



Property Investment Board

Date: WEDNESDAY, 13 NOVEMBER 2013
Time: 1.45pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Deputy Michael Cassidy (Chairman)
Brian Harris (Deputy Chairman)
Deputy Ken Ayers
Mark Boleat
Ray Catt
Roger Chadwick
George Gillon (Chief Commoner)
Deputy Keith Knowles
Edward Lord
Alastair Moss
Dhruv Patel
Tom Sleigh

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Lunch will be served in the Guildhall Club at 1pm

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES FOR ABSENCE**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**
To approve the public minutes and summary of the Property Investment Board meeting held on 16 October 2013.

For Decision
(Pages 1 - 4)
4. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
5. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
6. **EXCLUSION OF THE PUBLIC**
MOTION – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

For Decision

Part 2 - Non-Public Agenda

7. **NON PUBLIC MINUTES**
To approve the non-public minutes of the Property Investment Board meeting held on 16 October 2013.

For Decision
(Pages 5 - 10)

ALL ESTATES

8. **REPORT OF ACTION TAKEN BETWEEN MEETINGS**
Report of the Town Clerk.

For Information
(Pages 11 - 14)
9. **CITY'S RENTAL FORECASTS MONITORING REPORT**
Report of the City Surveyor.

For Information
(Pages 15 - 24)

10. **CITY SURVEYOR'S BUSINESS PLAN 2013-16 - QUARTER 2 2013/16 PROGRESS REPORT**
Report of the City Surveyor.

For Information
(Pages 25 - 42)

CITY'S ESTATE

11. **6-8 EASTCHEAP, LONDON EC3M 1AE - GATEWAY 7 OUTCOME REPORT**
Report of the City Surveyor.

For Decision
(Pages 43 - 48)

12. **53 NEW BROAD STREET EC2: COMBINED GATEWAY 3/4 /4B- OUTLINE OPTIONS AND DETAILED OPTION APPRAISAL - REFURBISHMENT OF VACANT OFFICE BUILDING**
Report of the City Surveyor.

For Decision
(Pages 49 - 72)

13. **37-38 NEW BOND STREET - DISPOSAL OF FREEHOLD SUBJECT TO 2,000 YEAR LEASES**
Report of the City Surveyor.

For Decision
(Pages 73 - 78)

CITY FUND ESTATE

14. **SALTERS HALL GARDEN, ST. ALPHAGE GARDENS, FORE STREET, EC2 – LEASE SURRENDER AND GRANT OF A NEW 249 YEAR LEASE**
Report of the City Surveyor.

For Decision
(Pages 79 - 86)

15. **4/14 TABERNACLE STREET - REFURBISHMENT/DEVELOPMENT – TO FOLLOW**
Report of the City Surveyor.

For Decision

16. **2 FANN STREET, EC2 - DISPOSAL COMPLETION TO REDROW HOMES LIMITED**
Report of the City Surveyor.

For Information
(Pages 87 - 88)

BRIDGE HOUSE ESTATES

17. **GATEWAY 5 AUTHORITY TO START WORK: 1-5 LONDON WALL BUILDINGS: PHASE 2 - REFURBISHMENT OF COMMON AREAS**
Report of the City Surveyor.

For Decision
(Pages 89 - 94)

18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

PROPERTY INVESTMENT BOARD

Wednesday, 16 October 2013

Minutes of the meeting of the Property Investment Board held at Guildhall, EC2
on Wednesday, 16 October 2013 at 1.45pm

Present

Members:

Deputy Michael Cassidy (Chairman)
Brian Harris (Deputy Chairman)
Deputy Ken Ayers
Roger Chadwick
Alderman Sir Robert Finch
George Gillon (Chief Commoner)
Deputy Keith Knowles
Dhruv Patel
Tom Sleigh

Officers:

Matthew Pitt	- Town Clerk's Department
John James	- Chamberlain's Department
Alan Bennetts	- Comptroller & City Solicitor's Department
Peter Bennett	- City Surveyor
Nicholas Gill	- City Surveyor's Department
Tom Leathart	- City Surveyor's Department
Trevor Nelson	- City Surveyor's Department
Colin Wilcox	- City Surveyor's Department

1. APOLOGIES FOR ABSENCE

Apologies were received from Mark Boleat, Ray Catt and Alistair Moss.

2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA

There were no declarations.

3. MINUTES

The public minutes and non-public summary of the meeting held on 10 September were approved.

4. APPOINTMENT OF ADDITIONAL MEMBER TO THE CORPORATE ASSET SUB (FINANCE) COMMITTEE

The Committee proceeded to elect one Member of the Board to serve on the Corporate Asset Sub Committee.

Two Members indicated their willingness to serve for a total of one vacancy and an election was therefore required. The results of the ballot were as follows: -

Alistair Moss	5
Dhruv Patel	4

It was therefore,

RESOLVED – That Alistair Moss be elected to serve on the Corporate Asset Sub Committee for the remainder of the year.

5. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no questions.

**6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
Vote of Thanks**

The Chairman joined the Committee in thanking Sir Robert Finch upon his retirement following 22 years' service to the City Corporation.

7. EXCLUSION OF THE PUBLIC

RESOLVED – That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Local Government Act.

<u>Item No.</u>	<u>Paragraph No.</u>
8 – 14	3
15 & 16	3

8. NON PUBLIC MINUTES

The non-public minutes of the meeting held on 10 September 2013 were approved.

9. REPORT OF ACTION TAKEN BETWEEN MEETINGS

The Board received a report of the Town Clerk reporting the action taken under delegated authority and urgency procedures since the last meeting.

10. QUARTERLY DELEGATED AUTHORITIES UPDATE - 1 JULY 2013 TO 30 SEPTEMBER 2013

The Board received a report of the City Surveyor.

11. CITY FUND & CITY'S ESTATE REVISED HIGHWAY AIRSPACE DISPOSAL – WALBROOK SQUARE, EC4

The Board approved a report of the City Surveyor.

12. CITY FUND & CITY'S ESTATE HIGHWAY DISPOSAL - NO.1 THREADNEEDLE STREET, EC2

The Board approved a report of the City Surveyor.

13. CITY'S ESTATE - LETTING REPORT

The Board approved a report of the City Surveyor.

14. **DISPOSAL OF FREEHOLD SUBJECT TO 2,000 YEAR LEASE 51-52 NEW BOND STREET, LONDON W1**
The Board approved a report of the City Surveyor.
15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
There were no questions.
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There were four items of urgent business.

The meeting ended at 2.26pm

Chairman

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PROPERTY INVESTMENT BOARD

WEDNESDAY, 16 OCTOBER 2013

NOT FOR PUBLICATION

By virtue of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972.

8. NON PUBLIC MINUTES

The non-public minutes of the meeting held on 10 September 2013 were approved.

Matters Arising:

Strategic Road Network

The City Surveyor advised Members that the proposed draft agreement had yet to be formally signed by TfL. He added that whilst he believed the principle of the agreement was fine, TfL were possibly delaying the agreement to guard against setting a precedent that could impact their negotiations with London Borough of Southwark. The City Surveyor stated that he would continue to pursue TfL until a satisfactory outcome was achieved.

Invoicing Issues

The City Surveyor advised that his team were working to eliminate the backlog of outstanding invoices, however, the performance on clearance of invoices would likely drop to approximately 75%. He added that systems were being put in place to ensure the issues that led to the backlog were eliminated.

Bridgemasters House Phase II

In response to an update from the City Surveyor on the on-going negotiations with Berkeley Homes regarding the Bridgemasters Phase II development, the Chairman urged officers to push for an agreement at the earliest opportunity.

9. REPORT OF ACTION TAKEN BETWEEN MEETINGS

The Board received a report of the Town Clerk reporting the action taken under delegated authority and urgency procedures since the last meeting.

10. QUARTERLY DELEGATED AUTHORITIES UPDATE - 1 JULY 2013 TO 30 SEPTEMBER 2013

The Board received a report of the City Surveyor providing Members with details of the property transactions agreed under the City Surveyor's delegated powers from 1 July to 30 September 2013.

11. CITY FUND & CITY'S ESTATE REVISED HIGHWAY AIRSPACE DISPOSAL – WALBROOK SQUARE, EC4

The Board considered a report of the City Surveyor seeking approval to the sale of additional airspace at at Walbrook Square, EC4.

In response to the Chairman's question, the City Surveyor reported that he understood the project at Walbrook Square was progressing well though there had been some minor delays due to extensive archaeological finds.

RESOLVED – That,

- a) the previously approved freehold highway sale at £1.557m, which will remain unchanged, be noted;
- b) approval be granted to a 125 year lease to enable oversailing within City Fund and City's Estate highway airspace affecting an area of 6,166 ft² (572.84 m²) over Bucklersbury, Walbrook, Cannon Street and Queen Victoria Street, EC4 to Bloomberg UK Limited or its nominated purchasing vehicle for a premium payment of £265,000 and a peppercorn rent without review plus costs;
- c) approval be granted to delegate authority to the City Surveyor in consultation with the Comptroller & City Solicitor to agree any necessary terms of a non-financial nature to protect the City's interests; and
- d) the Comptroller & City Solicitor be instructed to undertake any necessary documentation.

12. CITY FUND & CITY'S ESTATE HIGHWAY DISPOSAL - NO.1 THREADNEEDLE STREET, EC2

The Board considered a report of the City Surveyor seeking approval to the grant of two long leasehold interests in highway land surrounding 1 Threadneedle Street, EC1 to Pacific European Equity Ltd for a combined premium of £369,000 plus costs.

RESOLVED – That,

- a) Approval be granted for a 125 year lease to assure the retention of built structures at 1 Threadneedle Street, EC2 on City Fund and City's Estate highway land encompassing an area of 178 ft² (16.56 m²) along Threadneedle Street, Finch Lane and Royal Exchange, EC2 to Pacific European Equity Limited or its nominated purchasing vehicle for a premium payment of £280,000 and a peppercorn rent without review plus costs and to include an option in favour of the lessee to subsequently acquire the freehold interest in the highway land for a further premium of £10 plus costs at any time before the 5th anniversary of the commencement date of the lease;
- b) approval be granted to a 125 year lease to enable oversailing within City Fund and City's Estate highway airspace affecting an area of 1,316 ft² (122.27 m²) over Threadneedle Street, Finch Lane and Royal Exchange, EC2 to Pacific European Equity Limited or its nominated purchasing vehicle for a premium payment of £89,000 and a peppercorn rent without review plus costs;

- c) the proposed transactions are dependent upon prior declaration by the Planning and Transportation Committee that the affected City Fund land is surplus to highway requirements, be noted;
- d) the proposed transactions are dependent upon Pacific European Equity Limited's purchase of the freehold interest in 1 Threadneedle Street, EC2, be noted;
- e) authority be delegated to the City Surveyor in consultation with the Comptroller & City Solicitor to agree any necessary terms of a non-financial nature to protect the City's interests; and
- f) the Comptroller & City Solicitor be instructed to undertake any necessary documentation.

13. CITY'S ESTATE - LETTING REPORT

The Board considered a report of the City Surveyor seeking approval to the grant of a new 10 year lease at 13 South Molton Street, W1 for an annual rent of £160,000. The report also sought approval to the settlement of the rent review at 45 South Molton Street at £227,500 and a new lease at 59-62 South Molton Street with a rent rising from £65,000 to £125,000 per annum.

The City Surveyor advised that whilst the financial strength of the new tenants at 13 South Molton Street was not guaranteed, a six month rent deposit had been received. He added that the two new lettings reflected the time and effort put into improving the local environment around South Molton Street, particularly the City Corporation's £150,000 towards improvement works.

In response to the Chairman's question, the City Surveyor advised that the new tenants at 13 South Molton Street would be monitored closely by his team at their monthly rental monitoring meetings.

RESOLVED – That,

- a) the new letting of the retail shop at 13 South Molton Street, London be granted at a rent of £160,000 per annum from a date to be agreed and upon the terms set out in this report; the settlement of the rent review in respect of the retail shop at 45 South Molton Street, London at a rent of £227,500 per annum from 22nd November 2012 upon the terms set out in this report and the new letting of the educational premises at 59-62 South Molton Street, London be granted at a rent of £125,000 per annum from a date to be agreed and upon the terms set out in this report.
- b) any major changes to the proposed heads of terms of the new leases to be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman of your Property Investment Board;
- c) any minor changes to the proposed heads of terms of the new leases be delegated to the City Surveyor (in consultation with the Chamberlain for those of a financial nature); and
- d) the Comptroller and City Solicitor is instructed accordingly.

14. **DISPOSAL OF FREEHOLD SUBJECT TO 2,000 YEAR LEASE 51-52 NEW BOND STREET, LONDON W1**

The Board considered a report of the City Surveyor seeking approval to the disposal of the City's freehold interest at 51-52 New Bond Street, London, W1 which was previously let on a 2,000 year lease to Scottish Widows Fund and Life Assurance Society.

RESOLVED – That,

- a) the freehold interest in 51-52 New Bond Street, W1 be disposed of to Scottish Widows Fund and Life Assurance Society for the sum of £1,200,000;
- b) the proceeds of the sales be placed into the City's Estate Designated Sales Pool for reinvestment in property; and
- c) the Comptroller and City Solicitor be instructed to complete the necessary legal documentation.

15. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There were five items of urgent business.

99 New Bond Street, W1

The City Surveyor advised that negotiations had progressed with potential tenants but not in time to produce a report to the Board. He therefore sought delegated authority to complete the transaction between meetings.

RESOLVED – That delegated authority be granted to the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Board to progress the transaction at 99 New Bond Street, W1.

City's Estate Portfolio

The City Surveyor advised that his team were looking to extract more value from the portfolio through refurbishments and active management. In response to the Chairman's question, he added that his team would look at completing the refurbishments in-house where costs allowed.

4-14 Tabernacle Street, EC2

The City Surveyor advised the Board that interest had been expressed by the developer of the Hoxton Hotel around the possibility of turning the site into a training hotel. The Chairman suggested 35 years should be the maximum lease granted.

YMCA, Fann Street, EC2

The City Surveyor reported that the total receipt on the site, pending planning permission would be approximately £28m. He added that the exchange of contracts with Redrow was imminent.

Crossrail

The City Surveyor advised that whilst the City had almost reached its target figure for Crossrail monies, his team would continue to invest the funds until the 2016 handover date. He reported that the City would have to sell assets such as Mansell Court, E1 which was purchased specifically to meet the City's Crossrail obligations

The meeting ended at 2.26 pm

Chairman

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Agenda Item 8

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 9

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Agenda Item 17

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