



Using Pamwin Plus 4 and Appraisal Calculation 7 to appraise phased developments

Matt Snuggs

Associate Director (Product) | M3

Paul Flowers

Managing Director | M3

Phased Developments (Pre-version 3.1)

Issue:

Inflation settings at tenure level
– rents, values, services and
revenue costs all inflated to
tenure PC date

Solution:

Inflation settings moved from
tenure to property level (3.1.0.0)



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Inflation (rent setting date)

Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	103.50
Plot 1						<i>Receive unit from contractor:</i>		<i>Let the unit:</i>		<i>Calculation Date for rent setting</i>		
						Handover Date	First Let Date			Rent Setting Date		
Rent Valuation							100.00			100.00		
100.00												

Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	103.50	103.50
Plot 2						<i>Receive unit from contractor:</i>		<i>Let the unit:</i>		<i>Calculation Date for rent setting</i>			
						Handover Date	First Let Date			Rent Setting Date			
Rent Valuation							103.50			103.50			
100													

Phased Developments (Pre-version 3.1)

Issue:

Capitalised interest options limited to SORP/Non-SORP. Drawdown options limited to completion /end of sales.

Solution:

Comprehensive interest parameters and new “Unit drawdown method” (3.1.0.0)



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Interest and Drawdown (unit drawdown)

No unit drawdown

One tenure over two years

	Phase 1						Phase 2						Total Cost		
	Jan-23	Feb-23	...	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	...	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
cum.Spend	1,000,000	1,105,000		1,854,848	1,964,122	2,073,943	2,184,312	2,295,234	2,406,710		3,202,807	3,318,821	3,435,415	3,552,592	3,670,355
Interest	5,000	5,525		9,274	9,821	10,370	10,922	11,476	12,034		16,014	16,594	17,177	17,763	18,352
Drawdown							No drawdown						- 3,688,707		

Two tenures, year for each

	Phase 1						Phase 2						Total Cost		
	Jan-23	Feb-23	...	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	...	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
cum.Spend	1,000,000	1,105,000		1,854,848	1,964,122	2,073,943	2,184,312	100,000	200,500		918,212	1,022,803	1,127,917	1,233,556	1,339,724
Interest	5,000	5,525		9,274	9,821	10,370	10,922	500	1,003		4,591	5,114	5,640	6,168	6,699
Drawdown							- 2,195,234						- 1,346,423		

Interest and Drawdown (unit drawdown) Summary

Summary

Pre-unit drawdown	Total Cost
Single tenure over two years, drawdown at completion	3,688,707
Two tenures , discrete cashflows, apportion invoices etc	3,541,657
Variance between two options	- 147,050

Unit drawdown on	
Unit drawdown on - single tenure over two years	3,541,657

Phased Developments (Pre-version 4)

Issue: Modelling phased cashflows within single tenure difficult and manual, mainly due to hard-wired and inflexible milestones



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Demonstration



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Phased Developments (Pre-version 4)

Issue:

Traditional appraisal model discounting revenue period to PC of tenure and adding together for project.

Parameters to recognise property handovers in model not widely implemented.



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Phased Developments

BUT....

Splitting phasing into tenures at appraisal stage and throughout build does have advantages:

- Final cost recs
- Cost of sales
- Asset accounting more straightforward



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Phased Developments

So....

The workload doesn't change,
but where (and who) it sits
with might.....



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