



Southend on Sea Borough Council
Victoria Avenue
Southend-on-Sea
SS2 6ER

Proposed Regeneration of Roots Hall and Fossett's Farm

Cushman & Wakefield has been advising Southend on Sea Borough Council (SBC) in respect of the proposed property transaction for some 15 months and has been involved throughout the process since then. As discussions have developed, we have reported on the concept, the outline proposal approved by Cabinet in September 2019, and most recently, in advising on terms through the negotiation process alongside SBC's legal and other advisers. The proposed income strip structure and transaction is in line with others in the market utilising an increasingly popular and cost-effective delivery method, with constituent elements including land and other costs benchmarked to market levels throughout.

The structure utilises SBC's strong financial standing to deliver much needed new homes to rent, of which 30% will be affordable. It will also see the regeneration of Roots Hall Stadium. SBC are not exposed to construction risk, with leases being entered-into only on completion of each phase of the development. On completion, after allowance has been made to fully let the units, covered by a contribution by the developer, each phase is estimated to generate an income surplus day 1 based on achievable market rents less management costs. No upfront capital is required from SBC, and the transaction will see the council owning the homes outright on expiry of the leases for nil consideration. While the developer will take the risk on delivery, there is an additional profit share to SBC once certain profit hurdles have been met. The transaction remains subject to planning and funding. The structure has been tailored to attract funding from UK institutional investors.

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