

22 March 2016

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**Lambert Smith Hampton**  
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Our Ref: SH/smh  
Your Ref:  
File Ref: NBSHHAUP0533

**SUBJECT TO CONTRACT  
WITHOUT PREJUDICE**

Dear Brian

### **Iron Lane Junction Improvement**

I refer to the above and write on behalf of Savills Investment Management who are the fund managers acting on behalf of ERF Birmingham as owners of the Stechford Retail Park. This follows various discussions and meetings between Lambert Smith Hampton and yourselves concerning the proposals for improvements to the road junctions in the vicinity of the Stechford Retail Park and the need to acquire land forming part of our client's interest in the retail park.

As discussed previously, despite the significant disturbance during the works, our clients recognise the benefits that improvements to the road junctions will provide in respect of the wider area as well as improving access to the park itself. We are therefore instructed to inform you that our clients are prepared to agree to your proposals without the Council having to have recourse to Compulsory Purchase powers, subject to agreement of satisfactory terms and a layout and programme which allow the retail park to continue to function without hindrance.

As I am sure you will appreciate whilst our clients may agree to the proposals in principle, the retail park is subject to a number of tenancies, and although the majority of the occupiers appear to have shown little interest in the proposals to date, we cannot guarantee that any necessary lease variations will be forthcoming or that they will not be at some benefit to the occupiers which may adversely impact upon market value. For instance the Matalan lease requires that the number of spaces to the north of the estate road should not be materially reduced.

There has been discussion around the area of land currently forming part of the highway which will be outside the limits of the proposed scheme, and I would confirm that it would be our client's preference for this to be incorporated within the retail park, although the exact values to be attributed to this land given its current highway use and minimal value, will be subject to exactly how it might be used as part of the park and I have commented upon this further below.

This agreement to proceed to negotiate a satisfactory outcome is predicated on a number of items which are broadly as set out below:

- A satisfactory layout of the revised car parking areas being achievable and there being no loss of parking within the retail park (current proposals tabled by the Council are currently being reviewed by McDonalds as there is a concern that it may impact on their drive-thru operation);

- Satisfactory accommodation works being agreed together with the means of delivery;
- Suitable construction contract details to prevent disruption to the park (we have previously discussed avoiding peak Christmas / New Year and other sale periods and in addition operators such as McDonalds will see peaks during school holidays and over Bank Holidays);
- Resolution of any necessary Lease variations including payment of legal and other costs in this respect;
- Review of Leases to establish if proposed works will put our clients in breach of any Lease Clauses;
- All reasonable legal, surveyors and planning costs in this matter to be met by the Council;
- Our clients use CBRE to provide regular Fund valuations and would require them to carry out a valuation in respect of the affect of car parking amendments on values with any fees in this respect to be met by the Council; and
- There needs to be recognition that the loss of car parking may give an opportunity for tenants to claim rental reductions, tenancy breaks, etc and this will need to be addressed any discussions and will be reflected in our clients compensation claim.

I trust the above is clear and sets out our client's position allowing us to move forward with discussions concerning the acquisition of the necessary land from our clients for the road improvements. If you have any immediate queries then please do not hesitate to contact me and in the meantime perhaps we can arrange a further meeting to move this matter forward.

Yours sincerely



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