

King of Prussia development

Update to Shareholders - AGM

November 26th, 2018

This update followed the formal AGM and short break

1. Introduction

- Thank you all for attending and for your continued support
- I would like to introduce myself and other Directors and Board advisors Andrew Huckerby, Susan Kaye, David MCGahey Kenneth Swan, Andrew Starkey, Jeanette Pearce and Andrew Shadrake.

The Chairman introduced himself and the other members of the Board, who each gave a short account of their work history and the skills they bring to the Board. The Finance Director, Felicity King, was unfortunately unable to be present owing to a family bereavement. Two advisers attend Board meetings, Andrew Shadrake and Jeanette Pearce, also introduced themselves.

- You will now receive an update on progress, the challenges we have faced and are currently facing also the current estimate of project timetable

2. Progress

- Thank you to all Shareholders for making this project possible and thank you to all our volunteers for their efforts and hard work
- As many of you know from visiting during town events, the outbuilding, beer cellar and toilet block at the rear of the property were demolished a while back
- Inside the building our volunteers have removed the Victorian panelling etc. and virtually all is back to bare walls
- In the five upstairs rooms our volunteers have painstakingly removed almost all the many layers of wallpaper
- The stripping out of the bathroom is also progressing well
- Many of you who visited during the Nourish festival or dropped in on Saturday mornings will have seen the extent of the stripping out which is extensive

3. Challenges

- The King of Prussia is an old building not far away from its 500th birthday and full of surprises, some interesting and some a nightmare
- The removal of the Victorian panelling has revealed many problems including serious structural issues
- Behind the panelling near the centre of the building the remains of two back-to-back Elizabethan fireplaces were discovered, interesting!

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- However, the one side of these fireplaces had been removed when the stairs were fitted, possibly 200 years ago
- The structure that remains was very fragile, unsafe and a good example of how not to build something!
- These problems were not, and could not have been identified during the structural survey we commissioned when purchasing the building
- We have installed temporary props to make safe which is confirmed by our structural engineer
- The rectification in this area is to add significant reinforcement, block-work, steel beams etc.
- The discovery and subsequent investigations of all the structural issues in several places, the associated calculations and design work will have cost us 4 to 6 months by the time the rectification work has been defined
- It doesn't bear thinking about that if we had not made the decision to remove the Victorian panelling, we would not have known that there was a disaster waiting to happen
- My guess is that in a couple of years or so the hidden rotten wooden supporting structure would finally give way resulting in the collapse of the two granite flues, the upstairs fireplaces and the large granite chimney.
- This fireplace area must be reinforced before any nearby work by contractors is done, e.g. redoing the floor construction as shockwaves and vibration would occur
- We are urgently waiting for the design of the reinforcement by our structural engineer, so that our architect can complete the detail drawings, we can then appoint a contractor to do the work. This is our absolute priority.
- If anyone would like to see these problems first-hand, please come along on Saturday between 10:00 and 12:30
- There are also some challenges with the party walls on both sides of the property and we will be having further discussions with the TDC Conservation Officer in due course
- Grants; so far, we have successfully bid for grants to; the Architectural Heritage Fund, the Heritage Lottery Fund and Greater Dartmoor LEAF - in total £150k

4. Expertise

- The Directors and board advisors have a broad range of technical know-how and business experience
- Of course, we do recognise that for certain specialist subjects we need to draw on the knowledge other experts

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- To this end we are using an Architect, Structural engineer, Topographical surveyor, Fire consultant, Cinema consultant, Theatre consultant and others

5. Project timetable

- Clearly the challenges we have faced have had an adverse impact on the project timetable for the restoration of the historic building
- We are currently estimating that for the historic building, providing the art gallery and the four artist studios would be finished at the end of the second quarter of next year
- The development of the cinema / theatre and café / restaurant, being new-build, should not present many technical problems, however, as previously mentioned the boundary walls on both sides are not problem free
- Progress on this new build part will be totally dependent on the availability of further funding from grants, some of which can only be applied for next year
- Assuming the funding is available from grants we would envisage completing by end of 2019 to early 2020
- David McGahey advised that our target for future fund-raising to complete the project is £450k or thereabouts, depending of course on its eventual overall cost! To this end we have engaged a professional fund-raiser, Caroline Danks, who with her team will be supporting us in this major endeavour. Caroline comes to us with a glowing reputation in her field. Together, we have now identified an encouraging number of potential funding bodies, which we will be targeting in the New Year. We will also be out looking for potential individual donors!"

The Chairman gave an account of the progress made and problems faced by the Board during 2018. He explained that, as many of those who were present had seen when visiting the King of Prussia, the outbuildings had been demolished and much work had been carried out by volunteers on the interior of the building, stripping out Victorian panelling, rotten floors and ceilings, and removing many layers of wallpaper. This work has revealed some interesting Elizabethan fireplaces but also severe structural problems, not visible to or foreseeable by the surveyor who had carried out the pre-purchase survey. The principal structural issue is the flimsy and decaying support holding up two stone flues and a massive granite chimney stack – a disaster waiting to happen. It is not possible even to renew the flooring on the ground floor, until long awaited engineering calculations on stabilising the structure have been received. Only then can the architect finalise the detailed plans for Building Control, and contractors start work. This is likely to be in around two months' time, early in 2019, depending on contractor availability.

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David McGahey, who heads the Grants Working Group, explained that around £150,000 has been raised in grants to cover the cost of restoring the heritage building, from the Architectural Heritage Fund, the Heritage Lottery Fund and Greater Dartmoor LEAF. The Working Group is applying for further grants to complete the new cinema/theatre building and the café/restaurant, around £400,000 is needed. Two grant funders have invited Bovey Paradiso to bid early in 2019, and the chances of obtaining substantial funding look good. Our hope is that we will not need to approach the community for further funds. A professional fundraiser is being employed to help raise funds from other sources. Suggestions from members on who to approach would also be very welcome.

6. Summing up

- I hope this update has been comprehensive, of course it's a good news / bad news update but we do need to report the facts, warts and all but it's still an exciting project which we believe the community will treasure
- Any comment or questions please?

The floor was then open for members to question the board.

Questions raised by members

What will be the extra cost of dealing with the structural defects?

Steve Willmore: It is not possible to be precise until the detailed engineering calculations have been received, but the best estimate is £5,000 to £10,000, with an additional similar amount to rebuild the floor.

What are the structural issues with the new build?

Steve Willmore: One wall of the cinema will be on the boundary with the commercial property next door, which has outbuildings attached to the existing boundary wall. These will need to be propped up, the cinema built and the outbuildings reattached. The wall on the other side of the site will need a substantial rebuild to enable it to bear the weight of the glass roof.

What is the overall cost of the project now – it was projected to be around £870k in March? How much extra money is needed to complete the project?

Steve Willmore: The additional costs, for the historic building and the new build, are expected to be up to £100,000. £493,000 has been received so far, from shares, donations and Big Society Capital. £275,000 of this went on buying the property, plus various fees. Currently £157,000 is in the bank

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account, but that is needed to cashflow VAT and pending grant payments, which are made in stages. To clarify the figures, a summary will be sent to members.

What is the timescale now?

Steve Willmore: Realistically, as a result of the unexpected structural issues, the cinema is now expected to be up and running around the turn of 2019/20.

Why are the consultancy costs so high; what do they include?

Steve Willmore: the largest element of the £19,000 is the payment to Ethex (£14,000) for conducting the share offer. Other payments have been made to engineers, architects, quantity surveyors, bat survey, cinema consultant and others.

When will revenue start coming in?

Steve Willmore: A small amount of revenue will be received in the third quarter of 2019, from studio rentals and commission from any sales of artwork displayed in the gallery. The main income will come from the cinema/theatre operations, and from the café/restaurant. Until they are open, and staff employed, outgoings will be low.

There has been much talk of walls and money – what is the artistic vision? Who will make this an exciting centre?

Su Kaye: The centre's manager, when hired, will be in charge of organising the programme. Meanwhile, we are talking to many different groups and to people with experience of running similar centres – for example, local artists, touring theatre companies, the Bovey Players and independent cinemas - about how best to use the gallery and performance space. Films will be shown 4-6 weeks after release and different groups will be able to choose the films they want to see. We intend to consult with the community on the broad programme to be offered; after all, Bovey Paradiso is owned by the community, for the community.

How about developing partnerships with other organisations in Devon?

Currently the Board's working groups seem to be subsets of Board members. There is much skill, expertise and energy in the community and among members, that could be tapped.

Su Kaye and David McGahey: We have developed some partnerships in the local community, but are keen to develop more, so if anyone has ideas on this

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or on the vision for the arts centre, or would like to volunteer their talents, please let us know.

There has been hardly any communication between March and the notice for the AGM – there should be more frequent, at least quarterly, newsletters.

We intend to send out a monthly newsletter [and put it on the website too].

The annual report for the AGM should give a bigger update, much as has been given at this meeting.

Steve Willmore: Advised that the document called Annual Report is actually a financial document, but we will be improving our routine reporting.

7. Call for volunteers with specific skills

- Before we break for drinks or leave may I ask if there is anyone interested in volunteering with the following specific skills:
 1. Accounting / finance
 2. Health and Safety systems and practice
 3. Heritage documentation
 4. Media communications, social media etc.
 5. Human Resources (Personnel management)

S R Willmore