**custom build Serviced Plots fund**

**January 2015**

**DUE DILIGENCE**

**QUESTIONNAIRE**

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**CBSP Due Diligence: CBSP Questionnaire Structure**

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| **Section 1: Project Delivery Partners and Structure** | | | | |
| 1.1 | Please provide the contact details for the project lead | Name:  Position:  Organisation:  Tel. (landline):  Tel. (mobile):  Email:  Address: | | | |
| 1.2 | Please confirm who will be the contracting party or parties? (add additional parties as appropriate) | Name:  Registered Number:  Name:  Registered Number: | | |
| 1.3 | If contact details of the primary and/or secondary contacts for the project have changed since Expressions Of Interest, please provide here: | Name:  Position:  Organisation:  Tel. (landline):  Tel. (mobile):  Email:  Address: | | | |
| 1.4 | Please provide the name and contact details of the contracting party’s legal advisers:  *(Please note separate enquiries, for example, with respect to certificate of title will be made directly to the contracting party’s legal advisers.)* | | | |
|  | Name:  Position:  Organisation:  Tel. (landline):  Tel. (mobile):  Email:  Address: | | | |
| 1.5 | Who are the other main parties on the project – Housing Association / Contractor, Architect, Remediation/ Grounds worker, Employers Agent/ Cost Consultant/ New Homes Warranty Provider etc? Provide a summary of roles and responsibilities. |  | | | |
| 1.6 | Please outline the proposed delivery team and their respective roles and responsibilities (please include the proposed delivery team structure, including Project Director, Construction Manager (if different), Sales & Marketing team, Legal team) |  | | | |
| 1.7 | Please provide a structure chart to clarify the legal structure of the delivery partner and relationships with other group companies including any guarantors, SPV’s, Companies under Common Ownership etc. |  | | | |
| **Section 2: Project Summary** | | | | |
| 2.1 | Please provide a brief project summary and confirm that the project remains as set out at the Expression of Interest stage (funding / number of homes / planning / landownership / Security and all other material aspects etc.) |  | | | |
| **Section 3: Project Finance** | | | | |
| 3.1 | Please provide a finance plan for both the contracting party and for the development of the project (including any other public funding agreed for the scheme). The finance plan for the contracting party should explain any other projects or on-going interests funded by other funders such as other developments/ debts etc.  The project specific finance plan should detail the approach to financing the CBSP scheme including the peak debt requirement and sources of funding required to meet this requirement. The finance plan should also indicate any conditions attached to award or draw down of any other non HCA funding. | | | Submitted?  Yes / No |
| 3.2 | If bank funding will be used to part fund the CBSP scheme please provide the following information in respect of proposed bank funding:   * details of the bank(s) that will be providing development finance for the proposed CBSP project; (including bank name, address and contact details for bank relationship manager(s)); * a copy of the bank facility agreement covering development finance for the proposed CBSP project, including details of the main terms and conditions. In the event that a bank facility agreement is not yet in place, bidders should provide a draft facility agreement/Heads of Terms together with details of any outstanding conditions/requirements that need to be satisfied before bank funding will be available and the expected timetable for bank funding to be in place. * a summary of the key terms and condition of the facilities to be used to fund this scheme including security (fixed / floating charge), covenant requirement, interest rate, fees and repayment terms * a copy of the most recent covenant compliance report provided to your existing lenders * cashflow projections demonstrating adequacy of funding facility and continued compliance with financial covenants * details of the current balance and headroom on the facilities to be used to fund the scheme * confirmation of whether the proposed project is to be financed by a corporate facility or through a project specific facility; and * in the event that funding is to be provided through a corporate facility provided by a syndicate of banks, please confirm whether you have contacted the banking syndicate about CBSP and, if so, whether the banking syndicate has raised any issues about the basis on which CBSP funding is intended to be made available. | | | Submitted?  Yes / No |
| 3.3 | Please provide evidence to support the availability of equity/funding to be introduced by the bidder into the proposed project. Evidence could include (but is not limited to) confirmation of sunk costs, most recent management accounts, copies of bank statements or letter of support from a parent/another related company, land valuation.  If receipts generated from wider company activities are proposed as part of developer equity, please provide further details of these projects, including sales values, unit types, market, sales rates etc. | | | Submitted:  Yes / No / NA |
| 3.4 | Please provide details of the proposed funding strategy in the event that funding requirement for the project increases over the course of the proposed development (e.g. if costs increase and/or sales are delayed):  If a Fixed Price Build Contract is proposed please confirm and provide a copy of any draft contract available | | | Submitted:  Yes / No / NA |
| 3.5 | Please provide a copy of the most recent full financial statements for the proposed contracting party and (where applicable) financial statements for ultimate parent company. Where published financial statements are for an accounting period ended more than 6 months ago please supply up to date management accounts also. | | | Submitted:  Yes / No / NA |
| 3.6 | In the event that either you or your ultimate parent company is subject to credit rating by a recognised credit rating agency (e.g. Moody’s, Standard & Poors, Fitch), please provide details of the most recent credit rating and brokers reports, together with details of any changes in rating over the last two years (to the extent available): | | | Submitted:  Yes / No / NA |
| 3.7 | Please provide details of any existing public sector funding going into the wider organisation and group structure and also into the direct/ wider CBSP project, including the amount/ type of funding received, level of repayment (if applicable) and key contractual terms (such as overage, repayment by a set longstop date etc.) | | | Submitted:  Yes / No / NA |
| **Section 4: Security** | | | | |
| 4.1 | What form of security is being offered to secure the proposed CBSP loan, Such as: Land Charge (Senior (1st), Joint Senior, Junior (2nd)), Guarantees (including Company, Directors & Contractor Guarantees), Profit Share/ Overage, Step in Rights etc. |  | | | |
| 4.2 | For sites offered as security please provide details of any existing charges granted or to be granted |  | | | |
| 4.3 | Please provide a Certificate of Title for any land being offered as security if not the site which is the subject of the CBSP bid. Including a separate Certificate of Title for the CBSP site as well | | | Submitted:  Yes / No / NA |
| 4.4 | If security is Land, or Property and not the site which is the subject of the bid, submit the latest valuation and state the date of the valuation | | | Submitted?  Yes / No |
| **Section 5: Exit Strategy/ Repayment** | | | | |
| 5.1 | Please confirm the proposed scheme exit strategy for full repayment of HCA’s loan, or proportional HCA equity investment. Please include:   * whether repayment is expected through end sales or re-financing of built units; * whether HCA repayment is proposed to be ranked behind any existing lenders; * key milestones and anticipated timescales of repayment. | | | Submitted?  Yes / No |
| **Section 6: Project Details** | | | | |
| 6.1 | Please provide a short description of the proposed development site, including Location, Constraints, Consideration of any adverse/ positive property site factors e.g., plot size; objections from neighbours; party wall agreements; restrictions/ covenants on title; access rights etc. | |  | | |
| 6.2 | Please provide a redline plan(s) of your site. If part of a larger site the proposed CBSP funded units should be clearly identified. The plan(s) should be at an appropriate scale and capable of being printed on A4. | | Submitted:  Yes / No | | |
| 6.3 | Please confirm the control of the site such as freehold, option, development agreements, licence etc. and provide a Certificate of Title the site (as per 4.3 above) | | Submitted:  Yes / No | | |
| 6.4 | Please confirm if the planning status of the site has changed since the submission of the Expressions of Interest. If yes, please provide a reference number and state when the consent was granted. | | Submitted:  Yes / No | | |
| 6.5 | Please list any conditions completed Agreements or not yet discharged or Agreements (e.g. S106, S278 agreements) For those yet to be completed please include the anticipated dates for achievement / signing. Please provide copies of such documents if available. | | Submitted:  Yes / No | | |
| 6.6 | Please supply valuation evidence to support the book value of the site & security site if different (including details of when valuation(s) were undertaken and by whom?) | | Submitted:  Yes / No | | |  |
| **Section 7: Indicative Scheme Layouts and Plot Design** | | | | |
| 7.1 | Please provide a layout plan for the site. The proposed CBSP funded units should be clearly identified. | | Submitted:  Yes / No | | |
| 7.2 | Please provide an accommodation schedule for the proposed plots to be funded through CBSP (detailing the plot size – type of units to be constructed on sale of plot; gross and net internal floor areas; no. of bedrooms etc.) | | Submitted:  Yes / No | | |
| **Section 8: Proposed Milestones and Build Programme by site** | | | | |
| 8.1 | Please set out dates when key milestones are expected to be achieved across each site:  Please include additional milestones where relevant. | |  |  | | --- | --- | | **Site Name:** | **Date** | | Detailed planning permission gained |  | | Contractor Appointed |  | | Site preparation work started |  | | Site preparation work completed |  | | Primary infrastructure works started |  | | Primary infrastructure works completed |  | | Plot Construction Works started |  | | Marketing starts |  | | First plots completed |  | | Last plots completed |  | | First plot(s) Sold |  | | Last plot(s) Sold |  | | Scheme Fully Built Complete |  | | HCA Loan Repayment start |  | | *Other* |  | | *Other* |  | | | | |
| 8.2 | Please provide a legible Gantt chart for the site setting out the envisaged **development and sales programmes** [including all pre-development stages/construction period/marketing and sales period] | | | Submitted?  Yes / No |
| **Section 9: Viability and Appraisal** | | | | |
| 9.1 | Please submit a copy of your **own** development viability appraisal **and** a separate scheme cashflow in the **HCA format** as provided as part of this Due Diligence Pack | | | Submitted?  Yes / No |
| 9.2 | Please provide a breakdown of the following costs included in the cashflow and provide detail of the assumptions for each of the costs and tender evidence if available/ applicable:   * Land costs (acquisition, legal fees, etc.) * Planning Fees * S106/ CiL * Sunk costs * Infrastructure * Abnormal costs * Pre-lims * Construction Professional fees * Sales Costs (including marketing and legal fees) * Contingency * Overheads * Finance (assumptions) * Profit | | | Submitted?  Yes / No |
| 9.3 | Please provide a schedule of base residential costs (see cashflow guidance for detail). This should include   * a breakdown of plot sizes * base residential construction costs per £/sqm * Evidence of tenders to support build costs and/or written correspondence from an independent quantity surveyor to evidence that the base residential costs are reasonable * Please confirm where possible if Step In Rights are acceptable with the identified Consultants & Contractors | | | Submitted?  Yes / No |
| 9.4 | Please provide a site constraints plan and the proposed mitigation strategy, such as remediation, flood alleviation, site levelling etc. | | | Submitted?  Yes / No |
| 9.5 | Please provide a Market Report informed by local market demand detailing the justification for sales rates, including a schedule of revenue/ sales assumptions with comparable evidence. This should include:   * details of comparable schemes in the local area with location details (address of schemes), type of plots/ sizes, asking prices, achieved sales prices and sales rates * Written correspondence from two local estate agents/ advisors confirming that the assumed sales values and sales rates are achievable in the local market | | | Submitted?  Yes / No |
| **Section 10: Risk Register and Management Plan** | | | | |
| 10.1 | Please submit a project risk register **and** risk management plan for each site (including planning, development, financial, commercial and market risks) | | | Submitted?  Yes / No |
| **Section 11: Contract** | | | | |
| 11.1 | Confirm acceptance of standard form contract. [note: standard form of contract to be published at the end of January 2015] |  | | | |