

## PART 2 – CONFIDENTIAL FACTS AND ADVICE

**MD2771**

**Title: EastPlus – sale of EastPlus Plot 70, Reef Street, Dagenham Dock**

*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 suitable for publication until the stated date because:**

This is an appendix to the MD paper and is a reserved publication owing to commercial confidentiality as it contains commercially sensitive information concerning the terms of a contract with a third party.

**Date** at which Part 2 will cease to be sensitive or when this information should be reviewed with a view to publication: March 2022.

### **Legal adviser recommendation on the grounds for not publishing information at this time:**

1. Under section 43(2) of the Freedom of Information Act 2000, information is exempt from publication if its disclosure would, or would be likely to, prejudice the commercial interests of any person (including the GLA). This is a qualified exemption, meaning that information captured under this section alone can only be withheld if the public interest in withholding it outweighs the public interest in releasing it.
2. The information contained in this report includes the GLA's receipt for the disposal and other commercial considerations. This is commercially sensitive information, the disclosure of which would, or would be likely to, prejudice the commercial interests of GLA Land and Property Limited in respect of its negotiating position. Whilst there is a public interest in understanding the disposal values in these circumstances the public interest lies in maintaining the exemption and withholding the information until the commercial deal is concluded.
3. If this information is considered for release pursuant to the provisions of the Environmental Information Regulations 2004, this information should be considered exempt information under regulation 12(5)(e) – where disclosure would adversely affect the confidentiality of commercial or industrial information where such confidentiality is provided by law to protect a legitimate economic interest.

**Legal Adviser** - I make the above recommendations that this information is not suitable for publication at this time.

**Name:** TfL Legal

**Date:** 10 February 2021

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

### **Decision and/or advice:**

1. The sale of EastPlus Plot 70 (0.81 hectares / 2.01 acres gross) to SEGRO will generate a land receipt of approximately £1,290,042 (£1,592,644 per hectare / £641,812 per acre), the precise figure being subject to finalisation of the Site Specific Development Plan for the plot which is imminent.

2. VAT will be chargeable on the sales price.
3. This figure exceeds the land receipt figure forecast for this plot (£1,000,000) when the lifetime budget for London Sustainable Industries Park was first approved by Mayor. The size of the site is unchanged.
4. By way of comparison, similar land transactions (but with different geotechnical profiles) in the EastPlus portfolio have generated receipts of:
  - £828,530 per hectare gross (equivalent to £345,221 per acre) at EastPlus Plot 17 in Ferry Lane, Rainham (in September 2020);
  - £715,887 per hectare gross (£289,790 per acre gross) at EastPlus Plot 41 in Consul Avenue, Rainham (in September 2019); and
  - £959,895 per hectare gross (£388,600 per acre gross) at EastPlus Plot 40 also in Rainham (in December 2016).

All figures stated above exclude VAT.

5. The most recent land sale from the EastPlus portfolio – that of EastPlus Plots 8 & 9 in Hindmans Way, Dagenham Dock in November 2020 and in December 2020 respectively) – are not comparable property transactions ('comparables') because they were both linked to a Special Purchaser, as explained in MD2575 (part 2).
6. EastPlus Plot 70 is the third of six development plots at the London Sustainable Industries Park in the EastPlus portfolio that GLAP owns to come forward for development under the EastPlus DA.
7. SEGRO's solicitor has asked GLAP's solicitor to confirm that GLAP has title to all the land at the back of EastPlus Plot 70 to the Gores Brook given that there are few topographic features to help identify the eastward extent of the site in the vicinity of the Gores Brook embankment, in an 'open area' where there is dense self-seeded undergrowth.
8. After EastPlus Plot 70 is drawn down by SEGRO, the next parcel of land at the London Sustainable Industries Park to be sold is expected to be EastPlus Plot 67 in Hitch Street, Dagenham Dock (for which a planning application has been submitted by SEGRO for a large multi-storey industrial building) or EastPlus 62 in Halyard Street, Dagenham Dock (where site layouts for one or two industrial buildings are being designed by SEGRO), subject to terms and conditions being agreed and a separate Mayoral decision for that sale.
9. It is anticipated that the disposal of EastPlus Plot 70 will be contracted soon after this Mayoral Decision.
10. The cost of sale (including legal and Land Registry fees) will be incurred up to end of March 2021 and will be funded from the approved revenue budget for the project.

#### *Substation leases*

11. The land for each of the three electrical substation listed in Part 1 of this Form is only large enough to hold a small substation contained in a small fenced compound. SEGRO is negotiating with the highway authority (LB of Barking & Dagenham) in respect of where the local network operator's maintenance vehicle will park. As a condition of the substation lease, it will be a condition that the entrance gate(s) to the substation does not open onto the highway, as this is a necessary safety measure.
12. Where the substation plots do not directly abut the adopted highway, GLAP will grant in the respective leases rights to pass over its highway land to reach them.

13. Securing the access to the substation in Courier Road, Rainham (serving Segro Park Rainham Phase 2) – e.g. to protect the surrounding GLAP-land (including a protected ecological area) from unauthorised access / fly-tippers – is challenging because the difference in the levels between Courier Road and the substation make a more direct access impractical. The designated access route off Courier Road is already used by other utility companies infrequently. Permitting another utility company to share this route raises the risk (already present) of fly-tipping occurring along the route and/or unauthorised trespass to neighbouring land, which can be expensive to clean-up, especially if the perpetrators are not stopped in time and suitably penalised. SEGRO has confirmed that providing CCTV and electrically operated gates at the Courier Road entrance to the accessway to the substation is not practical because there is no local electrical supply and gates are less of a barrier (to criminals) than the current arrangements (concrete blocks pulled aside by GLAP’s managing agents after being given advance notice). The access arrangements will need to be kept under review by the GLA’s Estates team and are subject to approval by the LNO, so might change.

### **Financial comments**

14. The decision is seeking approval of the disposal of EastPlus Plot 70 to SEGRO, a development company. The site is part of the EastPlus portfolio and is located at the London Sustainable Industries Park. GLAP will receive a consideration of approximately £1.290m for the site. The site’s value was established within the developer’s Site-Specific Development Plan, which was reviewed by an independent consultant, Lambert Smith Hampton, who confirmed that the value exceeds the minimum land value included in the Development Agreement.
15. The decision is also seeking approval to lease the substation land to the local network operators (LNOs), on which new electrical substations will be built, and will be owned and managed by the LNOs.
16. GLAP is expected to incur legal and professional costs of approximately £90k on the disposal of the sites, which are expected to be incurred by the end of 2020-21. All risk associated with the site will be passed to the develop following disposal of the site.