

# Bournemouth Town Centre Local Asset Backed Vehicle

---

"A Local Asset Backed Vehicle offers benefits for both the public and private sector partners on mixed use development projects. However, it is important to develop a solution which meets all stakeholders' requirements and aspirations and a framework for a long term partnership. This can only be done through a thorough understanding of the issues involved and a collaborative approach to resolving them."

**Phillip Woolley**  
**Partner, Government & Infrastructure Advisory**  
**Grant Thornton**

Bournemouth Borough Council recently issued a tender to identify a private sector partner with which to deliver its town centre master vision. This is a major regeneration project to deliver new homes, offices, retail opportunities, tourist attractions, business development and public realm improvements in Bournemouth.

Its objective was to form a corporate joint venture, or a Local Asset Backed Vehicle (LABV) in which the council and its Private Sector Partner (PSP) would each hold a 50% interest in the LABV for an initial term of approximately 20 years. The value of the council's interest will be based on the value of the assets it commits to the vehicle and value-matched with cash from the PSP.

The LABV will undertake development activity in line with the council's objectives, including master planning, marketing and land assembly. It is anticipated that this activity will initially be on the first tranche of identified development opportunities which comprise sixteen council owned sites in prime town centre locations.

Grant Thornton acted as financial advisers to the successful bidder, Morgan Sindall Investments Limited (MSIL), providing commercial and financial advisory support, including:

- detailed shadow financial modeling to assess the viability of the scheme
- advice on key issues associated with a structure of this type, such as level of risk to be assumed by each party,

appropriate funding structure and treatment of low value or negative sites

- participation in negotiations on behalf of MSIL during competitive dialogue sessions with Bournemouth Borough Council
- drafting relevant sections of the partnership and site-specific business plans and other competitive dialogue responses for evaluation by Bournemouth Borough Council and their advisers
- organising soft market testing sessions with key funders in the market to understand their likely appetite for the scheme
- providing accounting advice on the appropriate accounting treatment of the JVV in both the MSIL and the council's financial statements under International Financial Reporting Standards.

MSIL was selected as Bournemouth Borough Council's preferred partner in June 2010 and we continue to advise MSIL on the commercial and financial issues associated with establishing the partnership until financial close.

## Key benefits

- **Sector leadership** - with similar assignments across the UK, we were able to bring to bear a wealth of transactional knowledge which enabled our client to quickly assess the proposition, and structure a submission, and commercial package, that was robust, deliverable and meet the council objectives.
- **Commercial insight** - we provided a solution to the client that is underpinned by our knowledge and experience of commercial structure that are achievable and deliverable.
- **Expertise** in financial modelling and tax advice to maximise the project's efficiency and viability.
- **Knowledge transfer** - we provided structured and unstructured knowledge transfer to both the client teams and community stakeholders that ensured that stakeholders could engage at key stages in the process.

## Further information

For further information, please visit our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), or contact:

**Phillip Woolley**  
**Partner**  
T +44 (0)161 953 6430  
E [phillip.woolley@uk.gt.com](mailto:phillip.woolley@uk.gt.com)

**Bruce Mew**  
**Client Service Director**  
T +44 (0)20 7728 3420  
E [bruce.mew@uk.gt.com](mailto:bruce.mew@uk.gt.com)