

Victoria Square Woking Limited

Business Plan 2024/25

June 2024

Introduction

This Business Plan is for the period to 31 March 2025 with six key priorities:-

- Consolidate the transition to 100% Woking Borough Council (WBC) Shareholder
- Embed new and improved corporate governance
- Remain operationally robust
- Resolve legacy matters
- Develop asset strategy options
- Deliver affordable debt repayments

Vision

The vision for the company, the project and its assets is to:-

- Ensure that Victoria Square Woking Limited (VSWL) is investable as a company
- Optimise the assets' value to the town centre
- Maximise asset value by focusing on net operating income
- Establish an achievable long-term commercial strategy aligned with WBC objectives that brings best value to the taxpayer as assessed against WBCs Best Value Duty
- Protect and enhance the economic regeneration and growth of Woking

Strategy

The key components, of VSWL's strategy will be:-

- Develop a long-term commercial strategy
- Improve lease terms and management agreements to increase capital value and revenue growth
- Lease up remaining space to generate income, capital value and to increase the offer within Woking town centre
- Build a lean team, so that VSWL can operate independently by the end of the Business Plan period
- Complete key development projects and establish asset management objectives for a 3 to 5 year period
- Procure the best consultants to support the VSWL team to optimise asset value and the implementation of the commercial strategy, aligned to WBC objectives
- Actively manage stakeholder relationships in line with good governance

Business Plan Outcomes (1)

Outcomes during the Business Plan period will include:-

- Red and Green Car Parks budget and business plan
- Established car park management agreements and assets
- Hilton Hotel budget and business plan
- An open Hilton Hotel trading across bedrooms, F&B, conference and banqueting
- A detailed and assured Medium-Term Cashflow Forecast (MTCFF)

Business Plan Outcomes (2)

Outcomes during the Business Plan period will include:-

- A ThamesWey-adopted District Cooling Centre (DCC)
- A detailed and supported long-term commercial strategy
- Completed corporate and title structure to enable implementation of the commercial strategy
- Optimal contributions towards loan costs
- A revised medium-term loan arrangement
- An effective and efficient business to implement the Business Plan

Corporate Structure, Organisation & ESG

Key corporate and ESG elements and outcomes will include:-

- 100% owned by Woking BC
- Anticipate corporate and title restructuring to reflect long-term commercial strategy
- Transition to independent financial, administration and company secretarial management
- Build an effective, complete executive team
- Revised Board membership and improved governance in line with WBC Companies Governance Framework
- Establish environmental and social policies

Long-Term Commercial Strategy

Explore commercial strategy and generate proposals for WBC's consideration as follows:-

- Select the best Property Investment Advisor for preparing strategy
- Develop the optimal, long-term commercial strategy aligned to WBC objectives with scenario options
- Build the corporate structure to implement the strategy
- Prepare the title and technical due diligence to implement the strategy cleanly and successfully
- Select the best Property Investment Team/Broker if and when appropriate
- Ensure that VSWL operates effectively and efficiently as it implements the commercial strategy

Retail, Food & Beverage, Leisure & Education

The commercial elements of Victoria Square opened in March 2022 and comprise 13 retail/leisure units, two leisure units and one performing arts academy.

The key strategic and measurable outcomes for the retail and commercial assets as ongoing objectives are as follows:-

- A vibrant, relevant mix of successful retailers, leisure operators and amenities
- Economic success of Woking town centre as a destination
- Improved customer experience
- A safe and attractive retail and town centre environment
- Increased footfall and expenditure
- Optimal letting of all units
- A clear strategy and business case for the Medical Centre by Q4 2024/25

Hilton Hotel

The Hilton Hotel is a 189 bedroom hotel with 600 conference capacity and 450 banqueting. It is scheduled to open in late September 2024 and will be managed by Hilton under a branding and management agreement.

The key strategic and measurable outcomes for the hotel are as follows:-

- An adopted Hilton business plan for the Hotel by end Q2 2024/25.
- An operating Hilton Hotel with full reporting during the Business Plan period.
- A medium-term, external hotel asset management appointment in Q1 2024/25
- A vibrant, relevant addition to the town centre offer
- A positive financial contribution to VSWL by 2026
- Economic success of Woking town centre as a destination
- Attractive hotel, F&B, banqueting and conferencing environment
- Increased footfall, car park use and expenditure

Residential – The Marches

The Marches comprises 429 build to rent (BTR) apartments and amenity spaces in two towers. The asset is operated by Native Residential and stabilised at over 98% occupation in August 2023, after 15 months, 3 months ahead of business plan. Ongoing and specific objectives are as follows:-

- A vibrant residential community that contributes to the best that Woking can offer
- Positive financial contribution to VSWL
- Improved resident experience in an attractive residential environment
- Relevant and well managed amenity space
- Tightly managed and reducing operating costs (via Native)
- Increased town centre population, footfall and expenditure
- Upgraded management reporting from Q2 2024/25
- An appointed VSWL asset manager by end Q3 2024/25
- Monthly financial management reporting by end Q2 2024/25

Red & Green Car Parks

The Red and Green Car Parks include 1,330 and 233 car spaces respectively and have been managed by WBC since opening in March 2022. The key strategic and measurable outcomes for the hotel are as follows:-

- Complete a full review and establish best practice management terms
- Maintain safe, accessible, well-signed and high-quality car parks that contribute to the Woking town centre experience
- Offer value for money car parking at competitive or better rates than competing locations/towns
- Balance optimal revenue and NOI with economic success of Woking town centre as a destination
- Deliver parking that complements retail, leisure, F&B and hotel uses, adhering to covenants that exist to provide specific retail and hotel car parking
- Increase town centre population, footfall and expenditure
- Achieve full operational and financial management reporting during the Business Plan period

Property Management

Property management is provided to all assets excluding The Marches and Hilton Hotel by Savills under a single point of responsibility property management services agreement.

The key outcomes for the property management of assets are as follows:-

- Prompt and accurate billing and collection of rents, service charge and insurance rents
- Complete operational and financial reporting
- A well-managed Victoria Square in the context of Wolsey Place and The Peacocks
- A safe, comfortable, accessible and clean environment in which people can live, work, shop and play
- Improved tenant and customer experience
- An affordable service charge that matches the level of service and support provided
- Relevant and well managed commercialisation within the public realm
- Improving security statistics with better police engagement

Financial Management

Financial management is provided by Moyallen Developments Limited with transition to VSWL financial management by 31 December 2024.

The key outcomes for the financial management are as follows:-

- Appoint support for the new VSWL Finance Director before Q3 2024/25
- Transition to VSWL financial management by end Q3 2024/25
- A completed and assured Medium-Term Cashflow Forecast by end Q3 2024/25
- Deliver quarterly Short-Term Cashflow Forecasts
- Filing of all report and accounts by end Q3 2024/25
- Optimal financial reporting and management accounts from all operators and property managers
- Consolidated financial reporting by the end of the Business Plan period
- Regular Finance Director and S151 Officer communication and coordination on business plan actions
- Maximise the contribution towards loan costs and the return to the taxpayer

Risk Management

The Corporate Risk Register includes risk, owner, mitigation measures and status. All items will be managed, mitigated and updated monthly by the team during the Business Plan period. The principal risks are as follows:-

- Health and safety in construction and operation
- Data management and security
- Agreement of deed of variation to facility agreements
- Board and executive resource
- Hotel cladding remediation is further delayed – revenue/value risk
- Successful opening and business development of Hilton Hotel
- Management agreement documentation and performance of Red and Green Car Parks
- Resilient district energy supply
- Capital value reduction
- Residential revenue reduction (key to positive EBITDA)