere		Elsewhere	
	IE PLANNING & PROMOTION FEES	£3,492,148	£3,492,148	£3,492,148	Excluded		Excluded	
	INFRASTRUCTURE DESIGN AND SERVICING FEES	£5,477,579	£5,477,579	£5,477,579	£3,143,868		£3,274,265	
		Exlcuded	Exlcuded	Exlcuded				
		Above	Above	Above				
	ING							
		£77,990,726	£71,295,965	£67,056,984	£49,454,890		£51,541,242	
	per plot	£61,017	£54,930	£51,077	£44,959		£46,856	
<b>Updated</b>								
	NTIAL ABNORMAL ALLOWANCES				£14,264,988	£12,968		
	MITIGATION				£4,505,660	£4,096		
		£77,990,726	£71,295,965	£67,056,984	£51,285,550		£51,541,242	
	per plot	£61,017	£54,930	£51,077	£46,623		£46,856	

The sums have been reviewed by RLB. Reductions were made to the Applicant's schedule during negotiations reducing the submitted Infrastructure/abnormals budget of £77,990,726 (£61,017 per unit) to £67,056,984 (£51,077 per unit).

RLB provided an analysis to the Applicant to close the gaps between both parties though disagreement remained.

RLB provided a low- and high-end assessment range for each cost heading which is included above in the right-hand section of the above table.

WLSL adopted the low-cost range advised by RLB.

A further change introduced was the removal of the design code enhancements that was contained within the residential abnormals cost total. The above table shows a cost of £16,939,988. A design code has not been agreed to attribute the additional costs towards.

The residential abnormals were therefore reduced by £2,675,000 (£2.55psft) to £14,264,988 within the WLSL appraisals.

In addition, following discussions with the Applicant Odour Mitigation was added to the Appraisal equating to £4,505,660.

The revised WLSL Infrastructure/abnormals allowance equates to £51,285,550 or £46,623 per unit.



## 2.7 CONTINGENCY

The Applicant has allowed for contingency at 3% on residential costs. This was amended to an FVA benchmark of £3.5% contingency on the residential costs.

A 10% contingency was assumed on infrastructure which was reduced to an FVA benchmark of 5%.

## 2.8 CIL / SECTION 106 CONTRIBUTIONS

Section 106 of £20,582,529 was submitted by the Applicant to which an on-site sports cost of £3,578,885 was added. The revised total S106 was £24,161,414.

Subsequent LPA discussions resulted in changes to the S106. The updated appraised S106 is set out in the right column below.

The revised S106 costs have been modelled at £24,521,415 and is summarised below:

S106	Applicant S106 Submitted	Final S106
	<i>Original</i>	<i>Revised</i>
Primary & Secondary Education	£10,074,083	£11,913,580
Libraries	£521,350	£178,071
Police	£371,114	
Healthcare	£0	
Community Sports & Green Space	£1,712,608	
M5 J10	£5,004,538	£5,088,523
Ecology SAMM	£212,300	£212,300
Bus Contributions	£1,375,000	£1,380,000
Active Travel	£1,211,536	£2,415,206
Framework Travel Plan Deposit Contribution	£100,000	
Off Site Sports		£297,031
On Site Sports	£3,578,885	£2,828,885
TRO		£170,461
Public Art		£17,378
Fees		£20,000
<b>TOTAL GCC ASKS</b>	<b>£24,161,414.00</b>	<b>£24,521,435.00</b>
<b>Per unit</b>	<b>£21,964.92</b>	<b>£22,292.21</b>

CIL is chargeable in the area and has been assumed at £41,44psm (£3.85psft). The Applicant has declared garages to be 76,087 sqft. A change to the number of garages was considered within the infrastructure cost plan.

It is likely that the CIL figure related to garages will change once garages, both size and type are confirmed in order to conclude the correct CIL amount to apply. WLSL assumed a pro rata adjustment to the reduced number of garages assumed (200 garages) equating to 36,757 sqft.

CIL	Applicant Scenario 1		WLSL	
	£3.85	£	£3.85	£
Residential	725015	£2,791,308	844356	£3,250,770.60
Garages	76087	£292,934.00	36757	£141,514.00
		<b>£3,084,241.75</b>		<b>£3,392,284.60</b>

The WLSL sqft is higher due to the reduced Affordable Housing allowance set out in Section 3.

## 2.9 FEES

### 2.9.1 PROFESSIONAL FEES

The Applicant assumed professional fees at 7.5%. The fees allowance in the WLSL appraisals is reduced to 6%.

### 2.9.2 PLANNING FEES

Planning Fees were assumed by the Applicant at £3,492,148. These were considered as very high for FVA purposes in addition to the Professional Fees and Infrastructure fees.

Referring to the established methodology adopted at Golden Valley North and South FVAs a £200,000 allowance was assumed in the WLSL model for the Outline Planning Application and x6 Reserved Matters applications at a cost of £384,000. Professional Fees in support of surveys and documentation in support of the Application are assumed within the 7% professional fees allowance.

### 2.10 ACQUISITION / DISPOSAL FEES AND MARKETING FEES

- Residential Marketing and Agent fees are assumed at 3%. This is reasonable.
- Letting agent fees are assumed at 10%. This is a standard assumption.
- Letting legals fees are assumed at 5%. This is a standard assumption.
- Commercial marketing fees are assumed at £10,000. This is reasonable.

The WLSL model adopts the above.

### 2.11 FINANCE RATE

The Applicant has assumed finance at 7%. This is reasonable.

The WLSL model adopts a finance rate of 7%.

## 2.12 OTHER FEES AND COSTS

Stamp Duty is at the prevailing rate. The WLSL appraisal fixes land at the EUV/BLV in order to fix SDLT and also agent and legal fees at 1.8%.

## 2.13 PROFIT

The Applicant has set out that Developer Profit is residualised but would be expected to equate to a percentage of GDV at:

- 20% of GDV for the OM Residential.
- 6% of Affordable GDV

WLSL has modelled profit as above.

- 19% of GDV for the OM Residential.
- 6% of Affordable GDV

## 2.14 PROGRAMME

The Applicant assumed a pre-construction period of 12 months, an 119-month construction period and a sales programme of 119 months which assumes first occupation 6 months after construction start.

The programme has been maintained by WLSL.

### 3.0 APPRAISAL ANALYSIS

#### 3.1 APPLICANT'S SUBMISSION

The Applicant's appraisal has been re-run to determine firstly that the assumptions have been correctly modelled and secondly to create a baseline from which to test sensitivities. WLSL can confirm that the model has been accurately modelled. The Policy Compliant appraisal is set out below.

##### 3.1.1 APPLICANT SCENARIO 1 APPRAISAL

The Applicant's appraisal assumes the following key inputs:

Scenario 1	Applicant	WLSL As per Applicant
BLV	£21,228,400	As per Applicant
OM Residential GDV	£260,310,000	As per Applicant
AH Residential GDV	£48,038,451	As per Applicant
Commercial GDV	£1,546,440	As per Applicant
Build Costs inc Externals	£152,703,830	£152,704,280
Contingency	£4,030,043	£4,454,972
Infrastructure/Abnormals	£77,990,726	As per Applicant
Fees	7.5%	As per Applicant
S106	£24,161,414	As per Applicant
CIL	£3,084,242	As per Applicant
Finance	7%	As per Applicant
Sales and Marketing fees	Marketing 1.5% Sales 1% Agent / 0.5% legal Commercial Marketing £10,000 Letting Agent 10% Letting legal 5%	As per Applicant
Profit	£-40,980,522	£-40,745,873
Viability Test met	No / Unviable	No / Unviable

The scheme is unviable as the Residual Value is negative and is to equate to a blended return of profit on OM GDV and Affordable GDV.

The exercise shows that the WLSL model and HDL model closely match so assumptions are model sufficiently close to apply amendment to this base model.

### 3.2 WLSL MODELLING

As there are some differences where WLSL would consider inputs are not justified in moving away from benchmarks (these were identified in section 2 above) they are set out below. It is clear that the Applicant's approach is unviable.

#### 3.2.1 WLSL MODELLING – POLICY COMPLIANT APPRAISAL

The initial review would be to consider the Policy Compliant model adopting the S106 as per the Council requests, full Affordable Housing with WLSL benchmarking changes set out in section 2. Due to the scale of the lack of viability a reduced affordable housing model was adopted.

#### 3.2.2 WLSL MODELLING – FINAL APPRAISAL WITH BENCHMARKS AND RLB COSTS

As there are some differences where WLSL would consider inputs are not justified in moving away from benchmarks (these were identified in section 2 above) they are set out below. It is clear that the Policy Compliant model is unviable.

The table below aims to set out the changes in summary form

Scenario 1	Applicant	WLSL As per Applicant
Affordable Housing Model	35%	22.91%
Affordable Housing units	385	252
Affordable Housing Tenure	75 Rented:25 Shared Ownership	50 Rented:50 Shared Ownership
BLV	£21,228,400	£16,973,000
OM Residential GDV	£260,310,000	£305,871,825
AH Residential GDV	£48,038,451	£39,533,865
Commercial GDV	£1,546,440	As per Applicant
Build Costs inc Externals	£152,703,830	£154,736,449
Contingency	£4,030,043	£5,285,998
Infrastructure/Abnormals	£77,990,726	£51,285,550

## Financial Viability Assessment: Land West of Cheltenham

Professional Fees	7.5%	6%
Planning Fees	£3,492,148	£584,000
S106	£24,161,414	£24,521,435
CIL	£3,084,242	£3,392,284
Finance	7%	As per Applicant
Sales and Marketing fees	Marketing 1.5% Sales 1% Agent / 0.5% legal Commercial Marketing £10,000 Letting Agent 10% Letting legal 5%	As per Applicant
Profit	£-40,980,522	Fixed 19% of OMGDV Fixed at 6% of AHGDV <b>£60,487,679 / 17.5% blended</b>
Residual Value	£-40,980,522	Breakeven / £10,735
Viability Test met	<b>No / Unviable</b>	Viable at 22.91% Tenue 50:50

The WLSL Benchmark is improved due to cost savings resulting from:

- Increased social rent from 37% of OMGDV to 40% of OMGDV
- Reduced target Benchmark Land Value (BLV) from £21,228,400 to £16,973,000
- Reduced externals on flats from 12.5% to 5% and commercial to 7%
- Reduced Abnormals Infrastructure allowance from £77,990,726 to £51,285,550
- Reduced fees from 7.5% to 6%
- Reduced Planning Fees from £3,492,148 to £584,000
- Reduced Profit allowance from 20% OMGDV to 19% OMGDV

The WLSL benchmark FVA appraisal significantly improved, allowing for profit to be achieved equating to c£60.5m blended at 17.5% of Total Residential GDV which is midpoint within the NPPF profit benchmark range.



### 3.3 SENSITIVITY

It is usual practice to consider sensitivities to modelling to determine the scale of change potentially available if rents rise or costs reduce.

Sensitivity Analysis Report					
Table of Residual Surplus					
	Sales: Rate /ft <sup>2</sup>				
struction: Rate /ft <sup>2</sup>	-10.000%	-5.000%	0.000%	5.000%	10.000%
-10.000%	-£12,919,557	£3,024,054	£18,030,566	£32,641,973	£47,044,632
-5.000%	-£22,882,192	-£6,363,759	£9,146,531	£23,899,583	£38,410,576
0.000%	-£33,336,314	-£15,996,995	£10,735	£15,090,019	£29,724,968
5.000%	-£44,529,732	-£26,011,226	-£9,410,363	£6,175,223	£20,970,331
10.000%	-£56,566,027	-£36,525,745	-£19,079,459	-£3,010,530	£12,145,630

The yellow highlighted central cell shows the current WLSL appraisal outcome whereby land value is fixed into the model as is profit at 19% of OMGDV/6% of AHGDV. The target residual when both are fixed is a breakeven position which means the residual amount of money is at least equal to zero.

Using this methodology a surplus suggests that the affordable housing/Section 106 is capable of being increased.

The WLSL appraisal £10,735 is effectively break-even given it's small margin.

The blue highlighted cells show that decreased costs in 5% increments could improve viability from £10,735 to a maximum of +£18m. Likewise rises in sales values can increased surplus up to £29,724,968. This implies that sales values are a more sensitive variable in the model.

However, if costs increase by 10% and sales values decrease by 10% the negative impact on the model outweighs the equivalent improvement.

In reality the model already has been pushed in terms of the GDV above that proposed by the Applicant. Also, the costs have been reduced to the low end of the QS range and low-end benchmarks have been adopted.

The likely reality of the surpluses indicated in the table above, given the current economic climate means the surplus are less likely to be achievable.

## 4.0 SUMMARY CONCLUSIONS

To conclude, it is clear that there is a viability issue in relation to a full Policy Compliant scheme.

In summary, the viability target Benchmark Land Value (BLV) of £21,228,400 should be lower at £16,973,000 based on £100,000 per gross acre benchmark.

Adjustments were necessary to pitch the appraisal at benchmark rates compared to other FVAs in the region, most notably the adjacent recently tested FVAs for Golden Valley North and Golden Valley South.

Looking at the headline assumptions in turn. The WLSL Benchmark is improved due to cost savings resulting from:

- Reduced target Benchmark Land Value (BLV) from £21,228,400 to £16,973,000
- Reduced externals on flats from 12.5% to 5% and commercial to 7%
- Reduced Abnormals Infrastructure allowance from £77,990,726 to £51,285,550
- Reduced fees from 7.5% to 6%
- Reduced Planning Fees from £3,492,148 to £584,000
- Reduced Profit allowance from 20% OMGDV to 19% OMGDV

The WLSL Benchmark is improved due to revenue improvement resulting from:

- Reducing Affordable Housing from 35% to 22.91%
- Increased social rent from 37% of OMGDV to 40% of OMGDV
- Adjusting the tenure mix from 75 Rented : 25 Shared Ownership to 50 Rented : 50 Shared Ownership

The WLSL benchmark FVA appraisal significantly improved, allowing for profit to be achieved equating to c£60.5m blended at 17.5% of Total Residential GDV which is midpoint within the NPPF profit benchmark range.

### To conclude

- The Applicant's scheme as presented is considered unviable in relation to the full policy compliant contribution of affordable housing.
- That the FVA shows no surplus available for additional affordable housing nor Section 106 contributions based on a compromise scheme of 22.91% Affordable Housing.
- Section 106 is modelled at £24,521,435 / £22,292 per unit.

- CIL is modelled at £3,392,284

## SUMMARY CONCLUSION / RECOMMENDATION

- Policy Compliance is unviable.
- Adopting FVA benchmarks and applying them to the Applicant's model improves viability. The recommended Affordable Housing level is 22.91% / 252 units as per the Council's tenure/unit split.

## 5.0 DISCLAIMER AND CONFIDENTIALTY

The contents of this report do not constitute a valuation, in accordance with the RICS Valuation - Professional Standards (the 'Red Book') and should not be relied upon as such. This report is addressed to Cheltenham Borough Council and Tewkesbury Borough Council and its contents should not be reproduced in part or in full without our prior consent of either Cheltenham Borough Council and Tewkesbury Borough Council and the Applicant.

### CONFIDENTIALITY

This report is provided to Cheltenham Borough Council and Tewkesbury Borough Council and the Applicant. On a confidential basis. We request that the report not be disclosed to any third parties under the Freedom of Information Act (Sections 41 and 43 (2)).

## 6.0 APPENDICES

WLSL modelling of Applicant.

As per Applicant Scenario 1 Appraisal

WLSL benchmarks adjusted.

As per Applicant 35%AH Scenario 1  
App BLV £21,300,000  
Residual Profit -£40.7m

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Land West of Cheltenham  
Cheltenham

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# APPRAISAL SUMMARY

WHITE LAND STRATEGIES LTD

As per Applicant 35%AH Scenario 1  
App BLV £21,300,000  
Residual Profit -£40.7m

## Appraisal Summary for Merged Phases 1 2

Currency in £

### REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
OM Residential	715	721,775	360.65	364,070	260,310,000
AH Residential	<u>385</u>	<u>296,332</u>	162.11	124,775	<u>48,038,451</u>
<b>Totals</b>	<b>1,100</b>	<b>1,018,107</b>			<b>308,348,451</b>

### Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Community Hub	1	9,128	15.00	136,920	136,920	136,920

### Investment Valuation

<b>Community Hub</b>						
Market Rent	136,920	YP @	8.5000%	11.7647		
(6mths Rent Free)		PV 6mths @	8.5000%	0.9600	1,546,440	

### GROSS DEVELOPMENT VALUE

				<b>309,894,891</b>
Purchaser's Costs			(94,642)	
Effective Purchaser's Costs Rate		6.12%		(94,642)

### NET DEVELOPMENT VALUE

				<b>309,800,249</b>
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### NET REALISATION

				<b>309,800,249</b>
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### OUTLAY

#### ACQUISITION COSTS

Fixed Price	21,228,400			
Fixed Price (169.73 Acres @ 125,071.58 /Acre)		21,228,400		
			21,228,400	
Stamp Duty		1,050,920		
Effective Stamp Duty Rate	4.95%			
Agent Fee	1.00%	212,284		
Legal Fee	0.80%	169,827		
Town Planning		3,492,148		
			4,925,179	

#### CONSTRUCTION COSTS

Construction	ft²	Build Rate ft²	Cost
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# APPRAISAL SUMMARY

WHITE LAND STRATEGIES LTD

As per Applicant 35%AH Scenario 1

App BLV £21,300,000

Residual Profit -£40.7m

Community Hub	13,993	307.03	4,296,240	
OM Residential	725,015	143.76	104,224,992	
AH Residential	<u>299,404</u>	147.57	<u>44,183,048</u>	
<b>Totals</b>	<b>1,038,412 ft²</b>		<b>152,704,280</b>	
Contingency on Resi		3.00%	4,454,972	
Demolition			91,025	
Reclamation & Earthworks			4,799,009	
Off-site Works			6,444,962	
Infrastructure On-site			11,653,083	
On-site Services			6,575,659	
Drainage			7,543,474	
Ecological & Env Works			1,806,287	
Landscaping/POS			8,102,262	
Abnormals Residential			20,102,488	
Abnormals Commercial			1	
Legal & Tech Master Developer Costs			1,902,750	
Infra Fees			5,477,578	
Odour Mitigation			4,505,660	
				236,163,490
<b>Section 106 Costs</b>				
Section 106 Education			10,074,083	
Section 106 Libraries			521,350	
Section 106 Police			371,114	
Section 106 Healthcare			1	
Section 106 Community Sport Green			1,712,608	
Section 106 GCC J10			5,004,538	
Section 106 Ecology SAMM			212,300	
Section 106 Bus Contribution			1,375,000	
Section 106 Active Travel			1,211,536	
Section 106 Framework Travel Plan			100,000	
Section 106 On-site Sports Green			3,578,885	
CIL Residential	725,015 ft²	3.85	2,791,308	
CIL (Garages 761,144 sqft)			292,934	
				27,245,657
<b>PROFESSIONAL FEES</b>				
Professional Fees		7.50%	11,130,603	
				11,130,603
<b>MARKETING &amp; LETTING</b>				
Marketing Residential		1.50%	3,904,650	
Marketing - Commercial			10,000	
Letting Agent Fee		10.00%	13,692	
Letting Legal Fee		5.00%	6,846	
				3,935,188
<b>DISPOSAL FEES</b>				

**APPRAISAL SUMMARY****WHITE LAND STRATEGIES LTD****As per Applicant 35%AH Scenario 1****App BLV £21,300,000****Residual Profit -£40.7m**

Sales Agent Fee	1.00%	2,617,618	
OM & AH Legal Fee	0.35%	1,079,220	
Sales Legal Fee	0.50%	7,259	
			3,704,097

**TOTAL COSTS BEFORE FINANCE** **308,332,614**

**FINANCE**

Debit Rate 7.000%, Credit Rate 0.000% (Nominal)			
Land		25,401,225	
Construction		14,346,560	
Other		2,465,723	
Total Finance Cost			42,213,508

**TOTAL COSTS** **350,546,122**

**PROFIT****(40,745,873)****Performance Measures**

Profit on Cost%	-11.62%
Profit on GDV%	-13.15%
Profit on NDV%	-13.15%
Development Yield% (on Rent)	0.04%
Equivalent Yield% (Nominal)	8.50%
Equivalent Yield% (True)	8.97%

IRR% (without Interest) 0.36%

Rent Cover -297 yrs -7 mths

Profit Erosion (finance rate 7.000) N/A

WLSL Rev F £365psft 252 AH units\_22.91%AH RLBLow SR50:SO50  
BLV £16,973,000 RV +£10,735  
Residual Profit 19% and 6%

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West of Cheltenham  
Cheltenham  
CBC  
Application 22/01817/OUT

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# APPRAISAL SUMMARY

WHITE LAND STRATEGIES LTD

WLSL Rev F £365psft 252 AH units\_22.91%AH RLBLow SR50:SO50  
 BLV £16,973,000 RV +£10,735  
 Residual Profit 19% and 6%

## Appraisal Summary for Merged Phases 1 2

Currency in £

### REVENUE

Sales Valuation	Units	ft²	Sales Rate ft²	Unit Price	Gross Sales
OM Residential	848	838,005	365.00	360,698	305,871,825
AH Residential	<u>252</u>	<u>204,122</u>	193.68	156,880	<u>39,533,865</u>
<b>Totals</b>	<b>1,100</b>	<b>1,042,127</b>			<b>345,405,690</b>

### Rental Area Summary

	Units	ft²	Rent Rate ft²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Community Hub 12,916 x £287.08	1	9,128	15.00	136,920	136,920	136,920

### Investment Valuation

#### Community Hub 12,916 x £287.08

Market Rent	136,920	YP @	8.5000%	11.7647	
(6mths Rent Free)		PV 6mths @	8.5000%	0.9600	1,546,440

### GROSS DEVELOPMENT VALUE

**346,952,130**

Purchaser's Costs			(94,642)	
Effective Purchaser's Costs Rate	6.12%		(94,642)	

### NET DEVELOPMENT VALUE

**346,857,488**

### NET REALISATION

**346,857,488**

### OUTLAY

#### ACQUISITION COSTS

Fixed Price	16,973,000		
Fixed Price (169.73 Acres @ 100,000.00 /Acre)		16,973,000	
		16,973,000	
Stamp Duty		838,150	
Effective Stamp Duty Rate	4.94%		
Agent Fee	1.00%	169,730	
Legal Fee	0.80%	135,784	
Town Planning Outline		200,000	
Town Planning RM x6 phases@£64k		384,000	
		1,727,664	

### CONSTRUCTION COSTS

# APPRAISAL SUMMARY

WHITE LAND STRATEGIES LTD

WLSL Rev F £365psft 252 AH units\_22.91%AH RLBLow SR50:SO50

BLV £16,973,000 RV +£10,735

Residual Profit 19% and 6%

Construction	ft²	Build Rate ft²	Cost
Community Hub 12,916 x £287.08	12,916	287.08	3,707,925
OM Residential	844,356	143.44	121,113,675
AH Residential	204,770	146.09	29,914,849
<b>Totals</b>	<b>1,062,042 ft²</b>		<b>154,736,449</b>
Contingency on Resi		3.50%	5,285,998
Contingency on Infra			1,398,621
Demolition			50,000
Reclamation & Earthworks			3,962,322
Off-site Works			1,367,982
Infrastructure On-site			6,342,817
On-site Services			4,770,999
Drainage			4,870,973
Ecological & Env Works			1,102,103
Landscaping/POS			5,505,217
Abnormals Residential			14,264,988
Abnormals Commercial			1
Infra Fees			3,143,868
Odour Mitigation			4,505,660
			211,307,999
<b>Section 106 Costs</b>			
Section 106 GCC J10			5,088,523
Section 106 Active Trave Plan			2,415,206
Section 106 Public Transport			1,380,000
Section 106 TRO			170,461
Section 106 Education			11,913,580
Section 106 Libraries			178,071
Section 106 Public Art			17,378
Section 106 Fees			20,000
Section 106 Off-site Sports			297,031
Section 106 Ecology SAMM			212,300
Section 106 On-site Sports			2,828,885
CIL Residential	844,356 ft²	3.85	3,250,771
CIL Garages (pro rata 200 units)			141,514
			27,913,720
<b>PROFESSIONAL FEES</b>			
Professional Fees		6.00%	9,061,711
			9,061,711
<b>MARKETING &amp; LETTING</b>			
Marketing Residential		1.50%	4,588,077
Marketing - Commercial			10,000
Letting Agent Fee		10.00%	13,692
Letting Legal Fee		5.00%	6,846
			4,618,615



WLSL Rev F £365psft 252 AH units\_22.91%AH RLBLow SR50:SO50  
BLV £16,973,000 RV +£10,735  
Residual Profit 19% and 6%

DISPOSAL FEES			
Sales Agent Fee	1.00%	3,073,236	
OM & AH Legal Fee	0.35%	1,208,920	
Sales Legal Fee	0.50%	7,259	
			4,289,415

MISCELLANEOUS FEES			
OM Profit	19.00%	58,115,647	
AH Profit	6.00%	2,372,032	
			60,487,679

TOTAL COSTS BEFORE FINANCE	336,379,803
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FINANCE	
Debit Rate 7.000%, Credit Rate 0.000% (Nominal)	
Total Finance Cost	10,466,950

TOTAL COSTS	346,846,753
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PROFIT	10,735
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Performance Measures		
Profit on Cost%	0.00%	
Profit on GDV%	0.00%	
Profit on NDV%	0.00%	
Development Yield% (on Rent)	0.04%	
Equivalent Yield% (Nominal)	8.50%	
Equivalent Yield% (True)	8.97%	
IRR% (without Interest)	10.39%	
Profit Erosion (finance rate 7.000)	0 mths	

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