

# HOUSE OF FRASER

Our Ref: SJT/RJM

9<sup>th</sup> March 2009

Marshall Poulton Esq  
Director of Transport  
Edinburgh City Council  
City Chambers  
Edinburgh EH1 1YJ

Private & Confidential

Dear Marshall

Re: Edinburgh – Road & Tram Works

Thank you for taking the time to see George Bell, Sara Tack and I recently to discuss the above. We appreciated your proactive approach to the problem, however as we explained to you our loss in EBITDA terms to date due to the tram works, is £1.9m and we anticipate a further loss in excess of £800,000 in EBITDA terms, before the tram opens in 2011. That is assuming your current difficulties with the contractor are resolved. We have also invested over £3.5m in the store but have failed to see the uplift we have experienced elsewhere following a refurbishment. As a business, House of Fraser has invested £150m in the stores since the take private in November 2006.

As you will appreciate, this level of loss of EBITDA is unacceptable for any business. We appreciate that you have offered the use of the VMS installed on the routes into Edinburgh to give drivers earlier notification of spaces in car parks and appreciate this gesture, however this will not be enough to stem the losses incurred due to the perception that the city centre and it's approaches are not welcoming/friendly to shoppers in cars. This perception has become embedded with the scale of roadworks, holes, barriers and route changes/closure, to on street parking and/or that Princes St is closed, which has been going on for the last 3 years.

As we discussed, significant actions are needed to reverse this perception and get shoppers back into the city. You asked for our thoughts on what some of those significant actions need to be and we would ask for the City Council to instigate the following:-

- (i) Free car parking in city centre car parks, with the Council compensating the car park operators for the loss of income
- (ii) Significant, effective marketing of the retail in the city centre through marketing and promotions
- (iii) Compensation for the loss of EBITDA as a result of the tram works. We understand that the Valuation Office have advised that they will only give a 20% reduction in the rates where works are being undertaken outside a store. Frasers on Princes St received a £30,042.63 saving last year as a result of this, and Jenners was not eligible for anything. As you will appreciate this goes nowhere near to compensating the business for the loss in trade. Our Rating Consultants are making the requisite appeals in respect of this.


Store Support Centre, 27 Baker Street, London, W1U 8AH, T [REDACTED] F 020 7003 4001, [www.houseoffraser.co.uk](http://www.houseoffraser.co.uk)

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In addition George will liaise with you and your team on further ideas, e.g. your suggestion to identify open spaces which could be used as car parks. Edinburgh has suffered continuing disruption to its transportation networks since 2005, with the tram being largely met with indifference by the public. Even when it is up and running, Princes St will still not benefit with only 1 stop along its route on Princes St, with tourists/shoppers users surely wanting at least two stops.

Clearly you found it helpful to understand the scale of the effect of these disruptions and having shared our numbers with you, it can be seen our losses are not acceptable. I would be grateful if you would investigate and implement other opportunities to the above to help the situation and look forward to hearing from you soon.

Thank you again for your time and for recognising the weight of the problem. If there is anything else you need from us, please contact me on my mobile, the number for which is 

Kind regards.

Yours sincerely




Richard Wayment  
Retail Operations Director

Cc Jenny Dawe – Edinburgh City Council  
Dave Anderson – Edinburgh City Council  
George Bell – Jenners Store Manager  
Ian Elder – Fraser Store Manager  
John Thain – Glasgow General Manager  
Sara Tack - Property

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