

Report Title:	<b>Nicholson's Shopping Centre</b>
Contains Confidential or Exempt Information?	Yes Appendix A Part II Not for publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.
Member reporting:	Cllr Dudley – Leader of the Council and Cabinet Member for Maidenhead Regeneration and Maidenhead
Meeting and Date:	Cabinet – 25 April 2019
Responsible Officer(s):	Russell O'Keefe – Executive Director
Wards affected:	All

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## REPORT SUMMARY

1. In February 2019 Tikehau Capital with the cooperation of Areli Real Estate completed the purchase of Nicholson's shopping centre.
2. The resources and expertise brought by the new owners provides a once in a generation opportunity to regenerate this key town centre location for the benefit of local residents and businesses and is a fundamental part of the overall regeneration of Maidenhead.
3. Following discussions with the new owners the Council recently agreed heads of terms with the new owners which would form the basis for an agreement to include the Council's ownerships within a future redevelopment.
4. The heads of terms that have been agreed set out:
  - The process for the sale of the Council's part ownership of the shopping centre and ownership of Central House which will lead to a significant capital receipt for the Council as well as a revenue return during the redevelopment period .
  - the building of a new car park at what would be likely to be a substantially reduced cost than under previous plans through a land swap.
  - the existing Nicholson's car park remaining in use until a new car park is completed.
5. Extensive further work and due diligence is needed to take this work forward as part of the development of the vision and plan for the area. This report requests delegated authority and virement of part of an existing capital budget to progress this work.

## 1 DETAILS OF RECOMMENDATION(S)

**RECOMMENDATION:** That Cabinet notes the report and:

- i) **Approves the virement of £470,000 from the Broadway Car Park capital budget for work with Tikehau Capital and Areli on the Nicholson's Shopping Centre redevelopment and a new car park.**
- ii) **Delegates authority to the Leader of the Council and Cabinet Member for Maidenhead Regeneration and Maidenhead and the Executive Director to negotiate and agree a contract with Tikehau Capital and Areli for the Council's ownerships and a new car park.**

## **2 REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED**

- 2.1 Nicholson's Shopping Centre currently provides approximately 190,000 square foot of retail space over 4.5 acres in the town centre of Maidenhead
- 2.2 The Council owns 50% of the freehold of the shopping centre with a lease to the owners with 117 years remaining. Currently the Council receives no income from this.
- 2.3 The adjacent Broadway Car Park which is owned by the Council provides 792 spaces and is the main town centre car park. However, the car park is reaching the end of its lifespan and is in need of significant refurbishment. A replacement car park is essential and provides an opportunity to ensure current and future parking demand is met to support the wider regeneration of the town. As such, in September 2018 Council agreed a total capital budget of £35,313,163 for the development of a new car park.
- 2.4 The Council also owns Central House, a vacant circa 38,000 square foot office building which adjoins the shopping centre. The Council bought back the lease on this building in 2017 to facilitate the redevelopment of the car park and wider area.
- 2.5 As with many similar shopping centres across the country Nicholson's has struggled in recent years as shopping habits and the retail market have changed combined with the difficulty attracting and retaining retailers in units and a centre that is out of step with modern requirements.
- 2.6 Nicholson's shopping centre was previously owned by Vixcroft and hedge fund Cheyne Capital. In October 2018 BDO were appointed as receivers with CBRE brought in to sell the centre.
- 2.7 In February 2019 Tikehau Capital with the cooperation of Areli Real Estate completed the purchase of Nicholson's shopping centre.
- 2.8 Tikehau Capital is an asset management and investment group, which manages €22.0 billion of assets (as at 31 December 2018), with shareholders' equity of €2.3 billion (as at 30 June 2018). Areli Real Estate is a UK based urban regeneration specialist which accompanies Tikehau Capital as an operating partner.
- 2.9 The resources and expertise brought by the new owner and their partner provides an amazing opportunity to regenerate this key town centre location for the benefit of local residents and businesses and is a fundamental part of the overall regeneration of Maidenhead.
- 2.10 The new owner carried out a community planning weekend from the 22 – 26 March to give the local community the opportunity to help shape the future of the centre and contribute to shaping a new vision for the area.
- 2.11 Following discussions with the new owner the Council recently agreed heads of terms with them which would form the basis for an agreement to include the Council's ownerships within a future redevelopment. The heads of terms are included in Appendix A in the part 2 element of the report.
- 2.12 The heads of terms that have been agreed set out:
  - The process for the sale of the Council's part ownership of the shopping centre and ownership of Central House which will lead to a significant capital receipt for the Council as well as a revenue return during the redevelopment period .

- the building of a new car park at what would be likely to be a substantially reduced cost than under previous plans through a land swap.
- the existing Nicholson's car park remaining in use until a new car park is completed.

2.13 Extensive further work and due diligence is needed to take this work forward with the new owners as part of the development of the vision and plan for the area. This will include specialist surveying and legal work. To support this work it is also proposed to establish an additional senior post within the Council's Property Company to oversee and take this work forward with the new owners. The Property Company has also recently recruited a new non-executive director with a background in retail development to provide additional advice and expertise at board level (this post as with all non executive directors is unpaid).

2.14 Given the redevelopment of the area is likely to lead to the building of a new car park at a significantly reduced cost (subject to planning permission) it is proposed to fund further work by the Council by viring monies from the current capital budget approved for Broadway car park.

**Table 1: Options arising from this report**

<b>Option</b>	<b>Comments</b>
To provide delegated authority to negotiate and agree a contract and virement of the budget <b>Recommended option</b>	This will enable the Council to act swiftly with the new owners to progress the regeneration of this key town centre area.
Do nothing <b>This is NOT the recommended option</b>	This will delay the progression of this key part of the regeneration of Maidenhead.

### 3 KEY IMPLICATIONS

**Table 2: Key Implications**

<b>Outcome</b>	<b>Unmet</b>	<b>Met</b>	<b>Exceeded</b>	<b>Significantly Exceeded</b>	<b>Date of delivery</b>
To agree a contract with the new owners	Agreements not signed	Final agreements signed within 6 months	N/A	N/A	October 2019

### 4 FINANCIAL DETAILS / VALUE FOR MONEY

4.1 The reports request virement of £470,000 from the previously agreed capital budget of £35,313,163 for the redevelopment of Broadway Car Park with £240,000 for 2019/20, £100,000 for 2020/21 and £130,000 for 2021/22.

4.2 Once final contractual terms are agreed this is likely to lead to a significant capital receipt for the Council as well as a revenue return during the redevelopment period.

### 5 LEGAL IMPLICATIONS

- 5.1 Specialist solicitors will support due diligence and prepare all required contract documentation.

## 5 RISK MANAGEMENT

**Table 4: Impact of risk and mitigation**

<b>Risks</b>	<b>Uncontrolled risk</b>	<b>Controls</b>	<b>Controlled risk</b>
Current owners decide to sell prior to completion of new car park	Low	Contractual protection and covers in the contract.	Low

## 6 APPENDICES

- 6.1 Appendix A – Heads of terms

## 7 POTENTIAL IMPACTS

- 7.1 There are no equality issues raised by the proposed transaction.
- 7.2 The capital receipts and savings on the costs of building a new car park generated will support the Council's budget for the benefit of all residents.
- 7.3 No personal data has been processed during this transaction.

## 8 CONSULTATION

- 8.1 The report will be considered by Corporate Overview and Scrutiny Committee.

## 9 TIMETABLE FOR IMPLEMENTATION

- 9.1 The future timetable will be developed as part of further discussions with Tikehau Capital and Areli.

## 10 CONSULTATION (MANDATORY)

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Commented &amp; returned</b>
Councillor Dudley	Leader of the Council and Cabinet Member for Maidenhead Regeneration and Maidenhead	25.3.19	4.4.19
Duncan Sharkey	Managing Director	25.3.19	4.4.19
Russell O'Keefe	Executive Director	25.3.19	4.4.19
Andy Jeffs	Executive Director	25.3.19	4.4.19
Rob Stubbs	Section 151 Officer	25.3.19	4.4.19
Nikki Craig	Head of HR and Corporate	25.3.19	4.4.19

<b>Name of consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Commented &amp; returned</b>
	Projects		
Elaine Browne	Law and Governance	25.3.19	4.4.19
Louisa Dean	Communications and Marketing Manager	25.3.19	4.4.19