

**SOLSTICE PARK, AMESBURY
PROPOSED REGIONAL DISTRIBUTION CENTRE**

**FULL PLANNING APPLICATION
BY
KENMORE CAPITAL PORTFOLIO LTD**

MARKETING REPORT

2 APRIL 2009

CONTENTS

Section		Page
1	INSTRUCTIONS.....	1
2	BACKGROUND.....	1
3	MARKETING CAMPAIGN.....	3
4	DEMAND PROFILE.....	9
5	SUMMARY & CONCLUSIONS.....	11
6	NOTES.....	11
Appendix 1	SOLSTICE PARK COMMERCIAL MASTERPLAN	
Appendix 2	NOTE CONCERNING MARKETING OF THE AURORA OFFICES PROJECT	

1 INSTRUCTIONS

- 1.1 Alder King is instructed by Kenmore Capital Portfolio Limited (Kenmore) to produce a brief report summarising the results of the firm's marketing of Solstice Park for employment development over the last 7 years.

2 BACKGROUND

- 2.1 Solstice Park has styled itself in recent marketing literature as a £250 million development on a 65 hectare site that will become one of the largest mixed-use business parks in central Southern England.
- 2.2 It is strategically located adjacent to the A303 Trunk Road at Amesbury, Wiltshire, and some 14 miles from Andover and 33 miles from Exeter. The business park is within the administrative area of the newly formed unitary authority Wiltshire Council, having previously been within Salisbury District and being only 7 miles from Salisbury city. The business park lies south of the recently constructed all-ways road junction that provides access to Solstice Services, the 24 hour facilities that form part of the overall development.
- 2.3 Solstice Park is also adjacent to MoD Boscombe Down a military contractor operated major air-base site that is responsible for the test and evaluation of new aircraft and aircraft equipment that enter military service. We are advised that QinetiQ manage and operate the air-base for the MoD and with the support of the placed military, help deliver the test and evaluation tasks for the Joint Test and Evaluation Group. Boscombe Down air-base is also home to the Empire Test Pilots School and provides support to other lodged units such as the Tornado In-Service Software Maintenance Team and the Harrier Software Maintenance Unit as well as regional support to RAF Personnel at Joint Helicopter Command HQ Land and the Defence Nuclear Biological Chemical Centre, Winterbourne Gunner. Boscombe Down is also the home to Southampton University Air Squadron.
- 2.4 Amesbury as a small but expanding town and has a resident population of approximately 9000 persons.

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- 2.5 Outline Planning Permission for Solstice Park was granted in 1999 and 2002 for comprehensive development of the whole site for employment and leisure purposes in accordance with a submitted masterplan. The developer behind the application is The Amesbury Property Company Limited (APC) who simultaneously won highways approval for the construction of the all-ways A303 road junction. The masterplan safeguards a future direct road link from the A303 road junction to MoD Boscombe Down to the south where further land is allocated for employment uses requiring a specialist and secure location (as part of the Science Research Triangle concept which is shared with Porton Down).
- 2.6 The commercial marketing strategy of APC has been to create four distinct zones within the business park (A, B, C & D) for a wide range of different employment uses and to undertake direct development or to sell serviced land to specialist developers and/or owner occupiers where appropriate. These zones are shown on the commercial masterplan at Appendix 1 and the fundamental basis of the concept was to be attractive to a wide range of employment uses in what is generally recognised as a secondary business location compared with employment locations to the east (e.g Andover, Newbury, Basingstoke).
- 2.7 Existing buildings are shown on the commercial masterplan coloured grey. Consented schemes and phases not yet implemented are coloured beige and schemes and phases where planning applications have been made (but not yet determined) are shown coloured pink. The land where there is no current proposal is coloured blue. Existing highways are shown dark grey and proposed roadways coloured light grey with the alternative extensions to Meridian Way and Equinox Drive (to become the first leg of the Boscombe Down Relief Road) edged red over green.
- 2.8 There are now six principal commercial landowners/developers/investors on or adjoining Solstice Park:
- The Amesbury Property Company (APC) who retain land not yet sold.
 - Abbey Manor Group (AMG) who acquired Zone A.
 - The Zone B Roadside and Leisure facilities in fragmented ownerships.
 - Old Sarum Office Developments (OSOD) who acquired a plot within Zone C.
 - Kenmore Capital Portfolio (KCP) who acquired Zone D.

- Defence Estates (DE) for the MoD Boscombe Down (allocated employment land to the south)

3 MARKETING CAMPAIGN

- 3.1 Alder King involvement with Solstice Park commenced in the summer of 2002 when the firm was appointed by APC as one of their marketing agents.
- 3.2 The marketing agents' initial advice to APC was, for marketing and presentation purposes, to adjust the original Outline Planning Permission masterplan to reflect the four distinct zones referred to at 2.6 and at Appendix 1. The strategy was to promote as much of the site as possible through the new commercial masterplan so as to become engaged with, and seek deals from, varying sectors of the market. The creation of the industrial zone (Zone A); roadside and leisure zone (Zone B); office zone (Zone C) and the major users or HQ zone (Zone D) was a deliberate initiative to open up the site to as many differing operators as possible at any one time. It was also the way in which a coherent strategy could be communicated to the marketplace to show how a new business community in Amesbury was intended to be developed. The sub-plans for each zone were not prescriptive and have changed many times to reflect differing ideas of how prospective occupiers may be housed within the overall scheme.
- 3.3 Also in the summer of 2002 APC instructed Hamiltons (formerly Hamilton Associates) as Architects to interpret the APC/Agents commercial marketing strategy and design the commercial masterplan incorporating the four zones from which a marketing campaign would be launched. Hamiltons also produce a voluntary design guide for the site (the Development Strategy Submission) to ensure that different employment uses were implemented to a "family" of design styles. This is to ensure that existing and new businesses would know that their investment in the Park is protected by a desire to maintain a quality environment which in turn aids marketing.
- 3.4 The Solstice Park marketing campaign commenced in 2003 utilising the commercial masterplan and continues to date. The four development zones have achieved varying degrees of progress briefly described as follows:

3.5 Zone A - The 7.4 ha zone of net developable employment land has been sold to Abbey Manor Group (AMG):

- AMG has speculatively developed The Beacon Centre, a quality Light Industrial development comprising units of 175m² to 340m². The take up to date by occupiers has been slow but steady, with 15 units built, of which 9 are currently vacant.
- AMG has presold a 1200m² bespoke R & D unit to The Tintometer Ltd adjacent to The Beacon Centre.
- AMG has recently sold 3.86ha where a Regional dairy distribution Depot for B8 use by Robert Wiseman is under construction.
- Currently approx. 2.65 ha at Plot 400 remain undeveloped with Plots 102 and 103 adjacent to Tintometer also undeveloped and available for buildings of 929m² and 728m² respectively.

3.6 Zone B is 4.65 ha in size. 3 ha have already been developed directly by APC together with national brand names and currently comprise the following non Class B use employers which are open for business:

- 104 bed Holiday Inn Hotel and Restaurant
- PFS and ancillary Somerfield convenience store
- Harvester Family Pub
- KFC fast food and drive in, and
- Pizza Hut restaurant

The remaining capacity at Zone B is earmarked to provide leisure facilities that will bolster the leisure offer for the Salisbury District, Amesbury and the nearby garrison towns. Of the remaining undeveloped 1.65 ha of Zone B a Leisure and Sports Centre project has been granted full planning permission on 1.23 ha but has not yet been built for lack of funding. There is a further 0.42 ha with a high profile roadside location which is undeveloped.

3.7 Zone C - The 9.24 ha net developable employment area promoted as Zone C has been earmarked as an office park but with limited success:

- No small or nursery office units have yet been consented or built (very limited interest from office developers or occupiers at this stage)
- Following a site sale a medium sized office project on 1.06 ha has been designed by Old Sarum Office Developments Ltd (experienced local Developers) and the first two of their five office buildings known as The Crescent, offering a total of 12 office suites of approximately 170m² each (accommodating 8-12 persons per suite), have been built to a high standard but with 11 of the 12 suites constructed remaining vacant 18 months after completion.
- A large office building, "Aurora", 6,162m² plus 212 on site car parking spaces was conceived by APC for a single major occupier (an employer of approximately 500 persons) on a 2.35 ha plot; consent was obtained in April 2003 and the project has been vigorously marketed to major local and regional employers but without success.
- A non Class B-use Children's Day Nursery is planned on 0.4 ha which has recently received planning consent.
- Currently approx. 8.71 ha remain undeveloped for additional development.

3.8 Zone D - In 2007 APC sold approximately 26 ha to the Investor Kenmore who has formed a partnership with specialist Developer Graftongate. The combined UK and Continental experience of APC, Kenmore and Graftongate has been harnessed to conceive a state of the art Regional Distribution Centre on 22 ha. The remaining 4 ha has no specific plans at this stage.

3.9 In terms of positioning in the market today, because of the commercial zoned strategy Solstice Park sits alongside other competing but strategically located schemes in the region, most notably:

- Zone A is an emerging industrial estate competing with those in Salisbury and Andover in particular and more locally with Marlborough Business Park, and Castledown at Ludgershall. On a wider perspective it competes with Swindon, Southampton and Newbury.

- Zone B as a roadside services venue has established itself as Solstice Services competing with other services facilities on the A303 as well as the Sutton Scotney Services on the A34 and the Fleet Services on the M3 Motorway. It was also anticipated to provide leisure facilities (subject to market demand).
- Zone C was planned to become an Office Park although that is being reconsidered by APC in the light of the lack of demand for this use and, like the Zone A, it competes with Salisbury, and Andover as well as the Swindon, Southampton and Newbury markets.
- Zone D as a potential site capable of housing up to 100,000 sq m (1million sq ft) of distribution or storage warehousing as a Regional Distribution Centre location conveniently located in drive-time from ports at Southampton and Portsmouth and linked to the M3 Motorway and London via the A303. The A303 itself is regarded as one of two major trucking routes into the South West (the other being the M5 from Birmingham). Whilst there are competing distribution sites at Andover, Southampton, Newbury and Swindon, evidence over that last 4 years indicates that Amesbury is well placed to tap into this market.

3.9 In order for the respective zones to compete with these other locations, APC established and promoted the brand “Solstice Park” for the benefit of the whole 65 ha project and for the specialist developers and users present on the site. The extensive marketing programme seeks owners, occupiers and funders to the Solstice Park project.

3.10 APC has energetically undertaken local and regionally focused marketing which includes support for local schools, regular exhibitions and events organised by the SDC, the Chamber of Commerce and the Town of Amesbury. In addition, Solstice Park is also regularly promoted and advertised in the national Specialist Press (Estates Gazette, Property Week, etc). Presentations have been made to: the Royal Institution of Chartered Surveyors Annual Development Conference; on several occasions to SWEP – the Salisbury and Wiltshire Economic Partnership; and to the Governetz seminar to Government departments, considering London relocations in response to the Lyons/Gershon reviews, amongst others.

3.11 Over the last six years the well orchestrated marketing campaign has created the “Solstice Park” brand and identity. A vast array of tools of the trade and marketing components have been utilised including:

- The creation of a logo and sense of identity
- Advertising in National, Local and Specialist Property and Logistics press
- Receptions/completion and opening ceremonies/presentations
- Exhibitions
- Brochures and leaflets
- Branded corporate promotional gifts
- Branded local sponsorship
- Direct mailing to Property Sectors, local and regional employers and Government Departments
- Models of schemes
- Newsletters
- Photography – aerial and ground shots
- Radio Advertising
- Conferences and seminars
- Website: www.solsticepark.com and its related family
- Site signs, roadside signage and For Sale/Letting boards
- PR support
- Educational visits and school support
- Non occupier led planning applications (no identified end user)
- Modern Art Sculptures as eye catching talking points (the Dragonfly won three Arts and Business South West awards in 2007)

3.12 Marketing expenditure to date has been in excess of £425,000.

3.13 The marketing programme has included numerous exhibitions and presentations working alongside public bodies charged with promoting economic growth. These events have included:

- Governetz Conference in London with Sir Michael Lyons (Lyons Review)

- Governetz and Wiltshire County Council joint seminar in Salisbury promoting Lyons Review relocations
- SWEP (Salisbury and Wiltshire Economic Partnership) Seminars in Salisbury
- RICS annual South West Development Conference in Bridgwater comparing Solstice Park with other Business Park employment areas
- Salisbury Chamber of commerce Presentations and Annual Expo Exhibitions

3.14 The marketing programme has been building confidence in the location as a new business park by developing and promoting the high quality employment environment that is emerging. Further co-ordinated marketing between APC and both AMG and OSOD continues to find occupiers for the undeveloped land and the 18 speculatively built vacant units currently available as shown in Table 1:

AK Table 1 – Speculative Class B-Use Units Vacant & To Let as at April 2009

	Unit No.	Building Size m ²	Date Built	Description
1	A202 Beacon Centre	214	Jan '06	Light Industrial Business Unit
2	A204 Beacon Centre	222	Jan '06	Light Industrial Business Unit
3	A205 Beacon Centre	214	Jan '06	Light Industrial Business Unit
4	A206 Beacon Centre	217	Jan '06	Light Industrial Business Unit
5	A207 Beacon Centre	255	May '06	Light Industrial Business Unit
6	A208 Beacon Centre	249	May '06	Light Industrial Business Unit
7	A209 Beacon Centre	249	May '06	Light Industrial Business Unit
8	CA 101 The Crescent	168	May '07	Office Suite
9	CA 102 The Crescent	168	May '07	Office Suite
10	CA 201 The Crescent	179	May '07	Office Suite
11	CA 202 The Crescent	179	May '07	Office Suite
12	CA 301 The Crescent	179	May '07	Office Suite
13	CA 302 The Crescent	179	May '07	Office Suite
14	CB 101 The Crescent	168	Jun '07	Office Suite
15	CB 102 The Crescent	168	Jun '07	Office Suite
16	CB 201 The Crescent	179	Jun '07	Office Suite
17	CB 202 The Crescent	179	Jun '07	Office Suite
18	CB 302 The Crescent	179	Jun '07	Office Suite

Source: Alder King

3.10 To summarise the marketing history, in excess of £425,000 has been spent in establishing and promoting Solstice Park and in securing the first employers establish themselves at the location. Marketing continues for the 35.84 ha of land and the 18 vacant units currently available to let.

4 DEMAND PROFILE

4.1 Solstice Park has secured various developments and thus job creating employers to date within three of the four Zones. In summary they are:

Zone A: Use Class B1 project: Tintometer

Use Class B2 projects: Aquaid; City Link Builders; Core Display Systems; Express Motor Workshop; Great Western Ambulance Station; SG Systems; Tintometer

Use Class B8 project: Robert Wiseman Dairies (just commenced)

Zone B: Use Class A3 projects: Amesbury Archer Public House; KFC Restaurant and Takeaway; Pizzahut Restaurant and Takeaway.

Use Class C1 project: Holiday Inn Hotel

Class: Sui Generis PFS & Somerfield Convenience Store

Zone C: Use Class B1 project: Stephenson Research

Zone D: Not yet commenced

4.2 The demand profile of these occupiers confirms the nature of Zone A developing as an emerging industrial estate within the Use Class B2 and B8 and some B1, Use Classes; Zone B has been developed as Solstice Services incorporating the mixed commercial and leisure uses; Zone C is struggling to become an office park; and Zone D has not yet commenced.

4.3 Whilst the marketing campaign has achieved significant results for both Zone A and Zone B it has not produced the expected results for either Zone C or Zone D. Consequently the demand profile has periodically been critically reviewed to realign the plans and development ideas with market-led requirements. In this context it should be noted that large scale office

development is now considered unlikely to be a significant contributor to job creation at Solstice Park.

4.4 Offices were considered in the early days of marketing to be the potential predominant user for both Zone C (then planned to become an office park) and Zone D (earmarked for major users or HQ). The lack of demand for Offices has been the subject of discussion in the Planning Inquiry into the alternative foodstore proposals for Plot C1. Alder King prepared a Note for that Planning Inquiry demonstrating the extensive office orientated marketing that had been carried out and this Note is included at Appendix 2.

4.5 The general lack of interest in Offices at Solstice Park is put down to a number of factors that include:

- No recognised Office market in Amesbury
- Relatively isolated location in terms of other commercial office activity nearby
- No railway station close-by (nearest is Salisbury 7 miles or approx £20 taxi ride away)
- Rents necessary to deliver Offices at Solstice Park would need to be at the Salisbury/Andover level where there is an established Office market
- Industrial nature of existing environs including MoD Boscombe Down air-base
- And of late the declining market for major Offices relocation due to the economic climate

4.6 Alongside the lack of demand for Offices has been a growing demand for both major B8 storage and/or distribution units and other sui generis activity. The B8 demand prompted the land sale of Zone D to Kenmore and the sui generis demand has included the following uses:

- Motor showrooms and workshops
- Trade Counters
- Cash and Carry warehouses
- Builders and Hire centres

5 SUMMARY AND CONCLUSION

5.1 The extensive marketing campaign over the last 7 years has produced significant results at the Zone A emerging industrial estate and the Zone B roadside services area in Solstice Park. However the marketing campaign has also resulted in a realisation that major Office development is not in demand at this location. It has also revealed pent up demand for both major B8 storage and/or distribution units and other sui generis activity and interest in these uses remains.

6 NOTES

6.1 This document is provided for the stated purpose and for the sole use of Kenmore Capital Portfolio Limited, its partners and its professional advisors and those interested parties relating to this RDC application. Alder King accepts no responsibility whatsoever to any person who choosing to rely upon this document will do so entirely at their own risk.

6.2 This document should be read as a whole so that no part may be taken out of context. Neither the whole nor any part of this document or reference to it may be included in any published document, circular or statement in any way without the prior written approval of Alder King as to the form and context in which it may appear.

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APPENDIX 1

SOLSTICE PARK COMMERCIAL MASTERPLAN

(Note the attached plan has now been superseded by the Plans in Appendix 1 to Matter 4.6 [as at 5/2/10] to include the proposed realignment of the Boscombe Down Link Road and recent consents to grant the proposed Data Centre to the west of the proposed Regional Distribution Centre.)

APPENDIX 2

NOTE CONCERNING MARKETING OF THE AURORA OFFICES PROJECT