

JUSTIFICATION OF PROPOSED PURCHASE PRICE

1. The market price obtained from the Valuation Office Agency was £40,000. This valuation was commissioned jointly by FCS and PCT.
2. PCT propose a discount for conservation activities for Currant Shoot-Borer (*Lampronia capitella*).
3. The size of this discount has been calculated using the Marsh Fritillary (*Euphydryas aurinia*), a rare butterfly, as a comparator as follows:
 - 3.1 Land owners with Marsh Fritillary receive a grant of £104.63/ha for conservation management from SRDP (Scottish Government Agri-Environment and Climate Scheme: The Habitat Mosaic). This represents a valuation of the public benefit from conservation of lepidoptera.
 - 3.2 The corresponding sum for an area of 6.9 ha is £721.95 p.a.
 - 3.3 The Net Present Value (NPV) of this over 25 years is £12,315.24 using a 3.5% discount factor. The value of the discount factor is the recommended value on p. 26 of HM Treasury publication "The Green Book: Appraisal and Evaluation in Central Government".
4. Therefore PCT propose a purchase price of £27,685; i.e. £40,000 less £12,315 discount.