



POTENTIAL JOINT VENTURE STRUCTURE

LAND AT SHIRES LANE, EMB SAY, NORTH YORKSHIRE

Background

The Trustees of the Chatsworth Settlement (Trust) seek to consider a Joint Venture (JV) approach for the development of their land at Shires Lane, Embsay, and its potential to maximise the site's overall value. As such, we are inviting joint venture proposals for the land, on a subject to Reserved Matters planning basis.

Key considerations in selecting any potential JV partner will be experience of securing planning permissions within Craven, quality of the proposed product from both a design and specification perspective, expertise to optimise the profitability of the proposed scheme and a strong delivery capability.

PROPOSED JOINT VENTURE TERMS

The key terms of the proposed JV are as follows:

- A Joint Venture Company will be established on a 50:50 basis.
- Once Reserved Matters planning consent is secured (funded 50:50) the JV partner will pay 50% of the land value on entry into the JV and the land transferred in to the newco.
- All development costs (work in progress) will be funded 50:50 by the partners
- The cash proceeds from sales will be used to fund the development costs and any surplus shared out equally between the partners as profit
- The Trust and the JV partner will agree an initial business plan for the site including planning strategy, appraisal model, proposed site plans, full cost plans and breakdowns, proposed development program and sales / marketing strategy.
- The JV partner will have responsibility to deliver the scheme in line with the business plan, and provide updates/ progress reports (timings to be agreed). The Trust will have consent rights (not to be unreasonably withheld) to various matters within the business plan.
- The JV partner will discharge planning conditions, procure and manage the design and construction (including the defects liability period), and charge a Management Fee for doing so (level of Management Fee to be agreed)
- The sales and marketing strategy will be decided jointly but delivered by the JV partner. The JV Partner will also manage the actual sales
- The Trust expects that the JV will be structured by means of contract using a Development Agreement (DA) between the two parties (therefore avoiding SDLT)

Bid requirements

Any JV proposals should include:

- The proposed valuation of the land on entry to the JV and all plans (proposed layout, house types) utilised in arriving at this figure
- Proposed Management Fee, expressed as a percentage of the sales revenues
- The development program for the project outlining key milestones; procurement, start date, PC etc

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- Approach to procurement of construction – main contractor, D&B, trade packages etc including how they propose to minimise risk and obtain best value for money
- An indication of the sales and marketing strategy and the projected sales profile and potential fees.
- Funding proposals e.g. from internal resources (equity), debt etc.
- Track record on delivering schemes of a similar nature and experience of partnering in joint ventures
Confirmation of any additional due diligence required in order to proceed

