

DEVELOPMENT

Linda Gow
Leader of the Council
Falkirk Council
Municipal Buildings
West Bridge Street
Falkirk
FK1 5RS

Subject
Bo'ness Waterfront

Date
19th June 2008

Dear Linda,

Thank you for meeting with me yesterday to discuss the above project. As you are aware the public consultation has been an added complication in this already complex project. However, we have been very pleased to be part of this process and to be given the opportunity to make the case for ING Real Estate's proposal.

The feedback from the consultation would appear to be very close and we believe that a certain amount of misrepresentation of ING's position by vociferous opposition groups is artificially adding to the no vote.

The comments from those opposed to the scheme in the main fall under the following headings:

- No to 6 storey blocks.
- ING not willing to commit to delivering the harbour.
- ING have gone back on their agreement.

For the avoidance of doubt ING's position on these points is set out below:

6 Storey Blocks

Opponents to the scheme claim that we intend to build 6 storey flats on the first three phases of the site. This came from a drawing we submitted that had feature towers on the two corner blocks of Plot 15. The note is unclear and could suggest that the whole block is 6 storeys (which is not the case). However, it has been very difficult to get this message across.

To clarify ING's position and to avoid any doubt on the matter, it is our intention to omit the 6 storey towers and we undertake not to submit a detailed planning application with any building on plots 14, 15 or 16 which will be more than five storeys.

ING are not willing to commit to the Harbour

ING originally intended to carry out the harbour works first regenerating the harbour area. However after 4 years and a significant amount of money spent by ING we can not make the project work on this basis. "Up-front" costs of over £40m make this unworkable.

We have now made a proposal to the council committing to plot 15 & 16 with an option on plot 14, which generates money to commence the harbour works. Those opposed to the scheme have stated this is evidence of ING "cherry picking" the best residential sites and will look to build houses and leave the scheme.

This is certainly not the truth, nor our intention. We make very little profit on 15 & 16, and, hopefully, an improved profit on 14. This is due to the costs associated with the infrastructure and land remediation and the fact we have increased the amount paid for these plots to allow the work to the harbour to make a meaningful start. We intend to develop out all the phases with the Council.

Bo'ness would be ING Real Estate Development's first project in Scotland. This we hope is the start of ING having an increasing presence in Scotland and we plan to build our business off the back of our involvement in Bo'ness. We have opened an office in Edinburgh and taken on staff with this strategy in mind. It is in ING's interests to stay involved with Bo'ness, to complete the harbour and to play a full part in the successful regeneration of Bo'ness.

Opposition groups have queried, if that is our intention then why can we not enter into a contract? We are happy to write in the development agreement that it is our full intention to stay involved, however entering an agreement which commits ING to delivering the harbour is not possible as the current day costs and value of the proposed development does not cover the costs of the Harbour works.

While it would be possible to sign an agreement which delivered a reduced harbour scheme which was equal to the value of the land, we do not think this is in the Council's or Bo'ness interests. This would not deliver the harbour currently planned and we firmly believe that over a 10 year period it is likely that the land value will increase. As the Council are still the landowners they benefit from this rise in value, which in turn will be invested on the harbour facility. Renewal of the harbour will be a major contributor to increasing values and it is for this reason that the harbour renewal and housing development must proceed together

ING have gone back on their agreement.

There has been much made of ING not sticking to an agreement to build the harbour first and that legal agreements were in place to ensure this.

This is factually incorrect; there have been various draft heads of terms but no signed agreement. ING and Falkirk Council had a signed co-operation agreement to work together to reach a Development Agreement to regenerate the waterfront site. This co-operation agreement has expired and been extended on a number of occasions and can be readily re-signed when we agree to proceed.

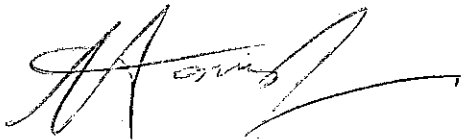
ING take their legal obligations very seriously and have a reputation of delivering on these obligations. If the Council had signed an agreement with ING to deliver the Harbour, that is what we would be doing. However we have never concluded any agreements to this point as we have been unable to determine what the scheme will finally cost.

ING believe that our proposal of a partnership to deliver the regeneration of Bo'ness is a good one, which allows development to start and continue on a phased basis to the benefit of all involved. We are keen to work with yourselves and members of the community, to agree the next stage of harbour works and make a start on the scheme.

We hope that Falkirk Council can see the benefits in working in this way and support ING's proposal.

We look forward with interest to your decision.

Yours sincerely,



Hamish Calder
Director of Project Management

