

Development Appraisal – Updated Sensitivity Analysis

OADBY

Option	Costs, £					Development Value, £	Surplus (deficit), £	Profit (loss) as a percentage of cost, percent
	Freehold(s) Purchase/ Lease(s) Acquisitions	Demolition/ Construction	Public Realm	Other Development Costs	Total Costs			
Brooksby Square (East Street)								
AAP	1,616,712	8,187,00	1,896,300	1,463,041	13,163,053	10,963,755	(2,199,298)	(16.71)
AAP Revised (Refurb.)	814,000	5,837,000	1,896,300	1,036,883	9,584,263	7,936,380	(1,647,886)	(17.19)
June 2012	0	5,837,000	948,150	857,982	7,643,135	8,642,352	999,216	13.07
5 Year Forecast	0	5,837,000	948,150	886,442	7,671,595	9,907,063	2,235,468	29.14
Baxters Place (Sandhurst Street)								
AAP	1,735,664	6,821,000	730,100	885,978	10,172,722	7,130,040	(3,042,684)	(29.91)
June 2012 Revised	625,824	6,821,000	365,050	778,898	8,590,775	8,536,439	(54,335)	(0.63)
5 Year Forecast Revised	625,824	6,821,000	365,050	800,207	8,612,083	9,390,083	778,000	9.03

WIGSTON

Option	Costs, £					Development Value, £	Surplus (deficit), £	Profit (loss) as a percentage of cost, percent
	Freehold(s) Purchase/ Lease(s) Acquisitions	Demolition/ Construction	Public Realm	Other Development Costs	Total Costs			
Burgess Junction (Junction Road)								
AAP Version	6,437,380	26,113,300	1,896,300	3,722,411	38,169,393	43,353,342	5,183,949	13.58
AAP Revised (Reduced Office)	6,437,380	22,963,300	1,896,300	3,393,173	34,690,155	39,115,092	4,424,937	12.76
June 2012	6,437,380	22,963,300	948,150	3,626,591	33,975,423	51,243,584	17,268,161	50.83
5 Year Forecast	6,437,380	22,963,300	948,150	3,755,696	34,104,527	56,367,942	22,263,415	65.28
Chapel Mill (Library Area)								
AAP	2,012,940	2,832,000	2,287,954	628,450	7,761,344	7,568,838	(192,507)	(2.48)
June 2012	2,012,940	2,832,000	1,143,975	564,681	6,553,600	7,568,838	1,015,237	15.49
5 Year Forecast	2,012,940	2,832,000	1,143,975	582,683	6,571,602	8,325,496	1,753,895	26.69
Long Lanes (Paddock Street)								
AAP	3,259,500	20,844,000	260,000	2,509,236	26,873,487	27,635,927	762,440	2.84
June 2012	3,259,500	20,844,000	130,375	2,303,531	26,537,408	27,915,424	1,378,017	5.19
5 Year Forecast	3,259,500	20,844,000	130,375	2,384,921	26,618,798	32,482,388	5,863,590	22.03

Development Appraisal – Notes

The tables summarise the original and revised appraisals that were presented to the Examination, and in addition appraisals have been added which reflect the current position (June 2012) and the assumption made on sensitivity, and also a projection of how the position could improve in five years time.

These notes set out the changes and assumptions made for the revised appraisals.

The improvement in residential values over the next five years is based purely on projected increases to levels that were being achieved prior to the fall in property values in 2007. There is evidence from national housing monitoring data bases that on a recent comparable transaction, values have recovered to such levels. Thus in our opinion these figures are realistic, achievable projections.

The projection for commercial space is based on a 10 per cent increase in rental value above the current evidence base. No adjustment has been made to investment yields in these projections, although it is reasonable to assume that during an improving economic climate, yields should improve, which would have a significant effect on the profitability of the developments.

Wigston

Burgess Junction – June 2012

Public realm costs have been reduced from £350/sqm to £175/sqm. These costs are in line with the levels for the public realm works to be undertaken through the ERDF award for Wigston town centre.

Rental values have been increased from the figures previously used to bring values in line with those currently achieved in Bell Street, currently the prime shopping area. The assumed figures are £377/sqm (£35/sqft). Zone A

Burgess Junction – 5 Year Forecast

The assumption is that rental values improve by 10 percent.

Chapel Mill – June 2012

Public realm costs have been reduced from £350/sqm to £175/sqm.

Chapel Mill – 5 Year Forecast

Assumption: rental values improve by 10 percent.

Long Lanes – June 2012

Public realm costs have been reduced from £350/sqm to £175/sqm.

The rental value for the retail unit has been adjusted to £377/sqm (£35/sqft) in line with current rental values on Bell Street.

Long Lanes – 5 Year Forecast

Assumption: Retail rental value improves by 10 percent.

Residential values improve by 17% to match pre-2007 values.

Oadby

Brooksby Square – June 2012

Public Realm costs have been reduced from £360/sqm to £175/sqm. These costs are in line with the levels for the public realm works to be undertaken through the EREDF award.

The Rental value for the retail element has been increased to reflect the updated, market research of property values in Oadby. This assumes a Zone A rental value of £269/sqm (£25/sqft).

The car park land is provided a nil cost to a development partnership, on the assumption OWBC retains a development share which will be realised at a future sale of the completed development.

Brooksby Square – 5 Year Forecast

Assumption: Retail rental values improve by 10 percent.

Residential values improve by 17% to match pre-2007 values.

Baxters Place – June 2012

Public realm costs have been reduced from £350/sqm to £175/sqm.

The rental values for the retail elements have been increased to reflect Zone A rents of £269/sqm (£25/sqft).

Car park land is provided at nil cost to a development partnership, on the assumption OWBC retains a development share which will be realised at a future sale of the completed development.

The two shop units fronting the Parade are not purchased, but refurbished to create the approach to Baxters Place, and ultimately re-let at full market rent.

Baxters Place – 5 Year Forecast

Assumption: Commercial rental values improve by 10 percent.