

Appendix 3
West London Housing Partnership
Exit Strategy/cost summary
Harrow

	End of Ramp up	Year 2	Year 4	Year 10	Year 2	Year 4	Year 10	Year 2	Year 4	Year 10	
Debt Levels	25,709,506	25,480,679	25,232,440	24,263,275	25,480,679	25,232,440	24,263,275	25,480,679	25,232,440	24,263,275	
Property Inflation		4%	4%	4%	6%	6%	6%	8%	8%	8%	
Net Sale Proceeds	A	(962,383)	1,428,101	9,934,310	53,070	3,667,377	17,443,906	1,087,865	6,037,057	26,343,075	
Hedging related Costs(Benefit)											
Benefit/Deficit on interest & inflation rate hedge	Scenario										
	1	B	6,486,837	6,769,488	6,826,018	6,486,837	6,769,488	6,826,018	6,486,837	6,769,488	6,826,018
	2	C	3,886,449	4,282,160	4,663,739	3,886,449	4,282,160	4,663,739	3,886,449	4,282,160	4,663,739
	3	D	1,540,447	2,042,152	2,890,105	1,540,447	2,042,152	2,890,105	1,540,447	2,042,152	2,890,105
	4	E	(1,313,408)	(814,034)	236,013	(1,313,408)	(814,034)	236,013	(1,313,408)	(814,034)	236,013
	5	F	(3,107,039)	(2,543,151)	(1,223,242)	(3,107,039)	(2,543,151)	(1,223,242)	(3,107,039)	(2,543,151)	(1,223,242)
SPV/contractor related Costs											
Penalties -Loss of profits			459,308	176,657	0	459,308	176,657	0	459,308	176,657	0
Recovery of SPV set up costs			45,577	45,577	0	45,577	45,577	0	45,577	45,577	0
Recovery of agreed capital expenditure			0	0	0	0	0	0	0	0	0
Subtotal	G		504,885	222,234	0	504,885	222,234	0	504,885	222,234	0
Surplus/(Deficit)	Scenario										
	1	A-B-G	(7,954,104)	(5,563,621)	3,108,292	(6,938,652)	(3,324,345)	10,617,889	(5,903,857)	(954,665)	19,517,057
	2	A-C-G	(5,353,717)	(3,076,293)	5,270,571	(4,338,264)	(837,017)	12,780,168	(3,303,469)	1,532,663	21,679,336
	3	A-D-G	(3,007,715)	(836,286)	7,044,205	(1,992,262)	1,402,991	14,553,802	(957,467)	3,772,670	23,452,970
	4	A-E-G	(153,860)	2,019,901	9,698,296	861,593	4,259,177	17,207,893	1,896,388	6,628,857	26,107,062
	5	A-F-G	1,639,772	3,749,018	11,157,552	2,655,224	5,988,294	18,667,149	3,690,019	8,357,974	27,566,317
Notes											
Net Sales Proceeds Calculation		Year 2	Year 4	Year 10	Year 2	Year 4	Year 10	Year 2	Year 4	Year 10	
Property Inflation		4%	4%	4%	6%	6%	6%	8%	8%	8%	
Original purchase cost		24,925,201	24,925,201	24,925,201	24,925,201	24,925,201	24,925,201	24,925,201	24,925,201	24,925,201	
Add Inflation cost		2,033,896	4,233,759	11,970,185	3,080,755	6,542,291	19,712,038	4,147,553	8,985,260	28,886,439	
Gross sales value		26,959,097	29,158,960	36,895,386	28,005,956	31,467,492	44,637,239	29,072,754	33,910,461	53,811,640	
Less Interest cost during sale [Default Rate]		859,973	851,595	818,886	859,973	851,595	818,886	859,973	851,595	818,886	
Agents fees [3%]		808,773	874,769	1,106,862	840,179	944,025	1,339,117	872,183	1,017,314	1,614,349	
Net sales value		25,290,352	27,432,596	34,969,639	26,305,804	29,671,872	42,479,236	27,340,599	32,041,552	51,378,405	
Debt repayment		25,480,679	25,232,440	24,263,275	25,480,679	25,232,440	24,263,275	25,480,679	25,232,440	24,263,275	
SHI grant repayment		772,055	772,055	772,055	772,055	772,055	772,055	772,055	772,055	772,055	
Net sales proceeds	A	(962,383)	1,428,101	9,934,310	53,070	3,667,377	17,443,906	1,087,865	6,037,057	26,343,075	

Number of Units for Harrow	100
% of the Total Units of 1,400	7.14%
Total Debt	25,709,506
% of the Total Debt for 1400 units	7.07%

Scenario

- 3.5% average inflation from lease start to the break point and at break point interest rates decrease by 1% & inflation rates increase by 0.5%
- 3.5% average inflation from lease start to the break point and at break point interest rates decrease by 0.5% & inflation rates increase by 0.5%
- 3.5% average inflation from lease start to the break point and at break point interest rates remain the same & inflation rates increase by 0.5%
- 2.5% average inflation from lease start to the break point and at break point interest rates increase by 0.5% & inflation rates decrease by 0.5%.
- 2.5% average inflation from lease start to the break point and at break point interest rates increase by 1% & inflation rates decrease by 0.5%.

Notes

- Assume portfolio sold over 12 month period. In practice we would hope market conditions would allow a portfolio sale, speed up process and lower sale costs.
- As from year 5 no loss of profit is claimed if no surplus is available.
- Any surplus retained is for the benefit of the scheme.

Important

The scope and amounts reflected in the breakage costs are for illustrative purposes only and reflects a full exit from the scheme. In practice, we would expect to agree variations rather than a full exit. We reserve the right to vary the scope and amounts to reflect actual terms agreed with the Councils and contracting RSLs.