Expressions of Interest

North Street Site

1 Introduction

Lying in the heart of Guildford town centre, the 6.33 acre (2.56 ha) North Street site represents a 350-400,000 ft² (32,500-37,000 m²) retail led development opportunity in one of the best performing UK town centres. The Council is determined to secure a mixed use comprehensive development scheme that protects the town’s future shopping status, provides a new departmental store and reinforces the quality of the historic urban environment.

This note sets out the envisaged scheme, invites prospective development partners to register their interest and provides details of the proposed selection process. It confirms the Council’s clear intention to support the redevelopment of the North Street site by the inclusion of its existing land ownership and use of its statutory powers.

Consultation on the Interim Town Centre Framework and the North Street Design and Development Brief completed in January 2012 and August 2012 respectively. The Council intends to bring forward both as policy shortly.

The Council is now seeking a development partner for the redevelopment of the North Street site, selected on the basis of their expertise, experience and financial resource. The Council is not seeking detailed designs and financial bids at this stage.

Prospective development partners are invited to register their interest by the 12 October 2012.

GUILDFORD

The cathedral town of Guildford is the main administrative, commercial and shopping centre of Surrey. Its historic retail environment of some 1.293 million ft² (0.12 million m²) serves one of the most affluent catchment populations in the UK achieving prime retail rental levels over ZA £325 psf (ZA £3,500 m²).

Anchored by Debenhams (234,000 ft²/25,190 m²), House of Fraser (182,000 ft²/19,600 m²), Marks & Spencer (109,000 ft²/11,730 m²) and Primark (30,500 ft²/2,830 m²), the town’s pedestrianised and cobbled streets house a wide range of national multiples, particularly upscale and quality fashion retailers. The town also has a notable provision of restaurants/cafes and a strong independent offer.

“... Guildford town centre has a total of 205 independent retailers, which equates to an independent/multiple retailer mix of 35:65%. This level of independents helps to define the unique character of the town”. (’Town Centre Development Study’. C&W March 2010)

GUILDFORD

PMA Promis 200 Centres Retail 2012

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<th>Rank</th>
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<td>Prime rents ZA £ psf</td>
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<td>Retail warehouse supply</td>
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The town centre is served by 4,959 public car spaces (a ratio of 1:261 ft²/24 m²) and by three ‘Park & Ride’ centres.

SHOPPING CENTRES

Guildford has a below average proportion of managed floor space with around 21% of the total retail floor space accounted for by the town’s three managed shopping centres: the Friary Centre (161,000 ft²/14,960 m² - 1980),
White Lion Walk (46,000 ft²/4,270 m² - 1986) and Tunsgate Square (88,000 ft²/8,175 m² - 1989). After a £40 million refurbishment, the Friary was re-launched in November 2011 with a number of key new tenants including River Island (10,000 ft²/929 m²), Urban Outfitters (9,000 ft²/836 m²) and Hollister (7,500 ft²/697 m²) together with an extended Top Shop (23,000 ft²/2,137 m²).

Having recently acquired Westfield’s part interest in the Friary Centre, Hermes is now sole owner of the long leasehold of the Friary Centre with the freehold being retained by the Council.

OTHERS

Guildford also has a wide arts and entertainment offer. The town centre Odeon provides 2,109 seats in a 9 screen modern format. The nearby Electric Theatre provides a 210 seat drama venue while the riverside Yvonne Arnaud provides a nationally renowned 600 seat theatre.

Recent improvements include the September 2011 opening of the 1,100 seat ‘G Live’ entertainment venue at the top of the High Street alongside a new luxury 4 star hotel and spa in the form of the 185 room Radisson Blu Edwardian. The development site as originally envisaged was smaller than now proposed (4,074 acres/1.65 ha compared to 6,328 acres/2.56 ha) and was bounded by North Street, Commercial Road and Leapale Road. It was intended as land for a Friary Centre extension with retail development proposals first emerging in 1995 and leading to MEPC securing the 200,000 ft² (18,580 m²) ‘St Dominic Square’ scheme permission (1997). Subsequently Hermes and Westfield secured planning permission for the 270,553 ft² (25,135 m²) ‘Friary Extension’ scheme (March 2004 and renewed 2010) in a proposed development partnership with the Council.

Detailed information on the planning permission is available on the project web site.

www.northstreetsite.co.uk

Assembly of the original development site was secured with the support of a 2006 Compulsory Purchase Order (CPO). However, the changed economic climate led to further studies which suggested that the site was insufficient to accommodate the desired department store and supporting retail. In addition “the existence of a bus station as shown within the 2004/2010 approved schemes for the Friary Centre significantly reduces the viability of the scheme and in practice will continue to be a barrier to redevelopment” (Guildford Council ‘Bus Station and Town Centre Development’ Executive Report 20 October 2011).

The potential development site has consequently been extended across Leapale Road to encompass the Leapale Road multi storey car park and comprises 6.328 acres (2.56 ha).

2 The Site

Lying adjacent to the Friary Centre and stretching up North Street, the identified site currently provides for a bus station, temporary surface car parking, a Council run multi storey car park, shops and some offices.

The Site

Alternative proposals for the reprovision of the bus station have also been explored in detail with relocation designs and costings.
The bus station currently occupies some 10% of the site. A number of studies have examined how the bus station might be wholly or largely replaced off site on land owned by the Council in conjunction with more street stands. This work continues with the Highway Authority (County Council) and bus operating companies.

The temporary relocation of the bus station to the Portsmouth Road car park was part of the 2004 planning permission which concerned the laying out of 12 bus stands, 2 set down areas and 3 layover spaces, together with two temporary buildings for customers and bus drivers. The 0.74 acre (0.3 ha) site was known as the former Farnham Road bus depot and is currently owned by the Council. Temporary relocation of the bus station will be required for any new proposals and further information on the previous relocation plan is available on the project web site.

3 Planning Policy

The National Planning Policy Framework (2012) requires authorities to "promote competitive town centres that provide customer choice and a diverse retail offer and which reflect the individuality of the town centre" and to provide suitable sites to meet the scale of the development need.

The local planning framework for the development of the North Street site is provided by the saved polices of the Guildford Borough Local Plan (adopted 2003). The Local Plan identifies the area bounded by the Friary Centre, North Street and Leapale Road as a major approved development site. The strategy for the town centre is expressed in the form of a list of key objectives. Maintaining vitality and viability, together with an efficient, competitive and innovative retail sector, are stated ambitions.

The Council’s draft Core Strategy was last subject to consultation in March 2009. Consultation on the Site Allocations DPD took place in 2008. The future stages of these documents is set out in a revised Local Development Scheme (March 2011) which anticipates adoption of the Core Strategy by February-June 2014 and the Site Allocations DPD by October 2014. The draft Core Strategy provides for reinforcing Guildford Town Centre’s role as the county’s prime shopping centre and location for cultural, leisure, offices, housing and public facilities.

The Council is currently updating local planning policy for the site in the form of the draft Interim Town Centre Framework and the draft North Street Design and Development Brief 2012. It is envisaged that they will both be material considerations in the decision making process for the future development of the North Street site.

The identified site is intended to realise the long standing policy to secure comprehensive renewal of the area and a major extension to the town’s retail offer. In particular, the intended scheme is aimed at securing a major new department store, renewing North Street as a principal shopping thoroughfare and catalyst for the rejuvenation of the adjacent street market.

4 Development Objectives

One key objective is therefore to encourage a design providing for the department / anchor store which may require a presence on North Street as well as on the principal interface within the scheme.

DEPARTMENT/ ANCHOR STORE

Recent outline design studies suggest the comprehensive redevelopment of the North Street site could provide for some 350-400,000 ft² of retail floorspace including a department store of some 200,000 ft² (18,500 m²) arranged on three/four levels.

Key retail anchor tenants, such as the John Lewis Partnership, remain committed to securing representation in the town centre, provided that suitable and sustainable opportunities can be brought forward.

"...John Lewis require a 200,000 ft² gross store (160,000 ft² sales space) ideally arranged on three trading levels with 1,000 car spaces in close proximity."

Further information on the John Lewis Partnership requirement is available on the project web site.

It should be noted that the Council is not committed to the John Lewis Partnership and would welcome proposals from other department store operators. The objectives are to increase consumer choice, meet demand and strengthen the retail offer of the town centre and anchor the proposed scheme.
The scheme would include additional shoppers’ car parking although it is envisaged that part of the required car parking may be provided on other town sites; probably on those presently owned by the Council.

OTHER OBJECTIVES
The Council’s further objectives for the redevelopment of the North Street site are set out below:

- The Council wishes to protect the high quality of the town’s historic urban environment and is concerned to promote a scheme that reflects the existing architectural diversity and urban grain. An enclosed, unitary and monolithic development would not gain support.

- The North Street development site is bounded by Conservation Areas to the south and east. There is one listed building within and several listed buildings adjacent to the site. Design in the redeveloped area will need to reflect the characteristics that make Guildford town centre such an attractive destination. Scope to explore contemporary designs will be encouraged.

- The North Street site is to address the identified retail needs for the town. The future development should provide for this need as part of a mixed use scheme that will form a vital and lively extension to the town centre during the day and into the evening.

- The Council wishes to promote the development of streets and blocks that reflect Guildford’s street structure. A variety of architects and designs should be used in these different parts of the development to achieve vitality in appearance and character. Attractive marker buildings will be sought for main approaches to the town centre.

- Throughout the new development all streets and lanes should be open for public access at all times. The opportunity should be taken to provide east-west connectivity through the development. North-south linkages with the Friary Centre will also be important to retain and enhance.

- Development proposals must use topographic changes across the site sensitively and creatively. Solutions that endeavour to create a single engineered level across the site are unlikely to be acceptable.

- The scheme should create a number of public spaces as part of the future development to widen the potential for a range of street activities to take place.

- Sustainable building design will be sought.

Relevant planning policy documentation is available on the project web site.

CAPACITY
A recent retail study undertaken for the Council – and based upon a catchment population of 620,000 - noted that the town centre retains some 24% of the catchment comparison expenditure and some 61% of the Borough’s comparison spend. Current town centre sales densities were analysed at £9,162 per m²/ £851 psf (adj. to 2010 in 2008 prices); approximately twice the UK average.

Adopting the same ‘constant market share basis’, the study concluded that the town centre has spare capacity for some 278,000 ft² (25,840 m²) gross of A1 retail by 2016 and some 628,000 ft² (58,400 m²) by 2021 (including the existing Friary Extension permission). A further 48,250 ft² (4,480 m²) ‘food & restaurant’ capacity was identified by 2016 and 73,000 ft² (6,780 m²) by 2021.

“...the levels of sales density experienced by Guildford town centre indicates that there is a degree of pent up demand in the market, which is likely to be due to the high level of comparison expenditure growth experienced between 1992 and 2008 which has not been matched by significant new floor space being developed in the town during that period...” (‘Guildford Retail & Leisure Study’ R.Tym & Prts May 2011).

Copies of the retail and leisure capacity study and other relevant consultant reports are available on the project web site.

COMPULSORY PURCHASE
The Local Planning Authority seeks a comprehensive redevelopment of the site in order to achieve its stated planning policy objectives.

Subject to an appropriate indemnity agreement, the Council is willing to facilitate the assembly of the site by use of its statutory powers (including compulsory purchase and supporting highway closure). The Council is also willing to dispose of its landownership interest in the site in order to facilitate delivery of the development. As...
noted, the Council previously secured a CPO for the site in 2006.

The proposal is to select a development partner and then, under the aegis of a co-operation agreement, to work up an agreed scheme and negotiate a development agreement. It is envisaged that the development partner will take the lead in working up the design of the scheme, securing planning permission, compulsory purchase, securing occupiers and funding, and building out the scheme.

The Council would welcome expressions of interest from land owners with an existing interest in North Street, but would also like to receive interest from other developers with a proven track record and experience of delivering town centre schemes of this nature.

The Council, in its role as landowner, will wish to ensure that it secures best value for its landholding interest in the site but will have minimal involvement in specifying design and content of the scheme. However the Council, in its role as local planning authority, will place reliance on its planning powers and site policy for ensuring that the wider policy objectives are secured. It is not envisaged that the scheme will require any public works or services other than such items as public realm and highway works, which will be secured as part of the planning approval process.

The envisaged partner selection timetable is:

- Registration of interest by 12 October 2012
- Shortlisting w/c 22 October 2012
- Workshops w/c 5 November 2012
- Submission w/c 28 January 2013
- Nomination w/c 11 February 2013

Interested parties are invited to register their interest by Friday 12 October 2012 by providing the following information.

- Company and joint development partners, if applicable, together with annual reports for last three years if not easily available on line.
- Details of the applicant’s track record detailing comparable projects undertaken together with their current status.
- Details of the key personnel who will lead the project, their qualifications and experience on comparable projects.

Whilst initial sketch designs might be helpful to illustrate the understanding of the Council’s objectives and to demonstrate the Company’s expertise, the Council is not

5  North Street Ownerships

The identified site is principally held by Hermes and the Council. Other interested parties include Aviva and Prupim.

Other key stakeholders in North Street include Legal & General, Canada Life and House of Fraser.

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Detailed information on the current site interests is available on the project web site.

The Council intends to select a development partner with the requisite expertise, experience and financial resource to undertake a project of this scale to the required standards.

The Friary Centre

SELECTION PROCESS

The Council intends to select a development partner with the requisite expertise, experience and financial resource to undertake a project of this scale to the required standards.
seeking detailed designs or financial appraisals. Commentary on the draft Design and Development Brief, development objectives, feasibility constraints or delivery challenges would be welcomed.

Registrations of interest should be sent to:

Jennifer Miles
Cushman & Wakefield
43/45 Portman Square
London W1A 3BG

6 Land disposal

The Council intends to dispose of its land interest upon an agreed price calculable in relation to the residual development land value of the scheme as a whole.

This invitation is issued on behalf of the Council’s Economic Development Service who will be responsible for this land disposal. The Council is seeking to dispose of a long leasehold interest over the entire site subject to a modern geared annual account ground rent.

DEVELOPMENT AGREEMENT

The disposal of the Council’s land will be provided for within a development agreement. That agreement will necessarily be subject to a number of terms aimed at protecting the Council’s ground rent income.

It is recognised that the agreement will be conditional upon the grant of planning and other requisite statutory consents. As noted, the proposed development will need to address the detailed requirements of the North Street Design and Development Brief to the satisfaction of the Local Planning Authority. Such planning requirements will inevitably concern the detailed design and specification of the scheme as would reasonably be anticipated.

The Council will also not consider financially underwriting the developer’s risk or materially adopting any development risk beyond the proposed ground rent provisions. The development agreement will also need to provide for the payment of the Council’s professional and legal fees.

OJEU REGULATIONS

For the avoidance of doubt, it is noted that the Council will not be disposing of its land interest under the remit of the EU Procurement Directive (OJEU Regulations) as transactions solely for the disposal of land are outside of the scope of the Regulations.

The envisaged development agreement will not provide for any works and/or services requirements commissioned by the Council and hence the agreement will not comprise a public works or works concession contract.

TENURE

The envisaged development agreement will provide for a disposal based upon a modern 250 year head lease, granted upon completion and subject to a geared annual ground rent share of net rents received.

10 September 2012.

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LOCAL PLANNING AUTHORITY

Carol Humphrey | Head of Planning Services
Guildford Borough Council
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