

Aylesbury Vale District Council Local Asset Backed Vehicle

"A Local Asset Backed Vehicle can be a successful approach to delivering mixed use regeneration and development with benefits for both the public and private sector partners. However, it is important to arrive at a solution which meets all of the stakeholders' requirements and aspirations and achieves a framework through which to establish a long-term partnership. This can only be done through a thorough understanding of the issues involved and a collaborative approach."

Bruce Mew
Government & Infrastructure Advisory Director
Grant Thornton

Aylesbury Vale District Council's (AVDC's) commercial and retail portfolio included a total of 292 units and generated around £3.6m of rental income for the council per annum.

The portfolio required significant investment to ensure its future sustainability but also offered opportunities to redevelop some sites for more commercial uses. To secure this investment, AVDC established a joint venture with a Private Sector Partner (PSP) which would externalise the ownership and management of the portfolio.

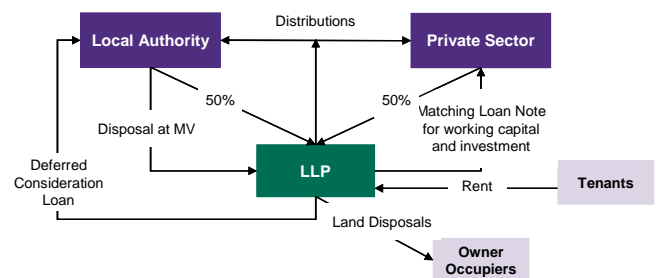
Grant Thornton acted as financial, accounting and tax advisers to AVDC. In conjunction with property and legal advisers, we ensured that: the final structure secured the council best consideration for its disposal to the Joint Venture Vehicle (JVV); the council fully understood the accounting treatment of the JV; the structure met State Aid requirements; **and we advised on future** risk sharing and returns.

The completion of this transaction represents one of a small number of operational LABVs completed to date and presented some interesting and challenging issues, particularly given the prevailing economic and commercial property environment.

A key issue for the council was how to secure best consideration for its disposal in the context of a depressed property and banking market. While a disposal through a

traditional Minimum Guaranteed Land Value and Overage arrangement might have secured the council a reasonable share in the future uplift in rental levels, a JVV ensured that the council would be an equal partner in the future ownership, investment and redevelopment of its former commercial and retail portfolio.

The structure implemented is shown below:



Key benefits

- **Commercial insight** - we provided a solution to the client that is underpinned by our knowledge and experience of commercial structures that are achievable and deliverable.
- **Robust financial, tax and accounting advice** - we ensured the council's negotiating position was supported by robust technical advice across all key financial disciplines.
- **Knowledge transfer** - we provided structured and unstructured knowledge transfer to both the client teams and the community stakeholders that ensured that stakeholders could engage at key stages in the process.

Who should I contact for assistance?

For further information, please contact:

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