

1. Executive summary

We thank you for the invitation to tender for the property advisor and agency role for the East Aston Regional Investment Site. We understand this role will form part of a multi disciplinary team with the aim to identify the most appropriate and viable development option and delivery models for Phase 1 and make recommendations for the refinement and delivery of the wider Masterplan.

Savills would be delighted to form part of this team and consider ourselves well placed to perform the property advisor role. The instruction will be led by the Savills Birmingham Office.

Savills Birmingham has shown commitment in advising on development projects and strategies in the area; we are active in Birmingham as commercial and residential agents on key schemes; we have a comprehensive understanding of both developer and occupier requirements; and we have a working knowledge of delivering development in the context of Regional Investment Sites (RIS).

In the regions, Savills are one of few property advisors to have a specialist and dedicated development consultancy team; this team will work with our agency teams to deliver the requirements of the brief and provide advice which ensures aspirations are maintained but the delivery of key phases is grounded in commercial reality.

2. Understanding the brief

The overriding aim of the East Aston RIS, as set out in the Development Framework, is to bring about a "High quality business and employment environment" that will:

- Be attractive to international and national investors
- Support diversification and modernisation of the economy

The vision is "To create a new Gateway for Birmingham and a vibrant high quality Technology and Business Centre for the city and East Aston."

Whilst the location of the RIS site is at an important strategic gateway into Birmingham, boasting strong road and rail connections to the region and the UK, the existing environment is challenging; with physical and visual severance, lack of integration and linkages to the wider locale, poor social identity and recognised environmental and ground constraints.

Delivering development which acts as a node for high quality employment, but also successfully integrates with existing key assets and features (such as Aston Hall and Park, Aston Villa Football Club, Church of SS Peter and Paul, the River Tame and Birmingham and Fazeley Canal, and the existing industry to the north) requires a bottom up, phased approach with innovative delivery models. All encompassing masterplans must be broken down into bitesize pieces in order to initiate the momentum for change, whilst ensuring the market understands and buys into the wider, longer term vision.

To ensure the preferred options for Phase 1 of the RIS and its masterplan are deliverable it requires:

2.1 A baseline assessment

This is crucial in order to understand the current position, the aspirations and supporting policy, and learn from past experiences, such as Waterlinks. There a number of parallels which can be drawn with Waterlinks and the East Aston RIS, and recognised lessons to learn from.

This provides a platform in which to move forward; to question, explore and refine the deliverable next steps in the short, medium and long term, focussing on a 15 year programme for delivery.

2.2 An exploration of the integrity of the sites

This needs to identify what needs to be done in order to get the existing sites into a sufficiently marketable condition to attract investors and occupiers, with the aim to reduce the perceived risk of the private sector at the point they are expected to commit to the RIS. This needs to focus on any additional land ownerships required to improve the integrity of the RIS, ground conditions, highways and access constraints, establishing early connections with the wider area etc.

2.3 Identification of its market niche

Refinement of the masterplan to establish an "offer" to the market which will set it apart from other commercial/business schemes, in order to attract requirements and investment, both from within the sub-region and that which is footloose. The East Aston RIS should play on its existing strengths, particularly in terms of accessibility, its heritage (the wider area having long had an association with manufacturing industry, innovation and prototyping) and the existing skills base.

The area will not work as a standard office environment and the proposed uses within the B1 and B2 use classes should focus on advanced technologies, high quality prototyping and manufacturing, with links (either physical or virtual) to the Universities and Science Parks to promote technology transfer and overall "up-skilling" of the area. This area of business continues to be a key growth sector of the West Midlands economy, yet evidence shows there is an undersupply of suitable, modern, high quality and sustainable accommodation to support the growth of such specialist businesses.

2.4 Enhancement of skills base

Potential occupiers and inward investors to the RIS should be expected to use the existing skills base and workforce. There is an opportunity to enhance the existing skills base through establishing connections with existing Higher Education and Further Education establishments in the area. Working with such bodies would create a skills programme which can either have a physical presence at the RIS or a virtual one, working alongside those private sector companies who are investing into the RIS.

2.5 A diversity of offer

Establishing a market niche alone will not ensure the sustainability of the RIS over the long term. A diversity of uses will be required to build upon other assets in the area and establish an urban community, this includes small scale retail, leisure etc. It is important to establish how this can be done as part of proposals for the RIS; the RIS cannot be considered in isolation and key stakeholders within the wider area must be included in proposals as they emerge.

2.6 Market reality

This has to infiltrate at two levels.

1. The current economic environment is challenging and the private sector risk averse. Questioning and challenging existing assumptions and proposals to the masterplan are crucial in ensuring the formulation of a Phase 1 scheme which is deliverable in the short term yet refining a masterplan which continues to be aspirational over the 15 year programme of the Development Framework. Partners need to work pragmatically and recognise constraints on delivery; speculative development is currently unviable.
2. Ensuring the options for Phase 1 are at the appropriate scale and quality, which can ensure viability and deliverability. This may require refinement of building heights,

footprints, and specification. Aiming for sustainability credentials and high quality accommodation, which would help set the scheme apart, also comes at cost. It is important to explore how this cost can be managed to ensure the proposals are deliverable yet meet the aspirations of the partners.

2.7 Consideration of delivery models

Consider how developers can be encouraged to come forward; this is likely to require a review of the commitment by partners and how their assets can be utilised to deliver the scheme, i.e. how/can the partners use their assets creatively in the delivery vehicle, sharing in the success of the development and work with the private sector to deliver rewards?

3. Methodology

On the basis of the above considerations and understanding, we set out our methodology for the property advisor role as follows.

We would work closely with the multi disciplinary team at all stages to ensure the options identified and recommendations made are robust and deliverable.

3.1 Inception and baseline

Baseline analysis

Inception meeting to kick start the commission and meet the project team.

Establish a baseline understanding through a review and critique of:

- Statutory and supplementary policies relevant to the RIS proposals, including the AAP
- Existing masterplan proposals, as set out in the Development Framework
- Site specific information – site ownerships, ground and environmental conditions, third party ownerships, access and highways issues, utilities etc.

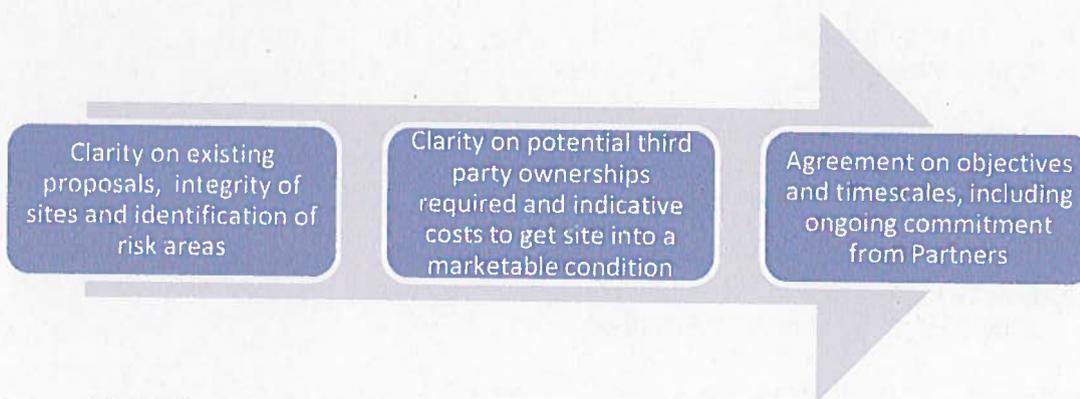
To be undertaken in conjunction with the various disciplines within the project team.

We would propose all the information relating to the site is made available on a dedicated online collaboration site which all team members can access and upload documents to.

Agreeing the objectives

Workshop meeting with the partners and multi-disciplinary team to:

- Agree overriding objectives for the Masterplan
- Agree specific objectives for Phase 1a and Phase 1b
- Outline position of partners in terms of further financial commitment or otherwise to the project
- Establish a risk register



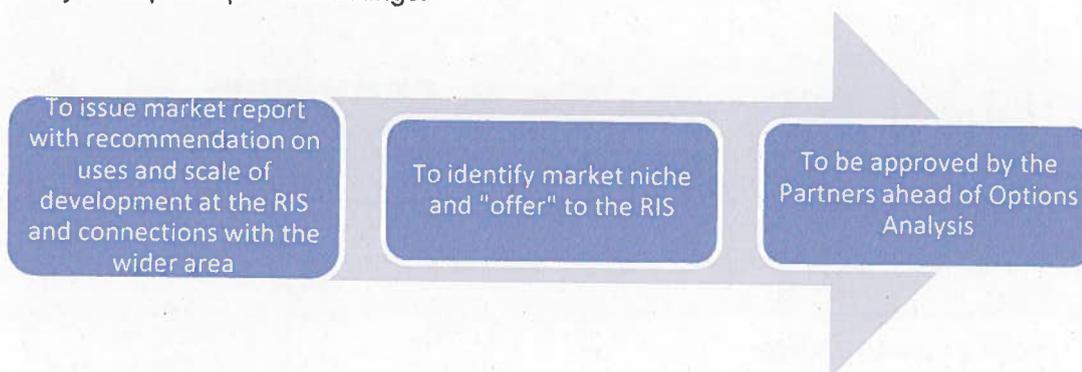
3.2 Market assessment

Assessment of:

- Uses – B1, B2 and other supporting uses such as retail and leisure
- Target market
- Supply and demand trends
- Competition
- Size and scale of development
- Size and scale of buildings
- Initial view on capacity and phasing

As part of ensuring integration of the RIS with the wider area, it will be important to liaise with key stakeholders at this stage, including other major landowners and other potential partners, such as educational bodies, Aston Science Park, and the major employers in the area (e.g. JLR).

Likely to require up to 5 meetings.



3.3 Options analysis

Options formulation

On the basis of the approved market recommendations, to liaise with the architect/masterplanner to establish redevelopment options for:

- Phase 1a and Phase 1b
- Indicative Masterplan

Indicative options would then be reviewed with the project team to identify strengths, weaknesses, opportunities and threats – including access, transport, planning, flood issues, energy and utilities etc. To include impacts of development options, potential solutions, and indicative costs.

A risk analysis of each option to be undertaken with project team. This iterative process may lead to a refinement of the options ahead of appraisal.

Likely to require 1 x workshop session and 2 x meetings.

Options appraisal

Savills to undertake a review of options in terms of requirements for other site acquisitions as part of Phase 1. We will then set out strategy for key acquisitions as necessary.

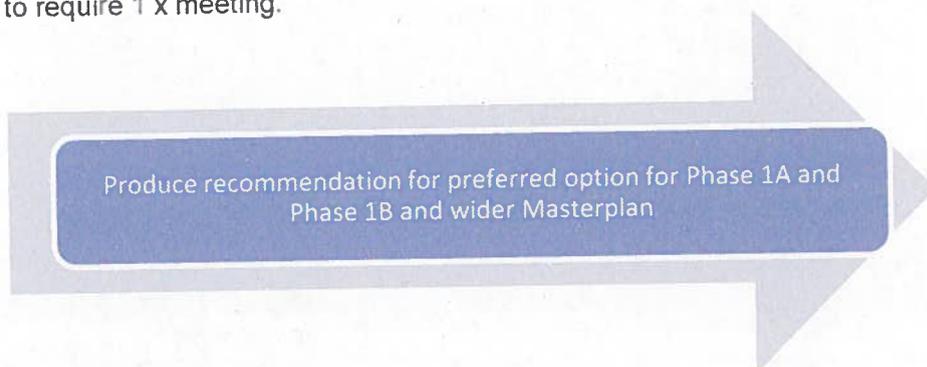
In order to assist the appraisal exercise, the cost consultant will be required to provide indicative development costs for each of the redevelopment options.

Savills to appraise identified development options to establish viability:

- Use of Circle Developer to undertake development appraisals for Phase 1
- Use of Circle Developer to undertake development appraisals for the Indicative Masterplan; this may require a bespoke financial model to be set up dependent on output figures required.

Refine Phase 1 development proposal and masterplan as a result of appraisal process.

Likely to require 1 x meeting.



3.4 Development strategy

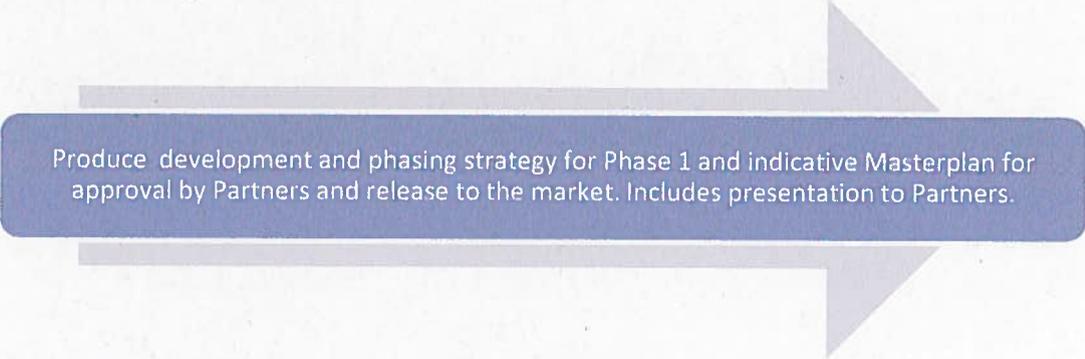
To liaise with the architect throughout this process and consider phasing and programme of preferred option (Phase 1 and indicative masterplan).

To identify appropriate delivery models for Phase 1 and ascertain the required commitments from partners for the delivery of Phase 1.

Savills would also seek to confirm any occupational interest – this would help secure developer commitment and funding.

To be produced with input from project team, and include items such as energy requirements, utility services implications, flood risk assessments as part of overall delivery.

Likely to require 2 x meetings



Produce development and phasing strategy for Phase 1 and indicative Masterplan for approval by Partners and release to the market. Includes presentation to Partners.

3.5 Marketing and developer procurement

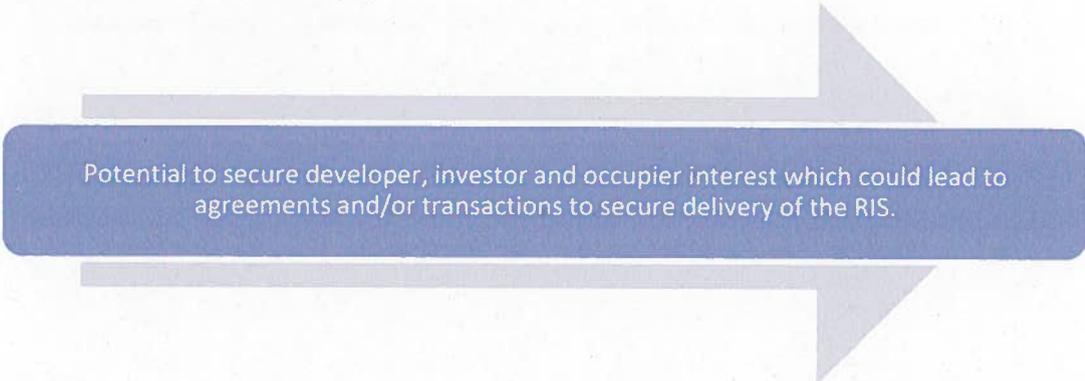
Preparation for market

- Agreement on market principles for the RIS
- Documents produced in the process above to be utilised as part of marketing, as far as is possible
- Preparation and agreement of marketing document and timescales
- Agreement of scoring matrix and criteria for selection
- Undertake soft marketing to targeted parties

Developer procurement process by competitive dialogue

- Phase 1 - Invite expressions of interest, include national advertisement
- Select shortlist of parties where necessary
- Phase 2 - Detailed submissions from shortlist – to be analysed by project team
- Selection of preferred developer
- Negotiations of development agreement, or similar, as appropriate
- Reporting throughout the process will be required.
- May require developer interviews.

Likely to require 3 x meetings.



Potential to secure developer, investor and occupier interest which could lead to agreements and/or transactions to secure delivery of the RIS.

An indicative programme is attached at **Appendix 1**.

