

**Orchard & Shipman Housing Acquisition Proposal****Summary of Net Present Values for various rent inflation scenarios**

Rent inflation assumption	0% for 5 years then				
	2.5%	2.0%	1.5%	1.0%	2%
	£'000	£'000	£'000	£'000	£'000
<u>LLP surplus/deficit(-)</u>					
Year 1	454	454	454	454	454
Year 2 (present value)	1,406	1,404	1,401	1,399	1,395
Year 3 (present value)	19	0	-19	-38	-75
Year 25 (present value)	170	0	-152	-288	-104
Year 50 (present value)	249	0	-197	-352	-70
<b>Total NPV years 1-50 (excl. asset value)</b>	<b>9,656</b>	<b>1,849</b>	<b>-4,881</b>	<b>-10,721</b>	<b>-3,042</b>
Estimated asset value in yr 50 (present value)	44,955	44,955	44,955	44,955	44,955
<b>Total Net Present Value</b>	<b>54,611</b>	<b>46,804</b>	<b>40,074</b>	<b>34,234</b>	<b>41,913</b>
<u>TA savings</u>					
Year 1	347	347	347	347	347
Year 2 (present value)	1,071	1,071	1,071	1,071	1,071
Year 3 (present value)	1,448	1,448	1,448	1,448	1,448
Year 25 (present value)	823	823	823	823	823
Year 50 (present value)	433	433	433	433	433
<b>Total NPV years 1-50</b>	<b>41,892</b>	<b>41,892</b>	<b>41,892</b>	<b>41,892</b>	<b>41,892</b>
<u>Total TA savings + LLP surplus/deficit</u>					
Year 1	801	801	801	801	801
Year 2 (present value)	2,477	2,475	2,472	2,470	2,466
Year 3 (present value)	1,467	1,448	1,429	1,410	1,373
Year 25 (present value)	993	823	671	535	719
Year 50 (present value)	682	433	236	81	363
<b>Total NPV years 1-50 (excl. asset value)</b>	<b>51,548</b>	<b>43,741</b>	<b>37,011</b>	<b>31,171</b>	<b>38,850</b>
<b>Total Net Present Value (incl. asset value)</b>	<b>96,503</b>	<b>88,696</b>	<b>81,966</b>	<b>76,126</b>	<b>83,805</b>

General Assumptions

Consumer Price Index (CPI) inflation	2.0%
House Price Index (HPI) inflation	2.5%
Discount Rate	3.5%
TA savings inflation	1.0%
Average current property value (inc. refurb)	£317k
Properties acquired @ 10/month over first 24 months	