

## Westway Centre, Botley

### 1. Summary of financial analysis of Doric's current offer for the Westway Shopping Centre site

The points below summarise the financial position that Doric's offer puts both Doric and the Council in. (the figures assume DTZ's numbers and assumptions in the appraisal).

Council		Doric	
<b>Inputs</b>		<b>Inputs</b>	
Payment for 50% stake in Westway	█	Half of NDV of redeveloped centre	█
NDV of remaining half of new Westway Centre.	█	Sub Total	█
Sub Total	█	<b>Outputs</b>	
<b>Outputs</b>		Half of development cost of new Westway scheme	█
Half of development cost of new Westway scheme	█	Payment of 50% stake in Westway	█
Loss of value of Westway Centre	█	Sub Total	█ (excluding profit and Dev Management fee)
Sub Total	█	Total	█
Total	█		

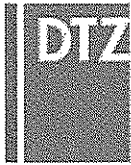
Council	
Income before	Income after
█	█

As can be seen from the table Doric's current offer puts both Doric and the Council in an identical end upside positions. However, the figures shown exclude profit and a Development Management Fee which they have assumed to be at █ in their appraisal. In income terms, on current figures the offer provides the Council with a slightly higher, more sustainable, income stream than they currently receive.

The current offer from Doric assumes that the Council are sharing equally in the risk of delivering the scheme by firstly, funding half of the development and secondly, being exposed to the risk of the scheme not being fully let on completion and/or at the assumed levels. The Council should therefore be sharing equally in the profit created to reward this risk. It could also be argued that a Development Management fee of █ for Doric is too high relative to their role and risk profile in the scheme.

It should also be highlighted that the following risks exist to the Council if they follow this route:

- The Development cost budget in the appraisal could increase meaning that the Council would have to find more capital to cover these costs.
- Even assuming the current development cost budget is maintained the Council's receipt for their 50% interest in the centre would not cover their required input to the costs with them currently having to find a further █.



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- If the value of the scheme set out in the appraisal was not achieved it will leave the Council in a worse off position as the after value and income stream would be lower.

## **2. Proposed structure of Agreement with Doric**

The below sets out the key terms for a proposed agreement with Doric, on the basis of our instructions i.e. to base this on Doric's current proposal to VWHDC. It will effectively take on the form of a conditional development agreement with the land that is transacted being the 50% stake in the existing Westway Centre.

### **Key assumptions:**

- Assumes that the phase 1 Heads of Terms becomes a contract on the current basis (ignoring the potential to try and reduce the price or buy early). It is assumed that Doric will not buy anything until they go unconditional at the end of 2014.
- The agreement between the parties is a joint working partnership meaning there would be equal onus on the parties to ensure that the Conditions Precedent are met.

### **Parties**

- Doric Properties
- Vale of White Horse District Council

### **Guarantor**

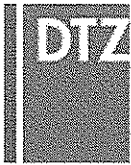
London and Stamford

### **Parties' Objectives**

To undertake a comprehensive redevelopment of the Westway shopping centre to include a range of retailers, car parking facilities, improved public realm and good integration with the 'Phase1' development.

### **Conditions Precedent**

- Both parties to approve the scheme
- Have exchanged an agreement to lease with a foodstore
- Vacant possession of the site
- Planning permission obtained
- X% of pre-lets in place
- Funding secured
- The Council obtaining a CPO if required
- Viability test to be met



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#### **Land transactions**

- Doric acquires 50% of the freehold in the Westway site on exchange. (As Doric will then work with VWHDC and make the Westway scheme 'ready for development', any interim loss in value prior to redevelopment will at least be shared with Doric and maximise the incentive on Doric to progress with subsequent redevelopment.)

#### **Financial**

- Doric pay the Council [£X] for a 50% interest in the site on exchange of the documents
- Doric will protect The Council's income from the point at which contracts are exchanged up to unconditionality and then also during the construction period. The only loss of income that Doric are not obligated to replicate is any income from tenants that go into administration.

#### **Profit**

- All profit will be equally split between the parties

#### **Doric's Obligations**

- To build out the agreed scheme for 'phase 1'

#### **Buy-back provision**

If the agreement does not go unconditional the Council have the ability to re-acquire the 50% interest in the centre at a market value agreed at that time.