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Council Offices
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By email only: R.Mortimer@spelthorne.gov.uk

11 March 2022

Dear Richard

Waterside Development Site, Staines Upon Thames

Development Agreement dated 30 April 2020 between (i) Spelthorne Borough Council and (ii) Arora Waterfront Limited (“Arora”) and (iii) Arora Hotels Limited (as amended) (the “Development Agreement”)

Unless defined in this letter all defined terms shall have the same meanings as those set out in the Development Agreement.

We refer to the Development Agreement and write to advise you of potential delays in achieving satisfactory planning consent to the Development which have primarily been caused by the following:

1. Planning Delays

The impact of the COVID-19 pandemic has obviously caused major disruption to all businesses and organisations, not just in the UK, but globally.

In terms of the Arora Group, as you might expect, our business was severely disrupted by Government restrictions and issues such as staff having to home school children, remote working and furloughing. Sadly, the business was also directly touched by the pandemic with many of my key senior team members (and myself) becoming infected with COVID-19 towards the end 2020. In fact, our Head of Developments ended up becoming very unwell and was admitted to hospital for a period of time. This led to delays we could never have foreseen affecting projects such as the Waterside Development.

With regard to the Waterside Development itself, we were not able to engage with the Council’s Planning Department for significant amounts of time over the last 20 months. The Local Planning Authority Department (the “**LPA**”) was shut down from March to September 2020 due to the pandemic and then effectively shut down again between June to September 2021 owing to the COVID-19 related illness of the relevant Planning Officer dealing with our case.

These ‘shut downs’ amount to about around 9 months that Arora was unable, through no fault of its own, to make meaningful progress with planning. In fact, we had forecasted that planning approval would have been obtained by January 2021 but we were not actually able to hold our first meaningful meeting with the LPA until December 2020.

In addition to the time that the LPA was not able to deal with our case, the pandemic has caused significant delays to our pre-planning engagement with the Council and other key local stakeholders. As we made very clear during the tendering stage, this phase in the planning is always a crucial step in our, but also any, developments. However, owing to the pandemic our opportunities to hold full and transparent consultations with those key local stakeholders, particularly the public, were both severely restricted and delayed.

2. Revising the Scheme Design

As the parties to the Development Agreement are aware, our original Scheme Design, whilst both compliant with the Council's own tender process for the Development and the Development Agreement itself, has faced challenges from the LPA, certain members of the Council and also members of the public. As we mention above, engaging with local stakeholders, particularly the public, is critical to us, so we have taken time to listen carefully to those challenges and concerns.

As a consequence we have radically revised our design in terms of reducing both the scale and massing of the Development. The revised scheme more positively aligns with what we understand the Council and the public wish to see in terms of a reduction in scale and potential impact on the riverside. However the revised design is now so different to the Original Scheme that it would, if submitted, amount to a Prohibited Variation under the Development Agreement and so would need the consent of the Council. Whilst Arora can proceed with the Original Scheme that was approved in the Development Agreement, we see ourselves as long term investors in the communities in which we operate and would prefer to demonstrate we have positively responded to the feedback we have received (as much as is commercially viable).

Arora spent 8 months working on the Original Scheme (compliant with the Development Agreement, with a potentially abortive cost of circa. £1.2m. It only became apparent during May 2021, and some 13 months after the signing of the Development Agreement, that there was a strong (and growing) public and also now political opposition to the size and scale of that scheme. Further, and regrettably, our ability to make consequential changes in response to that opposition was then hampered by the above referred to COVID-19 related delays at the LPA from June to September 2021.

In short, this process has cost Arora not only a significant sum of (potentially unrecoverable) money but has lost us up to 17 months under the Development Agreement in preparing an acceptable planning submission. Furthermore, following recent 'pre-app' planning discussions with the LPA, it was agreed that Arora should proceed with stakeholder engagement (Councillors and then wider public) and then share the feedback with the LPA in order to agree the final shape of the scheme. Arora has of course done this but in doing so has lost further, and potentially unrecoverable, time.

Our position

You will note that in accordance with the Development Agreement, there is a 30 August 2022 deadline for us to obtain satisfactory planning permission for the Development. As things stand, given we have not formally varied the Development Agreement - to extend the relevant planning dates and also to permit us to proceed with the revised design - in order to avoid breaching that agreement we shall need to submit our plans in the coming weeks (if not days) and in our original Scheme Design. We appreciate that this will likely be very unpopular with both members of the Council and the general public.

However, as an alternative, we consider that a more equitable solution for all sides, and particularly given all the delays that we describe above, would be for Arora to apply for a consent to a Prohibited Variation under the Development Agreement to allow us to make the changes to the Scheme Design which more closely align with political and public sentiment. In addition, we would seek an extended timetable to allow for further consultation and the design changes for a 200 bedroom hotel, which is more likely to be supported than the original 350 bedroom design.

By this letter we are making these requests.

Based on the above, and the amount of time lost to date, we intend to seek an extension to the Long Stop Date through to 30 August 2023. This represents a 12 months' extension which we consider is reasonable particularly given the 17 months that was lost to date due to proceeding with our original Development Agreement compliant scheme.

Family, community and long term relationships are at the heart of everything the Arora Group does. That is why, and as we mention above, we place so much importance on working with the community we are investing in, to ensure as much as we can, that our investments are welcomed and our

projects supported. Further, unlike many other developers who build out their schemes, sell and exit, we place great stock in remaining in our investments and building strong relationships over the years with the local businesses and the wider community.

We remain very much excited by, and committed to, this project and look forward to working closely with both the Council and the public to finalising a design which we anticipate will be widely supported and will lead to the delivery of a fantastic development.

We look forward to hearing from you.

Our position is reserved under the Development Agreement and generally.

Yours sincerely

Surinder Arora
Director



For and on behalf of
Arora Waterfront Limited