

SW Rugby Strategic Development

Development Appraisal
Prepared by DSP Ltd
Dixon Searle Partnership
20 December 2017

SW Rugby Strategic Development

Summary Appraisal for Merged Phases 1 2 3 4

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Market Houses	617	61,700.00	3,000.00	300,000	185,100,000
Market Flats	265	16,695.00	3,000.00	189,000	50,085,000
AH Houses	265	26,500.00	1,500.00	150,000	39,750,000
AH Flats	113	7,119.00	1,500.00	94,500	10,678,500
Employment Land (35ha)	1	0.00	0.00	24,500,000	24,500,000
Market Houses	689	68,900.00	3,000.00	300,000	206,700,000
Market Flats	295	18,585.00	3,000.00	189,000	55,755,000
AH Houses	295	29,500.00	1,500.00	150,000	44,250,000
AH Flats	126	7,938.00	1,500.00	94,500	11,907,000
Market Houses	603	60,300.00	3,000.00	300,000	180,900,000
Market Flats	258	16,254.00	3,000.00	189,000	48,762,000
AH Houses	258	25,800.00	1,500.00	150,000	38,700,000
AH Flats	111	6,993.00	1,500.00	94,500	10,489,500
Market Houses	561	56,100.00	3,000.00	300,000	168,300,000
Market Flats	241	15,183.00	3,000.00	189,000	45,549,000
AH Houses	240	24,000.00	1,500.00	150,000	36,000,000
AH Flats	<u>103</u>	<u>6,489.00</u>	1,500.00	94,500	<u>9,733,500</u>
Totals	5,041	448,056.00			1,167,159,500

Rental Area Summary

	Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Market Flats Ground Rents	265	300	79,500	79,500
Market Flats Ground Rents	295	300	88,500	88,500
Market Flats Ground Rents	258	300	77,400	77,400
Market Flats Ground Rents	<u>241</u>	300	<u>72,300</u>	<u>72,300</u>
Totals	1,059		317,700	317,700

Investment Valuation

Market Flats Ground Rents					
Current Rent	79,500	YP @	5.0000%	20.0000	1,590,000
Market Flats Ground Rents					
Current Rent	88,500	YP @	5.0000%	20.0000	1,770,000
Market Flats Ground Rents					
Current Rent	77,400	YP @	5.0000%	20.0000	1,548,000
Market Flats Ground Rents					

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****SW Rugby Strategic Development**

Current Rent	72,300	YP @	5.0000%	20.0000	1,446,000
					6,354,000

GROSS DEVELOPMENT VALUE**1,173,513,500**

Purchaser's Costs			(371,709)		(371,709)
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NET DEVELOPMENT VALUE**1,173,141,791****NET REALISATION****1,173,141,791****OUTLAY****ACQUISITION COSTS**

Residualised Price (328.00 Ha 251,728.26 pHect)			82,566,868		82,566,868
Stamp Duty			1,751,404		
Agent Fee		1.50%	1,238,503		
Legal Fee		0.75%	619,252		
					3,609,158

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Employment Land (35ha)	1 un	19,250,000	19,250,000
	m²	Rate m²	Cost
Market Houses	61,700.00 m ²	1,248.00 pm ²	77,001,600
Market Flats	19,641.18 m ²	1,248.00 pm ²	24,512,188
AH Houses	26,500.00 m ²	1,248.00 pm ²	33,072,000
AH Flats	8,375.29 m ²	1,248.00 pm ²	10,452,367
Market Houses	68,900.00 m ²	1,248.00 pm ²	85,987,200
Market Flats	21,864.71 m ²	1,248.00 pm ²	27,287,153
AH Houses	29,500.00 m ²	1,248.00 pm ²	36,816,000
AH Flats	9,338.82 m ²	1,248.00 pm ²	11,654,852
Market Houses	60,300.00 m ²	1,248.00 pm ²	75,254,400
Market Flats	19,122.35 m ²	1,248.00 pm ²	23,864,696
AH Houses	25,800.00 m ²	1,248.00 pm ²	32,198,400
AH Flats	8,227.06 m ²	1,248.00 pm ²	10,267,369
Market Houses	56,100.00 m ²	1,248.00 pm ²	70,012,800
Market Flats	17,862.35 m ²	1,248.00 pm ²	22,292,216
AH Houses	24,000.00 m ²	1,248.00 pm ²	29,952,000
AH Flats	<u>7,634.12 m²</u>	1,248.00 pm ²	<u>9,527,379</u>

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****SW Rugby Strategic Development**

Totals	464,865.88 m²		580,152,621	599,402,621
Contingency		5.00%	29,970,131	
Site Works & Infrastructure	5,040.00 un	17,000.00 /un	85,680,000	
2 FE Primary School - IDP			19,500,000	
Transport Infrastructure - Non IDP			1,227,729	
Community Facilities - Non IDP			2,730,000	
Health Facilities - Non IDP			1,041,553	
Transport Infrastructure - IDP			4,250,000	
Emergency Services - Non IDP			1,887,678	
Community Facilities - IDP			109,439	
Health Facilities - IDP			3,008,494	
SWLR - Homestead Link			19,764,864	
8-9 FE Secondary School			24,484,350	
SWLR - Potsford Dam Link & Improvem			12,691,624	
Emergency Services - IDP			100,000	
SWLR - Cawston Road			5,784,264	
				212,230,126
PROFESSIONAL FEES				
Professional Fees		10.00%	59,940,262	59,940,262
DISPOSAL FEES				
Sales Agent Fee		3.00%	28,222,200	
Sales Legal Fee	5,040.00 un	750.00 /un	3,780,000	
				32,002,200
FINANCE				
Debit Rate 6.000%, Credit Rate 6.000% (Nominal)				
Land			35,723,991	
Construction			19,440,682	
Other			(67,297,932)	
Total Finance Cost				(12,133,259)
TOTAL COSTS				977,617,977
PROFIT				195,523,814
Performance Measures				
IRR		11.77%		

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Table of Land Cost and IRR%

Sales: Rate pm ²									
Construction: Rate pm ²	-500.00 pm ²	-375.00 pm ²	-250.00 pm ²	-125.00 pm ²	0.00 pm ²	+125.00 pm ²	+250.00 pm ²	+375.00 pm ²	+500.00 pm ²
	2,500.00 pm ²	2,625.00 pm ²	2,750.00 pm ²	2,875.00 pm ²	3,000.00 pm ²	3,125.00 pm ²	3,250.00 pm ²	3,375.00 pm ²	3,500.00 pm ²
-10.000%	£17,661,491	(£21,213,169)	(£59,964,060)	(£98,470,389)	(£136,964,475)	(£175,458,541)	(£213,952,531)	(£252,446,691)	(£290,940,723)
1,123.20 pm ²	13.4306%	12.5385%	11.9210%	11.4657%	11.1150%	10.8362%	10.6090%	10.4200%	10.2604%
-7.500%	£31,499,554	(£7,525,085)	(£46,275,961)	(£84,870,987)	(£123,365,087)	(£161,859,127)	(£200,353,187)	(£238,847,230)	(£277,341,351)
1,154.40 pm ²	13.8657%	12.8407%	12.1480%	11.6452%	11.2621%	10.9600%	10.7153%	10.5129%	10.3426%
-5.000%	£45,337,595	£6,203,720	(£32,587,770)	(£71,271,630)	(£109,765,707)	(£148,259,740)	(£186,753,814)	(£225,247,796)	(£263,741,970)
1,185.60 pm ²	14.3661%	13.1768%	12.3956%	11.8383%	11.4188%	11.0909%	10.8271%	10.6101%	10.4282%
-2.500%	£59,175,671	£20,014,221	(£18,899,741)	(£57,650,634)	(£96,166,301)	(£134,660,378)	(£173,154,413)	(£211,648,458)	(£250,142,547)
1,216.80 pm ²	14.9501%	13.5535%	12.6668%	12.0467%	11.5863%	11.2297%	10.9449%	10.7119%	10.5176%
0.000%	£73,031,683	£33,852,322	(£5,211,599)	(£43,962,506)	(£82,566,868)	(£121,060,960)	(£159,555,001)	(£198,049,085)	(£236,543,058)
1,248.00 pm ²	15.6451%	13.9799%	12.9657%	12.2727%	11.7656%	11.3770%	11.0691%	10.8188%	10.6111%
+2.500%	£87,086,667	£47,690,325	£8,532,777	(£30,274,368)	(£68,967,511)	(£107,461,563)	(£145,955,648)	(£184,449,721)	(£222,943,727)
1,279.20 pm ²	16.4939%	14.4680%	13.2972%	12.5185%	11.9582%	11.5339%	11.2004%	10.9311%	10.7088%
+5.000%	£101,141,635	£61,528,436	£22,367,031	(£16,586,306)	(£55,337,212)	(£93,862,186)	(£132,356,262)	(£170,850,255)	(£209,344,355)
1,310.40 pm ²	17.5698%	15.0347%	13.6678%	12.7873%	12.1659%	11.7012%	11.3395%	11.0493%	10.8112%
+7.500%	£115,196,677	£75,394,719	£36,205,090	(£2,898,204)	(£41,649,028)	(£80,262,786)	(£118,756,813)	(£157,250,915)	(£195,744,997)
1,341.60 pm ²	19.0145%	15.7047%	14.0856%	13.0829%	12.3905%	11.8802%	11.4869%	11.1739%	10.9185%
+10.000%	£129,251,638	£89,449,713	£50,043,098	£10,881,782	(£27,960,947)	(£66,663,437)	(£105,157,471)	(£143,651,530)	(£182,145,566)
1,372.80 pm ²	21.1728%	16.5160%	14.5619%	13.4099%	12.6346%	12.0722%	11.6438%	11.3055%	11.0313%
+12.500%	£143,306,632	£103,504,696	£63,881,201	£24,719,798	(£14,272,843)	(£53,023,777)	(£91,558,049)	(£130,052,096)	(£168,546,178)
1,404.00 pm ²	25.5129%	17.5321%	15.1123%	13.7742%	12.9009%	12.2789%	11.8109%	11.4447%	11.1498%

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate pm²

Original Values are varied in Fixed Steps of £125.00

Heading	Phase	Rate	No. of Steps
Market Houses	1	£3,000.00	5 Up & Down
Market Flats	1	£3,000.00	5 Up & Down
AH Houses	1	£1,500.00	5 Up & Down
AH Flats	1	£1,500.00	5 Up & Down
Market Houses	2	£3,000.00	5 Up & Down
Market Flats	2	£3,000.00	5 Up & Down
AH Houses	2	£1,500.00	5 Up & Down
AH Flats	2	£1,500.00	5 Up & Down
Market Houses	3	£3,000.00	5 Up & Down

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Market Flats	3	£3,000.00	5 Up & Down
AH Houses	3	£1,500.00	5 Up & Down
AH Flats	3	£1,500.00	5 Up & Down
Market Houses	4	£3,000.00	5 Up & Down
Market Flats	4	£3,000.00	5 Up & Down
AH Houses	4	£1,500.00	5 Up & Down
AH Flats	4	£1,500.00	5 Up & Down

Construction: Rate pm²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market Houses	1	£1,248.00	5 Up & Down
Market Flats	1	£1,248.00	5 Up & Down
AH Houses	1	£1,248.00	5 Up & Down
AH Flats	1	£1,248.00	5 Up & Down
Market Houses	2	£1,248.00	5 Up & Down
Market Flats	2	£1,248.00	5 Up & Down
AH Houses	2	£1,248.00	5 Up & Down
AH Flats	2	£1,248.00	5 Up & Down
Market Houses	3	£1,248.00	5 Up & Down
Market Flats	3	£1,248.00	5 Up & Down
AH Houses	3	£1,248.00	5 Up & Down
AH Flats	3	£1,248.00	5 Up & Down
Market Houses	4	£1,248.00	5 Up & Down
Market Flats	4	£1,248.00	5 Up & Down
AH Houses	4	£1,248.00	5 Up & Down
AH Flats	4	£1,248.00	5 Up & Down

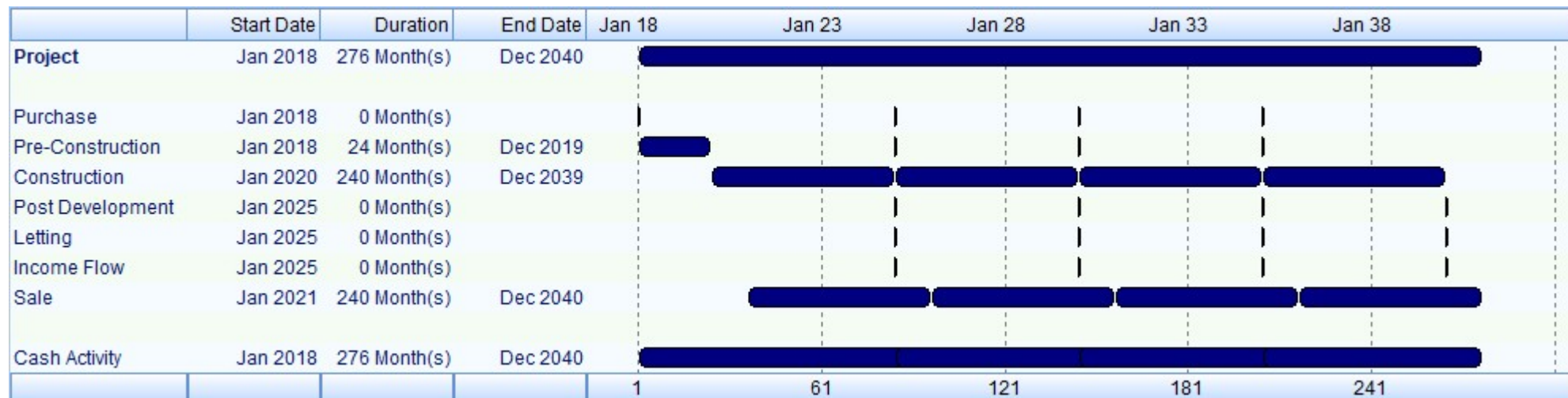
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+625.00 pm ²
3,625.00 pm ²
(£329,434,773) 10.1237%
(£315,835,353) 10.1972%
(£302,235,999) 10.2736%
(£288,636,628) 10.3531%
(£275,037,248) 10.4358%
(£261,437,824) 10.5220%
(£247,838,347) 10.6120%
(£234,238,994) 10.7059%
(£220,639,624) 10.8041%
(£207,040,272) 10.9069%

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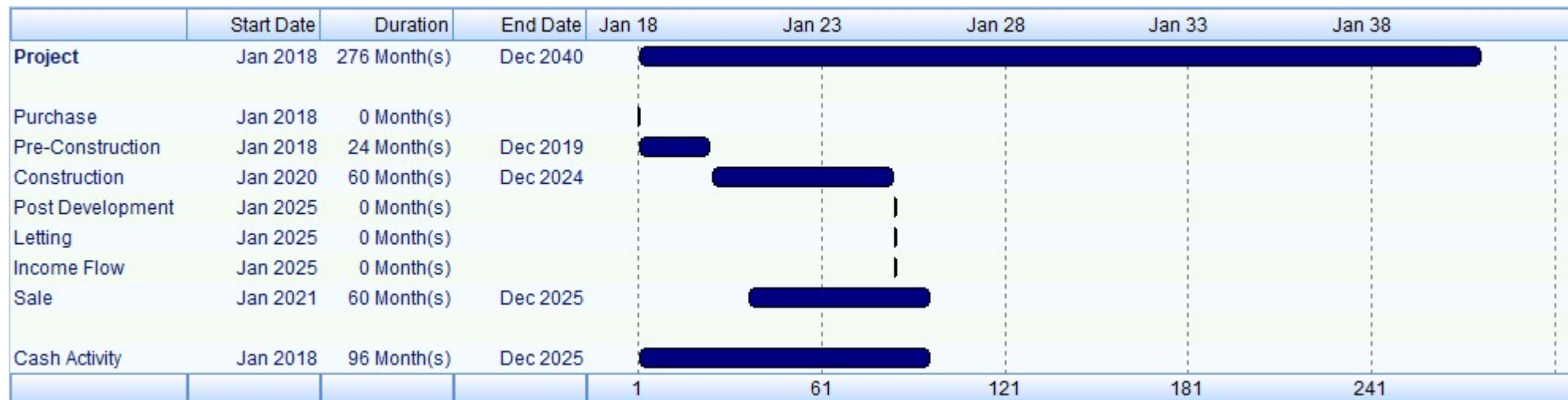
Project Timescale	
Project Start Date	Jan 2018
Project End Date	Dec 2040
Project Duration (Inc Exit Period)	276 months

All Phases



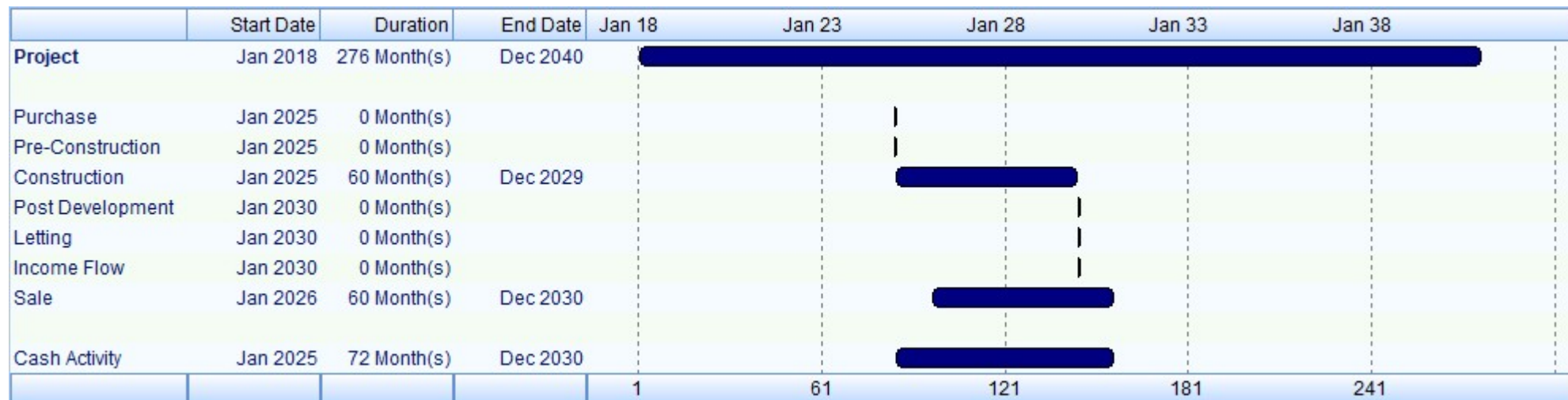
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1. Phase 1



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2. Phase 2



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3. Phase 3



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4. Phase 4



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Assumptions

Expenditure

- Professional Fees are based on Construction
- Purchaser's Costs are based on Gross Capitalisation
- Purchaser's Costs Deducted from Sale (Not added to Cost)
- Sales Fees are based on Net Capitalisation
- Sales Fees Added to Cost (Not deducted from Sale)
- Purchaser's Costs exclude sales

Receipts

- Show tenant's true income stream Off
- Offset income against development costs Off
- Rent payment cycle Quarterly (Adv)
- Apply rent payment cycle to all tenants On
- Renewal Void and Rent Free apply to first renewal only Off
- Growth starts from lease start date Off
- Deduct Ground Rent from Stepped Rent, On

- Initial Yield Valuation Method Off
- Default Capitalisation Yield 0.0000%
- Apply Default Capitalisation to All Tenants Off
- Default stage for Sale Date Off
- Align end of income stream to Sale Date Off
- Apply align end of income stream to all tenants On
- When the Capital Value is modified in the cash flow Recalculate the Yield
- Valuation Tables are Annually in Arrears
- Deduct Post-Sale TI Costs & Lease Comm. from Cap. Value Off
- Rent Free method Defer Capital Value

Finance

- Financing Method Basic (Interest Sets)
- Interest Compounding Period Quarterly
- Interest Charging Period Monthly
- Nominal rates of interest used
- Calculate interest on Payments/Receipts in final period Off
- Include interest and Finance Fees in IRR Calculations Off
- Automatic Inter-account transfers Off
- Manual Finance Rate for Profit Erosion Off

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Assumptions

Calculation

Site Payments	In Arrears
Other Payments	In Arrears
Negative Land	In Arrears
Receipts	In Advance
IRR Basis	Annual - calculated monthly
Initial IRR Guess Rate	8.00%
Manual Discount Rate	Off
Minimum IRR	-100%
Maximum IRR	99999%
IRR Tolerance	0.001000
IRR Iterations	35
Letting and Rent Review Fees are calculated on	Net of Deductions
Development Yield and Rent Cover are calculated on	Rent at Sale Date(s)
Include Tenants with no Capital Value	On
Include Turnover Rent	Off
Net of Non-Recoverable costs	On
Net of Ground Rent deductions	On
Net of Rent Additions/Costs	On
Leasing Commissions are calculated	After Non-Recoverable cost deductions For the First Term of the lease only

Value Added Tax

Global VAT Rate	0.00%
Global Recovery Rate	0.00%
Recovery Cycle every	2 months
1st Recovery Month	2 (Feb 2018)
VAT Calculations in Cash Flow	On

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Assumptions

Residual

Land Cost Mode	Residualised Land Value
Multi-Phasing	Separate Land Residual for each phase
Target Type	Profit on Cost

Phase Number	Target Value	Locked Value	Treat Neg Land as Revenue
1. Phase 1	20.00%	No	No
2. Phase 2	20.00%	No	No
3. Phase 3	20.00%	No	No
4. Phase 4	20.00%	No	No

Distribution

Construction Payments are paid on	Monthly curve
Sales Receipts are paid on	Monthly curve
Sales Deposits are paid on	Monthly curve

Interest Sets

Interest Set 1

Debit Rate	Credit Rate	Months	Start Date
6.000%	6.000%	Perpetuity	Jan 2018

Loan Set 1

Debit Rate	Credit Rate	Months	Start Date
0.000%	0.000%	Perpetuity	Jan 2018

SW Rugby Strategic Development**Assumptions****Inflation and Growth****Growth Sets****Growth Set 1**

Inflation/Growth for this set is calculated in arrears

This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Jan 2018

Inflation Sets**Inflation Set 1**

Inflation/Growth for this set is calculated in arrears

This set is not stepped

Rate	Months	Start Date
0.000%	Perpetuity	Jan 2018