

PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD1228

Title: Gallions Park Land Sale

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date, because:

It contains commercially sensitive information, the disclosure of which could prejudice the commercial interests of the GLA / GLA Land and Property Ltd and Lancaster PLC. The information is therefore covered by section 43(2) (commercial interests) of the Freedom of Information Act 2000.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: To be reviewed after January 2014.

Legal recommendation on the grounds of keeping the information confidential:

The information in Part 2 below which relates to the GLA and/or GLA Land and Property Limited's commercial and business interests, the disclosure of which could prejudice those interests. For these reasons it is considered that the information below is exempt from publication in reliance upon the exclusions contained in section 43(2) (commercial interests) of the Freedom of Information Act 2000, and because the public interest in withholding the information outweighs the public interest in releasing it.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: [REDACTED]

Date: 10 June 2013

Once this form is fully authorised, it should be circulated with Part 1.

Confidential decision and/or advice:

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1. Terms

The following terms for the conditional sales agreement:

- Sale price of £2,135,000, for freehold interest, subject to gaining planning permission.
- Pay a non-returnable deposit of £35,000 payable on exchange to be deducted from the sale price.
- Restriction of use of freehold for 15 years – Not to use as anything other than a car show room, dealership, training academy and maintenance facility.
- Planning application requires GLA approval prior to submission.
- Option for GLAP to buy back if not built out within 48 months of exchange.

Milestone	Proposed Longstops / Milestone
Planning permission to be submitted	Within 6 months of date of sales agreement
Planning permission gained	18 months from the date of agreement, subject to extension if appeal is required
Freehold with restrictions on title transferred to Lancaster	Upon grant of satisfactory planning permission
Buy back option (at price paid less costs) if build has not commenced	4 months post planning permission if construction has not commenced and ultimate longstop of 48 months if practical completion has not occurred.

2. Risks

State Aid / Best Consideration

2.1 The site has not been openly marketed, potentially giving rise to a competitive advantage to the purchaser and therefore potential risk of there being unlawful state aid. This has been partially mitigated as the price offered is at what is considered to be market value established by an independent valuer, using a Red book valuation, as suggested by the commission.

2.2 GLAP is also required to seek best consideration for their assets and as such valuation advice and support has been provided by an external valuation firm. They have valued the site using a Red book valuation, as suggested by Guidance in ODPM circular 6/03 and the offer is in line with the valuation as having a market value of £2m on the basis of an immediate sale with no restrictions. They have also valued the site on a subject to planning basis, but with the restrictions on use as proposed. This increases the value a little to £2.1m as it allows the purchaser to secure planning.

[REDACTED]

[REDACTED]

Planning permission not gained

2.4 There are a number of longstop dates proposed that ensure that the deal will fall away if they are not achieved as set out above. If planning permission has not been gained 18 months from the exchange of the agreement for sale then the deal will terminate. If there is an appeal situation, where planning permission has not been granted then a reasonable extension of time will be granted.

Scheme not built out

2.5 Once planning permission has been gained then Lancaster will be transferred the freehold and GLAP will receive the purchase price. If the scheme is not completed 48 months from the date of exchange then GLAP can purchase the land back at the sale price less all costs associated with reinstatement of the property. This is the key driver for Lancaster.

3. Financial Comments

3.1. The proposed sale price of £2.135m is in line with budget and, based on advice provided, achieves best consideration.

3.2. It was reported to HIG that Jardine would pay a £50k non-returnable deposit. The Director has agreed a reduction in the deposit to £35k.

[REDACTED]