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Redditch Borough Council  
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Redditch  
Worcestershire  
B98 8AH

E1/DO/RM/23384

**BY EMAIL  
PRIVATE AND CONFIDENTIAL**

3 September 2014

Dear Mrs Rutt

**B&Q PLC & ASDA Stores Limited, Jinnah Road, Redditch  
Planning Application Ref: 2014/036/FUL  
Comments on behalf of Kingfisher Limited Partnership**

The above planning application was due to be determined at the Council's planning committee on 6 August 2014, although Members motioned to defer the decision of the proposal until the next meeting on 10 September 2014.

The reason for the deferral was so that Members could have more time to absorb the information submitted by KLP in objection to the Asda scheme to the Council, Asda's response and to understand why Officer's recommendation changed from that of approval to refusal.

In response to a number of outstanding matters raised at the planning committee, comments from Asda's planning consultants and the Council's own retail consultants, we provide further information in relation to the viability of KLP's proposed Car Park 4 foodstore site.

**Viability**

We have reviewed in detail the submissions by both DTZ acting for Asda and GVA acting for RBC, and as previously asserted, disagree with the conclusions of both which indicate the Car Park 4 proposals are not viable.

This conclusion is reached following a fairly simple appraisal format making various assumptions on rents, construction costs, yield to be applied and crucially site assembly costs. Whilst we have views on some of the assumptions made under the first three headings, these are not critical to the overall question of viability and hence will not make further comments at this stage. Crucially however, it is the question of site assembly costs which is critical to overall viability, and the assumption made by both DTZ and GVA that a site assembly cost appropriate for Kingfisher Shopping Centre effectively being the lost car park income from Car Park 4 of £750,000. This assumption is the difference between a viable and a non-viable scheme.

We enclose an analysis of car park performance for the principal car parks which are Car Park 1, Car Park 2, Car Park 3, Car Park 4 (ignoring remote Car Park 7) for the calendar year ending December 2013. This analysis clearly shows that the remaining car parks (CP1, CP2 and CP3) have sufficient surplus capacity to accommodate the actual number of cars visiting CP4 during 2013 (329,854 vehicles).

Given the surplus capacity to absorb the loss of Car Park 4 spaces, it is reasonable to assume no loss of income (£750,000 estimated by DTZ and GVA), and indeed there are likely to be operational savings hence greater profitability of the remaining car parks due to efficiency savings.

In addition, KLP has run two development appraisals on its Car Park 4 scheme. These are based on the assumptions within the DTZ appraisal (rent, yield, size, build costs etc.), however without the site assembly cost of £750k which DTZ assumed as lost car park income. The base appraisal shows a return of 17%. The second appraisal also builds in savings in operating costs (assumed at £50k being 50% of the current £100k pa running cost) which produces a profit of 22%.

Based on this factual analysis of car park performance and the two development appraisal scenarios undertaken by KLP (employing the same methodology employed by both DTZ and GVA), it has clearly been demonstrated that the Car Park 4 site is viable for foodstore development, is immediately available, is in the entire ownership of Kingfisher Limited Partnership, and therefore is a sequentially preferable site.

## Conclusion

KLP is committed to delivering a food store at the Car Park 4 site, its timescales have had to be accelerated given Asda's current application on an out-of-centre site. Whilst extensive public consultation has been undertaken, where the people of Redditch overwhelmingly clearly want a new foodstore within the town centre, we simply have not had time to lodge a full detailed planning application at this stage. This will follow before the year end assuming that the planning committee reject Asda's out-of-centre proposals.

If you have any further queries, please speak to either Daniel Osborne (020 7446 6848) or Robin Meakins (020 7446 6842).

Yours sincerely



## BARTON WILLMORE LLP

Enc.

cc	M Bourgeois	Capital & Regional
	K Ford	Capital & Regional
	A Haughey	Capital & Regional
	K Williams	Kingfisher Shopping Centre

C&R

Development Appraisal

Kingfisher Centre - Supermarket Appraisal

Report Date: 03 September 2014

**Kingfisher Centre - Supermarket Appraisal**

**Summary Appraisal for Phase 1**

**REVENUE**

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Supermarket	1	52,216	£16.00	£835,456	835,456	835,456

**Investment Valuation**

	Units	YP @	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
<b>Supermarket</b>						
Market Rent	835,456	5.2500%	5.2500%	19.0476		
(0yrs 6mths Rent Free)		PV 0yrs 6mths @	5.2500%	0.9747	15,511,480	

**GROSS DEVELOPMENT VALUE**

Purchaser's Costs	5.80%	(899,666)		15,511,480		
<b>NET DEVELOPMENT VALUE</b>				<u>14,611,814</u>		

**NET REALISATION**

**14,611,814**

**OUTLAY**

**CONSTRUCTION COSTS**

	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost	
<b>Construction</b>				
Supermarket	52,216	£120.00	6,265,920	<b>6,265,920</b>
Contingency (including inflation)			1,345,000	1,345,000
<b>Other Construction</b>				
Site Abnormals			2,000,000	
Highways & Statutory Diversions			750,000	
Fees			1,200,000	
				3,950,000

**MARKETING & LETTING**

Letting Agent Fee	10.00%	83,546		
Letting Legal Fee	5.00%	41,773		
				125,318

**DISPOSAL FEES**

Sales Agent Fee	1.00%	146,118		
Sales Legal Fee	0.50%	73,059		
				219,177

**Additional Costs**

Arrangement Fee			200,000	200,000
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**FINANCE**

Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Construction			341,516	
Total Finance Cost				341,516

**TOTAL COSTS**

**12,446,932**

**PROFIT**

**2,164,882**

**Performance Measures**

Profit on Cost%	17.39%
Profit on GDV%	13.96%
Profit on NDV%	14.82%
Development Yield% (on Rent)	6.71%
Equivalent Yield% (Nominal)	5.25%
Equivalent Yield% (True)	5.43%
IRR	43.41%
Rent Cover	2 yrs 7 mths
Profit Erosion (finance rate 6.500%)	2 yrs 6 mths

C&R

Development Appraisal

Kingfisher Centre - Supermarket Appraisal

Including Car Park Revenue Savings

Report Date: 03 September 2014

**Kingfisher Centre - Supermarket Appraisal  
Including Car Park Revenue Savings**

**Summary Appraisal for Phase 1**

**REVENUE**

**Rental Area Summary**

	Units	ft <sup>2</sup>	Rate ft <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Supermarket	1	52,216	£16.00	£835,456	835,456	835,456
Car Park Operating Cost Savings	<u>1</u>			£50,000	<u>50,000</u>	<u>50,000</u>
<b>Totals</b>	<b>2</b>	<b>52,216</b>			<b>885,456</b>	<b>885,456</b>

**Investment Valuation**

**Supermarket**

Market Rent	835,456	YP @	5.2500%	19.0476	
(Oyrs 6mths Rent Free)		PV Oyrs 6mths @	5.2500%	0.9747	15,511,480

**Car Park Operating Cost Savings**

Current Rent	50,000	YP @	7.0000%	14.2857	714,286
					<b>16,225,765</b>

**GROSS DEVELOPMENT VALUE**

Purchaser's Costs	5.80%	(941,094)		16,225,765
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**NET DEVELOPMENT VALUE**

				<u>15,284,671</u>
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**NET REALISATION**

				<b>15,284,671</b>
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**OUTLAY**

**CONSTRUCTION COSTS**

Construction	ft <sup>2</sup>	Rate ft <sup>2</sup>	Cost	
Supermarket	52,216	£120.00	6,265,920	<b>6,265,920</b>
Contingency (including inflation)			1,345,000	1,345,000

**Other Construction**

Site Abnormals			2,000,000	
Highways & Statutory Diversions			750,000	
Fees			1,200,000	
				3,950,000

**MARKETING & LETTING**

Letting Agent Fee	10.00%	88,546		
Letting Legal Fee	5.00%	44,273		
				132,818

**DISPOSAL FEES**

Sales Agent Fee	1.00%	152,847		
Sales Legal Fee	0.50%	76,423		
				229,270

**Additional Costs**

Arrangement Fee			200,000	200,000
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**FINANCE**

Debit Rate 6.500% Credit Rate 0.000% (Nominal)				
Construction			341,516	
Total Finance Cost				341,516

**TOTAL COSTS**

				<b>12,464,525</b>
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**PROFIT**

				<b>2,820,146</b>
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**Performance Measures**

Profit on Cost%	22.63%
Profit on GDV%	17.38%
Profit on NDV%	18.45%
Development Yield% (on Rent)	7.10%
Equivalent Yield% (Nominal)	5.33%
Equivalent Yield% (True)	5.51%

IRR	55.63%
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Rent Cover	3 yrs 2 mths
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**Kingfisher Centre - Supermarket Appraisal  
Including Car Park Revenue Savings**

Profit Erosion (finance rate 6.500%)

3 yrs 2 mths

Kingfisher Redditch Car Park Results 2013

2013 Usage	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
CP1	14,811	14,593	15,747	14,700	15,553	14,927	15,322	16,098	14,986	17,034	18,288	23,990	196,049
CP2	46,216	46,569	52,988	48,939	52,112	49,698	52,253	49,828	50,294	54,047	58,835	71,512	633,291
CP3	10,335	10,591	11,798	10,986	11,899	11,645	12,397	11,872	11,339	12,126	13,832	18,423	147,243
CP4	24,604	25,129	27,690	24,538	25,870	24,841	24,442	26,970	25,548	28,489	31,562	40,171	329,854
<b>Total</b>	<b>95,966</b>	<b>96,882</b>	<b>108,223</b>	<b>99,163</b>	<b>105,434</b>	<b>101,111</b>	<b>104,414</b>	<b>104,768</b>	<b>102,167</b>	<b>111,696</b>	<b>122,517</b>	<b>154,096</b>	<b>1,306,437</b>

Car Park Spaces

	Spaces	Usage Per Space pa	Usage per Space per week	Capacity assuming CP2 Usage per space per week	Annual Usage 2013	Capacity Availability
Car Park 1	322	609	11.7	230,418	196,049	34,369
Car Park 2	885	716	13.8	633,291	633,291	-
Car Park 3	628	234	4.5	449,386	147,243	302,143
Car Park 4	596	553	10.6		329,854	
<b>Total</b>	<b>2,431</b>	<b>537</b>	<b>10.3</b>	1,313,095	1,306,437	336,512

1. CP2 is busiest car park turning over 13.8 car users per space per week
2. All car parks run on same tariff structure, so all car parks have potential to achieve same capacity as CP2 as a minimum
3. CP4 usage for 2013 was 329,854 vehicles
4. CP1 and CP3 have a combined available capacity based on CP2 usage rates of 336,512
5. Therefore CP1 and CP3 can take up all loss of CP4 parking, without impact on income or expenditure
6. It is likely that additional running cost savings will accrue to the owner through better efficiencies in running fewer car park stacks
7. It is also known that CP2 does not trade at capacity, so all car parks still have latent potential to trade beyond the 13.8 cars per space per week average currently achieved in CP2