

Uttlesford Property Portfolio Q4 Report 1 January 2023 – 31 March 2023

Prepared by: The Asset Management Team – June 2023

Contents

	Page
Glossary of Terms	2
Summary	2
Portfolio Assets – Quarterly Update	4
Agreed Acquisitions	16
Portfolio Valuation	16
Future Asset Acquisitions	17
Financing	18
Risks	19

Glossary of Terms

Acquisition Price	The purchase price of the asset excluding one-off costs such as Stamp Duty, agents and legal fees
Rent	Total of actual rent paid by tenants and loan repayments made by Aspire (CRP) Ltd
Yield	Rent as a percentage of Acquisition Price
Net Rent	Rent less the costs of borrowing and estate management
Net Income to the Council (NIC)	Net Rent as a percentage of Acquisition Price

Summary

In February 2022, the Council adopted the Commercial Strategy and in so doing confirmed that due to changes in Government and CIPFA policies the portfolio was complete, although further acquisition at Stane Retail Park and more development at Chesterford Research Park was likely.

To date £247,469,231 has been committed with an option for a further estimated £49,474,500 giving a total allocation just under the £300,000,000 target. Stane Retail Park Phase 2 is an estimate of likely cost, the Council can acquire all/part/none of Phase 2 as viability and funds permit.

The yield of the committed portfolio is 5.21% and this rises to 5.22% when the option items are included. This yield reflects the risk appetite of the Council and the desire for well-known/established brands as tenants.

Portfolio Summary – Committed

Asset No.	Asset	Acquisition Price £	Rent p.a. £	Yield %
1	Loan to Aspire (CRP) Ltd	60,656,500	2,796,057	4.61
2	Skyway House, Takeley	20,000,000	1,128,000	5.64
3	1 Deerpark Road, Livingston	4,758,374	372,546	7.83
4	Regional Distribution Centre, Chorley	54,608,773	2,840,000	5.20
5	Stane Retail Park – Phase 1	27,004,322	1,784,024	6.61
6	Distribution Warehouse, Gloucester	42,692,000	2,293,433	5.37
7	Headquarters, Tewkesbury	37,749,262	1,667,000	4.42
	Total	247,469,231	12,881,060	5.21

Portfolio Summary – Option

Asset No.	Asset	Acquisition Price £	Rent p.a. £	Net Yield %
1	Stane Retail Park - Phase 2	33,150,000	2,035,198	6.14
2	Future loans to Aspire (CRP) Ltd	14,474,500	1,266,519	8.75
	Total	47,624,500	3,301,717	6.93

Portfolio Combined – Committed and Option

	Portfolio	Acquisition Price £	Rent p.a. £	Yield %
1	Committed	247,469,231	12,881,060	5.21
2	Option	47,624,500	3,301,717	6.93
	Total	295,093,731	16,182,777	5.48

Net Income to the Council (NIC)

The NIC for the 2022/23 financial year (as forecast for 31 March 2023) is as follows.

	Full Acquisition Price £	Net Rent p.a. £	NIC %
Rent		12,881,060	
Less			
Cost of borrowing		-4,457,303	
Brokerage fees		-142,737	
Managing Agent		-194,282	
	247,469,231	8,086,738	3.27

Asset Valuation

The valuation for the overall portfolio has increased by £1,175,000 in this quarter following a £20,676,802 drop in the previous quarter. The valuation for the whole portfolio is now £270,575,000 compared to an acquisition price paid to date of £237,862,889

The advice of the market experts is the initial drop in market values for all assets and classes of assets (not just those owned by Uttlesford District Council) was as a direct response from the markets to the September 2022 mini budget. The market has stabilised in the quarter and a slow recovery is now forecast.

Portfolio Assets – Quarterly Update

The main message coming from CBRE, the external valuers is that during the March quarter the number of bids on assets, and therefore the number of bidders in the market continued to increase, but pricing is still adjusting to the higher interest rates.

With interest rates continuing to rise this uncertainty will continue for the rest of 2023.

Chesterford Research Park

The Council has loaned Aspire (CRP) Ltd a total of £60,656,500 for the acquisition and further development of the Park. As far as the Council Portfolio is concerned the 'asset' is the loan which the company makes repayments on each year. However, in this section additional information is provided with regards to the value of the investment.

Vacant units

Void	Comment
Garden Cottage- Suite 1 and 2	Comprises 315 sq.ft. Current ERV of £10,670pa.
Garden Cottage- Suite 4 Grd	Comprises 129 sq ft. Current ERV of £4,520pa.
Garden Cottage Suite 5	Comprises 562 sq ft. Current ERV of £4,500pa.
The Mansion- Suite 5	Comprises 671 sq ft. Current ERV of £34,900pa.
The Mansion- Suite 7B	Comprises 955 sq ft. Current ERV of £49,300pa.

Park void rate of 0.84%

Valuation

The Nucleus negative sum is based on an assumption that the building will operate at a loss for the next eight years and uses the current actual position as the basis for the calculation.

As can be seen from the valuation figures, the Park is currently valued at £204,000,000 which gives a value per investor of £102,000,000 a potential pre-tax profit of £41,343,500

	March 2022	June 2022	September 2022	December 2022	March 2023
Mansion House	4,220,000	2,890,000	4,150,000	2,310,000	2,460,000
Science Village	25,300,000	27,100,000	27,100,000	27,250,000	28,200,000
Nucleus	-3,384,502	-5,427,101	-5,335,543	-8,406,769	-8,377,472
Garden Cottage	150,500	150,400	-47,345	-119,241	-126,649
Older perm buildings	3,050,000	3,950,000	4,430,000	3,900,000	4,450,000
Older temp buildings	2,430	895,200	892,900	822,300	820,000
Building 60	34,800,000	36,100,000	36,150,000	37,450,000	39,700,000
Building 200	23,300,000	26,100,000	26,200,000	23,350,000	23,450,000
Building 300	35,450,000	36,550,000	36,550,000	37,450,000	39,350,000
Building 400	6,640,000	7,760,000	7,760,000	7,180,000	7,190,000
Building 600/700	50,150,000	53,300,000	53,400,000	47,700,000	45,300,000
Building 900	13,950,000	13,300,000	13,300,000	12,700,000	12,700,000
Building 50	8,980,000	9,690,000	9,660,000	8,920,000	8,890,000
Miscellaneous	1,640,000	1,640,000	1,630,000	1,650,000	1,650,000
Estate s/c shortfall	-3,674,823	-6,162,761	-6,068,248	-11,743,206	-11,761,056
Development Land	13,150,000	13,150,000	13,500,000	16,400,000	16,200,000
Estate Capex	-5,400,071	-6,660,278	-6,118,161	-6,088,161	-6,088,161
Value	£208,300,000	£214,500,000	£217,250,000	£201,250,000	£204,000,000

Top 10 Tenants by Rent

Tenant	Rental Exposure pa	% of Total Contracted Rent
1. Charles River Discovery Research Services UK Limited	£2,000,000.00	20.04
2. Lonza Biologics plc	£909,150.00	9.11
3. Astrazeneca Limited	£818,838.00	8.20
4. Domainex Limited	£720,000.00	7.21
5. Microbiotica Limited	£668,430.00	6.70
6. Flagship 86 Limited	£610,454.00	6.12
7. Superdielectrics Limited	£465,850.00	4.67
8. Cambridge Epigenetix Ltd	£418,000.00	4.19
9. Biocrucible Limited	£414,672.00	4.15
10. AbCellera Biologics UK Limited	£414,672.00	4.15
	£7,440,066.00	74.53

Rent Paid

100% of rent due was received on time for the March quarter date. 100% of the service charge has also been received on time.



SKYWAY HOUSE

PARSONAGE ROAD, TAKELEY, BISHOP'S STORTFORD CM22 6PU

TENANT:	WESTON HOMES PLC
LEASE TERM:	FRI 25 YEARS FROM 30.06.2020 EXPIRING 29.06.2045
FLOOR AREA:	47,951 SQ FT NIA PLUS CIRCA 142 CAR PARKING SPACES (79 SURFACE AND 63 BASEMENT)
PASSING RENT:	£1,128,000 P.A. EXC (£23.52 P.S.FT)
NEXT RENT REVIEW DATE:	30.06.2025
BASIS OF RENT REVIEW:	FIXED REVIEW TO £1,276,228 P.A. EXC ON 30.06.2025 (13.14% UPLIFT EVERY 5 YEARS)

DATE OF LAST PROPERTY INSPECTION

8th December 2022. Next inspection due June 2023.

RENT COLLECTION

The tenant pays quarterly in advance on the usual quarter days.

The March 2023 quarter's rent was paid on time. They are regular and prompt payers.

INSURANCE

UDC responsible, subject to recovery from WH.

Insurance Renewal w.e.f. 01.10.2022 AJ Gallagher obtained competitive quotes from RSA & AXA. Policy renewed with RSA. Weston Homes have paid the premium for the year to 30.09.2023.

SERVICE CHARGE

N/A

MANAGEMENT ISSUES

CW confirmed that PC was achieved on 14th September 2020.

The building is fully occupied, the rear of the 2nd floor has been fitted out as high specification director's offices.

Weston Homes completed the snagging works in respect of the Section 278 agreement, however the final certificate has not been issued as the tenant was waiting for the Council to sign off the highway works. The certificate will not now be issued as Weston Homes are intending to widen the bell mouth as part of their proposed redevelopment of the 7 acre field at the rear of Skyway House for employment use.

The tenant has provided ML with copies of their Risk Assessments and up-to-date compliance certification.

ASSET MANAGEMENT OPPORTUNITIES AND GREEN INITIATIVES

Weston Homes have acquired approx. 220 acres of farmland to the rear of the property, including a 7 acre field at the rear of the building.

The majority of the land is leased back to a local farmer. The planning appeal for the development of the land for residential and employment use was turned down in August 2022.

Weston Homes have however obtained planning permission for an extension to their car park on part of the 7 acre field they own at the rear of Skyway House and Weston Business Centre to provide 124 new car parking spaces. This will improve the parking ratio of the building. UDC have agreed to vary the rights granted in Weston Homes' lease to allow them to access

the new car parking spaces from the car parking area behind Skyway House. Deed of Variation is in solicitor's hands to be completed shortly. ML have recommended that if possible UDC acquire the completed car park and lease back to the tenant as this would improve the investment value. Preliminary discussions have taken place but we understand that the timing is not right.

Weston Homes have submitted a planning application for approximately 3,500 square metres of employment space on the remainder of the 7 acre field. A decision is awaited.

The Property has an EPC rating of A16 and BREEAM rating of very good.

There is a grey water recycling system and all the lights are LED with most on sensors. There are 16 electrical vehicle charging points in the car park at the front of the building. The tenant has installed electric vehicle charging points in all the spaces in the basement car park.





1 DEER PARK ROAD

FAIRWAYS BUSINESS PARK, LIVINGSTON EH54 8AF

TENANT:	VETERINARY SPECIALISTS (SCOTLAND) LTD
LEASE TERM:	FRI LEASE 20 YEARS FROM 10.09.2019 LEASE EXPIRY 09.09.2039
FLOOR AREA:	30,855 SQ FT PLUS CIRCA 160 CAR PARKING SPACES
AGREED RENT:	£372,546 P.A. EXC (£12.07 P.S.FT)
RENT COMMENCEMENT DATE:	10.09.2023
NEXT RENT REVIEW DATE:	10.09.2024
BASIS OF RENT REVIEW:	FIXED FIRST REVIEW TO £411,320 P.A. EXC



DATE OF LAST PROPERTY INSPECTION

3rd April 2023.

Next inspection September 2023.

RENT COLLECTION

The tenant has a four-year rent-free period, the rent commencement date is 10.9.2023.

The Lease provides for quarterly payments, however, a side letter allows the tenant to pay monthly on 1st of each month.

INSURANCE

UDC responsible, subject to recovery from tenant.

A J Gallagher obtained competitive quotes from RSA & AXA for the renewal of insurance w.e.f. 01.10.2022. Insurance placed with RSA. The tenant has paid the premium for the year to 30.09.2023.

SERVICE CHARGE

N/A.

MANAGEMENT ISSUES

The building was constructed as an office building in 2002 and was converted in 2019 to a Veterinary Hospital fully fitted and refurbished with up-to-date facilities.

The Tenant only occupies the ground and a small part of the 1st floor. The majority of the second and whole of the third floors are vacant.

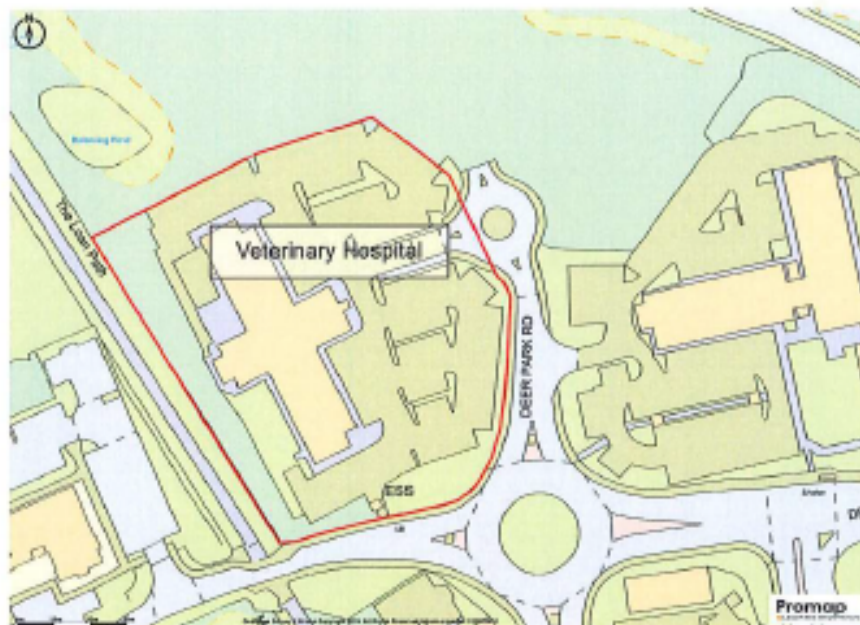
The tenant provides ML with copies of their Risk Assessments and compliance certification. The tenant recently appointed a new H&S and Facilities Lead and he has obtained an updated 5 yearly Electrical Certificate for the whole building, an updated Fire Risk Assessment and Legionella Risk Assessment and will forward copies to ML.

Linnaeus Group (part of the Mars group of companies) acquired Veterinary Specialist (Scotland) Ltd from Pets at Home earlier this year. UDC refused consent for an assignment of the lease to Linnaeus Veterinary Ltd as the Pets At Home Guarantee would fall away on assignment.

ASSET MANAGEMENT OPPORTUNITIES AND GREEN INITIATIVES

Linnaeus have advised that they have plans to grow the business and will be looking to convert the rest of the 1st floor and 2nd floors to provide additional theatres, clinical areas and offices to enable them to expand the business. The tenant has tidied up the car park, installed new entrance and exit barriers, undertaken some repairs to the tarmac and kerbs, and the landscaping is now well maintained.

The tenant has advised that they would like to install some electric charging points in the car park. ML awaiting further details.





WAITROSE DISTRIBUTION CENTRE
MATRIX PARK, WESTERN AVENUE, CHORLEY, LANCASHIRE PR7 7NB

TENANT:	WAITROSE LTD
LEASE TERM:	FRI LEASE 30 YEARS FROM 30.04.2012 LEASE EXPIRY 29.04.2042
FLOOR AREA:	421,809 SQ FT PLUS CIRCA 400 CAR PARKING SPACES AT THE FRONT OF THE BUILDING
SITE AREA:	31.14 ACRES, APPROX 29% SITE COVERAGE
PASSING RENT:	£2,840,000 P.A. EXC (£6.73 P.S.FT)
NEXT RENT REVIEW DATE:	30.04.2027
BASIS OF RENT REVIEW:	HIGHER OF OPEN MARKET RENT OR RPI (CAP & COLLAR OF 5% & 2% P.A COMPOUNDED)



DATE OF LAST PROPERTY INSPECTION

16th November 2022. Next inspection due May 2023.

RENT COLLECTION

The tenant reverted to quarterly rent payments from the June 2021 quarter as agreed with ML. March 2023 quarter's rent received on time.

INSURANCE

UDC responsible, subject to recovery from Waitrose.

A J Gallagher obtained quotes from RSA and AXA for the insurance renewal, policy renewed with RSA w.e.f. 01.10.2022. The tenant has paid the premium for the year to 30.09.2023.

SERVICE CHARGE

Matrix Park Management Company administer the service charge for the estate, the service charge year is 1st June to 31st May. UDC pay 44.27% of the total budget, Matrix invoice UDC quarterly and ML recharge to Waitrose. Matrix issue a budget for the year. Total budget for the current year 2022/2023 is £71,515 + VAT. Waitrose are up to date with payments.

RENT REVIEW

Rent revised as at 30th April 2022. Agreed at £2,840,000 p.a. which is a 25% increase from the passing rent. Rent Review memorandum signed and uplift in rent paid by Waitrose.

MANAGEMENT ISSUES

Waitrose have sublet part of the 2nd floor offices to Amey. The Sub-lease was renewed for a term of 18 months from 6.12.2021, and expires 05.06.2023.

Waitrose have signed a 5 year Distribution Service Agreement with XPO Logistics in March 2021, GXO (part of XPO Logistics) are now occupying the property, GXO advised that the building will be operating at full capacity. Waitrose are permitted in accordance with the lease to grant a Distribution Underlease to a Distribution Services Provider without the Landlord's consent.

Risk Assessments and Compliance certification - GXO have provided ML with copies of all their up-to-date certification.

ASSET MANAGEMENT OPPORTUNITIES AND GREEN INITIATIVES

There is approx. 2 acres of surplus development land on eastern side of site included in the lease to Waitrose. We understand that the land was originally intended to be used for an incineration/recycling plant to provide heating to some areas of the building, this was abandoned some time ago. The land is included within Waitrose's demise.





**STANE RETAIL PARK
STANWAY, COLCHESTER CO3 8AU**

TENANT:	B&Q LIMITED	ALDI STORES LTD
LEASE TERM:	15 YEARS FROM 01.11.2021 (TENANT RIGHT TO RENEW) END DATE - 30TH OCTOBER 2036	25 YEARS FROM 01.11.2021 (TENANT BREAK ON 01.11.2041) END DATE - 30TH OCTOBER 2046
RENT COMMENCEMENT DATE:	20TH APRIL 2023	23RD MAY 2022
COMMENCING RENT:	£1,342,275 P.A. EXC (£16.50 P.S.FT ON TARGET) (81,350 SQ FT)	£360,395 P.A. EXC (19.50 P.S.FT ON TARGET) (18,482 SQ FT - ACTUAL)
ACTUAL FLOOR AREAS:	STORE: 81,350 SQ FT BUILDERS YARD: 15,973 SQ FT GARDEN CENTRE: 19,170 SQ FT	
NEXT RENT REVIEW DATES:	01.11.2026 & 01.11.2031	01.11.2026, 01.11.2031, 01.11.2036 & 01.11.2041
BASIS OF RENT REVIEW:	5 YEARLY RPI (0-2% P.A. COMPOUNDED)	5 YEARLY, RPI (1% & 3% P.A. COMPOUNDED)
TOTAL RENT RECEIVED (FROM PHASE 1):	£1,702,670 P.A. EXC	



Utilesford District Council own part only (Phase 1 - B&Q and Aldi) of the Stane Retail Park, together with shared use of the Common Areas (including 628 car park spaces). Mark Liell manage the whole retail park, including the second phase for UDC and Churchmanor Estates, who retain Phase 2 at present.

DATE OF LAST PROPERTY INSPECTION

7th September 2022. Next formal half yearly inspection to take place in January 2023. Intervening regular visits undertaken.

RENT COLLECTION

B&Q have a rent free period until 20th April 2023. Aldi commenced payments in May 2022 and are up to date. Rent continues to be received on time.

INSURANCE

UDC insure the units within their ownership. Insurance Policy renewed with RSA w.e.f. 01.10.2022. Fully recoverable.

SERVICE CHARGE

ML manage the service charge, which commenced as at 1st November 2021 when Phase 1 was PC'd. 100% recoverable from the tenants and Churchmanor (the developer). No arrears. Current service charge budget for year ending 31st December 2023 of £194,700 + VAT.

TENANT LINE-UP (THE WHOLE)

Phase 1: B&Q, Aldi

Phase 2: M&S, Greggs, Cook, Superdrug, Mountain Warehouse and Furniture Village are now all open. Only Unit A6 remains unoccupied. Unit may split. Occupier discussions in hand.

MANAGEMENT ISSUES

Part (Phase 2) of the site remains in Churchmanor's ownership. Practical completion of Phase 2 took place in April 2022. Certain contractor works/landscaping maintenance is ongoing. UDC are due to take ownership of the Common Areas including the car park, shortly.

Wider management updates:

- All upkeep and maintenance contracts (drains, winter maintenance, litter picking and landscaping) are now in place, following informal tenders. New tenders taking place in respect of landscaping and cleaning etc.

- All retailers reporting above pre-opening target performance and high car park occupancy levels noted.
- A12 junction congestion experienced during pre-Christmas peak trading periods, and on occasions at weekends. Traffic light sequencing revisited.
- Security improvements. 6 CCTV cameras have now been installed at the park. The provision of radios for tenants to communicate on the park is being reviewed.
- Car parking usage overseen by Green Parking (4 hour limit). Soft monitoring/action taken to breaches/abuse, to minimise customer and staff upset.

ASSET MANAGEMENT OPPORTUNITIES AND GREEN INITIATIVES

- Electric charging points have proved popular. MER have installed a further 10 (5 portals) charging outlets in advance of original schedule.
- UDC's ownership of the whole would be preferable by adding Phase 2 (which includes an all formats M&S store which contributes c50% of the Phase 2 rent) to the existing B&Q and Aldi. It is hoped to revisit the earlier (September 2022) abortive discussions, when the remaining letting(s) has been completed. Alternatively UDC may be approached by the prospective purchase of Phase 2 to buy B&Q and Aldi.





AMAZON DISTRIBUTION CENTRE
CENTRE SEVERN, BARNWOOD, GLOUCESTER GL4 3UR

TENANT:	AMAZON UK SERVICES LTD (NOT CURRENTLY IN OCCUPATION)
LEASE TERMS:	FRI LEASE 15 YEARS FROM 18.03.2022 LEASE EXPIRY 17.03.2037
FLOOR AREA:	WAREHOUSE AND OFFICES: 122,756.79 SQ FT ADJACENT 4 LEVEL MULTI-STOREY VAN PARK (408 SPACES), SURFACE CAR PARK (150 CAR SPACES AND 118 VAN SPACES), 11.23 ACRES.
PASSING RENT:	£2,293,433.49 P.A. EXC
RENT COMMENCEMENT DATE:	18.03.2022
NEXT RENT REVIEW DATE:	18.03.2027
BASIS OF REVIEW:	5 YEARLY, CPI (COLLAR AND CAP OF 1% AND 3% COMPOUNDED ANNUALLY)



DATE OF LAST PROPERTY INSPECTION

26th October 2022.

Next inspection due in April 2023.

RENT COLLECTION

Amazon pay rent quarterly in advance on 1st January, 1st April, 1st July and 1st October.

Quarterly rent due on 1st April 2023 received on 3rd April 2023.

INSURANCE

UDC insure the building and recover from Amazon.

A J Gallagher instructed to obtain competitive quotes. Insurance placed with AXA, however as Amazon are not intending to occupy the building until August 2023, this impacted AXA's capacity and the premium has been significantly increased. RSA now co-insure the building. A new policy issued at a cost of £118,359.82. for the year to 03.08.2023. Amazon have paid the premium.

SERVICE CHARGE

A management company has been set up to look after the estate's common areas and administer the service charge. The ownership of the management company is split between the freeholders based on area. (UDC hold a 54% share of the Management Company). Bulleys Chartered Surveyors administer the service charge and have prepared a service charge budget, £22,325 for the current year. Bulleys to invoice UDC, ML to recharge Amazon. However, ML are still awaiting an invoice as Bulleys have advised that they cannot issue a demand until they have a VAT number.

MANAGEMENT ISSUES

Practical completion took place on 4th March 2022. Lease to Amazon completed on 18th March 2022. Amazon have advised that they are not intending to occupy the property until August 2023, at the earliest. The property is therefore currently vacant. Amazon have 2 guards providing 24 hour security at the building, which is a condition of the insurance. Boverker Kirkland (BK), the original contractor, are currently undertaking the snagging works.

ML identified that there is extensive cracking to the van deck stair towers. Adam Smith at CW reviewing BK's proposals for rectification.

We understand that the landscaping rectification works to replace the dead trees and reseed have been completed.

Amazon have advised that they have appointed Cushman Wakefield to manage the property. ML to meet them on site when they next inspect.

Amazon have instructed CW to market a sub-lease of the building. We understand that there is currently no detailed prospective tenant discussions taking place.

ASSET MANAGEMENT OPPORTUNITIES AND GREEN INITIATIVES

Amazon have an option to extend the lease for a further 5 years on expiry of current lease in March 2037.

The front car park area is not fenced (ie insecure), due to a planning stipulation. This may present scope for "unwanted" visitors to gain access. Amazon however currently have 24 hour security.

The property is situated on a site area of 11.5 acres and therefore has a low site cover of 25%. The building has an EPC rating of A24.



Agreed Acquisitions

HEADQUARTERS AND WAREHOUSE, TEWKESBURY



In March 2021 the Council acquired a site in Tewkesbury, Gloucestershire for a new build head office and warehouse with a pre-let 35 year lease.

Completion is expected in August 2023.

Portfolio Valuation

The Council employ CBRE to provide a quarterly valuation of the Council owned assets, their full report is attached at Appendix One. In summary, as at the end of quarter 4 the position is as shown below

	Price paid (including future commitments) £	Amount paid as at 31 March 2023 £	MAR 2022 £	JUN 2022 £	SEP 2022 £	DEC 2022 £	MAR 2023 £
Colchester, Stane RP	27,004,322	27,004,322	30,975,000	30,975,000	29,100,000	27,250,000	28,275,000
Chorley, Waitrose RDC	54,608,773	54,608,773	67,500,000	67,500,000	61,150,000	54,400,000	54,400,000
Livingston, 1 Deer Park Road	4,758,374	4,758,374	5,300,000	5,300,000	5,000,000	4,750,000	4,750,000
Takeley, Skyway House	20,000,000	20,000,000	19,950,000	19,950,000	18,350,000	17,625,000	16,250,000
Gloucester, Amazon	42,692,000	42,278,237	42,100,000	50,750,000	43,900,000	41,000,000	41,000,000
Tewkesbury, MOOG HQ	37,749,262	28,556,683	24,650,000	27,150,000	24,000,000	23,750,000	23,900,000
	186,812,731	177,206,389	190,475,000	201,625,000	181,500,000	168,775,000	168,575,000

When the loan to Aspire (CRP) Ltd is included the total asset valuation is as shown below

	Price paid (including future commitments) £	Amount paid as at 31 March 2023 £	MAR 2022 £	JUN 2022 £	SEP 2022 £	DEC 2022 £	MAR 2023 £
Colchester, Stane RP	27,004,322	27,004,322	30,975,000	30,975,000	29,100,000	27,250,000	28,275,000
Chorley, Waitrose RDC	54,608,773	54,608,773	67,500,000	67,500,000	61,150,000	54,400,000	54,400,000
Livingston, 1 Deer Park Road	4,758,374	4,758,374	5,300,000	5,300,000	5,000,000	4,750,000	4,750,000
Takeley, Skyway House	20,000,000	20,000,000	19,950,000	19,950,000	18,350,000	17,625,000	16,250,000
Gloucester, Amazon	42,692,000	42,278,237	42,100,000	50,750,000	43,900,000	41,000,000	41,000,000
Tewkesbury, MOOG HQ	37,749,262	28,556,683	24,650,000	27,150,000	24,000,000	23,750,000	23,900,000
	186,812,731	177,206,389	190,475,000	201,625,000	181,500,000	168,775,000	168,575,000
Aspire (CRP) Ltd	60,656,500	60,656,500	104,161,767	107,162,730	108,576,802	100,625,000	102,000,000
Total Portfolio	247,469,231	237,862,889	294,636,767	308,787,730	290,076,802	269,400,000	270,575,000

Future Asset Acquisitions

Stane Retail Park Phase 2

At the request of the Council the owner developer has agreed to let the whole of Phase 2 before presenting the option to purchase to the Council and wider market. Currently there are two units remaining to be let but it is understood that discussions are on-going with potential tenants.

Councils can continue to invest in commercial assets where it is done so as to maximise the value of an existing asset. It is the opinion of our agent and valuers that acquiring phase 2 will significantly increase the value and appeal of phase 1.

With the downturn in the market following the mini-budget by the Government in September 2022 it was no longer viable for the Council to consider acquiring phase 2 and the developer was notified of this. At the same time the developer decided to retain phase 2 as the likely sale price would not be viable for them. When the market situation resolves itself a final decision on the possible acquisition of phase 2 will be made.



Financing

The Portfolio is financed from three sources

1. Internal borrowing – when the Council has excess funds to invest
2. Loans from PWLB and Phoenix Life Ltd
3. Borrowing from other local authorities

The split between 1 and 3 above varies on a week to week basis. Below is a snapshot of the external funding as at 15 June 2023 which totals £212,503,071

Borrowing as at 15/06/23				
Date	Lender	Amount (£)	Maturity	Rate (%)
18-Jun-20	Oxfordshire County Council	5,000,000	19-Jun-23	1.20
06-Dec-22	West Midlands Combined Authority	11,500,000	05-Dec-23	1.80
07-Jun-23	Crawley Borough Council	5,000,000	06-Jun-24	2.25
30-Jun-22	Salford City Council	2,000,000	29-Jun-23	1.30
30-Jun-22	Local Government Association	1,500,000	29-Jun-23	1.30
30-Jun-22	Local Government Association	1,500,000	29-Jun-23	1.30
13-Sep-22	East Sussex County Council	5,000,000	12-Sep-23	3.00
08-Sep-22	Buckinghamshire Council	10,000,000	04-Aug-23	3.00
08-Sep-22	Blaenau Gwent Borough Council	5,000,000	07-Sep-23	3.00
08-Sep-22	Northern Ireland Housing Executive	10,000,000	07-Sep-23	3.00
13-Sep-22	South Oxfordshire District Council	7,000,000	12-Sep-23	3.00
13-Sep-22	South Lakeland District Council	3,000,000	12-Sep-23	3.00
13-Sep-22	South Ribble Borough Council	3,000,000	07-Sep-23	3.00
30-Nov-22	West Midlands Combined Authority	7,000,000	29-Nov-23	3.05
20-Apr-23	West Yorkshire Combined Authority	4,500,000	03-Jul-23	4.25
23-May-23	South Oxfordshire District Council	3,000,000	21-May-24	4.60
23-May-23	South Oxfordshire District Council	1,000,000	21-May-24	4.60
23-May-23	Bridgend County Borough Council	4,000,000	21-May-24	4.60
22-May-23	Rushcliffe Borough Council	5,000,000	01-Aug-23	4.45
15-Jun-23	London Borough of Havering	2,500,000	08-Aug-23	4.65
05-Jul-17	Phoenix Life Ltd	36,095,244	05-Jul-57	2.86
22-Sep-22	Public Works Loans Board	29,907,827	22-Sep-71	4.28
29-Sep-22	Public Works Loans Board	50,000,000	27-Sep-30	4.16
		212,503,071		

Risks

Likelihood Scores

Score	Probability
1 (Little Likelihood)	Less than 10%
2 (Some Likelihood)	10% to 50%
3 (Significant Likelihood)	51% to 90%
4 (Near Certainty)	More than 90%

Impact Scores

Score	Impact Level on Strategic Objectives
1	Minor impact/delay/difficulty
2	Small impact/delay/difficulty
3	Considerable impact/delay/difficulty
4	Extreme impact/delay/Difficulty

Each risk score for likelihood and impact is plotted onto a risk matrix to produce its score. A green score indicates risks which the organisation is most prepared to accept and red those which are less likely to be accepted.

		1	2	3	4
LIKELIHOOD	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		IMPACT			

21-IB-01 LONG TERM BORROWING

The council is unable to secure long term borrowing	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	2	4	8	<ul style="list-style-type: none"> • Phoenix loan is secured • 2 x PWLB loans are secured 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		2	4	8	<ul style="list-style-type: none"> • Evaluate sale of one or more assets 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	AW	ongoing		

Progress Update (March 2023)

- The current borrowing is sufficient to repay outstanding loans through to June 2023 thereby reducing exposure to short term borrowing cost fluctuations
- No further long term borrowing is planned at the present time

21-IB-02 INTEREST RATES

Interest rates increase leading to a reduced net income	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	2	4	8	<ul style="list-style-type: none"> • Phoenix loan is secured so part mitigation • 2 x PWLB loans are secured 	
		Current Likelihood	Current Impact	Current Score	Further Action	
		2	4	8	<ul style="list-style-type: none"> • Evaluate sale of one or more assets 	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	AW	ongoing		

Progress Update (March 2023)

- The current borrowing is sufficient to repay outstanding loans through to June 2023 thereby reducing exposure to short term borrowing cost fluctuations.
- Over the next few of years the investment net contribution will be lower than in 2022/23 this is reflected in the Council’s five year MTFS

21-IB-03 TENANT DEFAULT

Tenants default on rental payments either short term or because of business failure	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	2	4	8	• Additional financial due diligence undertaken ahead of all purchases	
		Current Likelihood	Current Impact	Current Score	Further Action	
		1	3	3	• Continuous monitoring of tenants both financial information and news channels	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	AW	ongoing		

Progress Update (March 2023)

- Tenants passed the viability test and no adverse financial reports this quarter
- Commercial asset reserve will enable short term rent losses to be covered without detriment to council services

21-IB-04 BUILDING LOSS

Loss of building due to fire/flood leading to no rent being received for duration of the repair/reinstatement	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	1	4	4	• UDC fully insures the building and recharges the tenant • Copies of fire safety procedures/test etc. held by agent	
		Current Likelihood	Current Impact	Current Score	Further Action	
		1	4	4	• Monitor procedures as part of the inspection process	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	4	4	AW	ongoing		

Progress Update (March 2023)

- Discussions with all tenants on fire etc. safety. Inspections check for issues and ensure maintenance repairs etc. are undertaken
- Commercial asset reserve will enable short term loss in rent to be covered without detriment to council services

21-IB-05 REPUTATION

Actions of tenants affect the reputation of the Council	Owner	Original Likelihood	Original Impact	Original Score	Current Controls	
	AW	1	4	4	• Tenants checked as part of initial due diligence	
		Current Likelihood	Current Impact	Current Score	Further Action	
		1	3	3	• Continuous monitoring of tenants both financial information and news channels	
		Target Likelihood	Target Impact	Target Score	Action owner	Planned Completion date
1	3	3	AW	ongoing		

Progress Update (March 2023)

- No adverse or positive news stories this quarter