

Darlington Local Plan

Skerningham Estates Limited (ID: 1250841)

Inspector's Note No.13: Response to the Further Supplementary Questions Relating to the Council's Responses to Action Points

Issued August 2021

- 1.1 Our Client (Skerningham Estates Limited) responds to APFSQ2 in relation to Policy H10: Skerningham Strategic Allocation.

Policy H10: Skerningham Strategic Allocation

APFSQ2. Would the Council's proposed main modifications to policy H10, reasoned justification and masterplan framework (figure 6.1), along with the proposed changes to the policies map, ensure that the Plan is sound with regard to the development of the Skerningham housing allocation?

- 1.2 Our Client has been an active participant in the examination hearing sessions and has worked with the Council and other land promoters to inform the proposed main modification to Policy H10. In terms of supporting infrastructure, the proposed modification and additional wording add more precision relating to how the development would come forward.
- 1.3 We therefore consider the Policy and Plan to be sound.

In particular whether:

a) The key principles set out in policy H10 and proposed approach to the preparation of a design code and comprehensive masterplan, along with associated community consultation, would be effective in securing high quality development that reflects local aspirations in accordance with national policy relating to good design.

- 1.4 The updated National Planning Policy Framework (NPPF) came into force on 20 July 2021 which among other updates places greater emphasis on the importance of design. The proposed modifications to the third paragraph in Policy H10 are consistent with the key updates to national policy.
- 1.5 The proposed modification provides clarity on the requirement for a comprehensive masterplan (including an infrastructure phasing plan) and design code. It also provides detail on the parties who should be involved in the preparation of the document and the order of sequence. Namely, the design code should be led by the Council and the comprehensive masterplan (and infrastructure phasing plan) should be led by the applicant(s) in consultation with the community.

- 1.6 This approach is consistent with the updates in Section 12 to the NPPF (2021) and in particular paragraph 129 which references that design guides and codes can be prepared at varying scales including site-specific scale.
- 1.7 Coinciding with the update to the NPPF, the government has published a National Design Guide and the National Model Design Code which provides a nationally recognised approach to assist the preparation of the design code.
- 1.8 Paragraph 73 of the updated NPPF is an amended version of paragraph 72 in the 2019 version. Part c (relating to design expectations) has been amended to “ensure that appropriate tools such as masterplans and design guides or codes are used to secure a variety of well-designed and beautiful homes to meet the needs of different groups in the community”. The proposed modification to Policy H10 is also consistent with this revision.
- 1.9 The modification in this regard will be effective in securing high quality development that reflects local aspirations in accordance with national policy relating to good design and ultimately in achieving a well designed and beautiful place.

b) Policy H10 (including the requirements relating to an infrastructure phasing plan; review mechanism prior to the occupation of the 1,650th dwelling; schools and other community facilities (parts b and d); offsite highway works (part f); local distributor road (part g); and green infrastructure (part j)) would be effective in securing the provision of all necessary infrastructure in a timely manner that is appropriately coordinated with the housing development up to and after 2036.

- 1.10 The proposed development at Skerningham aligns with national policy and the guidance that the supply of large numbers of new homes can often be best achieved through planning for larger scale development – as set out in paragraph 72 of the 2019 version of the NPPF and paragraph 73 in the recently updated 2021 version.
- 1.11 Subpoint d (which relates to delivery rates, lead in times and opportunities for supporting rapid implementation) in this paragraph is unchanged as is the supporting footnote (now no. 37), which states:
- “The delivery of large scale developments may need to extend beyond an individual plan period, and the associated infrastructure requirements may not be capable of being identified fully at the outset. Anticipated rates of delivery and infrastructure requirements should, therefore, be kept under review and reflected as policies are updated.”*
- 1.12 Notably, paragraph 22 has also been amended to clarify that “Where larger scale developments such as new settlements or significant extensions to existing villages and towns form part of the strategy for the area, policies should be set within a vision that looks further ahead (at least 30 years), to take into account the likely timescale for delivery”.
- 1.13 The proposed modifications to Policy H10 to include a requirement for an infrastructure phasing plan; a timetable for the implementation of highways works including the competition of the local distributor road; and a requirement to review all infrastructure requirements upon occupation of the 1,650th dwelling (the anticipated build out within the plan period) means that the policy incorporates sufficient controls in terms of assessing the infrastructure requirements at each stage of the development. The modifications would also ensure that the policy is consistent with national policy.

- 1.14 With regards to the highways works (parts f and g), the policy will ensure that any impacts and mitigation measures are considered as part of any planning application. Further to the various hearing sessions, part g relating to the completion of the local distributor road has been amended to include trigger points in order to clarify its delivery.
- 1.15 Part g provides a range based on the various modelling which has been undertaken and the additional text added to part g will ensure that the precise details and timings for any improvement works will be considered during the preparation of the comprehensive masterplan, the infrastructure phasing plan and as part of any future planning applications.
- 1.16 Parts b and d relate to the provision of social infrastructure. The modifications to part b add precision to the proposed uses that would be delivered or considered acceptable within the neighbourhood centre.
- 1.17 Part d includes the requirements for the education provision and in particular the expectations about the location and delivery of the first primary school. The Council has identified that there is existing capacity within local primary schools and therefore the inclusion of reference to Policy IN10 would allow this capacity to be kept under review. As the additional primary school and secondary school and likely to come forward beyond the plan period (should they be required), the policy and part d also include a requirement to review the need for this which again aligns with the quoted NPPF footnote above¹.
- 1.18 The question also references part j in relation to green infrastructure. The proposed modification to Policy H10 has changed slightly as this would be part i (with the requirement relating retention of rural gaps included within part i). The proposed modification would ensure that the network of green and blue infrastructure would be fully considered as part of the infrastructure phasing plan. As stated in the third paragraph of the policy, this would be considered at the same time as the comprehensive masterplan and prepared in consultation with the community prior to the submission of any planning application(s).
- 1.19 In summary, with the proposed modification the policy would be effective in securing the provision of all necessary infrastructure in a timely manner that is appropriately coordinated with the housing development up to and after 2036.

c) The proposal for up to 4,500 dwellings and associated transport, community and green infrastructure could be viably delivered without the relocation of the golf course. If necessary, the viability evidence provided by the Council and Skerningham Estates Limited should be updated to inform consideration of this question.

- 1.20 Part i includes a modification to subpoint vii and the *potential* relocation of Darlington Golf Club. The Council's response to DBC16 (Appendix D and E) explains how the allocation could be delivered in scenarios with and without the relocation of the Golf Club and therefore this modification would provide flexibility in this regard.
- 1.21 Our Client's earlier submission includes a supporting financial viability appraisal dated April 2021 (EIP Ref: Skerningham Estates M4 Appendix 1). This assessed the viability of developing 1,650 units over the Local Plan period to 2036. This work has been extended to consider the viability of the full delivery of the allocation in scenarios with and without the relocation of the Golf Club.

¹ Footnote 37 in the 2021 NPPF

- 1.22 Should the Golf Club be relocated as is the intention, the site would be capable of delivering the full yield of 4,500 dwellings. In the event that the Golf Club remains in its current location, it would reduce the capacity of the allocation by around 800 dwellings (reducing the development to approximately 3,700 dwellings). The gross area of the whole site is around 486.5ha and the gross area of the southern part around 234.16ha, of which 48.7ha is golf course, leaving a gross developable area of 185.46ha.
- 1.23 The majority of the assumptions used in the updated appraisals of these scenarios are as set out in the financial viability appraisal dated April 2021. Where assumptions have changed these and the reasons for change are set out below:
- **Build Out Rate:** as before we have assumed a build out rate rising to 150 units per annum. This would provide 1650 dwellings over the plan period to 2036; and 3,700 units by 2051 or 4,500 units by 2055.
 - **Phasing Programme:** as the timetable for developing individual cells is uncertain at this stage, our appraisals do not specify a sequence for the build out of individual development cells. However it is acknowledged that development cells to the west of the railway will be built out earlier in the development programme.
 - **Average Dwelling Sizes:** our earlier appraisal adopted the dwelling size of 95 sq m used in the Council's Local Plan Viability Assessment. The Council subsequently revised this figure and the Addendum to CDO8 Local Plan Viability Assessment assumes 111.5 sq m for medium value market housing and 83.6 sq m for affordable. LSH has reviewed evidence of house sizes on new developments around Darlington and our appraisal assumes 105 sq m for the market housing and 80 sq m for the affordable units.
 - **Sales Values:** Land Registry data provides evidence that house prices have increased since our earlier appraisal, but it is uncertain whether these higher prices are sustainable or are a temporary consequence of the bubble of activity caused by the temporary relief from stamp duty land tax. As previously, our appraisals assume current sales values of market housing of £2,314 per sq m (£215 psf). The average price of a market housing unit is c. £243,000.
 - **Primary Access Road and Railway Bridge:** The suggested modifications to Policy H 10 of the Local Plan sets out triggers for the delivery of various stages of the road and railway bridge (H 10 g). We have apportioned the full cost of the road by length and reflected Policy H 10 in the timing of these costs within our appraisal.
 - **Off-Site Highway Works:** suggested modifications to Policy H 10 of the Local Plan state that the development will include appropriate measures to mitigate the impact on the local road network (H 10 f). The Council's Addendum to CDO8 Local Plan Viability Assessment includes a cost of £9 million for "S106 Costs – off site infrastructure / highways". Our appraisals adopt this figure.

Results

- 1.24 Summary appraisals for both scenarios are set out in the accompanying appendices.
- 1.25 As per the analysis set out at paragraph 6.3.2 of the financial viability appraisal dated April 2021, a benchmark land value (BLV) of 15 times the existing use value (EUV) of the land would provide sufficient incentive for a landowner to release land for development.

- 1.26 The appraisal of a scheme that retains the golf course and delivers 3,700 homes generates a residual land value (RLV) of £57.7 million. This equates to around £311,000 per hectare (£126,000/acre) and is some 19.4 times higher than the EUV of £16,000 per hectare. As the RLV is greater than the BLV the scheme is both viable and deliverable.
- 1.27 Assuming that the golf course can be relocated and up to 4,500 homes are delivered, the scheme could generate a RLV of £69.2 million. This equates to around £295,000 per hectare (£120,000/acre) and is some 18.4 times higher than the EUV, demonstrating that this scheme would also be both viable and deliverable.

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation
4500 units****Summary Appraisal for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12 13 14**

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Ph 1a Market	24	2,520.00	2,314.00	242,970	5,831,280
Ph 1a Intermediate	3	240.00	1,735.50	138,840	416,520
Ph 1a Social Rent	3	240.00	1,157.00	92,560	277,680
Ph 1b Market	48	5,040.00	2,314.00	242,970	11,662,560
Ph 1b Intermediate	6	480.00	1,735.50	138,840	833,040
Ph 1b Social Rent	6	480.00	1,157.00	92,560	555,360
Ph 1c Market	72	7,560.00	2,314.00	242,970	17,493,840
Ph 1c Intermediate	9	720.00	1,735.50	138,840	1,249,560
Ph 1c Social Rent	9	720.00	1,157.00	92,560	833,040
Ph 1d Market	96	10,080.00	2,314.00	242,970	23,325,120
Ph 1d Intermediate	12	960.00	1,735.50	138,840	1,666,080
Ph 1d Social Rent	12	960.00	1,157.00	92,560	1,110,720
Ph 2 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 2 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 2 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 3 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 3 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 3 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 4 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 4 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 4 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 5 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 5 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 5 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 6 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 6 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 6 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 7 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 7 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 7 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 8 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 8 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800
Ph 8 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 9 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 9 Intermediate	45	3,600.00	1,735.50	138,840	6,247,800

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****4500 units**

Ph 9 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 10 Market	360	37,800.00	2,314.00	242,970	87,469,200
Ph 10 Intermediate	45	3,600.00	1,735.00	138,800	6,246,000
Ph 10 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 11 Market	120	12,600.00	2,314.00	242,970	29,156,400
Ph 11 Intermediate	15	1,200.00	1,735.00	138,800	2,082,000
Ph 11 Social Rent	15	1,200.00	1,157.00	92,560	1,388,400
Totals	4,500	450,000.00			978,819,600

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Supermarket	1	500.00	100.00	50,000	50,000	50,000
Convenience Store 2	1	500.00	100.00	50,000	50,000	50,000
Totals	2	1,000.00			100,000	100,000

Investment Valuation**Supermarket**

Current Rent	50,000	YP @	5.0000%	20.0000	1,000,000
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Convenience Store 2

Current Rent	50,000	YP @	5.0000%	20.0000	1,000,000
					2,000,000

GROSS DEVELOPMENT VALUE**980,819,600**

Purchaser's Costs	5.75%	(108,747)	(108,747)
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NET DEVELOPMENT VALUE**980,710,853****NET REALISATION****980,710,853****OUTLAY****ACQUISITION COSTS**

Residualised Price (234.18 Ha 295,462.87 pHect)			69,191,496	69,191,496
Stamp Duty			3,449,075	
Agent Fee	1.00%		691,915	
Legal Fee	0.80%		553,532	
				4,694,522

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
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APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****4500 units**

Supermarket	500.00 m ²	1,472.00 pm ²	736,000
Convenience Store 2	500.00 m ²	1,472.00 pm ²	736,000
Ph 1a Market	2,520.00 m ²	994.00 pm ²	2,504,880
Ph 1a Intermediate	240.00 m ²	994.00 pm ²	238,560
Ph 1a Social Rent	240.00 m ²	994.00 pm ²	238,560
Ph 1b Market	5,040.00 m ²	994.00 pm ²	5,009,760
Ph 1b Intermediate	480.00 m ²	994.00 pm ²	477,120
Ph 1b Social Rent	480.00 m ²	994.00 pm ²	477,120
Ph 1c Market	7,560.00 m ²	994.00 pm ²	7,514,640
Ph 1c Intermediate	720.00 m ²	994.00 pm ²	715,680
Ph 1c Social Rent	720.00 m ²	994.00 pm ²	715,680
Ph 1d Market	10,080.00 m ²	994.00 pm ²	10,019,520
Ph 1d Intermediate	960.00 m ²	994.00 pm ²	954,240
Ph 1d Social Rent	960.00 m ²	994.00 pm ²	954,240
Ph 2 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 2 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 2 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
Primary School 2FE	2,071.00 m ²	2,950.00 pm ²	6,109,450
Health Centre	500.00 m ²	4,911.00 pm ²	2,455,500
Ph 3 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 3 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 3 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 4 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 4 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 4 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 5 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 5 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 5 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 6 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 6 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 6 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
2nd Primary School	2,071.00 m ²	2,950.00 pm ²	6,109,450
2nd Health Centre	500.00 m ²	4,911.00 pm ²	2,455,500
Ph 7 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 7 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 7 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 8 Market	37,800.00 m ²	994.00 pm ²	37,573,200
Ph 8 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 8 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 9 Market	37,800.00 m ²	992.00 pm ²	37,497,600
Ph 9 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400
Ph 9 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****4500 units**

Ph 10 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 10 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 10 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 11 Market	12,600.00 m ²	994.00 pm ²	12,524,400	
Ph 11 Intermediate	1,200.00 m ²	994.00 pm ²	1,192,800	
Ph 11 Social Rent	1,200.00 m ²	994.00 pm ²	1,192,800	
Totals	456,142.00 m²		465,826,300	465,826,300

Contingency		2.00%	9,316,526	
Drainage / SUDS	234.18 ha	25,000.00 /ha	5,854,500	
Abnormals	137.94 ha	75,000.00 /ha	10,345,500	
Open space allowance	4,500.00 un	3,000.00 /un	13,500,000	
Primary Access Road			18,113,000	
Bridge over Railway			20,000,000	
				77,129,526

Other Construction

Ph 1a Externals		15.00%	447,300	
Ph 1b Externals		15.00%	894,600	
Ph 1c Externals		15.00%	1,341,900	
Ph 1d Externals		15.00%	1,789,200	
Ph 2 Externals		15.00%	6,709,500	
Ph 3 Externals		15.00%	6,709,500	
Ph 4 Externals		15.00%	6,709,500	
Ph 5 Externals		15.00%	6,709,500	
Ph 6 Externals		15.00%	6,709,500	
Ph 7 Externals		15.00%	6,709,500	
Ph 8 Externals		15.00%	6,709,500	
Ph 9 Externals		15.00%	6,698,160	
Ph 10 Externals		15.00%	6,709,500	
Ph 11 Externals		15.00%	2,236,500	
				67,083,660

Section 106 Costs

Off Site Highways			3,000,000	
Off-Site Highways			3,000,000	
Off-Site Highways			3,000,000	
				9,000,000

PROFESSIONAL FEES

Professional Fees		5.00%	23,779,506	
				23,779,506

MARKETING & LETTING

Letting Agent Fee		10.00%	5,000	
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APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****4500 units**

Letting Legal Fee		5.00%	2,500	
				7,500
DISPOSAL FEES				
Sales Agent Fee		3.00%	29,421,326	
Sales Legal Fee	4,500.00 un	500.00 /un	2,250,000	
Sales Legal Supermarket		1.00%	10,000	
				31,681,326
FINANCE				
Debit Rate 6.000%, Credit Rate 0.500% (Nominal)				
Total Finance Cost				60,773,499
TOTAL COSTS				809,167,334
PROFIT				171,543,519

Performance Measures

Profit on Cost%	21.20%
Profit on GDV%	17.49%
Profit on NDV%	17.49%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR	8.98%
Rent Cover	N/A
Profit Erosion (finance rate 6.000%)	3 yrs 3 mths

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation
3700 units****Summary Appraisal for Merged Phases 1 2 3 4 5 6 7 8 9 10 11 12**

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price	Gross Sales
Ph 1a Market	24	2,520.00	2,314.00	242,970	5,831,280
Ph 1a Intermediate	3	240.00	1,735.50	138,840	416,520
Ph 1a Social Rent	3	240.00	1,157.00	92,560	277,680
Ph 1b Market	48	5,040.00	2,314.00	242,970	11,662,560
Ph 1b Intermediate	6	480.00	1,735.50	138,840	833,040
Ph 1b Social Rent	6	480.00	1,157.00	92,560	555,360
Ph 1c Market	72	7,560.00	2,314.00	242,970	17,493,840
Ph 1c Intermediate	9	720.00	1,735.50	138,840	1,249,560
Ph 1c Social Rent	9	720.00	1,157.00	92,560	833,040
Ph 1d Market	96	10,080.00	2,314.00	242,970	23,325,120
Ph 1d Intermediate	12	960.00	1,735.50	138,840	1,666,080
Ph 1d Social Rent	12	960.00	1,157.00	92,560	1,110,720
Ph 2 Market	360	37,800.00	2,314.00	242,970	87,469,200
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Ph 8 Social Rent	45	3,600.00	1,157.00	92,560	4,165,200
Ph 9 Market	200	21,000.00	2,314.00	242,970	48,594,000
Ph 9 Intermediate	25	2,000.00	1,735.50	138,840	3,471,000

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****3700 units**

Ph 9 Social Rent	25	2,000.00	1,157.00	92,560	2,314,000
Totals	3,700	370,000.00			804,809,200

Rental Area Summary

	Units	m ²	Rate m ²	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Supermarket	1	500.00	100.00	50,000	50,000	50,000
Convenience Store 2	1	500.00	100.00	50,000	50,000	50,000
Totals	2	1,000.00			100,000	100,000

Investment Valuation**Supermarket**

Current Rent	50,000	YP @	5.0000%	20.0000	1,000,000
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Convenience Store 2

Current Rent	50,000	YP @	5.0000%	20.0000	1,000,000
					2,000,000

GROSS DEVELOPMENT VALUE**806,809,200**

Purchaser's Costs

5.75% (108,747)

(108,747)

NET DEVELOPMENT VALUE**806,700,453****NET REALISATION****806,700,453****OUTLAY****ACQUISITION COSTS**

Residualised Price (185.48 Ha 311,115.46 pHect)

57,705,695

57,705,695

Stamp Duty

2,874,785

Agent Fee

1.00% 577,057

Legal Fee

0.80% 461,646

3,913,487

CONSTRUCTION COSTS**Construction**

	m ²	Rate m ²	Cost
Supermarket	500.00 m ²	1,472.00 pm ²	736,000
Convenience Store 2	500.00 m ²	1,472.00 pm ²	736,000
Ph 1a Market	2,520.00 m ²	994.00 pm ²	2,504,880
Ph 1a Intermediate	240.00 m ²	994.00 pm ²	238,560
Ph 1a Social Rent	240.00 m ²	994.00 pm ²	238,560
Ph 1b Market	5,040.00 m ²	994.00 pm ²	5,009,760

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****3700 units**

Ph 1b Intermediate	480.00 m ²	994.00 pm ²	477,120	
Ph 1b Social Rent	480.00 m ²	994.00 pm ²	477,120	
Ph 1c Market	7,560.00 m ²	994.00 pm ²	7,514,640	
Ph 1c Intermediate	720.00 m ²	994.00 pm ²	715,680	
Ph 1c Social Rent	720.00 m ²	994.00 pm ²	715,680	
Ph 1d Market	10,080.00 m ²	994.00 pm ²	10,019,520	
Ph 1d Intermediate	960.00 m ²	994.00 pm ²	954,240	
Ph 1d Social Rent	960.00 m ²	994.00 pm ²	954,240	
Ph 2 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 2 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 2 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
Primary School 2FE	2,071.00 m ²	2,950.00 pm ²	6,109,450	
Health Centre	500.00 m ²	4,911.00 pm ²	2,455,500	
Ph 3 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 3 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 3 Social Remt	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 4 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 4 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 4 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 5 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 5 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 5 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 6 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 6 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 6 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
2nd Primary School	2,071.00 m ²	2,950.00 pm ²	6,109,450	
2nd Health Centre	500.00 m ²	4,911.00 pm ²	2,455,500	
Ph 7 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 7 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 7 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 8 Market	37,800.00 m ²	994.00 pm ²	37,573,200	
Ph 8 Intermediate	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 8 Social Rent	3,600.00 m ²	994.00 pm ²	3,578,400	
Ph 9 Market	21,000.00 m ²	992.00 pm ²	20,832,000	
Ph 9 Intermediate	2,000.00 m ²	994.00 pm ²	1,988,000	
Ph 9 Social Rent	<u>2,000.00 m²</u>	994.00 pm ²	<u>1,988,000</u>	
Totals	376,142.00 m²		386,339,900	386,339,900
Contingency		2.00%	7,726,798	
Drainage / SUDS	185.48 ha	25,000.00 /ha	4,637,000	
Abnormals	99.33 ha	75,000.00 /ha	7,449,750	
Open space allowance	3,700.00 un	3,000.00 /un	11,100,000	

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation****3700 units**

Primary Access Road		18,113,000	
Bridge over Railway		20,000,000	
			69,026,548
Other Construction			
Ph 1a Externals	15.00%	447,300	
Ph 1b Externals	15.00%	894,600	
Ph 1c Externals	15.00%	1,341,900	
Ph 1d Externals	15.00%	1,789,200	
Ph 2 Externals	15.00%	6,709,500	
Ph 3 Externals	15.00%	6,709,500	
Ph 4 Externals	15.00%	6,709,500	
Ph 5 Externals	15.00%	6,709,500	
Ph 6 Externals	15.00%	6,709,500	
Ph 7 Externals	15.00%	6,709,500	
Ph 8 Externals	15.00%	6,709,500	
Ph 9 Externals	15.00%	3,721,200	
			55,160,700
Section 106 Costs			
Off Site Highways		3,000,000	
Off-Site Highways		3,000,000	
Off-Site Highways		3,000,000	
			9,000,000
PROFESSIONAL FEES			
Professional Fees	5.00%	19,725,700	
			19,725,700
MARKETING & LETTING			
Letting Agent Fee	10.00%	5,000	
Letting Legal Fee	5.00%	2,500	
			7,500
DISPOSAL FEES			
Sales Agent Fee	3.00%	24,201,014	
Sales Legal Fee	3,700.00 un	500.00 /un	1,850,000
Sales Legal Supermarket	1.00%	10,000	
			26,061,014
FINANCE			
Debit Rate 6.000%, Credit Rate 0.500% (Nominal)			
Total Finance Cost			38,653,884
TOTAL COSTS			665,594,428

PROFIT

APPRAISAL SUMMARY**LAMBERT SMITH HAMPTON****Skerningham Strategic Allocation
3700 units****141,106,025****Performance Measures**

Profit on Cost%	21.20%
Profit on GDV%	17.49%
Profit on NDV%	17.49%
Development Yield% (on Rent)	0.01%
Equivalent Yield% (Nominal)	5.00%
Equivalent Yield% (True)	5.16%
IRR	10.01%
Rent Cover	N/A
Profit Erosion (finance rate 6.000%)	3 yrs 3 mths