



Addendum Report on Viability for Otterpool Park New Garden Settlement

On behalf of Folkestone and Hythe District Council (LPA)

This note should be read in conjunction with our June 2020 deliverability and viability report and represents a continuation of this work. As such, all instruction notes set out in the original report remain relevant to this Addendum note.

Commercially Confidential

June 2021

Prepared by: James Brierley
Fiona Kilminster
Alex Bristow

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72 Welbeck Street London W1G 0AY
Tel. +44 (0)20 7493 3338
www.geraldeve.com



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1 Executive Summary (Non-Technical)

- 1.1 This addendum report represents further work requested to our original assessment following the Examination in public in January 2021. This addendum sets out an update and test to the viability of the development of Otterpool Park New Garden Settlement, Kent (the 'Scheme') having regard to proposed amendments to associated costs.
- 1.2 The proposals for the Scheme are part of the emerging Otterpool Park Framework Masterplan ('the Masterplan') which allocates approximately 765 hectares for the delivery of circa 10,000 homes and other associated uses to create a Garden Community.
- 1.3 Gerald Eve LLP ("GE") were instructed on behalf of Folkestone and Hythe District Council, the Local Planning Authority ('LPA') in June 2020 provide an initial report regarding the deliverability and viability of the Scheme. The purpose of the report was to provide an update to our findings to reflect potential changes in infrastructure costs associated with the proposed allocation and their impact on deliverability.
- 1.4 GE originally established that the Scheme generated an IRR of 10.53%. As such, GE concluded that the proposed development appeared to be potentially viable.
- 1.5 GE have subsequently been instructed to prepare an addendum to the initial report to undertake further scenario testing of the scheme's deliverability with additional infrastructure cost items. The infrastructure cost items relate to upgrades to highway infrastructure within the locality of the Scheme following discussions between The Promoter, The LPA and Highways England.
- 1.6 Through our assessment, GE conclude that the proposed Scheme of 8,500 new homes at Otterpool Park, with additional infrastructure cost items, appears to remain potentially viable and deliverable.
- 1.7 The key inputs to our financial appraisal are summarised below:

Gross Development Value	£692 m
Total Costs	£609 m
Benchmark Land Value	£95 m

- 1.8 On review, the Scheme appears capable of viably delivering additional financial contributions if they were required by the Council, subject to further revenue recovery from this and benefiting schemes, through financial recovery methods, such as an effective roof tax.

2 Introduction

- 2.1 Gerald Eve LLP ('GE') has been instructed by Folkestone and Hythe District Council, the Local Planning Authority (LPA') to undertake a review of viability evidence submitted to support the proposed allocation of land known as Otterpool Park ('the Scheme') for a Garden Settlement in the emerging Local Plan.
- 2.2 The emerging Local Plan has allocated development of a garden settlement to be jointly undertaken with the community at Otterpool Park for up to 10,000 residential units, along with commercial and ancillary uses, and in conjunction with associated infrastructure.
- 2.3 The evidence provided relates to the proposed delivery of 8,500 homes; as the major component part of the overall site allocation. It is anticipated that the remaining 1,500 units and other proposed uses will be delivered by the remaining landowners and developers in the area.
- 2.4 It is understood that to support the delivery of the proposed allocation the Council ('FHDC') has become a significant landowner at Otterpool Park, along with Homes England and a small number of parties. The inclusion of FHDC as Landowner has several positive effects on delivery of this project. We refer to these parties promoting to this part of the allocation that the review is relating to, as the 'Promoter'. At all stages, The Promoter has been advised by Arcadis (the 'Advisor')
- 2.5 Viability Evidence ('VE1') was submitted in late 2018 on behalf of the Promoter to support the inclusion of the proposed allocation in the Local Plan. The proposals do not appear to significantly deviate from that proposed by the LPA in their emerging Local Plan and are provided to provide overall comfort that the allocation is deliverable. VE1 therefore, does not constitute the level of detailed information that would be required for a full planning application and Financial Viability Assessment (FVA), particularly to justify deviation from planning policy.
- 2.6 Subsequent evidence (VE2) was submitted by the Advisor on behalf of the Promoter between April and June 2020. It should be noted that this submission was prior to the RICS Guidance Note 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', published in March 2021 (effective 1 July 2021).

- 2.7 GE's role in both the initial assessment and this addendum is to provide further commentary on the VE2, having regard to the work undertaken by the Reviewer and VE1.
- 2.8 GE understands that the evidence supplied on behalf of the Promoter does not reflect an FVA to support and a planning application to justify deviation from planning policy, but rather as support to the LPA that the allocation at Otterpool is reasonable and deemed deliverable.
- 2.9 In order to demonstrate the robustness of the planning policies, the Promoters development proposals have been used as the basis of delivery for both the initial assessment and this addendum. Supplementary information has also been provided to assess the viability of the project in the context of the Core Strategy Local Plan policies.
- 2.10 GE have subsequently been instructed to prepare an addendum to the initial report to test the deliverability of the Scheme with additional infrastructure cost items. The infrastructure cost items relate to upgrades to highway infrastructure within the locality of the Scheme.
- 2.11 We have been provided with additional infrastructure costs from the Advisor. The costs have been inputted into the financial appraisal submitted within Appendix 2 of the June 2020 report (the 'June 2020 Appraisal'). The additional costs reflect the Type B works required at Junction 12-13 of the M20.
- 2.12 The output IRR for the June 2020 Appraisal was 10.52%.
- 2.13 The Scheme will only be liable to contribute an apportionment of the total additional infrastructure cost. The Advisor has provided GE with the applicable apportionment for each infrastructure item.
- 2.14 GE have also been informed that the requirement leading to additional Onsite Waste-Water costs (amounting to £8 million) may no longer be required. We have therefore undertaken an additional scenario test whereby the On-site Waste-Water costs are removed from our appraisal.

3 Additional Infrastructure Items

3.1 We have been supplied with additional infrastructure items by the Advisor. These relate to the following infrastructure upgrades;

1. M20 Junction 11 (Option A) Phase 1;
2. M20 Junction 11 (Option A) Phase 2;
3. M20 Junction 11 (Option A) Phase 3;
4. M20 Junction 11 (Option A) Phase 4;
5. M20 Junction 12 - 13 (Type B);
6. M20 Junction 13 Local Junction Upgrade;
7. A20/A260 Interchange Junction 1 (Spitfire Way/ Canterbury Road);
8. A20/A260 Interchange Junction 2 (Alkham Road/ A20 Slips); and
9. A20/A260 Interchange Junction 3 (Canterbury Road/ Alkham Valley Road)
Minor Works.

3.2 The cost of each upgrade has been supplied by the Advisor with an additional 20% Risk Allowance and 44% 'Optimism Bias'. We outline the Arcadis Gross Additional Cost Estimate, risk allowance, optimism bias and Arcadis Net Additional Cost (exclusive of Risk Allowance and Optimism Bias) for each upgrade item in Table 1 below.

Table 1: Schedule of Additional Infrastructure interventions and costs

Intervention Number	Description	Arcadis Gross Additional Cost Estimate	Risk Allowance (20%)	Optimism Bias (44%)	Arcadis Net Additional Cost
1	M20 Junction 11 (Option A) Phase 1	£3,905,271	£476,253	£1,047,756	£2,381,263
2	M20 Junction 11 (Option A) Phase 2	£4,336,898	£528,890	£1,163,558	£2,644,450
3	M20 Junction 11 (Option A) Phase 3	£5,552,511	£677,135	£1,489,698	£3,385,677
4	M20 Junction 11 (Option A) Phase 4	£3,537,394	£431,389	£949,057	£2,156,947
5	M20 Junction 12 - 13 (Type B)	£52,675,533	£6,423,845	£14,132,460	£32,119,227
6	M20 Junction 13 Local Junction Upgrade	£189,691	£23,133	£50,893	£115,665
7	A20/A260 Interchange Junction 1	£4,568,368	£557,118	£1,225,660	£2,785,590
8	A20/A260 Interchange Junction 2	£84,283	£10,278	£22,613	£51,392
9	A20/A260 Interchange Junction 3 Minor Works	£691,277	£84,302	£185,465	£421,510
Total:		£75,541,226	£9,212,345	£20,267,158	£46,061,722.87

3.3 It should be noted that intervention number 5 reflects Type B costs. The gross cost comprises the following:

- Series 100 – Preliminaries;
- Series 200 - Site Clearance;
- Series 400 - Road Restraint Systems;
- Series 500 - Drainage and Service Ducts;
- Series 600 – Earthworks;
- Series 700 – Pavements;
- Series 1100 - Footways, Kerbs and Paved Areas;
- Series 1200 - Traffic Signs and Road Markings;
- Series 1300 - Road Lighting Columns;
- Series 1400 - Electrical work for road lighting and traffic signs;
- Series 2500 – Structures;
- Series 3000 - Landscape and Ecology;
- Traffic Management;
- Preliminary Design;
- Detailed Design Fee;
- Supervision Fee;
- Direct Fee;
- Employers Agent Fees; and
- Undertakers fees.

Apportionment of Additional Infrastructure Costs

3.4 The Scheme is only liable to contribute an apportionment of the total additional infrastructure cost for each item. The Advisor has provided GE with the applicable apportionment for each infrastructure item.

3.5 The apportioned infrastructure costs (inclusive of risk allowance and optimism bias) are outlined in table 2.

Table 2 – Apportioned Additional Infrastructure Costs

Intervention Number	Description	Arcadis Gross Additional Cost Estimate	Apportionment	Apportioned Cost
1	M20 Junction 11 (Option A) Phase 1	£3,905,271	64%	£2,499,373
2	M20 Junction 11 (Option A) Phase 2	£4,336,898	64%	£2,775,615
3	M20 Junction 11 (Option A) Phase 3	£5,552,511	64%	£3,553,607
4	M20 Junction 11 (Option A) Phase 4	£3,537,394	64%	£2,263,932
5	M20 Junction 12 - 13	£52,675,533	29%	£15,275,905
6	M20 Junction 13 Local Junction Upgrade	£189,691	29%	£55,010
7	A20/A260 Interchange Junction 1	£4,568,368	35%	£1,598,929
8	A20/A260 Interchange Junction 2	£84,283	35%	£29,499
9	A20/A260 Interchange Junction 3 Minor Works	£691,277	35%	£241,947
		£75,541,226		£28,293,817

3.6 The apportioned infrastructure costs amount to approximately **£28.3 million**.

Additional Infrastructure Timings

3.7 We have been supplied with infrastructure cost timings from the Advisor. These timings are provided in table 3 on the overleaf.

Table 3: Additional Infrastructure Cost Timings

Intervention Number	Description	Timing
1	M20 Junction 11 (Option A) Phase 1	25% to 45% of Otterpool Park (2,125 – 3,825 dwellings)
2	M20 Junction 11 (Option A) Phase 2	45% of Otterpool Park (3,825 dwellings)
3	M20 Junction 11 (Option A) Phase 3	70% of Otterpool Park (5,950 dwellings)
4	M20 Junction 11 (Option A) Phase 4	92% of Otterpool Park (7,820 dwellings)
5	M20 Junction 12 - 13	2034
6	M20 Junction 13 Local Junction Upgrade	2031
7	A20/A260 Interchange Junction 1	1,500 dwellings
8	A20/A260 Interchange Junction 2	1,500 dwellings
9	A20/A260 Interchange Junction 3 Minor Works	1,500 dwellings

3.8 Our June 2020 Appraisal comprised of a series of overlapping phases. We have analysed our housing delivery estimates previously presented to ascertain the construction timings for items 1 – 4 and 7 - 9 for the purposes of our financial modelling.

3.9 We have estimated the respective trigger points for each infrastructure item. The trigger points are outlined in table 4 below.

Table 4: Additional Infrastructure item trigger points

Intervention Number	Description	Trigger
1	M20 Junction 11 (Option A) Phase 1	Year 7
2	M20 Junction 11 (Option A) Phase 2	Year 13
3	M20 Junction 11 (Option A) Phase 3	Year 17
4	M20 Junction 11 (Option A) Phase 4	Year 21
5	M20 Junction 12 - 13	Year 14
6	M20 Junction 13 Local Junction Upgrade	Year 11
7	A20/A260 Interchange Junction 1	Year 5
8	A20/A260 Interchange Junction 2	Year 5
9	A20/A260 Interchange Junction 3 Minor Works	Year 5

3.10 We have not been supplied with construction timescales for any of the infrastructure items. We have assumed a 24-month construction period for all infrastructure items, with the exception of items 1, 2, 3 and 4 (M20 Junction 11 Phases 1 – 4).

3.11 For M20 Junction 11 Phases 1 – 4 we have assumed that each item will complete the month prior to the commencement of the next phase. We have assumed that the final phase (phase 4) will complete upon completion of the final dwelling.

Additional Cost Recovery

3.12 We understand that the Local Planning Authority is considering a roof tax to recover additional infrastructure spend, beyond the current apportioned spend attributed to the Garden Town outlined herein.

3.13 We understand that the proposals are currently in their infancy and therefore at this stage, we have insufficient information to incorporate a roof tax or any alternative form of recovery into our financial appraisals.

Additional Waste Water costs

3.14 It should be noted that following the Inspectors guidance at the January 2021 Hearing, on the environmental standards that were being sought for the new garden settlement, we have removed the Waste Water costs (amounting to c.£8 million) from each of our appraisals.

Sensitivity of Base Appraisal

3.15 We have undertaken a sensitivity analysis. The sensitivity analysis tests gross sales receipts from land parcels against the Arcadis Gross Additional Cost Estimate for the infrastructure items for the Base Scheme appraisal, provided in Appendix 1. The sensitivity analysis is set out below.

Sales: Gross Sales					
Additional Infrastructure: Gross Cost	-10.0%	-5.0%	0.0%	5.0%	10.0%
-10.0%	4.44%	7.23%	9.68%	11.89%	13.94%
-5.0%	4.32%	7.13%	9.59%	11.82%	13.88%
0.0%	4.20%	7.03%	9.51%	11.75%	13.81%
5.0%	4.08%	6.94%	9.43%	11.67%	13.75%
10.0%	3.96%	6.84%	9.34%	11.60%	13.68%

Growth and Inflation

- 3.16 We have not included any growth on land receipts or inflation on hard costs within our base addendum appraisal.
- 3.17 We have, however, undertaken an additional scenario test ('Scenario Test 2') whereby we have applied an annual growth rate of 1.5% to the land receipts and an annual inflation rate of 1.0% to the hard costs.
- 3.18 The growth and inflation rates have been determined through analysis undertaken on out plot appraisals using the Savills Land index and BCIS TPI forecast.

4 Outturn and Conclusions

Outturn

- 4.1 The outturn of the updated appraisal for the Scheme including the additional costs noted by Arcadis for additional infrastructure work would appear to result in a movement of the IRR from **10.52%** (the June 2020 Appraisal) to **9.51%** which is shown at **Appendix 1**. This reflects a gross profit sum of approximately [REDACTED] indicating the scheme remains viable.
- 4.2 Additionally, we have undertaken a scenario test ('Scenario Test 1'), adopting the infrastructure costs, exclusive of risk allowance and optimism bias. The outturn for this additional scenario test results in an IRR of **10.15%** (gross profit of approximately [REDACTED]), which is shown at **Appendix 2**. Therefore a reduction in the associated risk allowance/optimism bias will enhance the Scheme's viability.
- 4.3 The above appraisals reflect current day values and costs (subject to Placemaking Premium), however, it is recognised that the Scheme reflects a circa 20 year delivery programme which will influence the overall deliverability of such a scheme. As such, we have run an additional scenario test (Scenario Test 2) whereby an allowance has been made for potential growth/inflation over the development period has been accounted for.
- 4.4 Whilst market evidence indicates build cost inflation for the next 5 years of circa 4% per annum and that land values have increased on average 20% per annum over the last 30 years; a minimal annual growth rate of 1.5% and an annual inflation rate of 1.0% would result in an IRR of **14.48%** (gross profit of circa [REDACTED]) attached at **Appendix 3**, including all contingencies (risk allowance and optimism bias). This indicates a relative robustness to the viability of the Scheme over the lifetime of the development having regard to market forces.

Conclusions

- 4.5 Based on the evidence submitted in relation to the delivery of 8,500 units and associated uses as part of the Otterpool Park Core Strategy allocation, the Scheme is potentially capable of being viable with the additional infrastructure spend provided over the life time of the development. The resultant IRRs are reduced from our initial assessment, however we consider it is possible to identify a reasonable return at this stage to commence the development, with the potential for the return to improve over the life time of the development.
- 4.6 Further, we consider that it may be possible to support additional infrastructure items within the Scheme, beyond the proportions required of the Promoter, subject to appropriate recovery and additional detailed financial modelling.
- 4.7 We recommend however that should the Scheme deviate, then a further assessment on deliverability and viability should be undertaken.
- 4.8 To conclude, our review has demonstrated that the proposed outline garden town development of Otterpool Park appears to be potentially financially viable and deliverable. We therefore consider the Core Strategy policies in relation to the garden settlement to be supported by viability evidence and reasonable.

Appendix 1 – Master Developer Appraisal

Otterpool Park - Master Developer Appraisal
Gerald Eve

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

Currency in £

REVENUE

Sales Valuation	Units	Unit Price	Gross Sales
1A Plot Sales	15	4,863,319	72,949,785
1B Plot Sales	13	4,863,319	63,223,147
1C Plot Sales	4	4,863,319	19,453,276
2B Plot Sales	6	4,863,319	29,179,914
2C Plot Sales	1	4,863,319	4,863,319
2C Plot Sales - Premium	5	6,960,943	34,804,715
3A Plot Sales	5	4,863,319	24,316,595
3B Plot Sales	4	4,863,319	19,453,276
3B Plot Sales - Premium	7	6,960,943	48,726,601
3C Plot Sales - Premium	4	6,960,943	27,843,772
4 Plot Sales - Premium	13	6,960,943	90,492,259
5 Plot Sales - Premium	2	6,960,943	13,921,886
6 Plot Sales - Premium	11	6,960,943	76,570,373
7 Plot Sales - Premium	19	6,960,943	132,257,917
8 Plot Sales - Premium	5	6,960,943	34,804,715
Totals	114		692,861,550

NET REALISATION **692,861,550**

OUTLAY

ACQUISITION COSTS

Fixed Price	95,000,000		
Fixed Price		95,000,000	
			95,000,000
Stamp Duty		4,737,500	
Effective Stamp Duty Rate	4.99%		
Agent Fee	1.00%	950,000	
Legal Fee	0.50%	475,000	
			6,162,500

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
M20 Junction 12-13	1 un	15,275,905	15,275,905
M20 Junction 12-13 Local Junction Upgrades	1 un	55,010	55,010
Junction 11 Option A Phase 1	1 un	2,499,373	2,499,373
Junction 11 Option A Phase 2	1 un	2,775,615	2,775,615
Junction 11 Option A Phase 3	1 un	3,553,607	3,553,607
Junction 11 Option A Phase 4	1 un	2,263,932	2,263,932
A20/A260 Interchange Junction 1	1 un	1,598,929	1,598,929
A20/A260 Interchange Junction 1	1 un	29,499	29,499
A20/A260 Interchange Junction 1	1 un	241,947	241,947
Totals			28,293,817
1A - Direct Works			28,241,689
1B - Direct Works			30,205,989
1C - Direct Works			17,745,514
2A - Direct Works			3,906,530
2B - Direct Works			10,946,152
2C - Direct Works			9,814,490
3A - Direct Works			20,437,949
3B - Direct Works			17,625,169
3C - Direct Works			9,935,132
4 - Direct Works			23,340,929
5 - Direct Works			5,380,870
6 - Direct Works			14,398,078
7 - Direct Works			18,169,856
8 - Direct Works			7,323,484
1A - General Overheads/Prelims			229,238
1B - General Overheads/Prelims			227,087
1C - General Overheads/Prelims			108,844
2A - General Overheads/Prelims			22,248
2B - General Overheads/Prelims			89,580
2C - General Overheads/Prelims			80,030
3A - General Overheads/Prelims			136,180
3B - General Overheads/Prelims			149,095
3C - General Overheads/Prelims			73,009
4 - General Overheads/Prelims			190,198
5 - General Overheads/Prelims			40,336
6 - General Overheads/Prelims			128,662
7 - General Overheads/Prelims			185,592
8 - General Overheads/Prelims			64,494
Professional fees			5,376,011
1B - Professional / LA Fees			5,718,116
1C - Professional / LA Fees			4,039,591
2A - Professional / LA Fees			648,766

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

2B - Professional / LA Fees		1,880,866	
2C - Professional / LA Fees		2,346,306	
3A - Professional / LA Fees		4,213,400	
3B - Professional / LA Fees		4,010,486	
3C - Professional / LA Fees		2,469,277	
4 - Professional / LA Fees		5,008,303	
5 - Professional / LA Fees		1,181,612	
6 - Professional / LA Fees		3,683,105	
7 - Professional / LA Fees		4,547,331	
8 - Professional / LA Fees		1,443,739	
			294,057,150
Other Construction			
Infrastructure Risk		3,541,922	
1B - Infra Risk		3,673,911	
1C - Infra Risk		2,073,477	
2A - Infra Risk		468,861	
2B - Infra Risk		1,366,000	
2C - Infra Risk		1,251,507	
3A - Infra Risk		2,555,107	
3B - Infra Risk		2,269,146	
3C - Infra Risk		1,275,145	
4 - Infra Risk		2,955,885	
5 - Infra Risk		677,142	
6 - Infra Risk		1,871,540	
7 - Infra Risk		2,412,053	
8 - Infra Risk		940,549	
			27,332,245
Section 106 Costs			
1A - Section 106 Costs		16,890,000	
1B - Section 106 Costs		14,760,000	
1C - Section 106 Costs		4,230,000	
2B - Section 106 Costs		6,510,000	
2C - Section 106 Costs		6,375,000	
3A - Section 106 Costs		5,100,000	
3B - Section 106 Costs		12,570,000	
3C - Section 106 Costs		4,350,000	
4 - Section 106 Costs		14,925,000	
5 - Section 106 Costs		2,550,000	
6 - Section 106 Costs		12,345,000	
7 - Section 106 Costs		21,150,000	
8 - Section 106 Costs		5,745,000	
			127,500,000
PROFESSIONAL FEES			
Development Management Fee	6.00%	15,602,713	
Unrecovered Estate Costs		6,750,002	
			22,352,715
MARKETING & LETTING			
Marketing	1.00%	5,696,622	
			5,696,622
DISPOSAL FEES			
Sales Agent Fee	1.00%	6,531,935	
			6,531,935
FINANCE			
Debit Rate 4.250%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			24,806,679
TOTAL COSTS			609,439,846
PROFIT			
			[REDACTED]
Performance Measures			
Profit on Cost%		[REDACTED]	
Profit on GDV%		[REDACTED]	
Profit on NDV%		[REDACTED]	
IRR% (without Interest)		9.51%	
Profit Erosion (finance rate 4.250)		3 yrs	

Appendix 2 – Scenario Test 1 Appraisal

Otterpool Park - Master Developer
Appraisal with Risk Allowance and
Optimism Bias Removed
Gerald Eve

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

Currency in £

REVENUE

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3B Plot Sales - Premium	7	6,960,943	48,726,601
3C Plot Sales - Premium	4	6,960,943	27,843,772
4 Plot Sales - Premium	13	6,960,943	90,492,259
5 Plot Sales - Premium	2	6,960,943	13,921,886
6 Plot Sales - Premium	11	6,960,943	76,570,373
7 Plot Sales - Premium	19	6,960,943	132,257,917
8 Plot Sales - Premium	5	6,960,943	34,804,715
Totals	114		692,861,550

NET REALISATION **692,861,550**

OUTLAY

ACQUISITION COSTS

Fixed Price	95,000,000		
Fixed Price		95,000,000	
			95,000,000
Stamp Duty		4,737,500	
Effective Stamp Duty Rate	4.99%		
Agent Fee	1.00%	950,000	
Legal Fee	0.50%	475,000	
			6,162,500

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
M20 Junction 12-13	1 un	9,314,576	9,314,576
M20 Junction 12-13 Local Junction Upgrades	1 un	33,543	33,543
Junction 11 Option A Phase 1	1 un	1,524,008	1,524,008
Junction 11 Option A Phase 2	1 un	1,692,448	1,692,448
Junction 11 Option A Phase 3	1 un	2,166,834	2,166,834
Junction 11 Option A Phase 4	1 un	1,380,446	1,380,446
A20/A260 Interchange Junction 1	1 un	974,957	974,957
A20/A260 Interchange Junction 1	1 un	17,987	17,987
A20/A260 Interchange Junction 1	1 un	147,529	147,529
Totals			17,252,328
1A - Direct Works			28,241,689
1B - Direct Works			30,205,989
1C - Direct Works			17,745,514
2A - Direct Works			3,906,530
2B - Direct Works			10,946,152
2C - Direct Works			9,814,490
3A - Direct Works			20,437,949
3B - Direct Works			17,625,169
3C - Direct Works			9,935,132
4 - Direct Works			23,340,929
5 - Direct Works			5,380,870
6 - Direct Works			14,398,078
7 - Direct Works			18,169,856
8 - Direct Works			7,323,484
1A - General Overheads/Prelims			229,238
1B - General Overheads/Prelims			227,087
1C - General Overheads/Prelims			108,844
2A - General Overheads/Prelims			22,248
2B - General Overheads/Prelims			89,580
2C - General Overheads/Prelims			80,030
3A - General Overheads/Prelims			136,180
3B - General Overheads/Prelims			149,095
3C - General Overheads/Prelims			73,009
4 - General Overheads/Prelims			190,198
5 - General Overheads/Prelims			40,336
6 - General Overheads/Prelims			128,662
7 - General Overheads/Prelims			185,592
8 - General Overheads/Prelims			64,494
Professional fees			5,376,011
1B - Professional / LA Fees			5,718,116
1C - Professional / LA Fees			4,039,591
2A - Professional / LA Fees			648,766

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

2B - Professional / LA Fees		1,880,866	
2C - Professional / LA Fees		2,346,306	
3A - Professional / LA Fees		4,213,400	
3B - Professional / LA Fees		4,010,486	
3C - Professional / LA Fees		2,469,277	
4 - Professional / LA Fees		5,008,303	
5 - Professional / LA Fees		1,181,612	
6 - Professional / LA Fees		3,683,105	
7 - Professional / LA Fees		4,547,331	
8 - Professional / LA Fees		1,443,739	
			283,015,661
Other Construction			
Infrastructure Risk		3,541,922	
1B - Infra Risk		3,673,911	
1C - Infra Risk		2,073,477	
2A - Infra Risk		468,861	
2B - Infra Risk		1,366,000	
2C - Infra Risk		1,251,507	
3A - Infra Risk		2,555,107	
3B - Infra Risk		2,269,146	
3C - Infra Risk		1,275,145	
4 - Infra Risk		2,955,885	
5 - Infra Risk		677,142	
6 - Infra Risk		1,871,540	
7 - Infra Risk		2,412,053	
8 - Infra Risk		940,549	
			27,332,245
Section 106 Costs			
1A - Section 106 Costs		16,890,000	
1B - Section 106 Costs		14,760,000	
1C - Section 106 Costs		4,230,000	
2B - Section 106 Costs		6,510,000	
2C - Section 106 Costs		6,375,000	
3A - Section 106 Costs		5,100,000	
3B - Section 106 Costs		12,570,000	
3C - Section 106 Costs		4,350,000	
4 - Section 106 Costs		14,925,000	
5 - Section 106 Costs		2,550,000	
6 - Section 106 Costs		12,345,000	
7 - Section 106 Costs		21,150,000	
8 - Section 106 Costs		5,745,000	
			127,500,000
PROFESSIONAL FEES			
Development Management Fee	6.00%	15,602,713	
Unrecovered Estate Costs		6,750,002	
			22,352,715
MARKETING & LETTING			
Marketing	1.00%	5,696,622	
			5,696,622
DISPOSAL FEES			
Sales Agent Fee	1.00%	6,531,935	
			6,531,935
FINANCE			
Debit Rate 4.250%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			23,985,529
TOTAL COSTS			597,577,207
PROFIT			
			[REDACTED]
Performance Measures			
Profit on Cost%		[REDACTED]	
Profit on GDV%		[REDACTED]	
Profit on NDV%		[REDACTED]	
IRR% (without Interest)		10.15%	
Profit Erosion (finance rate 4.250)		3 yrs 6 mths	

Appendix 3 – Scenario Test 2 Appraisal

Otterpool Park - Master Developer
Appraisal With Growth
Gerald Eve

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

Appraisal Summary for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18

Currency in £

REVENUE

Sales Valuation	Units	Unit Price	Gross Sales	Adjustment	Net Sales
‡ 1A Plot Sales	15	4,863,319	72,949,785	7,823,697	80,773,482
‡ 1B Plot Sales	13	4,863,319	63,223,147	5,234,479	68,457,626
‡ 1C Plot Sales	4	4,863,319	19,453,276	1,586,240	21,039,516
‡ 2B Plot Sales	6	4,863,319	29,179,914	3,569,827	32,749,741
‡ 2C Plot Sales	1	4,863,319	4,863,319	844,297	5,707,616
‡ 2C Plot Sales - Premium	5	6,960,943	34,804,715	5,738,204	40,542,919
‡ 3A Plot Sales	5	4,863,319	24,316,595	3,384,228	27,700,823
‡ 3B Plot Sales	4	4,863,319	19,453,276	3,208,909	22,662,185
‡ 3B Plot Sales - Premium	7	6,960,943	48,726,601	10,194,157	58,920,758
‡ 3C Plot Sales - Premium	4	6,960,943	27,843,772	5,570,891	33,414,663
‡ 4 Plot Sales - Premium	13	6,960,943	90,492,259	22,239,354	112,731,613
‡ 5 Plot Sales - Premium	2	6,960,943	13,921,886	3,679,638	17,601,524
‡ 6 Plot Sales - Premium	11	6,960,943	76,570,373	20,965,874	97,536,247
‡ 7 Plot Sales - Premium	19	6,960,943	132,257,917	43,935,329	176,193,246
‡ 8 Plot Sales - Premium	5	6,960,943	34,804,715	12,599,886	47,404,601
Totals	114		692,861,550	150,575,008	843,436,558

NET REALISATION

843,436,558

OUTLAY

ACQUISITION COSTS

Fixed Price	95,000,000		
Fixed Price		95,000,000	
			95,000,000
Stamp Duty		6,015,368	
Effective Stamp Duty Rate	6.33%		
Agent Fee	1.00%	1,073,242	
Legal Fee	0.50%	536,621	
			7,625,230

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
‡ M20 Junction 12-13	1 un	15,275,905	17,560,896
‡ M20 Junction 12-13 Local Junction Upgrades	1 un	55,010	61,379
‡ Junction 11 Option A Phase 1	1 un	2,499,373	2,736,750
‡ Junction 11 Option A Phase 2	1 un	2,775,615	3,209,293
‡ Junction 11 Option A Phase 3	1 un	3,553,607	4,253,294
‡ Junction 11 Option A Phase 4	1 un	2,263,932	2,819,713
‡ A20/A260 Interchange Junction 1	1 un	1,598,929	1,680,647
‡ A20/A260 Interchange Junction 1	1 un	29,499	31,007
‡ A20/A260 Interchange Junction 1	1 un	241,947	254,312
Totals			32,607,291
1A - Direct Works			29,478,930
1B - Direct Works			31,483,319
1C - Direct Works			18,670,529
2A - Direct Works			4,209,271
2B - Direct Works			11,921,682
2C - Direct Works			11,670,592
3A - Direct Works			22,364,524
3B - Direct Works			19,788,344
3C - Direct Works			11,254,043
4 - Direct Works			27,126,885
5 - Direct Works			6,279,883
6 - Direct Works			17,069,824
7 - Direct Works			21,964,882
8 - Direct Works			9,030,183
1A - General Overheads/Prelims			241,354
1B - General Overheads/Prelims			236,690
1C - General Overheads/Prelims			114,518
2A - General Overheads/Prelims			23,978
2B - General Overheads/Prelims			97,563
2C - General Overheads/Prelims			95,165
3A - General Overheads/Prelims			149,017
3B - General Overheads/Prelims			167,394
3C - General Overheads/Prelims			82,701
4 - General Overheads/Prelims			221,049
5 - General Overheads/Prelims			47,075
6 - General Overheads/Prelims			152,537
7 - General Overheads/Prelims			224,355
8 - General Overheads/Prelims			79,524
Professional fees			5,376,011
1B - Professional / LA Fees			5,718,116
1C - Professional / LA Fees			4,039,591
2A - Professional / LA Fees			648,766

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

2B - Professional / LA Fees	1,880,866	
2C - Professional / LA Fees	2,346,306	
3A - Professional / LA Fees	4,213,400	
3B - Professional / LA Fees	4,010,486	
3C - Professional / LA Fees	2,469,277	
4 - Professional / LA Fees	5,008,303	
5 - Professional / LA Fees	1,181,612	
6 - Professional / LA Fees	3,683,105	
7 - Professional / LA Fees	4,547,331	
8 - Professional / LA Fees	1,443,739	
		323,420,013

Other Construction

Infrastructure Risk	3,541,922	
1B - Infra Risk	3,673,911	
1C - Infra Risk	2,073,477	
2A - Infra Risk	468,861	
2B - Infra Risk	1,366,000	
2C - Infra Risk	1,251,507	
3A - Infra Risk	2,555,107	
3B - Infra Risk	2,269,146	
3C - Infra Risk	1,275,145	
4 - Infra Risk	2,955,885	
5 - Infra Risk	677,142	
6 - Infra Risk	1,871,540	
7 - Infra Risk	2,412,053	
8 - Infra Risk	940,549	
		27,332,245

Section 106 Costs

1A - Section 106 Costs	16,890,000	
1B - Section 106 Costs	14,760,000	
1C - Section 106 Costs	4,230,000	
2B - Section 106 Costs	6,510,000	
2C - Section 106 Costs	6,375,000	
3A - Section 106 Costs	5,100,000	
3B - Section 106 Costs	12,570,000	
3C - Section 106 Costs	4,350,000	
4 - Section 106 Costs	14,925,000	
5 - Section 106 Costs	2,550,000	
6 - Section 106 Costs	12,345,000	
7 - Section 106 Costs	21,150,000	
8 - Section 106 Costs	5,745,000	
		127,500,000

PROFESSIONAL FEES

Development Management Fee	6.00%	17,105,676	
Unrecovered Estate Costs		6,750,002	
			23,855,678

MARKETING & LETTING

Marketing	1.00%	6,908,607	
			6,908,607

DISPOSAL FEES

Sales Agent Fee	1.00%	7,971,860	
			7,971,860

FINANCE

Debit Rate 4.250%, Credit Rate 0.000% (Nominal)			
Total Finance Cost			19,469,287

TOTAL COSTS

639,082,920

PROFIT

[REDACTED]

Performance Measures

Profit on Cost%	[REDACTED]
Profit on GDV%	[REDACTED]
Profit on NDV%	[REDACTED]
IRR% (without Interest)	14.48%
Profit Erosion (finance rate 4.250)	6 yrs 7 mths

‡ Inflation/Growth applied

Growth on Sales

		Ungrown	Growth	Total
1A Plot Sales	Growth Set 1 at 1 500%	72,949,785	7,823,697	80,773,482
1B Plot Sales	Growth Set 1 at 1 500%	63,223,147	5,234,479	68,457,626
1C Plot Sales	Growth Set 1 at 1 500%	19,453,276	1,586,240	21,039,516
2B Plot Sales	Growth Set 1 at 1 500%	29,179,914	3,569,827	32,749,741
2C Plot Sales	Growth Set 1 at 1 500%	4,863,319	844,297	5,707,616
2C Plot Sales - Premium	Growth Set 1 at 1 500%	34,804,715	5,738,204	40,542,919
3A Plot Sales	Growth Set 1 at 1 500%	24,316,595	3,384,228	27,700,823

**Otterpool Park - Master Developer Appraisal
Gerald Eve**

3B Plot Sales	Growth Set 1 at 1 500%	19,453,276	3,208,909	22,662,185
3B Plot Sales - Premium	Growth Set 1 at 1 500%	48,726,601	10,194,157	58,920,758
3C Plot Sales - Premium	Growth Set 1 at 1 500%	27,843,772	5,570,891	33,414,663
4 Plot Sales - Premium	Growth Set 1 at 1 500%	90,492,259	22,239,354	112,731,613
5 Plot Sales - Premium	Growth Set 1 at 1 500%	13,921,886	3,679,638	17,601,524
6 Plot Sales - Premium	Growth Set 1 at 1 500%	76,570,373	20,965,874	97,536,247
7 Plot Sales - Premium	Growth Set 1 at 1 500%	132,257,917	43,935,329	176,193,246
8 Plot Sales - Premium	Growth Set 1 at 1 500%	34,804,715	12,599,886	47,404,601
Inflation on Construction Costs		Uninflated	Inflation	Total
M20 Junction 12-13	Inflation Set 1 at 1 000%	15,275,905	2,284,991	17,560,896
M20 Junction 12-13 Local Junction Upgrades	Inflation Set 1 at 1 000%	55,010	6,369	61,379
Junction 11 Option A Phase 1	Inflation Set 1 at 1 000%	2,499,373	237,377	2,736,750
Junction 11 Option A Phase 2	Inflation Set 1 at 1 000%	2,775,615	433,678	3,209,293
Junction 11 Option A Phase 3	Inflation Set 1 at 1 000%	3,553,607	699,687	4,253,294
Junction 11 Option A Phase 4	Inflation Set 1 at 1 000%	2,263,932	555,781	2,819,713
A20/A260 Interchange Junction 1	Inflation Set 1 at 1 000%	1,598,929	81,718	1,680,647
A20/A260 Interchange Junction 1	Inflation Set 1 at 1 000%	29,499	1,508	31,007
A20/A260 Interchange Junction 1	Inflation Set 1 at 1 000%	241,947	12,365	254,312