

Sample Cottage, Sample Road, Sample Town
15th April 2008



FINANCIAL APPRAISAL

**Sample Cottage
Sample Road
Sample Town**

**Undertaken on behalf of: Mr Sample
DATE: 15th April 2008**

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1. OVERVIEW

1.1. The proposed scheme is for the demolition of the existing detached house and development of two detached two storey houses, one at 2400sqft, the other at 2500sqft each with integrated double garage. The proposed house on the western side of the site will use the existing means of access to the site from Sample Road. The proposed dwelling on the eastern side of the site proposes a new access point from Sample Road.

2. COST OF DEVELOPMENT

2.1. The specification of the houses is relatively high to reflect the high average asking price in the area. Kitchens have been priced at £25,000 each, bathrooms have half height tiling throughout and integral wetrooms and both houses are specified with underfloor heating.

2.2. The total cost of construction for the development equates to £647,000 or £323,500 per plot. These figures do not include any contingency.

3. RESALE VALUES

3.1. We have been informed by Mr Sample that the current average per square foot resale value in this area is between £520 and £530 per square foot. Therefore, the resale prices for the houses have been estimated at £1,300,000 for the 2500sqft house and £1,280,000 for the 2400sqft house. Therefore, the Gross Development Value (GDV) for the project is £2,580,000. However, at least three full valuations from local estate agents based on final drawings should be obtained to ensure that these figures are accurate.*

4. PROFIT

4.1. Based on these figures, including the initial valuation of the existing house of £1,050,000 and including a construction contingency of 5%:

4.2. If the development is built out and houses sold, the gross profit before tax will be **£615,000** or 32% of the cost of the project.

4.3. The residual value of the site with the benefit of planning permission is **£1,275,000**.

4.4. If the plot is sold to a developer with the benefit of planning permission, based on the developer taking a standard 18% gross profit margin for construction, the gross profit will be **£225,000**.

*Ideal Planning Permissions can provide this service with a full Marketing Report

FINANCIAL APPRAISAL

Sample Cottage, Sample Road

Apr-08



	Area	%	£		Month Started	Month Ended
Gross Development Value						
Sales - House 1 (existing)	2500		£520.00	£1,300,000	12	12
Sales - House 2 (new)	2400		£533.33	£1,280,000		
Agents Fees		2%		£26,000		
Conveyancing		1%		£6,500		
Net Development Value				£2,547,500		
Development Costs						
Land Purchase Cost				£1,050,000	3	
Acquisition Costs (inc SDLT)		5.75%		£60,375	3	
Construction Costs						
Build	4900		£134	£656,600	3	9
Contingency		5%		£32,830		
Professional Fees		4%		£26,264	2	4
Refurb of Existing				£0	3	4
Project Contingency				£0	0	0
Finance Costs						
Broker Arrangement Fee		0.00%		£0	0	
Senior Arrangement Fee		0.50%		£13,197	3	
Senior Exit Fee		0.50%		£12,900	11	
Mezzanine Arrangement Fee		0.00%		£0	0	
Mezzanine Exit Fee		0.00%		£0	0	
Interest						
Senior		7.50%		£80,331		
Mezzanine		0.00%		£0		
Total Development Costs				£1,932,498		
Profit				£615,002		
Profit on Cost				32%		
Profit on GDV				24%		
Corporations Tax		20%		£123,000		
Net Profit				£492,002		
Value of site with Planning Permission		18%		£1,275,234.93		
Gross Profit if sold to Developer with Planning				£225,234.93		

FINANCIAL APPRAISAL

:Cashflow



Total Date	1 Jun-08	2 Jul-08	3 Aug-08	4 Sep-08	5 Oct-08	6 Nov-08	7 Dec-08	8 Jan-09	9 Feb-09	10 Mar-09	11 Apr-09	12 May-09	13 Jun-09	14 Jul-09	15 Aug-09
Gross Development Value															
Sales	£2,580,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£2,580,000	£0	£0	£0
Agents Fees	£26,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£26,000	£0	£0	£0
Conveyancing	£6,500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£6,500	£0	£0	£0
Net Development Value	£2,547,500	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£2,547,500	£0	£0	£0
Development Costs															
Land Purchase Cost	£1,050,000	£0	£0	£1,050,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Acquisition Costs	£60,375	£0	£0	£60,375	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Construction Costs	£0														
Build	£656,600	£0	£0	£98,490	£131,320	£196,980	£98,490	£65,660	£32,830	£32,830	£0	£0	£0	£0	£0
Contingency	£32,830	£0	£0	£4,925	£6,566	£9,849	£4,925	£3,283	£1,642	£1,642	£0	£0	£0	£0	£0
<i>Build Profile</i>	<i>100%</i>	<i>0%</i>	<i>0%</i>	<i>15%</i>	<i>20%</i>	<i>30%</i>	<i>15%</i>	<i>10%</i>	<i>5%</i>	<i>5%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>	<i>0%</i>
Professional Fees	£26,264	£0	£8,755	£8,755	£8,755	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Refurb of Existing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Project Contingency	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Finance Costs	£0														
Broker Arrangement Fee	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Senior Arrangement Fee	£13,197	£0	£0	£13,197	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Senior Exit Fee	£12,900	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£12,900	£0	£0	£0
Mezzanine Arrangement Fee	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Mezzanine Exit Fee	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Interest															
Senior	£80,331	£0	£55	£6,060	£7,014	£8,351	£9,049	£9,537	£9,812	£10,088	£10,151	£10,215	£0	£0	£0
Mezzanine	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Development Costs	£1,932,499	£0	£8,809	£1,241,801	£153,655	£215,180	£112,464	£78,480	£44,283	£44,560	£10,151	£10,215	£12,900	£0	£0
Net Monthly Cashflow	£615,002	£0	-£8,809	-£1,241,801	-£153,655	-£215,180	-£112,464	-£78,480	-£44,283	-£44,560	-£10,151	-£10,215	£2,534,600	£0	£0
Cumulative Monthly Cashflow	£615,002	£0	-£8,809	-£1,250,611	-£1,404,265	-£1,619,445	-£1,731,909	-£1,810,388	-£1,854,671	-£1,899,231	-£1,909,383	-£1,919,598	£615,002	£615,002	£615,002



DEVELOPMENT TITLE : Sample Road
2 houses
SCOPE OF UNITS : 2
TOTAL SQFT : 4900
SPLIT : Houses : 4900
Flats : 0
Commercial : 0
Communal : 0

DATE : 15/04/2008
rev:

SUPER-STRUCTURE

ELEVATIONS : Timber cladding & render
FEATURES :
ROOF COVERING : Redland plain
WINDOWS : UPVC,
UPPER FLOOR : Concrete planks / Pressweb joists
INTERNAL SPEC : Electric underfloor heating to flats & wet rooms in houses
Half height tiling
Laminated internal doors
Chrome ironmongery

SUB-STRUCTURE

FOUNDATIONS : Piled
ENTRANCE ROAD : Tarmac
PARKING : Tarmac

SUMMARY

	<u>£</u>	<u>£ / Ft2</u>	<u>%</u>
SUPERSTRUCTURE	360,710	73.61	55.75
GROUNDWORKS	145,350	29.66	22.47
SERVICES	51,000	10.41	7.88
PRELIMINARIES	79,400	16.20	12.27
EXTERNALS	10,000	2.04	1.55
ABNORMALS	<u>500</u>	<u>0.10</u>	<u>0.08</u>
	646,960	132.03	100.00

Per plot £323,480

DEVELOPMENT BUILD COSTS



	<u>Units</u>	<u>Rate</u>	<u>Totals</u>	
<u>GROUNDWORKS</u>	4900 sqft	29.66	145,350	
<u>SERVICES</u>	17 No	3000	51,000	
<u>PRELIMINARIES</u>	12 Mths	6616.67	79,400	Full supervision
<u>EXTERNALS</u>				
Walls - Boundary 1.8m	0 lm	200	0	
Railings	0 lm	85	0	
Electric Gates	0 No	7500	0	
Fencing	0 lm	28	0	
Boundary fencing	0 lm	30	0	
Garden Gates	0 No	300	0	
Store Gates/Doors	0 No	200	0	
Vehicular gates (pairs)	0 No	1000	0	
Landscaping	2 No	5000	10,000	
Tree Surgery	0 Item	5000	0	
Bollard / Street Lighting	0 No	350	0	
Bin store	0 No	2000	0	
Cycle store	0 No	2500	0	
Misc.	Item		0	
			10,000	
<u>ABNORMALS</u>				
Lift	0 No	30000	0	
Basement works	0 m2	450	0	
Piling works	0 m2	70	0	
Water Feature	0 No	10000	0	
Balconies - Railings Only	0 No	1250	0	
Balconies - structural	0 No	3500	0	
Garages	0 No	8000	0	
Offsite works-M.G.footpaths	0 Item	20000	0	
R.C.Frame	0 ft2	12	0	
Hoarding	0 lm	60	0	
Progressive collapse measures	0 No	50000	0	
Terrace areas	0 m2	50	0	
Works to existing barns	0 Item	25000	0	
Demolition	1 Item	500	500	
			500	
OVERALL TOTAL			646,960	
			132.03	sqft

GROUNDWORKS



Site Clearance	1	Item 2000	2000
Attendance on Piling	Mat 150	m2 40	6000
	Cut Pile Cap 100	No 25	2500
	Cart Away 100	No 75	7500
	Form Piles 120	No 250	30000
Labour & Mats to dpc	Houses 180	m2 175	31500
	Flats 0	m2 175	0
	Lift Pit 0	No 3500	0
	Garages 60	m2 100	6000
Extra depths / Underpinning	0	lm 450	0
Binstore fdns	1	No 1000	1000
Boundary walls	0	lm 50	0
Retaining walls -	0	lm 150	0
Bellmouth / Crossover	2	No 7500	15000
Roads - Tarmac	20	m2 75	1500
Roads - Adoptable	0	m2 150	0
Footpath to Road	20	m2 35	700
Drives - Tarmac	40	m2 65	2600
Parking - Tarmac	40	m2 65	2600
Domestic Drains	2	No 3500	7000
Oversized / Deep Pipe runs	0	lm 150	0
Pumping Station - Basement	0	No 5000	0
Sewer Connections	2	No 5000	10000
Service ducts	2	No 500	1000
Paths and patios	20	m2 40	800
Site clears - Skips	30	No 135	4050
Topsoil (Spread & Level)	120	m2 5	600
Site set up	1	Item 2000	2000
Offsite Work	1	No 10000	10000
General Prelims	1	No 1000	1000

TOTAL : 145350

145350

29.66 sqft

PRELIMINARIES

Contract Period 12

AREAS	COSTS
Site Agent	40000
Assistant Agent	0
Labour	20000
Offices etc	0
Toilet	0
Heating / Lighting	600
Consumables	600
Water	600
Telephone	0
Gas / Elec Drying out	600
Safety Inspections	1000
Plant and Equipment	5000
Hoist	3000
Forklift	0
Driver	0
Contracts Manager	8000
Banksman	
Static Crane	
TOTAL	79400.00
Cost per Month	6616.67

	Houses		
		2	4900
SUBCONTRACTORS	Budget	Fixed	Variable
Bricklayer	£34,300.00		£7.00
Scaffolder	£11,270.00		£2.30
Sarnafil	£4,900.00		£1.00
Safety Decking	£1,225.00		£0.25
Insulation	£4,900.00		£1.00
Roof Tiling	£24,500.00		£5.00
Asphalt	£0.00		£0.00
Carpentry	£29,400.00		£6.00
Plumbing	£10,000.00	£5,000.00	
Electrics	£10,000.00	£5,000.00	
Plastering	£31,850.00		£6.50
Rendering	£0.00		£0.00
Underfloor heating	£4,000.00	£2,000.00	
Mastic	£700.00	£350.00	
Floor coverings	£8,000.00	£4,000.00	
Glazing	£2,000.00	£1,000.00	
Windows	£8,000.00	£4,000.00	
Painting	£19,600.00		£4.00
Wall tiling	£4,000.00	£2,000.00	
Cleaner	£1,000.00	£500.00	
Wardrobes	£4,000.00	£2,000.00	
Steelwork	£2,450.00		£0.50
Precast floors	£0.00		£0.00
Sound System	£6,000.00	£3,000.00	
Cornice & coving	£0.00		£0.00
Sky tv	£400.00	£200.00	
Door entry	£2,000.00	£1,000.00	
TOTALS	£224,495.00	£30,050.00	£33.55
MATERIALS	Budget	2 Fixed	4900 Variable
Bricks	£8,575.00		£1.75
Blocks	£7,350.00		£1.50
Concrete lintels/Padstones	£245.00		£0.05
Steel lintels	£1,225.00		£0.25
Stonework	£2,450.00		£0.50
Cavity closers	£245.00		£0.05
Brickwork ancillaries	£735.00		£0.15
Flue liners & pots	£0.00	£0.00	
Insulation	£245.00		£0.05
Trusses/Roof package	£9,800.00		£2.00
External joinery	£500.00	£250.00	
Cladding/Boarding	£2,450.00		£0.50
External door frames	£450.00	£225.00	
Loft hatch & ladder	£0.00	£0.00	
Joists	£4,900.00		£1.00
Flooring	£1,470.00		£0.30
Door linings	£400.00	£200.00	
Window board	£100.00	£50.00	
Doors	£5,000.00	£2,500.00	
Staircases	£4,000.00	£2,000.00	
Staircase timber	£0.00		£0.00
Skirtings	£7,350.00		£1.50
Architrave	£300.00	£150.00	
MDF/Shelving	£1,000.00	£500.00	
Ironmongery	£1,000.00	£500.00	
Protection materials	£200.00	£100.00	
Vanity units / boxing tops	£10,000.00	£5,000.00	
AOV materials	£0.00	£0.00	
GRP materials	£0.00	£0.00	
CLS, noggins etc	£1,225.00		£0.25
TOTALS	£71,215.00	£11,475.00	£9.85