



JERSEY
DEVELOPMENT
COMPANY

2020 Business Plan Summary





1.0 Introduction

- 1.1 Jersey Development Company (“JDC”) is a leading property development and investment company wholly owned by the Government of Jersey. JDC is a delivery vehicle for the Government of Jersey to carry out property development for the long-term benefit of the people of Jersey.
- 1.2 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 commercial developer’s return that is 100% for the benefit of the Government of Jersey.
- 1.3 Land receipts and/or development profits are either paid as a dividend to the Government of Jersey, 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 Government of Jersey and thereby Islanders.
- 1.4 Place making and creating new communities is at the heart of JDC and the Company’s vision is: *“To build a better Jersey.”*
- 1.5 JDC has the commercial acumen and a deep understanding and appreciation for Jersey and is able to intellectually contribute to the Government’s strategic property overview and appraise options. 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.”*
- 1.6 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 thereby only committing to construction once demand is established and only entering into fixed price lump sum construction contracts with provision cost sums not exceeding 15% of the contract value.
- 1.7 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-use residential development in Jersey at College Gardens with open market, shared equity and social rental homes co-existing on the same site.



Introduction - continued






- 1.8 The sales of IFC 1 in 2018 and IFC 5 in 2019 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 (in addition to crystallising the £4m land value). As well as generating a healthy return on total costs, these projects realised a high return on equity (as JDC had debt financed the majority of total costs). 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.
 - ii) remain in control of the timing of delivery;
 - iii) can pre-determine the eventual outputs (for example number of affordable units);
 - iv) 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);
 - v) focus on place making, good design and 'doing the right thing' in terms of the overall quality of the development. JDC's objective for the design and build quality of its projects to stand the test of time;
 - vi) improve competition in the market; and
 - vii) assist First Time Buyers by allowing deposits to be paid in staged payments over the build period (thereby allowing any First Time Buyer with the right level of income, access to the pre-sales).
- 1.9 The successful completion and crystallisation of profit on College Gardens also evidences the Company's abilities to perform 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 development adjacent to a Listed Building - is testament to the attention that JDC gave to the design, layout and overall quality of the development.
- 1.10 By JDC carrying out development directly, there are a number of significant benefits to the Government of Jersey:
 - i) harness the developer profits and as a result returns to the public purse are more than doubled from a straight land sale to a third-party private developer;
- 1.11 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.



2.0 10-year Strategic Plan

- 2.1 JDC has developed a track record as one of the leading developers in Jersey having successfully delivered the highest quality and highest yielding office buildings in St. Helier and successfully converted and regenerated a Listed Building and surrounding site into mixed tenure residential scheme.
- 2.2 As a 100% Government owned entity, JDC works in partnership with Government departments and other Government owned entities to create long-term economic value for the Island. JDC aspires to secure further regeneration projects that will deliver financial, social and/or economic benefit for the Government of Jersey.
- 2.3 Furthermore, JDC is committed to supporting the Government in the delivery of its Government Plan objectives. JDC will support the Government's objectives in the following ways:



Government Objective	JDC action
<p>2.3.1 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.
<p>2.3.2 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.
<p>2.3.3 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 has submitted a planning application for IFC 2.
<p>2.3.4 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 a significant number of new homes over the next 10 years.
<p>2.3.5 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' building. JDC is focused creating sustainable buildings and sustainable communities.

10-year Strategic Plan - continued

- 2.4 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 Government of Jersey objectives, as well as grow the Company's balance sheet and extend its development pipeline.
- 2.5 Turning to the Company's projected outputs over the next 10 years, the board considers that the following can be delivered - subject to demand:



Remaining Waterfront sites

(inc. the redevelopment of the Waterfront Leisure Centre)

- 2.6 The Company is focused on delivering a compelling Waterfront that is recognised internationally as an exemplar and 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.
- 2.7 As part of the Esplanade Quarter Masterplan Review, the Company has assessed the development opportunity on the remaining sites on the St. Helier Waterfront. These remaining sites could provide the following:
- c.1,000 residential units
 - c.300,000 sq. ft. of office space
 - an art gallery / cultural building
 - a new/refurbished swimming pool and gym
 - a hotel
 - active ground floors with food and beverage in targeted locations
 - extensive landscaping – both public realm and private communal gardens
 - regeneration of West Park gateway, Route de la Liberation and the Esplanade



10-year Strategic Plan - continued

- 2.8 All public infrastructure that is incorporated into the remaining Waterfront development will be funded by JDC from the returns generated from the commercial development (office and residential) on the Waterfront.
- 2.9 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 Growth, Housing and Environment Department to assess the best land use options for the site ensuring that the Waterfront delivers the right mix of uses.

Surplus Government owned assets

- 2.10 The Company recognises that there are other Government owned assets that will become available for redevelopment/regeneration for Category B homes / offices within the next 5 years (for example South Hill). 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 double the open market land value and the Government remains in control of the quality, the timing of the development and the level of social provision / public infrastructure.



3.0 2020 Objectives

Property

- 3.1 There are three primary property focuses for 2020:
- the continued positive advancement of Horizon;
 - the commencement of design on several residential projects that have the capability of delivering in excess of 1,000 new homes; and
 - advancing the next phase of the IFC development.

Horizon

- 3.2 Horizon is the Company's only project under construction at present and JDC's project and sales teams will be focused on ensuring a successful and profitable delivery of the project which will be completed in 2022.
- 3.3 JDC's in-house oversight of its construction projects and attention to detail on reviewing the design development is essential to ensure a quality and well co-ordinated end product.
- 3.4 Pre-sales on Horizon have surpassed expectation and the focus in 2020 will be to continue the pre-sales of the residential units as well as secure pre-lets on the ground floor commercial units.
- 3.5 The Horizon development is being delivered via a JV and ensuring the continued positive working relationship with the JV partners is paramount to a successful project.

New Residential Projects

Southwest St. Helier Planning Framework

- 3.6 JDC has been awaiting the conclusion of the Southwest St. Helier Planning Framework ("the Framework") and now that the Framework is adopted as Supplementary Planning Guidance, JDC will commission designs for the final phases of the Waterfront development.
- 3.7 The Framework includes a number of Key Opportunity Sites (KOS). The first three sites are within JDC's ownership 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
- 3.8 JDC will be advancing the designs for these sites in 2020 culminating in an Outline Planning Application being made before the end of 2020.
- 3.9 JDC will be appointing an architectural practice in 2020 to develop a Visioning Framework for these sites. There will be a two-stage international competition for the selection of the Visionary Framework Architect. The appointed Architect will be responsible for engaging with the public as part of this process and the design work will culminate in an Outline Planning Application being made before the end of 2020.



2020 Objectives - continued



South Hill

- 3.10 The Regeneration Steering Group (“RSG”) has agreed that the redevelopment of South Hill will be delivered by JDC and the Company needs to secure the ownership of the site early in 2020 to enable it to commence the detailed design. Assuming the site is conveyed to JDC in Q1 2020, the Company will be able to submit a detailed planning application by the end of 2020.
- 3.11 JDC has carried out a high-level capacity study and considers that the site is capable of delivering 160 residential units. 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.

Snow Hill

- 3.12 JDC has been asked to review development opportunities on the periphery of Fort Regent that could facilitate the delivery of much needed improved public access. JDC will be presenting these proposals to the RSG and the Fort Regent Steering Group in 2020.

IFC

- 3.13 IFC 6 has all development permissions in place and JDC is actively seeking an anchor tenant for the building that will enable the construction to commence.
- 3.14 Detailed planning consent should be achieved on IFC 2 during 2020 which will enable JDC to advance the design to a Building Control application.

Non-property

- 3.15 In addition to the aforementioned project outputs, there are a number of non-project related outputs that the Company will be focusing on in 2020. These include:

New Strategy for the Company

- 3.16 As referenced in paragraphs 2.3 to 2.6 above, JDC wishes to grow its balance sheet in order to enable it to carry out a greater number and value of projects. With this enhanced activity will be a corresponding greater value to the Government in due course. JDC will continue dialogue with its Shareholder in this regard.
- 3.17 JDC will dedicate the time and resource to important strategic matters that ultimately support the Government’s Strategic Plan and objectives and looks forward to continuing to work in a collaborative and joined up way with Government.



2020 Objectives - continued

Stakeholder engagement

- 3.18 Stakeholder engagement is critical to the success of the Company and in particular the consultation on the remaining Waterfront sites that needs to take place in 2020 and that will form the foundation stones for the Company's development pipeline for the next 10 years.
- 3.19 The Company's positive track record has greatly assisted in its engagement and communications in 2018 and 2019 with most media organisations now understanding the benefits of the Company and its raison d'être. Continuing positive outputs and continuing engagement with the local media is an essential element of stakeholder engagement.
- 3.20 JDC will continue to present updates to States Members on a 6 monthly basis. These presentations are a two-way communication and allow Members the opportunity to raise matters with JDC that the Company may not be aware of or enable the Company to clarify any questions.

Organisation

- 3.21 JDC's human resource is the Company's primary asset and it is critical to the Company's success that the organisation is able to pay commercial rates to attract and retain its current high-performing and experienced team. Motivating and continued professional training of the current team in 2020 and beyond is a key requirement.
- 3.22 As the workload of the Company grows, so must the workforce and it is essential that the capacity and skillset of the team matches the activity of the Company to ensure that there is sufficient bandwidth. During 2020 additional resources will need to be employed once commitments of new projects are secured.

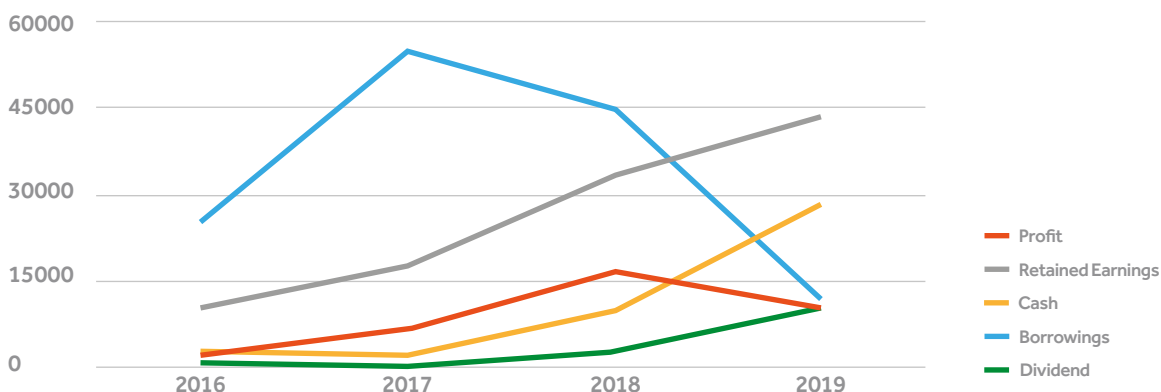
Sustainability and smart technology

- 3.23 The Company is focused on ensuring that its developments contribute towards the Government's carbon neutral strategy and will seek to utilise smart technology in achieving this aim.

4.0 Financial Performance and Projections

- 4.1 2018 and 2019 were exceptional years for the Company with record revenues and activity levels. The 2020 budget, and in due course 2021, reflects a period where there will be no completed developments sold and a period of design development and securing planning consents to enable future delivery. The 2020 budget forecasts revenues of £3.6m and a breakeven on the profit and loss.
- 4.2 The cashflow forecast for 2020 estimates that the Company's cash position remains positive during the year with a closing balance of £6.8million. This balance is after paying a cash dividend of £7m during the year and acquiring the South Hill site. This level of cash provides JDC with the wherewithal to continue to finance the pre-development costs.

JDC Financial Headlines from 2016 - 2019 £ 000s





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