



JERSEY
DEVELOPMENT
COMPANY

2021 Strategic Business Plan Summary







1. Introduction

- 1.1 Jersey Development Company ("JDC") is a leading property development company wholly owned by the Government of Jersey (GoJ). JDC is a delivery vehicle for the GoJ to carry out property development for the long-term benefit of the people of Jersey.
- 1.2 Whilst JDC's objectives include generating a positive financial return, this does not mean maximising the profit at the expense of social, environmental and public benefits. JDC is committed to balancing community and commercial aims in each of its developments with a focus on purpose over profit, and in so doing it supports and assists the GoJ in delivering its strategic objectives.
- 1.3 The Company has a proven track record of delivering exemplary buildings that positively add to the built environment as well as delivering extensive new areas of high-quality public realm and generating a developer's return that is entirely for the benefit of the GoJ.
- 1.4 Land receipts and/or development profits are either paid as a dividend to the GoJ, reinvested into public infrastructure or retained and recycled into future development projects (as agreed with the Shareholder). As 100% shareholder of JDC, ultimately all income that is generated by the Company is for the benefit of the GoJ and thereby Islanders.
- 1.5 Place making and creating new communities is at the heart of JDC and the Company's vision is: *"To build a better Jersey."*
- 1.6 The combination of JDC's commercial acumen and a deep understanding and appreciation for Jersey, enables the company to make vital contributions to the GoJ's strategic property overview and strategy.

The Company's mission is:

“ To be the GoJ's trusted partner for regeneration and strategic property development in order to deliver a sustainable financial, social and environmental contribution to Jersey and its people. ”





1. Introduction (continued)

- 1.7 When carrying out direct development or joint ventures, the Company's remit is to take low financial risk through securing legally binding pre-sales / pre-lets and only committing to construction once demand is established and only entering into fixed price construction contracts.
- 1.8 The Company's operating remit and strategy has served it well with the successful completions of its first development projects. JDC has delivered the highest quality, the highest rent and highest yield office buildings in Jersey (IFC 1 and IFC 5) and completed the first truly mixed-tenure residential development in Jersey at College Gardens with open market, shared equity and social rental homes co-existing on the same site.
- 1.9 JDC is committed to the environment and designed the first BREEAM Excellent office building in Jersey and the first BREEAM Outstanding office building in Jersey. The Company is focused in supporting GoJ in its objective of achieving carbon neutrality by 2030 and will be targeting its future residential developments to be net zero carbon in use.
- 1.10 The delivery of IFC 1 and IFC 5 illustrated the true value add of the business taking a plot of land that would have realised c.£4m for each building on the open market and generated a commercial profit of £7m plus the realised £4m land value. These projects delivered a high return on equity (as JDC had debt financed most of the costs).
- 1.11 The Company also invested in a premium product – in terms of the quality of the architecture, materials, build method and specification. It is widely acknowledged by property experts and tenants occupying the IFC buildings, that the IFC is the highest quality office accommodation in the Channel Islands.
- 1.12 The successful completion of College Gardens evidences the Company's abilities in the residential market, with a £5m profit being generated on a scheme that delivered 80 new Affordable homes (representing 43% of the total units). The overall public acceptance of the scheme – which is a high density new build development and significant adaptation of a listed building – is testament to the attention that JDC gave to the design, layout and overall quality of the development.



1. Introduction (continued)

1.13 GoJ realises significant benefits from JDC's development activities:

- i) aligns development with the strategic needs and objectives of the Island;
- ii) returns to the public purse are more than doubled from a straight land sale to a third-party private developer;
- iii) remains in control of the timing of delivery;
- iv) can pre-determine the eventual outputs (for example number of affordable units);
- v) delivery of new public infrastructure as part of the commercial developments (for example Trenton Square at the IFC and 55 car parking spaces for Janvrin School as part of the College Gardens development);
- vi) focus on place making, good design and 'doing the right thing' in terms of the overall quality of the development. JDC's objective is for the design and build quality of its projects to be of the highest environmental standards and to stand the test of time;
- vii) improve competition in the market; and
- viii) assist First Time Buyers by allowing deposits to be paid in staged payments over the build period.

1.14 JDC owns certain investment properties - which include the multi-let Waterfront Leisure Centre and the 550 space Waterfront Car Park. The Company maximises the revenues and capital growth of the Company's investment properties. The income stream from the Waterfront Car Park and the Les Jardins Car Park is used to cover the costs of maintaining the Waterfront estate and the Company's running costs.

2. Mission and Strategic Objectives

- 2.1 The Company's Mission is to be the Government of Jersey's trusted partner for regeneration and strategic property development in order to deliver a sustainable financial, social and environmental contribution to Jersey and its people.
- 2.2 The Company has set the following Strategic Objectives to deliver on its Mission:



1) Maximise the delivery of much needed new homes to support the GoJ's required number of new units with a JDC target of between 1,000 and 1,500 new homes by the end of 2030;



2) Achieve an attractive risk adjusted return for GoJ Strategic Investments;



3) Commit on average 5% of the build cost in every development to directly contribute towards public infrastructure (on-site and/or off-site);



4) Target Net Zero Carbon in-use on residential developments from 2024 onwards;



5) Support the GoJ in its strategic review of property and to be the GoJ's property development partner;



6) Deliver new Super Prime Grade A office development to support the strategic needs of the Island.





3. 10-year Strategic Plan

3.1 As a 100% GoJ owned entity, JDC works in partnership with GoJ departments and other States Owned Entities to create long-term economic value for the Island. JDC aspires to secure further regeneration projects that will deliver financial, environmental, social and/or economic benefit for the GoJ and to support GoJ and SOEs in major regeneration projects in which the Company's skills lie.

3.2 Furthermore, JDC is committed to assisting the GoJ in the delivery of its Strategic objectives. JDC will support the GoJ's objectives in the following ways:

GoJ Strategic Objective	JDC action
<p>We will put children first</p> 	<ul style="list-style-type: none"> • In the design development for the Waterfront and enhancing open spaces that already exist, JDC will be ensuring that activities for children feature highly - whether that be a new play park on the Waterfront and / or accommodation for a new children's nursery. • The landscaping in the new areas will be designed with the child in mind ensuring it is safe, clean, inviting and stimulating. • JDC will continue to sponsor the Child of the Year at the Pride of Jersey Awards to shine a light on outstanding young individuals.
<p>We will improve Islanders' wellbeing and mental and physical health</p> 	<ul style="list-style-type: none"> • JDC is focused on delivering a mixed- use Waterfront that incorporates leisure areas and leisure activities and is a destination for Islanders and visitors. • Open space and trees will also be essential ingredients to the Waterfront as well as sporting and leisure facilities. Balancing the Community, Culture and Commercial and delivering a sustainable new community is a key objective.
<p>We will create a sustainable, vibrant economy and skilled local workforce for the future</p> 	<ul style="list-style-type: none"> • The continuation of the IFC development will ensure that the Island has the right office accommodation for its financial services and digital industries - ensuring that existing businesses continue to operate efficiently and effectively and attracting new business to our shores. • Subject to a pre-let, JDC is ready to commence IFC 6 and IFC 2.
<p>We will reduce income inequality and improve the standard of living</p> 	<ul style="list-style-type: none"> • Ensuring that the supply of residential accommodation is essential to stabilise prices and JDC is targeting to deliver 1,000+ new homes over the next 10 years. • JDC will, in agreement with Government, investigate new forms of tenure that will: <ol style="list-style-type: none"> i) provide for middle earners that earn too much to be eligible for an Andium property but too little to buy their own home. ii) Incentivise empty nesters into trading down from their family homes into an apartment with amenities.
<p>We will protect and value our environment</p> 	<ul style="list-style-type: none"> • JDC's developments are focused on brownfield regeneration sites. • By optimising the development yield on these sites will limit the demands for green field development. • JDC is committed to leading the local development market in terms of green buildings - being the first developer to design a BREEAM 'Excellent' office building and first to design a BREEAM 'Outstanding' office building. • JDC is focused on targeting net zero carbon in-use residential developments from 2024. • JDC will develop a new development strategy founded on sustainability and supporting Jersey's Net Zero carbon objective.

3. 10-year Strategic Plan (continued)

3.3 The Company is motivated to take on further projects and grow its balance sheet which in turn will result in greater financial returns for the Shareholder. In 2018 the Company proactively secured the Waterfront Leisure Centre as a key future regeneration site and the Company will continue to seek out opportunities for strategic acquisitions that support GoJ objectives, as well as grow the Company's balance sheet and extend its development pipeline.

3.4 JDC is keen to take on a greater role and be involved in the strategic planning for GoJ owned property, be the holder of the GoJ's land bank of non-operational properties and be the developer of choice for the GoJ and its wholly owned companies.

3.5 There are significant benefits that will flow from this including:

- i) coordinated and strategic land planning, with a focus on brownfield regeneration;
- ii) using JDC's expertise at an early stage on all development projects;
- iii) accessing private finance to invest in the non-operational portfolio thereby turning redundant assets which currently drain cash into income producing assets; and
- iv) improved programme and resource planning.



3. 10-year Strategic Plan (continued)

3.6 Major property developments need significant equity to finance the pre-development activities and to meet the loan to value ratios of funders during construction. There is a fine balance to be struck in terms of paying cash dividends, investing in public infrastructure or re-cycling profits to enable future development projects.

3.7 The Company runs its operations with a very lean and focused team. This ensures that overhead and management costs are minimised and the team is fully deployed. With the projected increase in the volume and scale of activities, the Company's human resources will need to correspondingly increase.

3.8 Turning to the Company's projected outputs over the next 10 years, the board considers that the following can be delivered subject to demand:



3. 10-year Strategic Plan (continued)

1. Southwest St. Helier - KOS 1, 2 & 3

The Company is focused on delivering a compelling Waterfront that is recognised internationally as an exemplar in sustainability, landscaping and architecture that the Island can be proud of. The remaining Waterfront sites will deliver much needed residential accommodation, provide a mix of other uses that will make the Waterfront a destination and a positive attractor of overseas visitors and business. JDC's objective is to create an enjoyable, sustainable and attractive place to live, work and play.

The Company has appointed Gillespies as the Visionary Framework architect to assess and design the development opportunity on the remaining sites on the St. Helier Waterfront. The initial assessment has indicated that the remaining sites could provide the following:

- 1,100 residential units
- 150,000 sq. ft. of office space
- an art gallery / cultural building
- a new/refurbished swimming pool and gym
- a hotel
- a landscaped pedestrian bridge
- active ground floors with food and beverage in targeted locations
- an open-air saltwater pool
- extensive landscaping – both public realm and private communal gardens
- regeneration of West Park gateway, Route de la Liberation and the Esplanade

All public infrastructure that is incorporated into the remaining Waterfront development will be funded by JDC from the returns generated from the developments (office and residential) on the Waterfront.

There are a number of future options for the Waterfront Leisure Centre site and JDC will work with the Shareholder, the Regeneration Steering Group and the Infrastructure, Housing and Environment Department to assess the best land use options for the site ensuring that the Waterfront delivers the right mix of uses. It is recognised that the redevelopment of this site is intrinsically linked to the regeneration of Fort Regent as it is considered that some of the uses currently provided on the Waterfront could be relocated to Fort Regent depending on the future vision for the Fort.





3. 10-year Strategic Plan (continued)

2) JPH / JDC review

Following various discussions with the GoJ during 2020 there is an ambition to assess the optimum property model for Jersey recognising the local market within which JPH and JDC operate. In accordance with an objective in the 2021 Government Plan, JDC and IHE will commission a review and workshop options with the objective that the new arrangements should not impede JDC in its delivery of major regeneration projects and its commercial and residential projects.

3) Surplus GoJ owned assets

The Company recognises that there are other GoJ owned assets that will become available for redevelopment/regeneration for housing within the next 5 years (for example South Hill, Maritime House and St. Saviours Hospital to name the current significant known sites). JDC is willing and able to acquire and carry out the redevelopment of these properties for the ultimate benefit of the taxpayer. As has been proven on the IFC and College Gardens, by JDC carrying out the development directly, returns to the public are more than double the open market land value and the GoJ remains in control of the quality, the timing of the development and the level of social provision / public infrastructure.



4. 2021 Objectives

Property

- 4.1 There are three primary property focuses for 2021:
- i) the continued successful advancement of Horizon;
 - ii) progressing the design and public engagement on SWSH to an outline Planning application; and
 - iii) advancing the design on South Hill to a detailed Planning application.

Horizon

- 4.2 Horizon is being delivered via a Joint Venture and is the Company's only project under construction at present. JDC's project and sales teams will be focused on ensuring a successful and profitable delivery of the project, scheduled for completion in 2023.
- 4.3 The construction programme has been delayed by 11 months to date – 6 months due to unknown below ground obstructions and 5 months due to Covid-19. The revised construction schedule is on plan, with the ground floor of the first building complete.
- 4.4 Pre-sales on Horizon have surpassed expectation and the focus in 2021 will be to continue the pre-sales of the last 14 residential units as well as secure pre-lets on the ground floor commercial units.



4. 2021 Objectives (continued)

New Residential Projects

Southwest St. Helier Planning Framework

4.5 With the Environment Minister's adoption of the Southwest St. Helier Planning Framework ("the Framework") as Supplementary Guidance at the end of 2019, JDC has been able to commission a visionary framework architect to produce an outline design for the remaining Waterfront sites. Gillespies were appointed in August 2020 and have commenced initial designs and public engagement.

4.6 JDC's owns three Key Opportunity Sites (KOS) within the SWSHPF as set out below:

- KOS1 - the remainder of the former Esplanade Car Park site (excluding the plots of IFC 2 and IFC 6)
- KOS2 - the area to the north of the Radisson Hotel up to and including Les Jardins de la Mer
- KOS3 - the Waterfront Leisure Centre

4.7 The current proposal includes:

- 1,100 residential units (exact mix to be developed in consultation with GoJ)
- A new leisure complex (indoor 25m pool, gym etc. as set out in the KKP Sport Strategy) – JDC liaising with GoJ and Jersey Sport
- A multi-purpose gallery and arts building (with the final specification to be agreed with GoJ and Arts partners and informed by the future Arts Strategy)
- A landscaped pedestrian bridge (across Route de la Liberation) connecting to a podium park on KOS 1
- A hotel on KOS 1 (western end tying into the podium park)
- A re-landscaped Les Jardins de la Mer with the inclusion of an outdoor saltwater pool (Jersey Sport and swimming clubs to be consulted)

4.8 JDC will be advancing the designs for these sites in 2021 culminating in an Outline Planning Application being made in the second half of 2021.



4. 2021 Objectives (continued)

South Hill

- 4.9 The Regeneration Steering Group ("RSG") has agreed that the redevelopment of South Hill will be delivered by JDC and the Company has selected an architect following a design competition.
- 4.10 The appointed architect was asked to design for 170 units on the site and has illustrated how this can be achieved. In line with the Development Brief issued by the Environment Minister, the RSG has confirmed that the site should deliver open market Category B homes in order to maximise the value and returns to the public purse. JDC will be submitting a planning application in the second half of 2021.

Snow Hill

- 4.11 JDC has been asked by the RSG to review public access opportunities to Fort Regent at Snow Hill. The RSG has agreed that some of JDC's profit from College Gardens can fund this initiative. Subject to RSG approval on the proposal, JDC will be submitting a planning application by the end of 2021.

IFC 6

- 4.12 IFC 6 has all development permissions in place and JDC will continue to actively seek an anchor tenant for the building that will enable the construction to commence.

Non-property

- 4.13 In addition to the above project outputs, there are a number of non-project related outputs that the Company will be focusing on in 2021. These include:

New Strategy for the Company

- 4.14 JDC will continue dialogue with GoJ on its future operating remit and taking on a greater role with regard GoJ owned property. A proposed future operating model will be developed in conjunction with IHE and JPH. This review will also reassess JDC's operating protocols specifically with regard levels of pre-sale / pre-let before JDC can commit to construction. Subject to agreement on the proposals, any amendment to remit and/or protocols will require a revision to P.73/2010.



4. 2021 Objectives (continued)

Stakeholder engagement

4.15 Stakeholder engagement is critical to the success of the Company and in particular the consultation on the remaining Waterfront sites needs to continue to take place in 2021 and that will form the foundation stones for the Company's development pipeline for the next 10 years.

Organisation

4.16 JDC's human resource is the Company's primary asset and it is critical to the Company's success that the organisation retains its current high-performing and experienced team.

4.17 As the workload of the Company grows, so must the workforce and it is essential that the capacity, experience and skillset of the team matches the activity of the Company to ensure that there is sufficient bandwidth.

Environmental, Social and Governance (ESG)

4.18 The Company is committed to balancing the social, environmental and financial elements of its developments and the Company is committed to supporting the GoJ with its long-term strategic goals.

4.19 JDC is focused on ensuring that its developments contribute towards the GoJ's carbon neutral strategy both in terms of optimising the design and specification to reduce the in-built carbon, minimise the carbon in use and also minimise the energy and water usage of the occupied building when completed.

4.20 JDC will apply smart technology in its new developments that support green living and sustainable buildings.

4.21 Our new office developments (post IFC 6) will meet BREEAM Outstanding environmental standards.

4.22 JDC's developments will focus on sustainable transport initiatives and ensure that its developments have the necessary infrastructure to support and encourage sustainable modes of transport. Every residential unit will be provided with a bicycle parking space and access to electric charging points for e-bikes.

4.23 The Company will support its Shareholder and the RSG in the delivery of public infrastructure projects. These projects will improve the environments within which Islanders live and work by creating improved streetscapes, open spaces, pedestrian and cycle routes and leisure facilities.

4.24 The SWSH will have a focus on landscape, greenery and biodiversity. An abundance of native trees and green roofs will be incorporated into the design.

4.25 The Company will continue to promote its residential developments to First Time Buyers having helped over 176 on to the property ladder at College Gardens and Horizon to date. In agreement with Government, JDC will develop a new Shared Equity model to assist those Islanders that fall between an Andium Home and the Open Market.

4.26 JDC is also conscious that 42% of homeowners in the last census under-occupied their home by two or more bedrooms. In agreement with Government, JDC will develop an alternative product and incentive scheme aimed at empty-nesters to encourage churn in the family home sector.





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