

Savills (UK) Ltd

Development Appraisal

North West Horley - 1,510 unit strategic site.

Base Appraisal

Report Date: 25 August 2015

**North West Horley - 1,510 unit strategic site.
Base Appraisal**

Timescale (Duration in months)

Project commences May 2015

Phase 1: Private

Stage Name	Duration	Start Date	End Date	Anchored To	Aligner	Offset
Phase Start		May 2015				
Pre-Construction	14	May 2015	Jun 2016	Purchase	End	0
Construction	125	Jul 2016	Nov 2026	Pre-Construction	End	0
Sale	130	Feb 2017	Nov 2027	(None)	Start	0
Phase End		Nov 2027				
Phase Length	151					

Phase 2: Affordable

Stage Name	Duration	Start Date	End Date	Anchored To	Aligner	Offset
Phase Start		May 2015				
Pre-Construction	14	May 2015	Jun 2016	Purchase	End	0
Construction	125	Jul 2016	Nov 2026	Pre-Construction	End	0
Sale	130	Feb 2017	Nov 2027	(None)	Start	0
Phase End		Nov 2027				
Phase Length	151					

Project Length 151 (Merged Phases - Includes Exit Period)

**North West Horley - 1,510 unit strategic site.
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Summary Appraisal for Merged Phases 1 2
Currency in £
REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private Sales - 1,055 units	1	130,515.00	3,400.00	443,751,000	443,751,000
Ground rent	1	0.00	0.00	1,218,462	1,218,462
Commercial	1	2,280.00	1,643.98	3,748,273	3,748,273
Affordable Rent - 181 units	1	14,770.00	1,530.00	22,598,100	22,598,100
Affordable Inter - 274 units	<u>1</u>	<u>22,250.00</u>	2,210.00	49,172,500	<u>49,172,500</u>
Totals	5	169,815.00			520,488,335

NET REALISATION
520,488,335
OUTLAY
ACQUISITION COSTS

Residualised Price		79,927,160	
Residualised Price (Negative land)		(4,759,362)	
Stamp Duty	4.00%	3,197,086	
Agent Fee	1.00%	799,272	
Legal Fee	0.75%	599,454	
Town Planning		249,660	
			80,013,269

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Private Sales - 1,055 units	130,515.00 m ²	1,080.00 pm ²	140,956,200
Commercial	2,280.00 m ²	1,080.00 pm ²	2,462,400
Affordable Rent - 181 units	14,779.00 m ²	1,080.00 pm ²	15,961,320
Affordable Inter - 274 units	<u>22,265.00 m²</u>	1,080.00 pm ²	<u>24,046,200</u>
Totals	169,839.00 m²		183,426,120

183,426,120

Contingency	7.50%	13,756,959	
Opening up costs		15,100,000	
Landscaping		22,928,248	
Abnormals		1,397,500	
S106		21,600,000	
			74,782,707

Other Construction

Sustainability cost inflation	4.00%	5,638,248	
Sustainability cost inflation	4.00%	1,698,797	
			7,337,045

PROFESSIONAL FEES

Professional	12.50%	22,928,265	
			22,928,265

MARKETING & LETTING

Marketing	0.75%	3,328,132	
Intermediate Housing Sales/Marketing		477,444	
			3,805,576

DISPOSAL FEES

Sales Agent Fee	1.25%	5,546,887	
Sales Legal Fee		1,510,000	
			7,056,887

Additional Costs

Arrangement Fee		500,000	
Abnormals - Oil Pipeline		1,400,000	
Commercial Outgoings		3,586,246	
Cost of sale to RP		477,444	
RP Purchase Costs		4,304,953	
			10,268,643

FINANCE

North West Horley - 1,510 unit strategic site.**Base Appraisal**

Debit Rate 6.50% Credit Rate 0.00% (Nominal)

Total Finance Cost 34,254,452

TOTAL COSTS**423,872,965****PROFIT****96,615,370****Performance Measures**

Profit on Cost% 22.79%

Profit on GDV% 18.56%

Profit on NDV% 18.56%

IRR 13.23%

Profit Erosion (finance rate 6.500%) 3 yrs 2 mths