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7<sup>th</sup> April 2016

Dear Matthew

**Marketing Advice in Respect of CFRS Properties in Hartford Road and Hinchingsbrooke Cottage, Huntingdon**

Further to our recent meeting at Huntingdonshire District Council's offices, you asked me to confirm my advice in respect of the proposed disposal of the two existing CFRS properties in Huntingdon.

**Background**

Having now identified a suitable new site for relocation of the Headquarters/Training Facility and Fire Station at St Johns Park, solicitors are instructed to document a development agreement in order to deliver the new facility by around September 2017.

Once contracts are exchanged with the developer you will be in a position to offer the existing sites to the market for sale. We have already provided you with initial marketing recommendations (in October 2015) and I attach copies of the two reports hereto.

The property market has remained robust since October, although we are detecting something of a hiatus at the current time in the lead up to the EU Referendum. I anticipate that conditions should normalise after June whatever the result.

There is quite a lot of preparatory work to undertake prior to marketing, and this is outlined in the reports. I would therefore recommend waiting until after the Referendum to commence marketing, using the intervening time to prepare the background information required.

You confirmed that the Fire Authority were open to the idea of entering into some form of joint venture as a means of maximising the capital receipts from the disposal of the properties and have requested that I offer some advice as to how this might work and factors you should consider.

**Joint Ventures**

A joint venture (JV) in its broadest sense is a business agreement in which the parties agree to develop, for a finite time, a new entity and new assets by contributing equity. They exercise control over the enterprise and consequently share revenues, expenses and assets.

**Partners**

M W Hamilton Ltd, E W Lee Ltd, J G L Law Ltd, M Walshe Ltd, P G M Claydon Ltd, N R Harris Ltd, W King Ltd, S J Lewis Ltd,  
C M B Ashton Ltd, W E Pepper Ltd, P M Woolner Ltd, M O Peck Ltd, J A Stiff Ltd, R W Freshwater Ltd,  
S P C Gooderham Ltd, B Goodsell-King Ltd.

In the context of a property development, the parties contribute equity to a development scheme, and typically share the risk and rewards in proportion to their equity input. In a strong, and rising market, with a well-chosen development partner, landowners could expect to receive the full market value of their land plus a share of the development profit. This might be a considerable sum in excess of what could have been achieved just by selling the land, depending upon the value of the developed scheme.

However, as a JV partner the landowner will be exposed to greater risk including the those of market fluctuation, cost overruns and delays. You will therefore need to consider whether you are prepared to accept these risks, and how much risk you are prepared to bear when considering your options. JV's can take many forms and legal structures depending upon the objectives of the parties and the complexity and scale of the proposed development. They can be incorporated (e.g., a company or unit trust is set up by the JV partners) or unincorporated (i.e., a partnership based structure whereby there is a simple contractual arrangement between the parties to co-operate). You will no doubt have to consider whether, as a public body, there are restrictions on how you can enter such an agreement.

The selection of a suitable JV partner is very important as you will be relying on their performance to deliver returns for you. Very careful consideration should be given to a potential partner's experience, track record and financial strength.

Given the relatively small scale and value of the subject properties I would suggest that any joint venture arrangement you enter should be kept as simple as possible.

A typical arrangement might be for you, as landowner, to put the land into the development as your equity share and for the developer to take on all of the costs of development. The proceeds are shared in proportion to the value of your inputs. The parties can of course agree a different mechanism; the landowner may choose to contribute more towards the development costs in order to increase its equity share, or alternatively could reduce its risk by seeking some payment for the land from the developer.

At the bottom end of the risk/reward continuum, the landowner could choose to sell the site at "market value" and seek overage provisions in order to share any uplift due from improved market conditions or enhanced planning permission. This is not a joint venture but is a means of securing additional value at minimum risk.

In respect of the subject properties I consider that both may be suitable for joint venture development although given the range of possible end uses it is difficult to predict at this stage exactly how this would look. It is likely that there will be greater demand for Hartford Road, given its location and existing planning allocation, and so there may be more ability to "shape" the transaction there. It is possible that Hinchingsbrooke Cottage could attract interest from an owner-occupier and so a JV would not be appropriate in that scenario.

The market will determine whether there is strong interest in a JV development and I would recommend that the option of a straightforward sale (either on a conditional or unconditional basis) of both sites is kept open during the marketing process. Overage provisions can be incorporated as necessary.

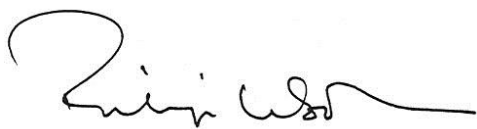
We could therefore offer both sites for sale but stating that the vendor has a preference for offers based on a JV arrangement. We should state the preferred structure of the JV but avoid too much prescription in order to allow developers to work up creative proposals. These can each be judged on their respective merits.

I would strongly advise that legal advice is sought from a firm with expertise in property development joint ventures in advance of marketing. I would be happy to make a recommendation in this respect.

There is a great deal of further detail which will need to be considered in due course and I would of course be pleased to advise further as the process moves forward. Please let me know if there is anything else you need now.

With kind regards,

Yours sincerely

A handwritten signature in black ink, appearing to read "Philip Woolner", with a long horizontal flourish extending to the right.

Philip Woolner  
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