

OBJ/3/P1/B

Transport and Works (Inquiries Procedure) Rules 2004

Proposed London Underground (Victoria Station Upgrade) Order

LAND SECURITIES GROUP plc AND OTHERS (Objector No.3)

REBUTTAL PROOF OF EVIDENCE

of

COLETTE O'SHEA MSc, MRICS

of

LAND SECURITIES GROUP plc

1.0 INTRODUCTION

- 1.1 I have prepared this rebuttal proof of evidence in order to respond to the proof of evidence of Mr Colin H Smith on behalf of London Underground Ltd and to cover other matters which I consider to be relevant in light of the issues arising from Mr Smith's evidence.
- 1.2 I have not dealt with all the points raised in Mr Smith's evidence, however where I have not dealt with any matter contained within his evidence this does not mean that I accept the points he makes.
- 1.3 Other Land Securities' witnesses also comment on Mr Smith's evidence, namely Mr Earp, Mr Bullock and Mr Fourt.
- 1.4 These are the key areas covered (in no particular order) in this Rebuttal Proof: -
 - a) Confusion between the VTI proposals and the VT12 proposals;
 - b) Mr Smith's assertion that there is no certainty as to the commencement of our VT12 proposals;
 - c) Certainty of VSU proceeding;
 - d) The extent of the land LUL seeks permanently to acquire as against that which it needs temporarily for construction uses;
 - e) LUL's proposals for the transfer of land arrangements (in particular the Land Disposal Policy);
 - f) Mr Smith's assertion that LUL is prepared to reach an agreement with Land Securities;
 - g) The balance between the public interest benefit in the delivery of VSU and the public interest in and private rights associated with regeneration and, for example, continuing use of the Victoria Palace Theatre (VPT) as a working theatre; and

- h) Mr Smith's assertion that VT12 does not include significant transport benefits.

2.0 RESPONSE TO MR COLIN SMITH

2.1 Confusion between our original VTI and VTI 2 schemes

- 2.1.1 As a general point, Mr Smith appears in a number of his arguments to be inconsistent as to whether he is dealing with our original VTI scheme and its planning application or our current VT12 scheme and the three planning applications submitted on the 19th September 2008 (it will be seen from Land Securities' evidence that there are three applications, not four as he mentions in paragraph 10.2.4). As I mention in paragraph 3.32 of my Proof of Evidence, the strategy for making three applications (and bearing the increased cost of so doing) arose from a desire to seek to mitigate the adverse effects of VSU on VT12.
- 2.1.2 As I explained in my Proof of Evidence, Land Securities' original VTI application remains extant with Westminster City Council ("WCC") and the period for the determination of this application has been extended to 1 March 2009. In addition, we are currently actively progressing our three VT12 applications but I feel that at various points in his evidence Mr Smith has become confused as to which of the two schemes he means to refer to.
- 2.1.3 Land Securities' evidence to this inquiry is largely based upon the effect VSU has on our VT12 scheme. As an example of the scope for confusion, at paragraph 10.1.4 Mr Smith states "The VTI scheme is also dependant upon agreement with TfL on the transfer of their land south of Victoria Street, the displacement of buses from the current bus station into the highway, and the provision of the major upgrade of the District and Circle Line Station". Whilst this statement is correct in relation to the original VTI scheme, it is not correct in relation to our VT12 scheme. By utilising this example Mr Smith is seeking to suggest that far greater amounts of land are required in order to complete our development site than is actually the case, and so this leaves the reader with a misleading impression. More detail on this issue is provided at paragraph 2.2.4 below.

2.2 Certainty surrounding VTI2 commencement

2.2.1 In paragraphs 10.2.7 to 10.2.12 and 10.3.2 of his Proof of Evidence Mr Smith makes a number of assertions all leading to his contention that it is unlikely that the VTI2 scheme will be implemented. I will deal with the issues raised in these paragraphs in some detail below. It should also be noted that Mr Smith makes the same points many times throughout his Proof of Evidence, but I do not propose to identify and comment upon every occasion that he makes the same point:

2.2.2 Viability

2.2.2.2 Paragraphs 10.2.7 to 10.2.11 of Mr Smith's Proof of Evidence provide information on what he says is the uncertainty in the market and the effect this might have on commencement of commercial developments. He suggests that "the viability of the VTI2 will have rapidly deteriorated in the past 12 months", and in turn calls into question whether Land Securities would therefore proceed with the development.

2.2.2.3 Viability is dealt with principally in Robert Fourt's Proof of Evidence and in his Rebuttal of Mr Smith's evidence.

2.2.2.4 Land Securities is a vastly experienced developer of large mixed use schemes and our track record clearly demonstrates that we understand the markets in which we operate to a very high degree. Our experience means that we can deliberately time our delivery of space to the market at a financially advantageous time. This has been evidenced by our commencing development at Cardinal Place in a relatively flat market, thus delivering it into a significantly improving market. This strategy results in the company achieving significant increases in value, and therefore in returns to shareholders as well.

2.2.2.5 Land Securities' experience has shown that it is important to continue to commence developments in a "depressed" market so that we are in a position to deliver new, high quality space to the market at a point when demand, rents and values increase.

2.2.2.6 I note that in his Proof of Evidence Mr Smith relies for support on forecasts for economic growth. However, the support which he seeks to derive from these forecasts is misconceived. For example Mr Smith is wrong to suggest that Land Securities' decision as to whether or not to commence development in September 2010 is affected in any way by the forecasts for growth in the period up to 2012, to which he refers in paragraphs 10.2.8 to 10.2.10. We intend delivering our VT12 scheme on a phased basis commencing in 2014 and finishing in 2017. Based on the professional advice we have received, we fully expect to be delivering this space into a rising market. This advice is commercially confidential.

2.2.2.7 I note that, although he refers to it, we have not been supplied with a copy of the advice of CB Richard Ellis referred to in paragraph 10.2.11 and are therefore not able to assess the credibility of Mr Smith's statement here.

2.2.3 Planning Permission

2.2.3.1 At paragraph 10.2.12(i) Mr Smith states that there is no planning permission for VT12 and makes further planning-related comments in sub-paragraphs (ii) and (iii). Whilst this is clearly currently correct (because our three planning applications were only submitted to WCC on 19 September 2008) we have had, and continue to have, positive support for our VT12 proposals from WCC. This is evidenced, for example, by the letter from Rosemarie MacQueen, WCC's Director of Planning dated 6th February 2008 which is referred to in my Proof of Evidence as **Land Securities Core Document OBJ3/1/31**.

2.2.3.2 Mr Smith is therefore incorrect in his assertion in paragraph 10.2.5 that the views of WCC upon VT12 are not yet known. There is every indication that we will receive planning permission during the first quarter of 2009. Mr Bullock has dealt with this matter in more detail in his Proof of Evidence and Rebuttal Proof.

2.2.3.3 Mr Smith's statement in paragraph 10.8.3 (iii) that "Land Securities have been attempting to obtain a planning consent for VTI and VT12 for over 5 years" gives an incorrect impression that either our applications have dragged on interminably or that there have been numerous unsuccessful applications. The first planning application, for VTI, was not made until August 2007 and all

our activity in advance of that application was prudent pre-planning. The history of our VTI schemes is set out in some detail in my Proof of Evidence.

2.2.3.4 It should also be noted that Mr Smith is incorrect in his assertion (in paragraphs 2.1 and 10.1.2) that Greycoat plc did not get a planning permission for this part of Victoria. Whilst he is correct in what he says about Greycoat's 1993 planning application Mr Smith does not record that a permission was granted subsequently in 1996 following a second Greycoat planning application.

2.2.4 Completion of Land Acquisition of the VT12 Site

2.2.4.1 At paragraphs 10.2.12(iv) and (v) Mr Smith states that it is unlikely that Land Securities will be able to implement our VT12 proposals as a whole until such time as we have acquired all the land within the planning boundaries. Whilst this is, of course, true, we are continuing to make significant progress in acquiring outstanding parcels (our current land ownership is shown on **Land Securities Core Document OBJ3/2/11**). We are also making significant progress in reorganising the various occupational leases to ensure vacant possession to accord with our construction timetable (namely a projected start on site in September 2010). I note that Mr Smith concedes, at paragraph 10.3.2 of his proof of evidence, that "much of the VT12 site is within Land Securities' control". This is correct. Mr Fourt covers this point in more detail in his rebuttal proof,

2.2.4.2 To the extent that any parcels of land cannot be acquired by negotiation by the relevant date WCC has confirmed its support in principle for using its compulsory purchase and S237 powers, again as evidenced by the letter from Rosemarie MacQueen referred to above. Ms MacQueen specifically states that the Victoria Area Planning Brief and the Members' resolution to adopt it in March 2006 commits WCC to supporting this principle. Again, these matters are dealt with in greater detail in Mr Bullock's Proof of Evidence and Rebuttal Proof.

2.2.5 Pre-Letting

2.2.5.1 In paragraph 10.2.12(vi), Mr Smith states that he "should expect Land Securities to require to pre-let a significant part of the scheme". This is not

necessarily the case. In relation to our other developments, some have been developed speculatively (for example, Cardinal Place) and others have been the subject of pre-lets where these have been on terms commercially acceptable at the time.

2.2.6 Funding

2.2.6.1 At paragraph 10.3.2 (iv), Mr Smith states that commencement of development will depend upon raising the necessary finance. Land Securities funds its developments through a variety of methods, for instance by ourselves (from our own substantial balance sheet), through joint ventures, and also through external bank funding. We will utilise the most cost-effective and appropriate funding method at the time, but I have no reason to suppose that in 18 months to 2 years' time we will be unable to secure the necessary finance to enable the scheme to proceed. Current market conditions are irrelevant; we have recently seen how volatile markets can be and the relevant point in time for an assessment of funding is at least 18 months away.

2.2.7 Board Approval

2.2.7.1 At paragraph 10.3.2 Mr Smith suggests that Land Securities requires approval from its Board to undertake the development. Whilst this is undoubtedly true it is relevant to note Land Securities' long term commitment to the City of Westminster and, in particular, to the Victoria area. As I explained in my Proof of Evidence, we have significant landholdings in the Victoria area (identified on the plan at **Land Securities Core Document OBJ3/2/12**) and during September 2008 made not only the three VT12 planning applications but also the planning applications for proposed developments at Selborne House and Wellington House (both on Victoria Street) and Arundel Great Court (off the Strand). The Board is fully behind the continued work on all these schemes. To this end the Board has approved expenditure in excess of £25 million to reach the present point on the VT12 development. I know from experience that if the Board had serious doubts as to the long term viability of the VT12 scheme at the point at which it will be delivered to the market (over the period 2014 to 2016) this expenditure would not have been approved. These comments also deal with the suggestion at paragraph 9.5.7 (iv) of Mr Smith's evidence that Land Securities might sell the VT12 site.

2.2.8 General comments

2.2.8.1 Mr Smith makes the point in paragraph 10.3.3 (iv) that “LUL is not a property developer”. He also explains his own experience in the public sector and with public sector developments.

2.2.8.2 My evidence demonstrates that Land Securities is, on the other hand, an experienced property developer of mixed-use schemes of the type of VT12. The combination of the experience at Land Securities and the advice of our specialist agents means that we are in a much better position to judge the market and the appropriate time for delivery of our schemes than either Mr Smith or LUL, both of whom appear to have limited experience in this particular area (a point confirmed by Mr Smith in the section of his evidence referred to above).

2.2.8.3 Notwithstanding all of the issues Mr Smith raises to suggest VT12 will not proceed on its current programme of commencement on site in September 2010 and my and others comments made in rebuttal, I consider this all rather misses the point. The point really is whether it is reasonable irrespective of any outside factors for VSU unnecessarily to delay the regeneration of Victoria that would be achieved through our VT12 scheme.

2.2.8.4 VSU as currently designed means we could not commence our VT12 development until August 2014 (on the basis of the currently published LUL programme). However, if the route and method of construction of the Paid Area Link were to be varied as described in Land Securities' evidence, both schemes could proceed simultaneously.

2.4 Certainty of VSU proceeding

2.4.1 Mr Smith makes much of the supposed lack of certainty surrounding VT12 proceeding, as explained in section 2.3 above. However it would appear that there is in fact much uncertainty surrounding delivery of VSU. This uncertainty arises from:

2.4.1.1 not knowing whether and on what basis the TWAO will be confirmed at all. Given the strength of the concerns raised by us and other objectors such as

the Victoria Palace Theatre (“VPT”) it is by no means certain whether and on what basis the TWAO as promoted will be approved;

2.4.1.2 even if the TWAO is made, not knowing the date for delivery. The latest TfL publication contains no date for completion of the VSU project, should it go ahead; and

2.4.1.3 not knowing whether the necessary funding for VSU will be available. The same market conditions to which Mr Smith referred apply but more so to TfL/LUL given the pressure on public finances and the consequent abandonment or delay of public schemes. A number of points are relevant here:

- (a) VSU does not feature in a recent table of Key Mayoral Policy Areas issued in late September 2008;
- (b) from the context of LUL issuing Restated Terms for the Second Period to Tube Lines (see **Appendix 1** to my Rebuttal Proof), it would appear that TfL/LUL has a £1 billion funding shortfall ; and
- (c) many different figures for the total costs of VSU have been produced by TfL/LUL over the last year, which suggests there is no certainty within TfL/LUL as to the actual cost of VSU. This seems surprising in relation to a publicly funded project of this size and supposed importance and in respect of which LUL is seeking a TWAO. For instance, the VSU budget for all the land costs is said by Mr Smith in paragraph 10.10.1(ii) to be £79.66 million. Mr Smith goes on to say in paragraph 10.10.1(iii) that Land Securities is only one of a number of third parties due compensation, with others including Network Rail and VPT, and the promoters have now said that their estimate of compensation to Land Securities within that figure is broadly £16m. This should be compared with what Land Securities’ witnesses say is the level of compensation due to Land Securities arising from VSU of £183 million, as estimated by Mr Fourt and detailed in his Proof of Evidence. This clearly suggests to me that LUL have seriously underestimated levels of compensation due (indeed they have never explained how the £79.66 million (previously £66.79 million in earlier application documents) was calculated notwithstanding repeated

requests). The differential between the £183 million due to us and the (apparently) £16 million in LUL's budget is very significant and therefore must, I suggest, call into question the viability of VSU.

2.4.2 The level of compensation due to Land Securities alone if the TWAO is confirmed in its present form makes VSU not viable and therefore undeliverable. The originally-appointed Inspector acknowledged at the Pre-Inquiry Meeting (and this was not disputed by LUL) that viability issues were a relevant factor for this Inquiry.

2.5 Permanent and Temporary Land Take

2.5.1 Mr Smith refers in his Proof of Evidence to article 24 of the draft TWA Order (for example, at paragraphs 10.9.1 to 10.9.8). A detailed consideration of the arguments for and against article 24 as drafted is beyond my expertise, but I refer to the correspondence between the advisers to Land Securities and LUL respectively on the point. The most recent piece of correspondence is a letter from Sharpe Pritchard to Bircham Dyson Bell, a copy of which is at **Appendix 2** to this Rebuttal Proof. Instead I refer below to the principles of land acquisition underlying the powers in the draft Order.

2.5.2 In paragraph 5.1.2, Mr Smith states that "LUL seeks compulsory purchase powers to acquire no greater amount of land than appears to them to be reasonably required in order to construct and operate new works proposed in a safe, timely and economic manner".

2.5.3 It is clear to Land Securities that LUL are seeking permanently to acquire a greater amount of land than is reasonably required for those purposes. This has a detrimental effect upon our ability to deliver comprehensive regeneration to the Victoria area. I do not think it is necessary to repeat the points I made in paragraphs 1.15.4, 1.15.5 and 5.5 of my Proof of Evidence but I refer the Inspector to them in this context. For the reasons set out in those paragraphs Mr Smith is incorrect in his assertion that LUL's interests can only be protected by a compulsory permanent acquisition of all of the land shown within the TWAO application.

2.5.4 Mr Smith states at paragraph 6.12 that "the powers sought are considered proportionate and in the public interest". I consider that this is not the case for

the following reasons (all of which are dealt with in more detail in the evidence of Land Securities' witnesses): -

- (a) the ability to construct new infrastructure can be achieved through provision by Land Securities of temporary working sites to LUL;
- (b) in relation to the protection of new infrastructure we can see no justification for treating new infrastructure any differently from any existing infrastructure. In the case of existing infrastructure, if landowners wish to do work in the vicinity of the railway the details of these works need to be approved by LUL. This regime can equally apply to new infrastructure;
- (c) I consider that the compulsory purchase powers sought in the TWAO application go beyond the land acquisition contemplated by the March 2007 Heads of Terms, and beyond that which LUL appear to have indicated they would be prepared to agree should private agreement be reached. This therefore suggests to me that their supposed need to build and thereafter protect their infrastructure through permanent land acquisition cannot properly be justified; and
- (d) outright purchase upfront will result in significant early capital expenditure, whereas temporary occupation of working sites in consideration of payment of licence fees spreads the outlay of a much reduced amount of expenditure.

2.6 Land Disposal Policy

2.6.1 Whilst Land Securities only received the final Land Disposal Policy from LUL on 17 October 2008 (and despite repeated requests we were told it had yet to be approved in final form within TfL/LUL) Mr Smith goes into considerable detail in his Proof of Evidence in relation to its provisions. I do not propose to discuss the individual points in detail because a number of the principles underlying the provisions of the Land Disposal Policy, whilst not capable of being fully justified, are broadly acceptable to Land Securities. By way of example, Land Securities accepts:-

- (a) a freehold transfer to LUL of the Northern Ticket Hall (“NTH”) land and of the subsoil containing below ground infrastructure; and
- (b) a leaseback to us of the airspace above the NTH.

2.6.2 However, Land Securities finds the following to be unacceptable because they are unnecessary:

- (i) the uncertainty of the Land Disposal Policy arrangements (see paragraph 8.1.7 of Mr Smith’s Proof of Evidence). Land Securities needs to have certainty that its land will be returned and when, and on what terms it will be returned, so as to ensure we can deliver comprehensive regeneration through our VTI 2 development;
- (ii) the length of lease term on offer (paragraph 8.4.2 of Mr Smith’s proof of evidence). Whilst it may be true to say that infrastructure will require renewal after 125 years, such renewal will always be dependent upon (amongst other things) whether the project is a priority for TfL/LUL (or their successors) and whether funding is available. In any event compulsory purchase powers can be sought then if required. It is Land Securities’ view that a longer lease term should be offered, containing a right for LUL to determine the lease (on payment of compensation) if it is actually going to commence such a renewal; and
- (iii) the concept of a building agreement with the grant of a lease only on completion of a development (paragraph 8.4.7 of Mr Smith’s proof of evidence). LUL are seeking to acquire the freehold of major parts of Land Securities’ development site, thus fundamentally altering what can be constructed on Land Securities’ land. Provided that lease provisions are in place to protect new infrastructure during the construction process and subsequently, LUL have no legitimate interest in the buildings to be constructed above the infrastructure. It is therefore unnecessary to have a building agreement. An immediate leaseback should be entered into on the transfer of the freehold to LUL to avoid the payment of unnecessary Stamp Duty and any shortfall in security that could be provided to a lender if construction loan finance were to be obtained. This structure was agreed to by

LUL in the March 2007 Heads of Terms and I do not consider that anything has changed since then to make the principle now unacceptable.

2.6.3 On a separate but related point, I also do not understand why LUL considers it should have any controls over the site following leaseback to us (save in respect of those needed to protect its infrastructure) - Mr Smith suggests, in paragraph 9.4 of his Proof of Evidence, "that development should commence soon after site handover".

2.6.4 I was also surprised to note that LUL (paragraph 9.3) has produced a strategy for reinstatement of Land Securities' land without any consultation with us.

2.6.5 LUL agreed land transfer provisions with Land Securities in the March 2007 Heads of Terms broadly along the lines I have described above, and not very different from those set out in the Land Disposal Policy (as commented upon above). For these reasons I cannot understand why LUL is not prepared to offer such terms in its TWAO application, which would have eradicated an area of disagreement between Land Securities and LUL.

2.7 LUL's Desire to Reach Agreement with Land Securities

2.7.1 In paragraph 5.2.8 and elsewhere within his Proof of Evidence Colin Smith has stated that LUL generally seeks to reach agreement in advance with objectors on property aspects and protective measures. I consider that this is not borne out by Land Securities' experience and, whilst LUL appear to have been paying lip-service to the idea of reaching an agreement with Land Securities, through my participation in many of the meetings and discussions I have seen no evidence of any corporate will within LUL/TfL to achieve this. I note Mr Smith's statement in paragraph 10.3.3(i) of his Proof of Evidence that "it is preferable for the design of VSU and VT12 to be made compatible if possible". This is also very much Land Securities' desire, as has been evidenced by our pro-active attempts to achieve an agreement with LUL, but our evidence to this inquiry demonstrates that had this been a genuine desire on the part of LUL there was every opportunity to have achieved it.

2.7.2 I dealt in some detail in my Proof of Evidence with the history of Land Securities' relations with LUL, the signing of the March 2007 Heads of Terms,

and the breakdown of negotiations which led to Land Securities objecting to LUL's TWAO application. Throughout 2008 we have made repeated attempts to reach agreement with LUL in relation to the engineering and financial aspects of our two schemes. However, LUL spent the period from making the TWAO application in November 2007 to July 2008 redesigning the VSU works without any reference to Land Securities or to the points made in our objection, culminating in the issue of supplemental information amending the VSU scheme on 5 August 2008. As I mentioned in my Proof of Evidence, this fact supports Land Securities' complaint in its objection that the making of the TWAO application was premature. Whilst engineering meetings did take place between Land Securities, LUL, and the parties' respective advisers, there was no meaningful engagement on the part of LUL during that period to try and solve the engineering difficulties outlined in our letter of objection, notwithstanding the fact that we had made repeated attempts to do so.

2.7.3 It should also be noted that we made an offer to mediate the outstanding issues with LUL / TfL but this offer was also rejected by them.

2.7.4 In addition, in paragraph 9.5.1, Mr Smith states that "LUL will continue to work with the Local Planning Authority and Land Securities ... to help, in so far as is practicable, realise a comprehensive plan for the development with integration of plans to achieve optimum results". I suggest that the best way for LUL to achieve this is:

- (a) not seeking permanently to acquire more land than is needed for its permanent infrastructure;
- (b) granting to Land Securities an immediate lease back of the land above the NTH;
- (c) working with Land Securities to ensure the NTH will support the construction of the maximum square footage possible, preferably the full extent of buildings 7b and 7c (as designed and submitted for planning approval). On this point (and as described in paragraph 9.5.2 of Mr Smith's proof of evidence) it should be noted that the building above the NTH in respect of which LUL applied for planning permission could not structurally be supported by the NTH as designed;

- (d) working with Land Securities to agree a solution for the route and method of construction of the PAL which will enable simultaneous construction of VSU and VT12; and
- (e) planning construction programmes with Land Securities to ensure early hand back of part of a working site to enable us to start constructing building 6a.

2.8 Balance of Public Interest Benefit

2.8.1 It is, I suggest, a consistent theme running through Mr Smith's proof of evidence that VSU should be taken forward and constructed irrespective of its effect upon third parties. By way of example, in paragraph 9.5.6 of Mr Smith's proof of evidence he states that LUL will only accommodate the VPT's requirements (already agreed between Land Securities and VPT) "provided these do not conflict with VSU works". I consider that this is not the correct approach to adopt and that there must be a balance struck between the public interest in (i) delivery of the benefits resulting from the upgrade of the Victoria Underground Station and (ii) regeneration of the Victoria area through our VT12 scheme (which will also provide much needed affordable housing in the City of Westminster) and (iii) the continued use as a theatre of the VPT, an important listed building adjacent to the VSU works.

2.8.2 Land Securities has never suggested that VSU should not go ahead in some form, nor have we suggested that it is more important that it be delayed to accommodate development of our VT12 scheme. Land Securities' case is that it is possible to redesign certain elements of the VSU works (in particular the Paid Area Link (PAL)) so that VT12 can also be delivered to its original construction programme (commencing on site in 2010) alongside VSU. My colleague Nigel Earp and Land Securities' engineering consultants (Arup) and transport consultants (Steer Davis Gleave) explain in more detail in their Proofs of Evidence and Rebuttal Proofs the engineering solutions that would allow for simultaneous construction of the two schemes.

2.8.3 Adoption of one of the proposed solutions (namely for alternative routes and methods of construction for the PAL) would have the following benefits and achieve a correct balance in the public interest : -

- (a) it allows simultaneous construction of VT12 and VSU;
- (b) it utilises an inherently less risky method of construction than that proposed for the construction of the PAL pursuant to the TWAO application;
- (c) as a result of the less risky construction methodology, LUL will be less exposed to the risk and cost of long delays resulting from construction problems; and
- (d) there will be a reduced liability for compensation due by LUL to Land Securities as VSU will not delay VT12 commencement.

2.8.4 In paragraphs 10.7.2 and 10.8.2 of his Proof of Evidence, Mr Smith is suggesting that the timing of VT12's commencement is outside the control of LUL and therefore there is no question of delaying VSU whilst compatibility issues are resolved. This view is an example of a clear misunderstanding on the part of Mr Smith and LUL as to what it is that Land Securities has been requesting all along. We are simply asking that VSU is brought forward in a different form, which would allow VT12 to be constructed independently and therefore simultaneously with VSU.

2.9 Mr Smith's assertion that VT12 does not include significant transport benefits

2.9.1 In paragraph 10.2.1 Mr Smith suggests that the use by Land Securities of the title "Victoria Transport Interchange 2" (VT12) is a misnomer as "it implies the provision of a significant element of transport interchange which is absent from the proposals shown to LUL so far". I dealt with this point in some detail in paragraphs 3.30 to 3.33 of my Proof of Evidence.

2.9.2 Without wishing to be repetitious I think it is important to rebut clearly Mr Smith's assertion that the VT12 scheme will not provide a transport interchange. In brief, Land Securities will be providing the following: -

- a) the wide perimeter around the site which will facilitate removal of the buses from the front of Victoria Station and result in corresponding improvement in the public realm;
- b) improvements to Allington Street;
- c) additional improvements to the public realm through generous provision of north/south and east/west pedestrian routes;
- d) safeguarding for the Chelsea/Hackney Line; and
- e) provision of 140 car parking spaces, 837 cycle spaces and 20 motorcycle spaces.

2.9.3 I consider that these constitute significant improvement public transport benefits and I therefore refute Mr Smith's claim that our VT12 scheme is not correctly categorised as a "transport interchange" scheme. As I explained in my Proof of Evidence, all of these benefits have been discussed with TfL. The benefits also improve the value of TfL's property in Terminus Place. Mr Smith has confirmed in his proof of evidence, at paragraph 9.6.4, that TfL/LUL are progressing proposals in respect of the redevelopment of that site.