



Regeneration and Transformation

Civic Centre, Stockwell Close, Bromley BR1 3UH

Telephone: 020 8464 3333

Direct Line: 020 8461 7987

Email: marc.hume@bromley.gov.uk

Fax: 020 8313 4460

Internet: www.bromley.gov.uk

DX5727 Bromley

MH/vf

24th February 2015

Mr. William Cheng,
Zhongrong International Group,
No 8 Middle Yincheng Road,
Pudong New Area,
Shanghai 200120,
China.

Dear William,

Crystal Palace

In my letter to you dated 6th February and in various subsequent emails, I made it clear that the Exclusivity Agreement expired on 1st February and ZRG had 14 calendar days (to 20th February 2015) to confirm agreement to a number of conditions which would need to be included in any new Exclusivity Agreement.

In your letter to me dated 11th February you stated that ZRG will only consider these conditions if the Council first agrees a "Revised Lease Document" which you attached to your letter of 11th February. It is most regrettable that ZRG has refused to agree to these conditions by the required date.

Turning to the "Revised Lease Documents" you have submitted, you are fully aware that there are a number of fundamental terms that are non-negotiable so far as the Council is concerned and we have made these plain to you on repeated occasions over the last 16 months. These terms are fundamental to the Council because of its obligations as a public body to safeguard the historic and sensitive nature of the site, and to preserve the rights of the public at large in respect of the site, as well as ensuring that the various statutory limitations on its future development – in respect of planning and the obligation to obtain best consideration for Council owned land, as well as the requirements of Crystal Palace Acts – can be satisfied.

Having considered the amendments you have made to the draft agreement and lease, it is clear that you have taken no account of the Council's concerns and have ignored our requirements. The result is that we have made no discernible progress over the last 16 months. I have commented below on some of the most serious issues, though not all:-

1. The extent of the demise.
The Council has always stressed that this would be limited to the Top Site, but with provision to extend it further *if this could be justified by the full business plan*. You have, yet again, provided that the demise should be the entire top half of the Park.

2. The preparation by ZRG and approval by the Council of a full business plan. While the documentation still requires ZRG to provide one, it is on the basis that only ZRG need to be satisfied with it and the Council has no say as to whether or not it is acceptable.
3. Planning permission and any other necessary statutory consents must be obtained before the lease would be granted. All reference to planning has been deleted from the documentation so it is no longer a condition of the grant of the lease and is therefore effectively a matter for ZRG's discretion.
4. Agreement is required on the funding and management of the Park. The provisions have been deleted so the agreement is now silent on this, and it is not clear whether any funding will be available for the Park as a whole. This is clearly contrary to the premise of the original proposal discussed in 2013 and to all further subsequent discussions.
5. Payment of the Council's costs. The Council has incurred significant costs in pursuing this matter at your instigation yet the provision has been deleted.
6. The term. ZRG have provided for an initial 125 year lease pending amendment of the Crystal Palace Acts, with a 500 year lease to be granted as soon as the amendment has been passed. However, the Council has clearly stated that the term must not exceed 250 years, though the possibility of including a provision for an extension on the expiry of that term was acceptable.

In the circumstances, it appears that there is no realistic prospect of us reaching a satisfactory agreement on these and other matters and, consequently, no point in renewing the Exclusivity Agreement or continuing discussions any further.

Yours sincerely

Marc Hume
Director of Regeneration and Transformation