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Development Appraisal

Flambeau Europlast, Ramsgate

Viability Appraisal - Fixed Commuted Sum

Flambeau Europlast Ltd  
Manston Road  
Ramsgate  
CT12 6HW

Report Date: 04 October 2016

Prepared by Tim Mitford-Slade MLE MRICS

**APPRAISAL SUMMARY****LICENSED COPY****Flambeau Europlast, Ramsgate  
Viability Appraisal - Fixed Commuted Sum****Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft²</b>	<b>Rate ft²</b>	<b>Unit Price</b>	<b>Gross Sales</b>
2 Bed Flats	40	28,000	228.57	160,000	6,400,000
2 Bed Houses	20	18,000	227.78	205,000	4,100,000
3 Bed Houses	60	66,000	227.27	250,000	15,000,000
<b>Totals</b>	<b>120</b>	<b>112,000</b>			<b>25,500,000</b>

**NET REALISATION****25,500,000****OUTLAY****ACQUISITION COSTS**

Fixed Price (8.65 Acres 289,017.34 pAcre)		2,500,000	
Stamp Duty	5.00%	125,000	
Agent Fee	1.00%	25,000	
Legal Fee	0.50%	12,500	
Town Planning		65,000	
Survey		10,000	
			2,737,500

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft²</b>	<b>Rate ft²</b>	<b>Cost</b>	
2 Bed Flats	28,000 ft²	132.00 pf²	3,696,000	
2 Bed Houses	18,000 ft²	111.00 pf²	1,998,000	
3 Bed Houses	66,000 ft²	111.00 pf²	7,326,000	
<b>Totals</b>	<b>112,000 ft²</b>		<b>13,020,000</b>	<b>13,020,000</b>

Contingency	5.00%	651,000	
Demolition		150,000	
Road/Site Works		324,000	
Statutory/LA Community Learning		1	
Statutory/LA Social Care		1	
Statutory/LA Libraries		1	
Statutory/LA Youth		1	
Statutory/LA Play Area		1	
Education @ £2k/unit		1	
Fixed Commuted Sum		100,000	
			1,225,006

**Other Construction**

Remediation Works		95,000	
Off site works		100,000	
Garages		300,000	
Acoustic Fence		85,000	
Warranties		122,000	
Utility Connections & Upgrade		305,000	
Scheme landscaping		122,000	
			1,129,000

**PROFESSIONAL FEES**

Professional Fees	8.00%	1,160,080	
			1,160,080

**DISPOSAL FEES**

Sales Agent & Marketing Fees	2.50%	637,500	
Sales Legal Fee	0.50%	127,500	
			765,000

**FINANCE**

Debit Rate 7.000% Credit Rate 0.500% (Nominal)			
Land		527,624	
Construction		312,487	

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Other	(5,271)	
Total Finance Cost		834,841

**TOTAL COSTS****20,871,427****PROFIT****4,628,573****Performance Measures**

Profit on Cost%	22.18%
Profit on GDV%	18.15%
Profit on NDV%	18.15%

IRR	30.12%
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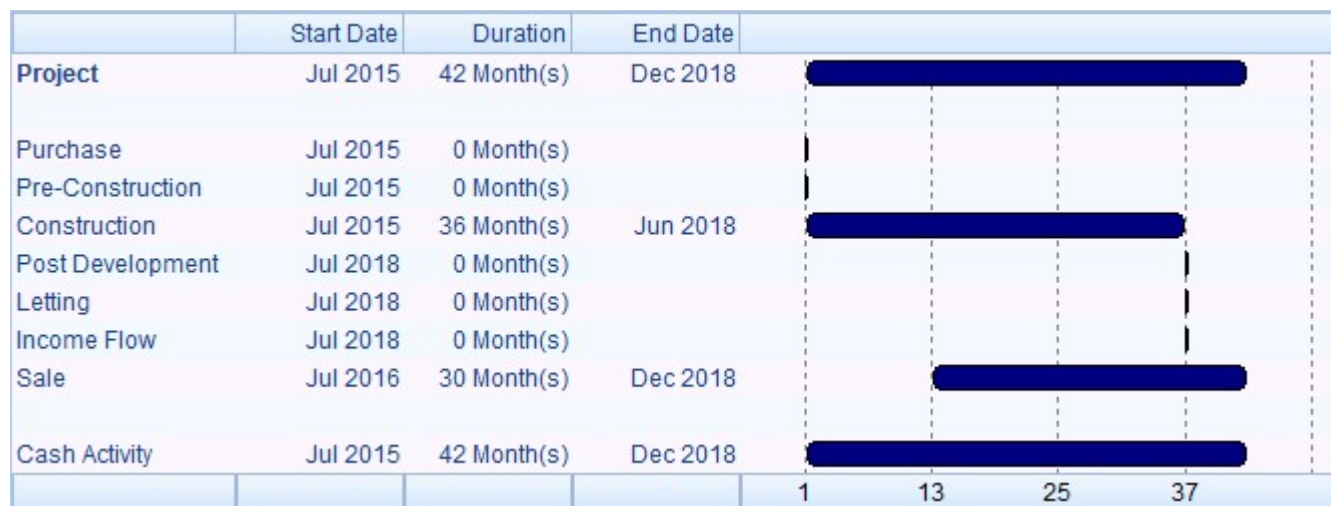
Profit Erosion (finance rate 7.000%)	2 yrs 11 mths
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### Project Timescale Summary

Project Start Date	Jul 2015
Project End Date	Dec 2018
Project Duration (Inc Exit Period)	42 months

Phase Phase 1



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**Assumptions**
**Expenditure**

Professional Fees are based on Construction  
(Manual relations applied to some Professional Fees)  
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)

**Receipts**

Show tenant's true income stream	On
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 start of Tenant's Rent

**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

**Calculation**

Site Payments	In Arrears
Other Payments	In Arrears
Negative Land	In Arrears
Receipts	In Advance
 Initial IRR Guess Rate	 8.00%
Minimum IRR	-100%
Maximum IRR	99999%
Manual Discount Rate	Off
IRR Tolerance	0.001000
 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

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**Assumptions**

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 (Aug 2015)
VAT Calculations in Cash Flow	On

**Residual**

Land Cost Mode	Fixed Land Value
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**Distribution**

Construction Payments are paid on	S-Curve
Sales Receipts are paid on	Single curve
Sales Deposits are paid on	Monthly curve

**Interest Sets**
**Interest Set 1**

Debit Rate	Credit Rate	Months	Start Date
7.000%	0.500%	Perpetuity	Jul 2015

**Loan Set 1**

Debit Rate	Credit Rate	Months	Start Date
0.000%	0.000%	Perpetuity	Jul 2015

**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	Jul 2015

**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	Jul 2015