

Otterpool Park Full Business Plan

Update 14th July 2020

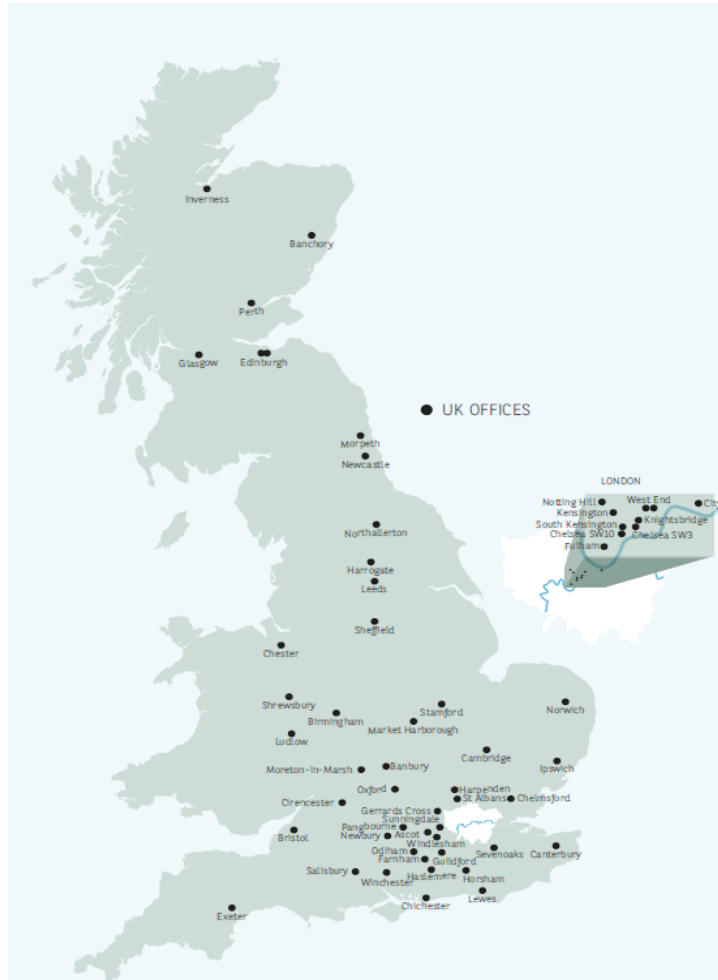


Introduction – progress to date

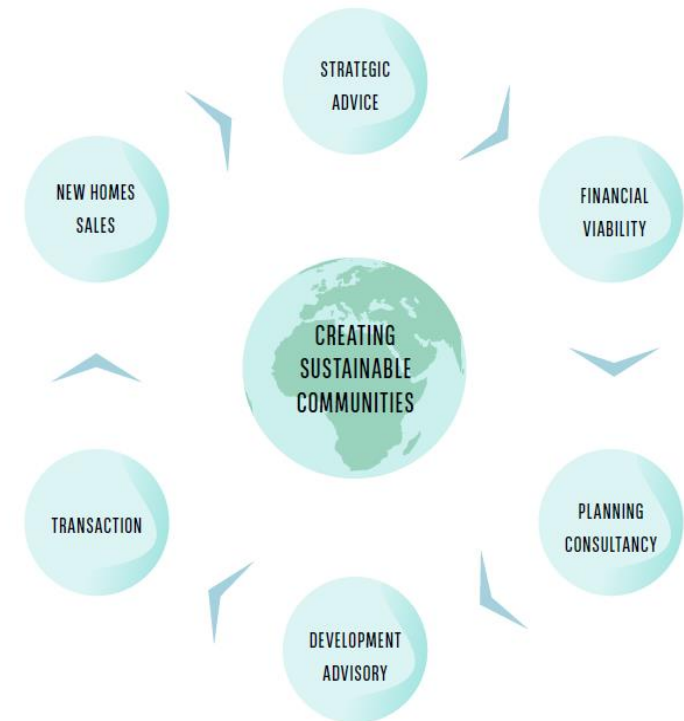
- November 2019 – Cabinet approves funding for Otterpool Park based upon BNP/PWC financial modelling
- December 2019 – Cabinet approves the purchase of land owned by Cozumel – i.e. the racecourse
- March 2020 – Council completes purchase of racecourse land
- May 2020 – Cabinet approves establishment of Otterpool LLP to focus on the delivery of the project – including skeleton of business plan
- July 2020 – first meeting of the board
- December 2020 – Full business plan to be considered by Board and Cabinet



The involvement of BNP Paribas Real Estate

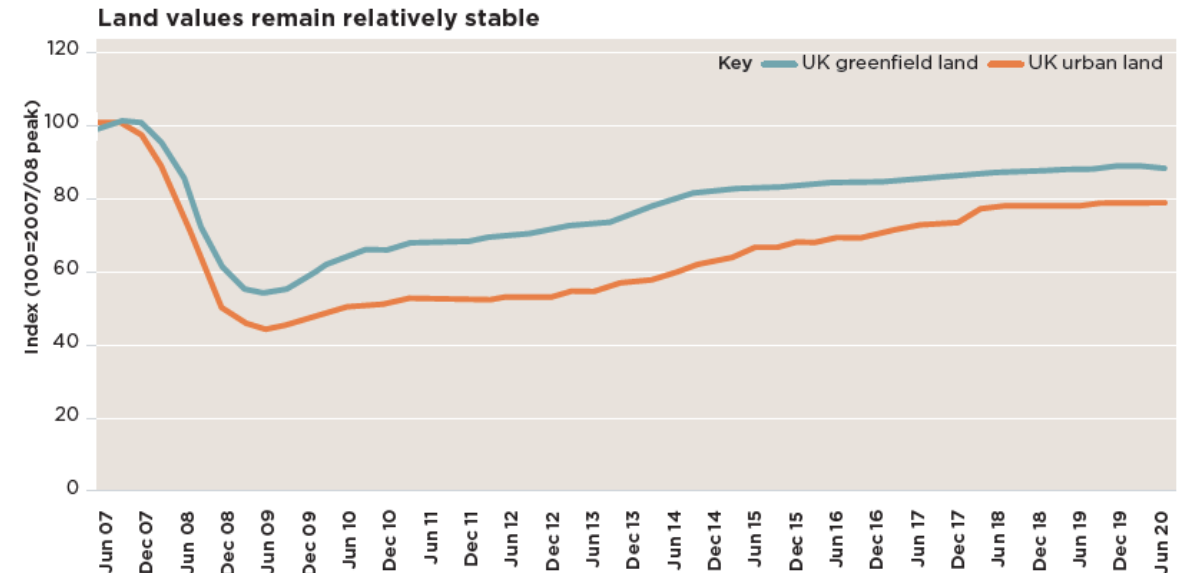


- Financial Viability
- Risk and Sensitivity
- Acquisition
- Valuation
- Market updates
- Disposal
- Business planning



Market Overview

- Understandably, transactions of development land have slowed significantly during Lockdown, but there are encouraging signs of an increase in activity
- A scheme such as Otterpool will be developed out during a number of property cycles and is more immune to land value fluctuations than smaller and immediately developable sites
- Deals that have progressed during Lockdown are seeing changes to payment mechanisms and deferment terms rather than significant adjustments to development land values
- Demand for strategic land and longer term opportunities requiring less upfront expenditure have continued without interruption during lockdown, although many land promoters took advantage of the Government Furlough Scheme
- Supply chain disruption and short term fluctuations of house prices have little impact on larger, strategic schemes such as Otterpool



Infrastructure

Completed

Preliminary infrastructure program

- A number of assumptions have been made to date to bring forward the development.
- Arcadis have provided indicative timings and indicative costings

Next steps

Enhanced investigations and program

- Reflection on infrastructure and servicing required to maximise commerciality and sustainability
- Establish the phase timings
- Appoint a team for detailed analysis



Land management - Conservation - Stewardship

Completed

- Land acquisitions completed
- Options completed

Next Steps:

- Engagement with external stakeholders
- Estate management / stewardship of land and buildings owned by the LLP
- The future of the castle and the nature of projects required



Approach to disposal

Completed

- Formation of company to act as Master Developer
- Early market engagement

Next Steps

- Appoint a land agent
- Soft market testing of residential land parcels
- Early engagement with RP partners
- Soft market testing of commercial and ancillary land uses to optimise delivery strategy
- Reflection on infrastructure and servicing required to maximise parcel values
- Plan identity and density of the parcels
- Consideration of pre-let opportunities, and potential to create investment product



Financial Plan

Completed

- Preliminary Financial Model demonstrating feasibility of the project

Next steps

Updating to reflect advances in:

- Details of phase 1 delivery
- Decisions around supporting land uses
- Replanning and recosting of infrastructure
- Market testing of land parcels
- Exploration around third party funding options



Risk Analysis

There is unavoidable risk and uncertainty around a scheme of this scale over this timescale.

Completed

- Identification of major risks and sensitivities in the financial model.

Next Steps

Establishment of risk register including understanding the impact and mitigation of:

- Revenue from and rate of parcel sales
- Changes in costs of infrastructure or borrowing
- Market growth or downturn
- Changes in external funding opportunities
- Policy changes around affordable housing
- Policy changes around Environmental requirements

