

APPENDIX C

ELEPHANT AND CASTLE SHOPPING CENTRE - COMPULSORY PURCHASE ORDER

STATUS UPDATE SUMMARY ON DISCUSSIONS WITH THIRD PARTIES

(PROVIDED BY DEVELOPER)

1. This document provides a summary of the current status of agreements with the key third parties whose land interests need to be acquired or over whose land new rights are sought to facilitate the redevelopment.

Occupiers of the Shopping Centre and Market

2. Over the course of several years, agreements have been reached with the vast majority of the occupiers which will enable vacant possession of their units to be obtained. The market traders all have short term licences. Within the shopping centre, by agreement with many traders, short term leases with break clauses have been entered into to facilitate the redevelopment. Some longer lease interests without break clauses have also been surrendered/acquired. This process enabled the acquisition of the leasehold interests of e.g. the bingo and bowling operators and the Charlie Chaplin pub.

The tenants that remain within the shopping centre fall into the following three categories:

- a) Tenants that occupy premises at the shopping centre whose leases, by agreement, are contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954 (the "Act") and the leases are due to expire after 30 July 2020. 14 tenants fall within this category. All have been served with break notices to terminate their tenancies on 30 July 2020;
- b) Tenants who have a lease which expires in advance of 30 July 2020, and that lease is also contracted out of the Act by agreement. 64 tenants fall within this category. These tenants have all been offered short term renewal tenancies (excluded from the Act) to extend their occupation until 30 July 2020; and
- c) Tenants that have security of tenure under the Act. As at the date of this note, 11 tenants (7 national multiple retailers and 4 local retailers) fall within this category and they have been served with notices pursuant to the Act terminating their tenancies on or before 30 July 2020, with the landlord opposing the grant of a new tenancy based on ground (f) (redevelopment). 3 of the 4 local retailers are in the process of taking up offers of relocation in one of Perronet House, Castle Square or Elephant One and the fourth of those local retailers was offered a place at Castle Square but has decided to relocate nationally. Of the 7 national multiple retailers, 5 have confirmed they intend to vacate and this is in the process of being documented. Confirmation has not yet been received from the remaining 2 national multiple retailer tenants that they will vacate by 30 July 2020. For those, court proceedings to terminate their tenancies may be necessary, which poses a risk to the commencement of the development.

The developer continues to comply with its relocation obligations in the section 106 planning agreement as to the “East Site” occupants.

University of the Arts, London

3. Heads of Terms are agreed with this key commercial occupier for the new scheme. Commercial terms for the sale of their existing London College of Communication site and purchase of the new building are agreed. It is the developer’s intention that these documents will be agreed and exchanged by the end of Q1 2020.

London Underground Limited

4. The section 106 agreement requires the developer to enter into an agreement with LUL. Many of the commercial terms for this agreement, which incorporates infrastructure protection, have been agreed in principle for some time. Further discussions are taking place around the delivery of a larger, new station box, to future proof the Bakerloo line extension and upgrade. It is the developer’s intention that these documents will be agreed and exchanged by the end of Q1 2020.

Transport for London

5. Areas of land owned by TfL are required for the scheme. Discussions are ongoing as to the valuation of TfL’s interests. It is the developer’s intention that these documents will be agreed and exchanged by the end of Q1 2020.

Network Rail

Asset Protection Agreement

6. A draft Asset Protection Agreement has been provided by Network Rail. The terms have been reviewed and comments returned.

Station Change

7. The administrative process for removing the bridge link to the shopping centre has commenced. The station will operate satisfactorily without the bridge link and so the formal station change process is underway, with the developer’s intention to have the agreement concluded with Network Rail and the station operator, Govia Thameslink Rail, by the end of Q1 2020.

Title matters

8. The freehold title at the boundary of the Shopping Centre and railway viaduct is proposed to be rationalised and rights granted by Network Rail to facilitate the scheme. Again, the developer’s intention is to have the agreement concluded with Network Rail by the end of Q1 2020.

The Arch Company

9. The Arch Company was granted a long lease of all of the Elephant & Castle railway arch units by Network Rail. Discussions are ongoing regarding commercial and title terms with the Arch Company. It is hoped that agreement can be reached shortly, enabling legal agreements to be exchanged in Q1 2020. The development on the shopping centre site can commence without further agreement from Arch Company

or its occupational tenants but Units 6 and 7 Farrell Court (see below) within the arches would need to be acquired to create the proposed new pedestrian link from Castle Square and Elephant Road to the new town centre redevelopment. These two arches would need to be acquired within the next 3 years; it is hoped they can be acquired by private treaty during that period but CPO powers may need to be used. Greater title to the two access arches currently held long leasehold by the developer, to the immediate north of the train station, is also required to enable those units to be brought into beneficial use.

Occupational tenancies in some of the railway arches on Elephant Road

10. The scheme envisages the use of what are currently Unit 6 Farrell Court (Distriandina) and 7 Farrell Court (Beset International) as the new pedestrian link to Elephant Road. Discussions with both occupiers are ongoing in terms of their relocation to premises in the locality.
11. Land at the rear of arch units 113/122 is occupied by Lenos & Carbon. This rear area would need to be removed as part of the development and therefore the developer needs to acquire all interests in that area. The developer wrote to the tenant in February 2020 in respect of that rear area and will seek to minimise disruption arising from the removal of that rear area.

30-32 New Kent Road

12. The freehold interests in both of these properties (newsagent and dentist) have now been acquired. The acquisition of the leasehold interest in 30 New Kent Road is imminent.

Two kiosks on New Kent Road

13. These kiosks near the railway viaduct bridge, near 30-32 New Kent Road, are likely to need to be removed. It has been established that they are held by licences granted by the Council (with consent of TfL as the highway authority) and the licences are terminable by the Council on 21 days' notice.

London Power Networks

14. The current substations on the shopping centre and LCC sites will need to be relocated. Discussions have commenced in this regard with the electricity undertaker and it is not expected that there will be difficulty in agreeing the relocation of their apparatus, as is commonplace in redevelopment.

Mobile phone operators (in respect of phone masts on buildings)

15. There are four mobile operators, all of whom are now in agreement to vacate on or before the end of February 2020.

New Rights to be acquired over land

16. These include:
 - a) Metropolitan Tabernacle – the right to “de-couple” the immediately adjacent LCC building from one façade of the Tabernacle, to scaffold over part of the property during works and to oversail with a crane during construction.

- b) Right of access through the railway train station and through the railway arch units south of the railway station to facilitate boundary works on the western edge of the railway viaduct and to the western façade of the train station, and in the case of Units 4 & 5 Farrell Court (Corsica Studios) the right to undertake the sound mitigation works discussed with Corsica during the planning application process. Rights of access to affix cabling and wiring on the sides/underneath of the viaduct.
 - c) Right of access and to carry out works to railway arch units 113c and 122. As stated above, the occupied area at the rear of this unit would need to be acquired and then removed for the scheme; a right is sought to enable access to this unit to facilitate that work and any consequential works that may be required as a result.
 - d) Crane oversail rights over some highway areas and to a small extent over The Castle Centre and Perronet House.
17. In each case the acquisition of the proposed rights either forms part of wider discussions with stakeholders (such as Network Rail) as referred to above or the developer intends to write to the relevant parties by the end of February 2020, requesting those rights by agreement.