Appendix 1

Method of Sale	Type of Sale	Benefits	Risks
Private Treaty			
Secure Planning Permission & Sell	The seller and buyer agree the terms of sale between themselves.	• Full control • No discount from Market Value	• Capital cost at risk • Buyers may discount offers for any re-planning work required
Sale Subject to Planning (STP) (when land is likely to secure planning within 2 years)		• Market tested. • Retain an element of design control. • Greenfield serviced land value agreed from outset. • Transparency with deductions through open book process. • Ability to be included in negotiations with section 106 • Planning costs are not deducted • Minimum purchase price agreed from day one • Sale based on detailed planning permission • Overage can be set at agreed base levels • Minimal discount on land value	• Only of interest to house builders • House builders will try to get out of sale based on interpretation of satisfactory planning permission if the market deteriorates and minimum price begins to look ambitious • Can manipulate deductible costs in their favour as they are no longer in a competitive bidding situation
Options • Call • Put • Cross • Reverse **(beyond 2 years)**	An option agreement is an agreement between a landowner and a potential purchaser. In return for a non-refundable sum of money, the potential purchaser of the land has a legally binding option to buy at a certain date or within an agreed time-frame, or after completion of a certain event (e.g. after obtaining planning permission).	• Secures a buyer in a potentially fluctuating/downward mark. • Options can include overage clauses. • Attract interest from land traders and house builders • Minimum price protection • Seller receives up front premium /a non-refundable deposit (from recent experience likely to be £50,000-£100,000 • Sufficient time to get planning based on change in market conditions • Smaller discount offered than that of promotion agreement • Professional fees covered	• Option Agreements are legally binding and need to be carefully thought through to ensure that they still meets the Vendors requirements if market conditions change. • Ties up an area of land for a set period. (e.g. 5, 10 or 15 years) • Purchaser can obtain planning and then try and argue MV/purchase price down. • Overage cannot be agreed with any certainty on base levels • Discount likely to be in the order of 10 -15% • Value based on negotiation not market testing • Price not agreed until post planning • Time delay post planning to exercise option • Valuation dispute likely • Landowner wants to maximize land receipt

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			• Purchaser wants to minimize land receipt • Difficult to control design • Promotion costs deducted • Option could be exercised in poor market conditions
Promotional agreements (beyond 2 years)	A Promotion Agreement may contain similar obligations as an Option Agreement such as to pursue planning permission), but does not give the developer the right to buy the land. Instead, the developer would be entitled to a percentage of the sale proceeds as and when the land is sold.	• Similar to Option Agreement. However, mutual incentive to maximise the value of the land. • Land Value is market tested	• Discount from Market Value may be higher than Option Agreement
Hybrid agreement (beyond 2 years)		• Attract interest from land traders and house builders • Portion of site sold on open market (suggest land for 50 units) to assist in valuation of option portion of land • To a degree there is a common objective to maximize value on the land offered for open market sale but there will invariably be a dispute over value of reaming option land • Upfront payment • Professional fees covered • Up front premium (from recent experience likely to be £50,000-£100,000	• Overage cannot be agreed with any certainty on base levels. • Discount likely to be in the order of 20-10% • Delay in bringing land to market post planning • Further delay to exercise as disposal of open market land would need to carried out first • Promotion costs deducted. • Could be exercised in poor market conditions