

Appendix A Viability Appraisals

These appraisals have been prepared by Peter Brett Associates on behalf of Epsom & Ewell Borough Council in line with the RICS valuation guidance. The purpose of the appraisals is to inform Epsom & Ewell Borough Council on potential overages generated from residential and commercial development. These appraisals do not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

Houses –	1.0	Units					
ITEM							
Net Site Area	0.03						
		Private	Affordable				
Yield	1.00	1.00	0.00				
Development Value							
Private Units				No. of units	Size sq.m	Total sq.m	£psm
Houses -				1.00	96	96	£4,000
				1.00		96	
Affordable Units				No. of units	Size sq.m	Total sq.m	£psm
Houses -				0.00	96	0	£2,400
				0.00		0	
	1.00				96		£384,000
Development Cost							
Site Acquisition							
Site Value							£192,515
				Less Purchaser Costs			2.75%
							187,221
Build Costs							
Private units				No. of units	Size sq.m	Cost per sq.m	Total Costs
Houses -				1.00	96	£893	£85,728
				1.00			
Affordable Units				No. of units	Size sq.m	Cost per sq.m	Total Costs
Houses -				0.00	0	£893	£0
				0.00			
	1.00				96		£85,728
Additional Costs							
Plot external				10%	of build costs		£8,573
							£8,573
Professional Fees							
as percentage of construction costs				8%			£7,544
							£7,544
Contingency							
Based upon percentage of construction costs				5%			£4,715
							£4,715
Developer contributions							
S.106					£1,000	per unit	£1,000
							£1,000
Sale cost							
Legals -				£500	per unit		£500
Sales agents fee -				1.25%			£4,800
Marketing cost -				£1,000	per private unit		£1,000
							£6,300
TOTAL DEVELOPMENT COSTS							
							£301,081
Developers' Profit							
Based upon percentage of gross development value				Rate			
Private -				20%			£76,800
Affordable -				6%			£0
							£76,800
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£377,881
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£6,119
Finance Costs				APR		PCM	
				7.00%		0.565%	-£6,119
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£384,000

Houses –	5.0	Units						
ITEM								
Net Site Area	0.17							
		Private	Affordable					
Yield	5.00	4.00	1.00					
Development Value								
Private Units				No. of units	Size sq.m	Total sq.m	£psm	Total Value
Houses -				4.00	96	384	£4,000	£1,536,000
				4.00		384		
Affordable Units				No. of units	Size sq.m	Total sq.m	£psm	Total Value
Houses -				1.00	96	96	£2,400	£230,400
				1.00		96		
	5.00				480			£1,766,400
Development Cost								
Site Acquisition								
Site Value								£886,180
				Less Purchaser Costs				5.75%
								835,225
Build Costs								
Private units				No. of units	Size sq.m	Cost per sq.m		Total Costs
Houses -				4.00	384	£893		£342,912
				4.00				
Affordable Units				No. of units	Size sq.m	Cost per sq.m		Total Costs
Houses -				1.00	96	£893		£85,728
				1.00				
	5.00				480			£428,640
Additional Costs								
Plot external				10%	of build costs			£42,864
								£42,864
Professional Fees								
as percentage of construction costs				8%				£37,720
								£37,720
Contingency								
Based upon percentage of construction costs				5%				£23,575
								£23,575
Developer contributions								
S.106						£1,000	per unit	£5,000
								£5,000
Sale cost								
Legals -				£500	per unit			£2,500
Sales agents fee -				1.25%				£19,200
Marketing cost -				£1,000	per private unit			£4,000
								£25,700
TOTAL DEVELOPMENT COSTS								£1,398,724
Developers' Profit								
Based upon percentage of gross development value					Rate			
Private -				20%				£307,200
Affordable -				6%				£13,824
								£321,024
TOTAL PROJECT COSTS [EXCLUDING INTEREST]								£1,719,748
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]								£46,652
Finance Costs				APR		PCM		-£46,652
				7.00%		0.565%		
TOTAL PROJECT COSTS [INCLUDING INTEREST]								£1,766,400

Houses –		10.0	Units					
ITEM								
Net Site Area	0.33							
			Private	Affordable				
Yield	10.00		8.00	2.00				
Development Value								
Private Units				No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Houses -			8.00	96	768	£4,000	£3,072,000
				8.00		768		
Affordable Units				No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Houses -			2.00	96	192	£2,400	£460,800
				2.00		192		
				10.00	960			£3,532,800
Development Cost								
Site Acquisition								
Site Value								
£1,770,490								
Less Purchaser Costs								
5.75%								
1,668,686								
Build Costs								
Private units				No. of units	Size sq.m	Cost per sq.m		Total Costs
	Houses -			8.00	768	£893		£685,824
				8.00				
Affordable Units				No. of units	Size sq.m	Cost per sq.m		Total Costs
	Houses -			2.00	192	£893		£171,456
				2.00				
				10.00	960			£857,280
Additional Costs								
Plot external								
10% of build costs								
£85,728								
£85,728								
Professional Fees								
as percentage of construction costs								
8%								
£75,441								
£75,441								
Contingency								
Based upon percentage of construction costs								
5%								
£47,150								
£47,150								
Developer contributions								
S.106								
£1,000 per unit								
£10,000								
£10,000								
Sale cost								
Legals -								
£500 per unit								
£5,000								
Sales agents fee -								
1.25%								
£38,400								
Marketing cost -								
£1,000 per private unit								
£8,000								
£51,400								
£51,400								
TOTAL DEVELOPMENT COSTS								
£2,795,686								
Developers' Profit								
Based upon percentage of gross development value								
Rate								
Private -								
20%								
£614,400								
Affordable -								
6%								
£27,648								
£642,048								
£642,048								
TOTAL PROJECT COSTS [EXCLUDING INTEREST]								
£3,437,734								
£3,437,734								
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]								
£95,066								
£95,066								
Finance Costs								
APR								
7.00%								
PCM								
0.565%								
-£95,066								
-£95,066								
TOTAL PROJECT COSTS [INCLUDING INTEREST]								
£3,532,800								
£3,532,800								

Houses –	25.0	Units					
ITEM							
Net Site Area	0.83						
		Private	Affordable				
Yield	25.00	15.00	10.00				
Development Value							
Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
Houses -		15.00	96	1,440	£4,000	£5,760,000	
		15.00		1440			
Affordable Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
Houses -		10.00	96	960	£2,400	£2,304,000	
		10.00		960			
	25.00			2400		£8,064,000	
Development Cost							
Site Acquisition							
Site Value						£3,963,395	
			Less Purchaser Costs			5.75%	
						3,735,500	
Build Costs							
Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
Houses -		15.00	1,440	£893		£1,285,920	
		15.00					
Affordable Units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
Houses -		10.00	960	£893		£857,280	
		10.00					
	25.00		2,400			£2,143,200	
Additional Costs							
Plot external		10%	of build costs			£214,320	
						£214,320	
Professional Fees							
as percentage of construction costs			8%			£188,602	
						£188,602	
Contingency							
Based upon percentage of construction costs			5%			£117,876	
						£117,876	
Developer contributions							
S.106				£1,000	per unit	£25,000	
						£25,000	
Sale cost							
Legals -			£500	per unit		£12,500	
Sales agents fee -			1.25%			£72,000	
Marketing cost -			£1,000	per private unit		£15,000	
						£99,500	
TOTAL DEVELOPMENT COSTS							
						£6,523,997	
Developers' Profit							
Based upon percentage of gross development value			Rate				
Private -			20%			£1,152,000	
Affordable -			6%			£138,240	
						£1,290,240	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							
						£7,814,237	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							
						£249,763	
Finance Costs		APR		PCM			
		7.00%		0.565%		-£249,763	
TOTAL PROJECT COSTS [INCLUDING INTEREST]							
						£8,064,000	

Houses –	50.0	Units					
ITEM							
Net Site Area	1.67						
		Private	Affordable				
Yield	50.00	30.00	20.00				
Development Value							
Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
Houses -		30.00	96	2,880	£4,000	£11,520,000	
		30.00		2880			
Affordable Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value	
Houses -		20.00	96	1,920	£2,400	£4,608,000	
		20.00		1,920			
	50.00			4800		£16,128,000	
Development Cost							
Site Acquisition							
Site Value						£7,815,878	
			Less Purchaser Costs			5.75%	
						7,366,465	
Build Costs							
Private units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
Houses -		30.00	2,880	£893		£2,571,840	
		30.00					
Affordable Units		No. of units	Size sq.m	Cost per sq.m		Total Costs	
Houses -		20.00	1,920	£893		£1,714,560	
		20.00					
	50.00		4,800			£4,286,400	
Additional Costs							
Plot external		10%	of build costs			£428,640	
						£428,640	
Professional Fees							
as percentage of construction costs			8%			£377,203	
						£377,203	
Contingency							
Based upon percentage of construction costs			5%			£235,752	
						£235,752	
Developer contributions							
S.106				£1,000	per unit	£50,000	
						£50,000	
Sale cost							
Legals -			£500	per unit		£25,000	
Sales agents fee -			1.25%			£144,000	
Marketing cost -			£1,000	per private unit		£30,000	
						£199,000	
TOTAL DEVELOPMENT COSTS							
						£12,943,460	
Developers' Profit							
Based upon percentage of gross development value			Rate				
Private -			20%			£2,304,000	
Affordable -			6%			£276,480	
						£2,580,480	
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							
						£15,523,940	
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							
						£604,060	
Finance Costs		APR		PCM		-£604,060	
		7.00%		0.565%			
TOTAL PROJECT COSTS [INCLUDING INTEREST]							
						£16,128,000	

Flats -		3.0	Units				
ITEM							
Net Site Area		0.10					
			Private	Affordable			
Yield		3.00		3.00		0.00	
Development Value							
Private Units			No. of units	Size sq.m	Total sq.m	£psm	Total Value
Flats -			3.00	65	194	£4,200	£813,960
			3.00		194		
Affordable Units			No. of units	Size sq.m	Total sq.m	£psm	Total Value
Flats -			0.00	65	0	£2,520	£0
			0.00		0		
			3.00		194		£813,960
Development Cost							
Site Acquisition							
Site Value							£336,299
		Less Purchaser Costs					4.75%
			320,324				
Build Costs							
Private units			No. of units	Size sq.m	Cost per sq.m		Total Costs
Flats-			3.00	228	£1,036		£236,208
			3.00				
Affordable Units			No. of units	Size sq.m	Cost per sq.m		Total Costs
Flats-			0.00	0	£1,036		£0
			0.00				
			3.00	228	£236,208		
Additional Costs							
Plot external			10%	of build costs			£23,621
			£23,621				
Professional Fees							
as percentage of construction costs			8%				£20,786
			£20,786				
Contingency							
Based upon percentage of construction costs			5%				£12,991
			£12,991				
Developer contributions							
S.106				£1,000	per unit		£3,000
			£3,000				
Sale cost							
Legals -			£500		per unit		£1,500
Sales agents fee -			1.25%				£10,175
Marketing cost -			£1,000		per private unit		£3,000
			£14,675				
TOTAL DEVELOPMENT COSTS			£631,605				
Developers' Profit							
Based upon percentage of gross development value			Rate				
Private -			20%				£162,792
Affordable -			6%				£0
			£162,792				
TOTAL PROJECT COSTS [EXCLUDING INTEREST]			£794,397				
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]			£19,563				
Finance Costs			APR		PCM		
			7.00%		0.565%		-£19,563
TOTAL PROJECT COSTS [INCLUDING INTEREST]			£813,960				

Flats -		10.0	Units			
ITEM						
Net Site Area		0.33				
			Private	Affordable		
Yield		10.00				
			6.00	4.00		
Development Value						
Private Units			No. of units	Size sq.m	Total sq.m	£psm
Flats -			6.00	65	388	£4,200
			6.00		388	
Affordable Units			No. of units	Size sq.m	Total sq.m	£psm
Flats -			4.00	65	258	£2,520
			4.00		258	
		10.00	646			£2,279,088
Development Cost						
Site Acquisition						
Site Value		£843,190				
		Less Purchaser Costs				
		5.75%				
		794,707				
Build Costs						
Private units			No. of units	Size sq.m	Cost per sq.m	Total Costs
Flats-			6.00	456	£1,036	£472,416
			6.00			
Affordable Units			No. of units	Size sq.m	Cost per sq.m	Total Costs
Flats-			4.00	304	£1,036	£314,944
			4.00			
		10.00	760			£787,360
Additional Costs						
Plot external		10%	of build costs			£78,736
		£78,736				
Professional Fees						
as percentage of construction costs		8%			£69,288	
		£69,288				
Contingency						
Based upon percentage of construction costs		5%			£43,305	
		£43,305				
Developer contributions						
S.106		£1,000			per unit	£10,000
		£10,000				
Sale cost						
Legals -		£500			per unit	£5,000
Sales agents fee -		1.25%			£20,349	
Marketing cost -		£1,000			per private unit	£6,000
		£31,349				
		£1,814,744				
Developers' Profit						
Based upon percentage of gross development value		Rate				
Private -		20%			£325,584	
Affordable -		6%			£39,070	
		£364,654				
		£2,179,398				
		£99,690				
Finance Costs		APR	PCM			
		7.00%	0.565%			-£99,690
		£2,279,088				

Flats -		50.0	Units				
ITEM							
Net Site Area	1.67						
			Private	Affordable			
Yield	50.00		30.00	20.00			
Development Value							
Private Units			No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		30.00	65	1,938	£4,200	£8,139,600
			30.00		1938		
Affordable Units			No. of units	Size sq.m	Total sq.m	£psm	Total Value
	Flats -		20.00	65	1,292	£2,520	£3,255,840
			20.00		1,292		
					50.00	3230	£11,395,440
Development Cost							
Site Acquisition							
Site Value							£3,613,378
Less Purchaser Costs							5.75%
							3,405,609
Build Costs							
Private units			No. of units	Size sq.m	Cost per sq.m		Total Costs
	Flats-		30.00	2,280	£1,036		£2,362,080
			30.00				
Affordable Units			No. of units	Size sq.m	Cost per sq.m		Total Costs
	Flats-		20.00	1,520	£1,036		£1,574,720
			20.00				
					50.00	3800	£3,936,800
Additional Costs							
Plot external			10%	of build costs			£393,680
							£393,680
Professional Fees							
as percentage of construction costs			8%				£346,438
							£346,438
Contingency							
Based upon percentage of construction costs			5%				£216,524
							£216,524
Developer contributions							
S.106				£1,000		per unit	£50,000
							£50,000
Sale cost							
Legals -			£500		per unit		£25,000
Sales agents fee -			1.25%				£101,745
Marketing cost -			£1,000		per private unit		£30,000
							£156,745
TOTAL DEVELOPMENT COSTS							£8,505,797
Developers' Profit							
Based upon percentage of gross development value				Rate			
Private -			20%				£1,627,920
Affordable -			6%				£195,350
							£1,823,270
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£10,329,067
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£1,066,373
Finance Costs				APR	PCM		
				7.00%	0.565%		-£1,066,373
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£11,395,440

Peter Brett Associates

Development Appraisal

Offices - 929 sq m

Report Date: 07 June 2013

Prepared by SV

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES**

Offices - 929 sq m

Summary Appraisal for Phase 1

REVENUE**Rental Area Summary**

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Offices	1	789.65	£215.28	£169,996	169,996	169,996

Investment Valuation**Offices**

Market Rent	169,996	YP @	7.5000%	13.3333	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	7.5000%	0.9645	2,186,114

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.75%	(125,702)	2,186,114
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NET DEVELOPMENT VALUE 2,060,413**NET REALISATION****2,060,413****OUTLAY****ACQUISITION COSTS**

Residualised Price			178,181	
Agent Fee		1.00%	1,782	
Legal Fee		0.50%	891	
				180,854

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Offices	929.00	£1,222.00	1,135,238	1,135,238

Contingency	5.00%	56,762	56,762
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Other Construction

External	10.00%	113,524	113,524
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PROFESSIONAL FEES

Architect	8.00%	99,901	99,901
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MARKETING & LETTING

Letting Agent Fee	10.00%	17,000	
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APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Offices - 929 sq m**

Marketing	10.00%	17,000	
Letting Legal Fee	5.00%	8,500	
			42,499

DISPOSAL FEES

Sales Agent Fee	1.00%	20,604	
Sales Legal Fee	0.50%	10,302	
			30,906

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land		14,133	
Construction		43,193	
Total Finance Cost			57,327

TOTAL COSTS**1,717,010****PROFIT****343,402****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	9.90%
Equivalent Yield% (Nominal)	7.50%
Equivalent Yield% (True)	7.87%

IRR 44.81%

Rent Cover 2 yrs

Profit Erosion (finance rate 7.000%) 2 yrs 8 mths

Peter Brett Associates

Development Appraisal

Comparison Retail - 465 sq m

Report Date: 07 June 2013

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Comparison Retail - 465 sq m****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
	1	395.25	£193.75	£76,580	76,580	76,580

Investment Valuation

Market Rent	76,580	YP @	6.5000%	15.3846	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	6.5000%	0.9690	1,141,630

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.75%	(65,644)		1,141,630
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NET DEVELOPMENT VALUE1,075,986**NET REALISATION****1,075,986****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.08 Ha £4,982,505.96 pHect)			398,600	
Stamp Duty			11,958	
Agent Fee	1.00%		3,986	
Legal Fee	0.75%		2,990	
				417,534

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost	
	465.00	£735.00	341,775	341,775

Contingency	5.00%	17,089		17,089
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Other Construction

Externals	10.00%	34,177		34,177
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PROFESSIONAL FEES

Professional Fees	10.00%	37,595		37,595
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MARKETING & LETTING

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Comparison Retail - 465 sq m**

Letting Agent Fee	10.00%	7,658	
Marketing	10.00%	7,658	
Letting Legal Fee	5.00%	3,829	
			19,145

FINANCE

Debit Rate 7.000% Credit Rate 7.000% (Nominal)			
Land		19,785	
Construction		9,555	
Total Finance Cost			29,340

TOTAL COSTS**896,655****PROFIT****179,331****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	8.54%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%
IRR	46.11%
Rent Cover	2 yrs 4 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Peter Brett Associates

Development Appraisal

Convenience Retail - 465 sq m

Report Date: 29 May 2013

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES**

Convenience Retail - 465 sq m

Summary Appraisal for Phase 1

REVENUE**Rental Area Summary**

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
	1	465.00	£215.28	£100,105	100,105	100,105

Investment Valuation

Market Rent	100,105	YP @	5.7500%	17.3913	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	5.7500%	0.9724	1,692,967

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.75%	(97,346)		1,692,967
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NET DEVELOPMENT VALUE1,595,622**NET REALISATION****1,595,622****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.10 Ha	£6,161,258.39 pHect)		616,126	
Stamp Duty			24,645	
Agent Fee	1.00%		6,161	
Legal Fee	0.75%		4,621	
				651,553

CONSTRUCTION COSTS**Construction**

m²	Rate m²	Cost
465.00	£1,072.00	498,480
		498,480

Contingency	5.00%	24,924	
S106		5,000	
			29,924

Other Construction

Externals	10.00%	49,848	
			49,848

PROFESSIONAL FEES

Professional Fees	10.00%	54,833	
			54,833

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Convenience Retail - 465 sq m****FINANCE**

Debit Rate 7.000% Credit Rate 7.000% (Nominal)

Land	30,874	
Construction	14,173	
Total Finance Cost		45,047

TOTAL COSTS**1,329,685****PROFIT****265,937****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	7.53%
Equivalent Yield% (Nominal)	5.75%
Equivalent Yield% (True)	5.96%

IRR	44.73%
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Rent Cover	2 yrs 8 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Peter Brett Associates

Development Appraisal

Convenience Retail - 2,000 sq m

Report Date: 12 June 2013

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES**

Convenience Retail - 2,000 sq m

Summary Appraisal for Phase 1

REVENUE**Rental Area Summary**

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
	1	2,000.00	£215.28	£430,560	430,560	430,560

Investment Valuation

Market Rent	430,560	YP @	5.5000%	18.1818	
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	5.5000%	0.9736	7,621,576

GROSS DEVELOPMENT VALUE

Purchaser's Costs	5.75%	(438,241)		7,621,576
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NET DEVELOPMENT VALUE7,183,335**NET REALISATION****7,183,335****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.40 Ha £6,117,688.99 pHect)			2,447,076	
Stamp Duty			97,883	
Agent Fee	1.00%		24,471	
Legal Fee	0.75%		18,353	
				2,587,782

CONSTRUCTION COSTS**Construction**

	m²	Rate m²	Cost
	2,000.00	£1,223.00	2,446,000

2,446,000

Contingency	5.00%	122,300	
Statutory/LA		10,000	
			132,300

Other Construction

Externals	10.00%	244,600	
			244,600

PROFESSIONAL FEES

Professional Fees	10.00%	269,060	
			269,060

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Convenience Retail - 2,000 sq m****FINANCE**

Debit Rate 7.000% Credit Rate 7.000% (Nominal)

Land	202,228	
Construction	104,141	
Total Finance Cost		306,370

TOTAL COSTS**5,986,112****PROFIT****1,197,223****Performance Measures**

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	7.19%
Equivalent Yield% (Nominal)	5.50%
Equivalent Yield% (True)	5.69%

IRR	31.73%
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Rent Cover	2 yrs 9 mths
Profit Erosion (finance rate 7.000%)	2 yrs 8 mths

Peter Brett Associates

Development Appraisal

Student Accommodation - 60 beds

Report Date: 07 June 2013

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Student Accommodation - 60 beds****Summary Appraisal for Phase 1****REVENUE****Rental Area Summary**

	Units	m²	Rate m²	Initial MRV/Unit	Net Rent at Sale	Initial MRV	Net MRV at Sale
	60	719.88	£422.57	£5,070	212,940	304,200	212,940

Investment Valuation

Current Rent	212,940	YP @	6.5000%	15.3846	3,276,000		
GROSS DEVELOPMENT VALUE						3,276,000	
Purchaser's Costs		5.75%	(188,370)				
NET DEVELOPMENT VALUE						<u>3,087,630</u>	
NET REALISATION						3,087,630	

OUTLAY**ACQUISITION COSTS**

Residualised Price (0.20 Ha	£3,445,802.93 pHect)		689,161				
Agent Fee		1.00%	6,892				
Legal Fee		0.75%	5,169				
					701,221		

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost				
	1,028.40	£1,367.00	1,405,823	1,405,823			
Contingency		5.00%	70,291		70,291		
Other Construction							
Externals		10.00%	140,582		140,582		
PROFESSIONAL FEES							
Professional Fees		10.00%	154,641		154,641		
FINANCE							
Debit Rate 7.000% Credit Rate 7.000% (Nominal)							
Land			46,080				

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Student Accommodation - 60 beds**

Construction	54,387	
Total Finance Cost		100,467

TOTAL COSTS **2,573,024**

PROFIT **514,606**

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	8.28%
Equivalent Yield% (Nominal)	6.50%
Equivalent Yield% (True)	6.77%

IRR 39.43%

Rent Cover 2 yrs 5 mths
Profit Erosion (finance rate 7.000%) 2 yrs 8 mths

Peter Brett Associates

Development Appraisal

Care Home - 60 beds

Report Date: 29 May 2013

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES**

Care Home - 60 beds

Summary Appraisal for Phase 1

REVENUE**Rental Area Summary**

Units	Initial MRV/Unit	Net Rent at Sale	Initial MRV
60	£9,000	540,000	540,000

Investment Valuation

Current Rent	540,000	YP @	7.0000%	14.2857	7,714,286
GROSS DEVELOPMENT VALUE					7,714,286
Purchaser's Costs		5.75%	(443,571)		
NET DEVELOPMENT VALUE					<u>7,270,714</u>

NET REALISATION**7,270,714****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.40 Ha £3,047,771.85 pHect)			1,219,109	
Stamp Duty			48,764	
Agent Fee		1.00%	12,191	
Legal Fee		0.75%	9,143	
				1,289,207

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
	2,400.00	£1,463.00	3,511,200	3,511,200
Contingency		5.00%	175,560	
				175,560
Other Construction				
Externals		10.00%	351,120	
				351,120

PROFESSIONAL FEES

Professional Fees		10.00%	386,232	
				386,232

FINANCE

Debit Rate 7.000% Credit Rate 7.000% (Nominal)

APPRAISAL SUMMARY**PETER BRETT ASSOCIATES****Care Home - 60 beds**

Land	133,227	
Construction	212,382	
Total Finance Cost		345,609

TOTAL COSTS **6,058,928**

PROFIT **1,211,786**

Performance Measures

Profit on Cost%	20.00%
Profit on GDV%	15.71%
Profit on NDV%	16.67%
Development Yield% (on Rent)	8.91%
Equivalent Yield% (Nominal)	7.00%
Equivalent Yield% (True)	7.32%

IRR 28.98%

Rent Cover 2 yrs 3 mths
Profit Erosion (finance rate 7.000%) 2 yrs 8 mths

Appendix B Consultees

Consultees

Estate Agents

Barnard Marcus

Jackson Noon

Gascoigne-Pees

The Personal Agent

Commercial Agents

Bridger Bell

Cattaneo Commercial

Epsom & Ewell Borough Council - Borough Surveyor

Housebuilders/Developers

Linden Homes

Crest Nicholson

Persimmon

Registered Providers

Rosebury Housing Association

Orbit Homes

Appendix C Retail Comparables

Comparison Retail

Address	Date	Size (sq ft)	Rent (per annum)	Rent (sq ft)	Sales Price	Yield
45-47 Upper High Street, Epsom	02/01/13	1,236	£15,000	£12.14	NA	NA
Capitol Square, Church Street, Epsom	09/03/12	2,670	£50,000	£18.73	NA	NA
209-211 Kingston Road, Epsom	01/03/12	1,443	£18,500	£12.82	NA	NA
Vaw House, 2 High Street, Ewell	21/01/12	838	£12,000	£14.32	NA	NA
360 Kingston Road, Ewell	09/01/12	752	£8,000	£10.64	NA	NA
78-80 High Street, Ewell	14/12/11	1,050	£10,000	£9.52	NA	NA
72 High Street, Epsom	12/07/11	3,105	£53,700	£17.29	£610,000	8.80%
Coral, 431 Kingston Road, Epsom	17/05/11	624	£11,375	£18.23	£175,000	6.50%
Ashley Centre, Ashley Avenue, Epsom	01/02/11	2,015	£47,000	£23.33	NA	NA

The prime retail location in Epsom, and therefore the Borough, is the Ashley Centre. Agreed rents are not generally publicised but we have been verbally informed that the maximum currently stands at about £85.00 Zone A, compared to a 'boom time' peak of £125.00 Zone A. Obviously there will be a 'shading' effect and rents will be significantly less for the more peripheral units in the secondary malls.

Likewise, in High Street itself Zone A rents vary depending on precise location but generally speaking the peak rents are in the vicinity of the Ashley Centre (Lakeland/Starbucks) and the junction of Waterloo Road, approximately £65.00-£80.00 Zone A, and on the further side of the junction towards Upper High Street a gradual phasing through £60.00 to £50.00 Zone A.

Upper High Street is a markedly secondary location with a preponderance of A2/A3 uses and several voids. Notwithstanding there is a certain 'hierarchy' evident and I would estimate a range of Zone As between £25.00 and £40.00. The secondary pitches in West Street and South Street are more fragmented but would command similar levels.

Elsewhere in the Borough there are various secondary/tertiary trading locations, notably Ewell Village, Stoneleigh and the 'By-pass' parades. Evidence is scarce but based on advertised figures a range of £15.00- £30.00 Zone A might be expected.

Convenience Retail

Address	Date	Size (sq ft)	Rent (per annum)	Rent (sq ft)	Sales Price	Yield
Morrisons, Dover	04/10	50,700	£912,604	£18.00	£17,260,000	5.0%
Tesco, Wembley	06/12	122,145	£3,599,460	£29.47	£68,050,000	5.0%
Sainsbury's, Chadwell	06/12	53,295	£1,062,946	£19.94	£20,000,00	5.0%
Morrisons, Caning Town	05/12	76,660	£2,108,150	£27.50	£42,400,000	4.7%
Tesco, Welling	06/11	84,604	NA	NA	£29,250,000	5.0%
Waitrose, New Maldon	02/10	29,000	£841,000	£29.00	NA	NA
Waitrose, Wantage	02/12	27,000	£476,120	£17.63	£9,000,000	4.5%
Waitrose, West Malling	12/11	9,000	£162,000	£18.00	£3,160,000	4.85%

Appendix D Viability Appraisals - Larger Site Testing

These appraisals have been prepared by Peter Brett Associates on behalf of Epsom & Ewell Borough Council in line with the RICS valuation guidance. The purpose of the appraisals is to inform Epsom & Ewell Borough Council on potential overages generated from residential and commercial development. These appraisals do not a formal 'Red Book' (RICS Valuation – Professional Standards March 2012) valuation and should not be relied upon as such.

EPSOM & EWELL HIGH SCHOOL									
ITEM									
Net Site Area	3.00								
Yield	175.00		Private	Affordable					
			105.00	70.00					
Development Value									
	Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value		
	Houses -		105.00	96	10,080	£4,000	£40,320,000		
			105.00		10080				
	Affordable Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value		
	Houses -		70.00	96	6,720	£2,400	£16,128,000		
			70.00		6,720				
			175.00	16800				£56,448,000	
Development Cost									
Site Acquisition									
Site Value								£20,003,013	
		Less Purchaser Costs						5.75%	
							18,852,840		
Build Costs									
	Private units		No. of units	Size sq.m	Cost per sq.m	Total Costs			
	Houses -		105.00	10,080	£893	£9,001,440			
			105.00						
	Affordable Units		No. of units	Size sq.m	Cost per sq.m	Total Costs			
	Houses -		70.00	6,720	£893	£6,000,960			
			70.00						
			175.00	16,800				£15,002,400	
Additional Costs									
Plot external		10%		of build costs		£1,500,240			
							£1,500,240		
Professional Fees									
as percentage of construction costs				8%		£1,320,211			
							£1,320,211		
Contingency									
Based upon percentage of construction costs				5%		£825,132			
							£825,132		
Developer contributions									
CIL				£125		per sq m	£1,260,000		
S.106				£1,000		per unit	£175,000		
							£1,435,000		
Sale cost									
Legals -				£500		per unit	£87,500		
Sales agents fee -				1.25%		£504,000			
Marketing cost -				£1,000		per private unit	£105,000		
							£696,500		
TOTAL DEVELOPMENT COSTS							£39,632,323		
Developers' Profit									
Based upon percentage of gross development value				Rate					
Private -				20%		£8,064,000			
Affordable -				6%		£967,680			
							£9,031,680		
TOTAL PROJECT COSTS [EXCLUDING INTEREST]							£48,664,003		
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]							£7,783,997		
Finance Costs				APR		PCM			
				7.00%		0.565%		-£7,783,997	
TOTAL PROJECT COSTS [INCLUDING INTEREST]							£56,448,000		

NESCOT						
ITEM						
Net Site Area	4.30					
Yield	441					
Development Value						
Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
Houses -		48.60	96	4,666	£4,000	£18,662,400
		48.60		4666		
Affordable Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
Houses -		32.40	96	3,110	£2,400	£7,464,960
		32.40		3,110		
Retirement - Private Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
Flats -		36.00	65	2,340	£3,600	£8,424,000
		36.00		2340		
Retirement - Affordable Units		No. of units	Size sq.m	Total sq.m	£psm	Total Value
Flats -		24.00	65	1,550	£2,400	£3,720,960
		24.00		1550		
Student Accommodation		No. of units	Total sq.m	Gross Rent	Yield	Total Value
Flats -		300.00	3,600	1,710,000	6.50%	£18,415,385
		300.00	3,600	1710000		
				less costs @	5.75%	£1,058,885
						£55,628,820
Development Cost						
Site Acquisition						
Site Value						£16,308,784
	Less Purchaser Costs					5.75%
						15,371,028
Build Costs						
Private units		No. of units	Size sq.m	Cost per sq.m	Total Costs	
Houses -		48.60	4,666	£893	£4,166,381	
Affordable Units		No. of units	Size sq.m	Cost per sq.m	Total Value	
Houses -		32.40	3,110	£893	£2,777,587	
Retirement - Private Units		No. of units	Size sq.m	Cost per sq.m	Total Value	
Flats -		36.00	3,348	£1,036	£3,468,528	
Retirement - Affordable Units		No. of units	Size sq.m	Cost per sq.m	Total Value	
Flats -		24.00	1,824	£1,036	£1,889,664	
Student Accommodation		No. of units	Total sq.m	Cost per sq.m	Total Value	
Flats -		300.00	5,142	£1,367	£7,029,114	
						£19,331,274
Additional Costs						
Plot external		10%	of build costs			£1,933,127
						£1,933,127
Professional Fees						
as percentage of construction costs			10%	£2,126,440		
						£2,126,440
Contingency						
Based upon percentage of construction costs			5%	£1,063,220		
						£1,063,220
Developer contributions						
CIL -	residential			£125	per sq m	£583,200
CIL -	retirement			£125	per sq m	£418,500
CIL -	student accommodation			£30	per sq m	£154,260
S.106 -	all residential			£1,000	per unit	£141,000
						£1,296,960
Sale cost						
Legals -	private sales		£500	per unit	£70,500	
Sales agents fee -	private sales		1.25%	£338,580		
Marketing cost -	private sales		£1,000	per private unit	£84,600	
						£493,680
TOTAL DEVELOPMENT COSTS						£41,615,730
Developers' Profit						
Private Units			20%	of GDV	£3,732,480	
Affordable Units			6%	of GDV	£447,898	
Retirement - Private Units			20%	of GDV	£1,684,800	
Retirement - Affordable Units			6%	of GDV	£223,258	
Student Accommodation			20%	of Costs	£2,624,188	
						£8,712,623
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£50,328,353
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£5,300,467
Finance Costs			APR 7.00%	PCM 0.565%	-£5,300,467	
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£55,628,820

UPPER HIGH STREET						
ITEM						
Net Site Area		0.59				
Development Value						
Private Units	Houses -	No. of units	Size sq.m	Total sq.m	£psm	Total Value
		12.60 12.60	65	819 819	£4,200	£3,439,800
Affordable Units	Houses -	No. of units	Size sq.m	Total sq.m	£psm	Total Value
		8.40 8.40	65	546 546	£2,520	£1,375,920
Convenience Retail		Total sq.m	Rent per sq m	Rent	Yield	Total Value
		2,353 2,353	£215 £215	£506,541 £506,541	5.50%	£8,966,560
				less costs @	5.75%	£515,577
						£13,266,702
Development Cost						
Site Acquisition						
Site Value						£4,070,171
Less Purchaser Costs						5.75%
						3,836,136
Build Costs						
Private units	Houses -	No. of units	Size sq.m	Cost per sq.m	Total Costs	
		12.60	958	£1,036	£992,074	
Affordable Units	Houses -	No. of units	Size sq.m	Cost per sq.m	Total Value	
		8.40	638	£1,036	£661,382	
Convenience Retail			Size sq.m	Cost per sq.m	Total Value	
			2,353	£1,273	£2,995,294	
						£4,648,750
Additional Costs						
Plot external		10%	of build costs			£464,875
						£464,875
Professional Fees						
as percentage of construction costs			10%		£511,363	
						£511,363
Contingency						
Based upon percentage of construction costs			5%		£255,681	
						£255,681
Developer contributions						
CIL -	residential			£125	per sq m	£119,700
CIL -	convenience retail			£150	per sq m	£352,941
S.106 -	convenience retail			£10,000		£10,000
S.106 -	all residential			£1,000	per unit	£21,000
						£503,641
Sale cost						
Legals -	private sales			£500	per unit	£10,500
Sales agents fee -	private sales			1.25%		£42,998
Marketing cost -	private sales			£1,000	per private unit	£12,600
						£66,098
TOTAL DEVELOPMENT COSTS						£10,286,544
Developers' Profit						
Private Units		20%		of GDV		£687,960
Affordable Units		6%		of GDV		£82,555
Convenience Retail		20%		of Costs		£1,230,899
						£2,001,415
TOTAL PROJECT COSTS [EXCLUDING INTEREST]						£12,287,958
TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]						£978,744
Finance Costs		APR		PCM		
		7.00%		0.565%	-£978,744	
TOTAL PROJECT COSTS [INCLUDING INTEREST]						£13,266,702