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Our Ref: R/RADC/ac/K0096
Your Ref:

25 March 2015

Dear Martin

Romeera House

Following your verbal instructions and our inspection on 5 March 2015, when we were accompanied by Ian Knibbs and Mal Fenton, I am now writing to set out our thoughts on the value of this property. I understand you are in the process of offering the company for sale and the freehold interest in this property is likely to be offered as part of the package.

This report sets out our opinion of the Market Value of the property. Market Value is defined as:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

For clarity, I confirm our valuation excludes all removable items of plant, machinery and furniture, except the fixed water and mains electric supply apparatus and warm air heating boilers with ductwork and radiators in the building.

I confirm our inspection and this valuation is carried out as far as possible in accordance with the RICS Valuation – Professional Standards (The Red Book) published January 2014 and is subject to the caveats and reservations set out in **Appendix B** attached. The valuation date is the date of this report.

1. Location

- 1.1 As shown on Plans 1 and 2 in **Appendix C**, the property occupies a good position close to motorways and London Stansted Airport. It fronts the B1256 road (the old A120), about $\frac{3}{4}$ mile to the east of junction 8 on the M11 motorway and just to the south of London Stansted Airport. The centre of London is 35 miles to the south, Bishop's Stortford is about three miles to the west and the A120 new dual carriageway, which runs just to the north of the property, gives quick communication to Braintree, Colchester and to the east coast ports of Felixstowe and Harwich.
- 1.2 Bishop's Stortford, about three miles to the west, has a population of about 38,000, with a mainline rail station into London Liverpool Street on the Cambridge line. In addition, there is a service from Stansted Airport into central London by rail every 15 minutes.

- 1.3 The property has a small direct frontage onto the B1256 road, but access is gained to it from Bury Lodge Lane, which now leads to Thremhall Park, a modern gated office development by Mantle Estates Limited.

2. Description

- 2.1 We calculate the site extends to about 3.5 acres (1.4 ha) as shown edged red on Plan 2. On it is a substantial building which we understand was originally constructed for the Central Electricity Generating Board about 65 years ago as "secure blast proof storage accommodation for electrical transmission spares". It is constructed of heavy reinforced concrete members supporting a concrete roof with a mineral felt covering, with brick exterior elevations. Most windows to the offices have been replaced with modern double glazed units. Original metal frame single glazed windows remain in parts of the workshop space. There are two full height sliding doors at the northern end of the building, which probably date from the building's original construction. The internal working height is about 20ft (6.1m) and the original floor plan totalled approximately 24,000sqft (2,230m²) gross internal.
- 2.2 We understand the property was acquired in about 1983 and the company converted the front part of the warehouse building into two storey offices with toilets and a canteen. They extended the mezzanine first floor storage and workshop space within the building and erected more temporary garages, stores and a spray bake unit together with electrical generators and specialist air pressure pumping equipment.. Photographs of the property are attached in **Appendix D**.
- 2.3 The northern and eastern parts of the site are flat deciduous woodland. To the north of the main building is a concrete and tarmac parking area for about 50 cars, with space for about 10 more at the front of the unit. We did not walk the boundaries of the site, because the woodland is quite dense.

3. Accommodation

- 3.1 We calculate the property now has the following gross internal floor areas measured in accordance with the latest edition of the RICS Code of Measuring Practice.

Ground Floor Offices	3,900sqft	(362.3m ²)
First Floor Offices	3,900sqft	(362.3m ²)
Ground Floor Workshops and Stores	19,900sqft	(1,848.7m ²)
Mezzanine and First Floor Workshops	9,630sqft	(894.6m ²)
External Stores	2,000sqft	(185.8m ²)
Total	39,330sqft	(3,653.7m²)

4. Condition

- 4.1 We did not carry out a structural survey, but on our inspection noted generally the

property is in reasonable condition for its age.

- 4.2 We did not see any signs of any major settlement or water penetration. We did, however, note substantial staining to the exterior concrete eaves in several places. We did gain access onto the roof and note it is covered with mineral felt which is beginning to bubble in places. Your Maintenance Manager told us this was last recovered in 1997 and therefore it is getting close to its anticipated useful life of about 20 years. The sliding access doors at the northern end are in poor order and we doubt have been fully opened in recent years.
- 4.3 For the purposes of this report, we have otherwise assumed the property is in reasonable order. We also assume the concrete used in the building remains sound and does not contain any deleterious or structurally weakening material, such as high alumina cement.

5. Statutory Enquiries

- 5.1 On the Uttlesford Local Plan (adopted 2005) the property is shown as being just within a Countryside Protection Zone around Stansted Airport. Here planning permissions will only be granted for development that is required to be there or is appropriate to the rural area. Under the Local Development Framework system, Uttlesford District Council has been working on preparing a new Plan, but we do not believe the designation of this property is likely to change.
- 5.2 We understand that the planning consents were granted in 1982 and 1983 to Kearsley Airways Limited for "proposed alterations to provide office, factory and car park and use for maintenance and manufacture of aircraft components". The first consent was personal, but that restriction was removed and superseded by the later consent. We believe planning consents have been granted for subsequent alterations to the property.
- 5.3 For the purposes of this report we assume the existing use of the property falls within Class B1 (light industrial, offices, research and development) and Class B2 (general industrial uses) of the Town and Country Planning (Use Classes) Order 1987, and that valid planning permission exists for all the current uses at the property.
- 5.4 We understand Dunmow Road and the section of Bury Lodge Lane serving this property are adopted highways maintainable at public expense.
- 5.5 On the Environment Agency website the property is shown as being outside any area thought to be liable to flooding.
- 5.6 According to the Valuation Office website, the property has a rateable value of £126,000 in the 2010 rating list.

6. Services

- 6.1 We understand the property is connected to mains water, 3 phase electricity, gas and telephones. Central heating is provided by four fairly elderly freestanding gas boilers. Drainage is to a modern septic tank system located at the front of the property adjoining Dunmow Road. You tell us the electricity supply is not really sufficient for all of your needs and you have to provide extra generators for the specialist air compressors. The generators and air compression equipment is located outside of the rear of the building, but this is all removable plant which is excluded from this valuation.

7. Site and Ground Conditions

- 7.1 We understand from your colleagues that you have had a detailed contamination survey carried out (which we have not seen) which has not found any land contamination. They also tell us that a survey for asbestos produced a nil result but again we have not seen the documentation.
- 7.2 Bearing in mind the original use of the building was for the storage of electrical transmission spares, we thought the property may have been contaminated to some degree. However, we do not see any signs of vegetative dieback or inappropriate storage which would lead us to believe that any such contamination is significant. Therefore, for the purposes of this report we assume the property is not contaminated to any significant degree.

8. Environmental Issues

- 8.1 We have not seen any specific reports on these aspects. However, during our site inspection, we did not notice any particular issues or concerns on or immediately adjoining the property. We did not believe, therefore, the property is likely to be contaminated to any material extent, and have assumed it is not for the purposes of this valuation. We have not, however, made or seen the results of any specific tests.
- 8.2 As you may know, under the Energy Act 2011, it will not be legal to sell a property with an energy rating of E or above, from 2018. We do not believe an Energy Performance Certificate (EPC) has been applied for, but assume for the purposes of this exercise, that a rating of E or above will be achieved for this property. You need to provide an EPC to achieve a sale now, and bearing in mind the time necessary, we would recommend you should apply for one as soon as possible.

9. Title

- 9.1 We understand the property is owned freehold and we are to value it assuming vacant possession.
- 9.2 We confirm we have not seen any report on title, but for the purposes of this report, assume a good freehold title with no unusual restrictions is available.

10. Market Trends and General Comments

- 10.1 Economically, the latest trading figures show Britain's economy to be continuing to follow the recovery path out of recession, and to be the envy of most countries in Europe. Britain's manufacturing sector grew by 2% year on year in January, whereas the Eurozone only managed 1.2% growth. UK inflation dropped to 0% in February, the lowest rate for over 50 years. Wage growth managed 1.65% in the UK, making the average worker feel marginally better off, and unemployment fell to 5.7% in the three months to January.
- 10.2 In Europe, Greece's economy remains unpredictable, and the latest bail out plans by Germany continue to be temporary. But Spain's economy seems at long last to be improving with employment up 2.5% last year.
- 10.3 This year's UK Budget made very few major changes and bearing in mind the impending General Election in May, it was a minor event. Projections show another coalition is likely, but whether it will be Conservative or Labour led is uncertain.
- 10.4 Locally, business confidence in the south east of England remains strong, with no sign that the general improvement in the economy is wavering. Local agents report food demand for commercial property, especially around the hot spots of Stansted Airport and Cambridge, up the M11 corridor.

11. Comparables and Valuation Method

- 11.1 To value this property, we have principally relied on the comparables method. But we have not found any exact comparables, in which case we have used our general knowledge of commercial property in the Essex area. We have found the following comparables, however, to be of assistance.
- 11.2 Marshgate Developments are shortly to commence development of a property nearby on the other side of Dunmow Road called Vision Stansted. Their agent, Adam Tindall of Coke Gearing Associates, told us they expect to have buildings ready for occupation in about 12 months' time. They will range in size from 10,745sqft (998m²) up to a total of 98,584sqft (9,158m²) and will have an eaves height of between 8m and 10m with about 10% office provision and good quality fittings throughout. The quoting rental is £9.25psf and whilst there has been interest, the agents have not yet received any offers. However, without any buildings available to inspect, this is not unusual.
- 11.3 On Dunmow Road, Bishop's Stortford, on the other side of the M11, closer to the town centre, a unit of about 12,000sqft on Woodside Development, built about 15 years ago, is on the market to rent at an asking figure of £8.50psf. On the same estate, on recent lease renewals, £8.25psf has been achieved to existing tenants.
- 11.4 Also on Woodside Industrial Estate, Lambert Smith Hampton in 2014 offered Unit 1 for sale freehold. This modern distribution warehouse with 8.9m eaves height, was let to Thermo Electron Ltd until December 2038 but with a tenant's break clause in 2021, at £255,000pa or £9.23psf. Offers were received around £3.5million, but we

understand the property was withdrawn following a request by the tenant to renegotiate the lease terms. We calculate a sale at £3.5million would represent a return of about 6.9% after allowing purchaser's costs of 5.8%.

- 11.5 On the mid-1970s development of Haslemere Industrial Estate, off London Road, Bishop's Stortford, which is to the south west of the town centre, furthest away from the M11 junction, a building of about 13,400sqft has just been let on a new five year lease at £5.50psf. It has about 6m eaves height.
- 11.6 Agents confirm there are no other new or secondhand buildings of this sort of size on the market to let or for sale locally and there has been no sales evidence in the area recently.
- 11.7 Further along the A120 at Braintree, Countryside Properties, in about 2010, sold the freehold of a new warehouse of about 67,000sqft with 10m eaves for £6.4million (£95psf). Similar new units have let at about £7.25psf here and we estimate the sale price represents a yield of about 7.63% before costs, for this new building.
- 11.8 In comparison this is a 65 year old building, specially converted for your company's particular use, which, bearing in mind the difficult electricity supply position, may be best suited to warehousing in the future, if it became available on the open market.

12. Valuation

- 12.1 Taking into account all of the above, in our opinion the Market Value of the freehold interest is **£2,050,000 (TWO MILLION AND FIFTY THOUSAND POUNDS)**.

13. Limitation and Non Publication

This report is made solely for the use of the company to whom it is addressed and no liability can be accepted to third parties for the whole or any part of its contents.

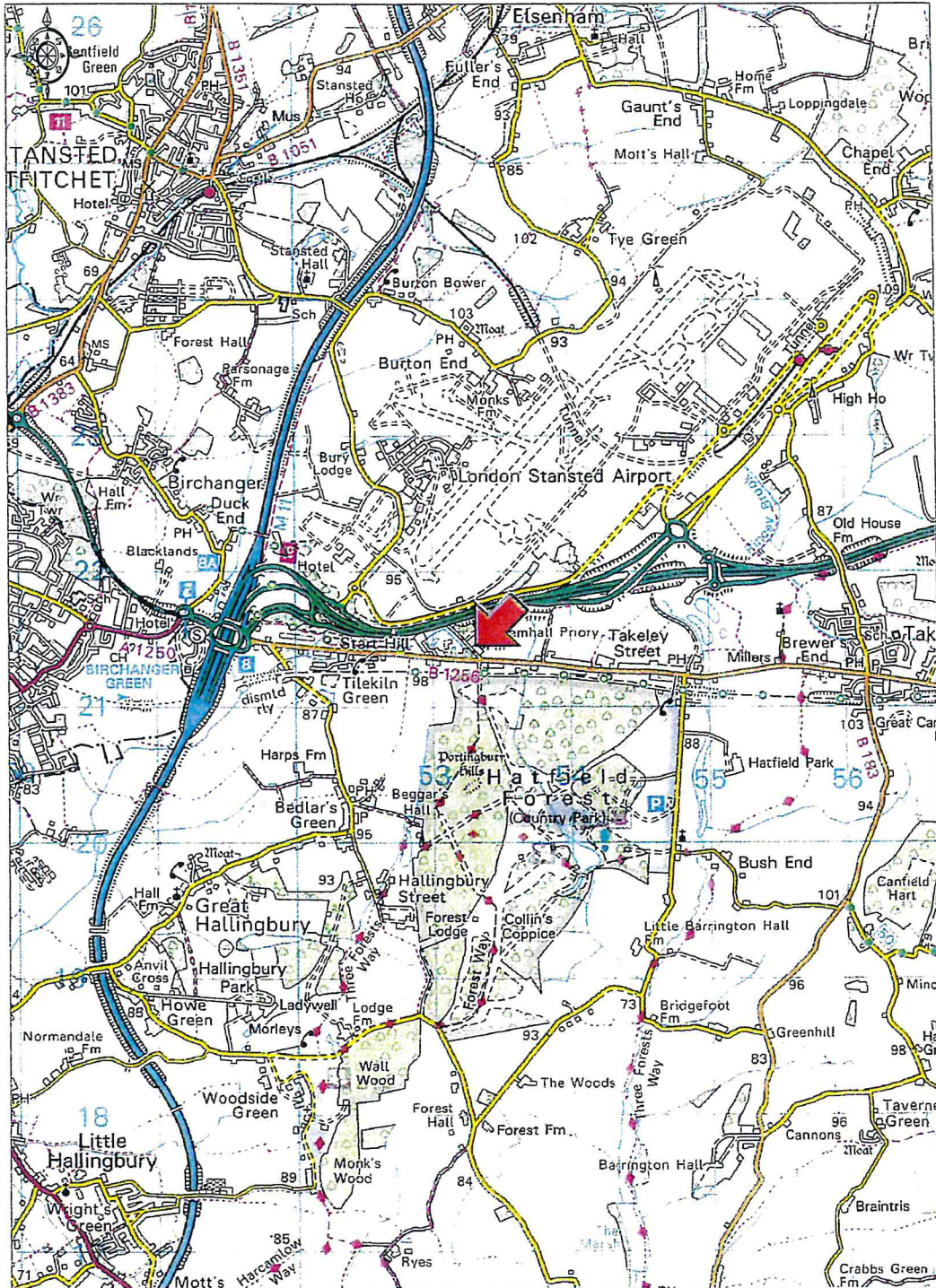
No part of this report may be sent to a third party or included in any published document, circular or statement, nor published in any way without our prior written approval.

Yours sincerely

R A D Cowlin FRICS IRRV
RICS Registered Valuer

PLAN 1

Romeera House, Stansted

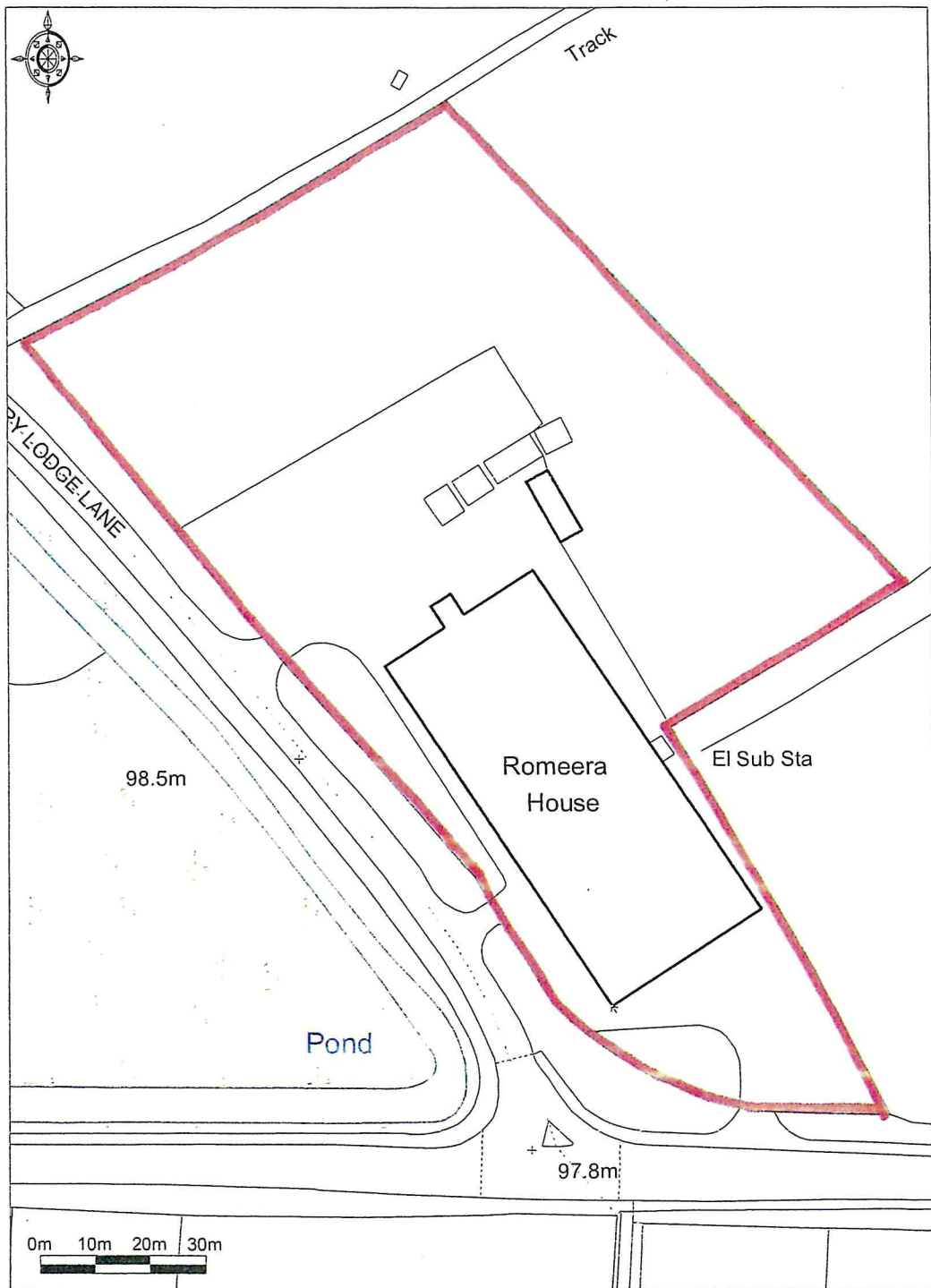


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PLAN 2

Romeera House, Stansted



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ROMEERA HOUSE, BURY LODGE LANE, STANSTED



Front Elevation



West Facing Elevation

ROMEERA HOUSE, BURY LODGE LANE, STANSTED



Rear Elevation



East Facing Elevation