



Uttlesford District Council
 Council Offices
 London Road
 Saffron Walden
 CB11 4ER
 F.A.O. Lance Porteus

Dear Lance,

Update on the proposed sale and request for additional funding for further development at Chesterford Research Park

Please take this letter as a formal request from the Board of Aspire (CRP) Ltd for an additional borrowing of £7,600,000 to cover Aspire's share of the final development costs for Building 800 and phase one of the Solar Farm and the refurbishment of Building 900, previously occupied by AstraZeneca. An indicative timetable for the drawdown of the total loan would be as follows.

Date	Amount £
August 2025	2,365,000
October 2025	2,300,000
December 2025	1,300,000
April 2026	635,000
October 2026	1,000,000
Total	7,600,000

Set out below are details of the two projects.

Building 800 – Additional Funding request up to £2,500,000

The development of Building 800 – Sidney Sussex Building and the solar farm presented the opportunity to deliver a best-in-class laboratory-led scheme in a highly supply-constrained submarket with strong projected financial performance underpinned by a sustainable electricity supply.

- The original funding of £21,060,000 was requested, and approved by the Council, based on the successful tender supplied by Readie Construction Limited. Work commenced in early 2024 with the groundwork being completed by Spring. Unfortunately, Readie Construction went into Administration and all work on site ceased whilst a new contractor was procured through a tender process. The new developer, Glencar, included in their tender the work to expose and check/update the groundwork undertaken by Readie, this was essential as the groundwork forms the infrastructure for the whole development and Glencar needed to be confident of the design and implementation before progressing to the build. This added several weeks and cost to the project. In addition, the cost of materials had also increased since the original tender. The upshot being that the Glencar accepted tender price was £3,000,000 more than the Readie quotation. Aviva, as project managers aimed to mitigate this additional cost through use of contingency and specification changes during the build, however material prices have continued to increase, and this mitigation has not been successful. Consequently, we have now come to you to request an additional sum to finish the build.

- On the positive side is that at the time (June 2023) of the original request the forecast rent was £58.50 per square foot, this is now in excess of £70 per sq ft meaning the additional loan can be covered by the additional income from a fully let building. The additional rent equates to an Aspire share of £350,000 per annum.

Refurbishment of Building 900 – formerly occupied by AstraZeneca – Funding request - £5,100,000

The full solar farm will be delivered in two phases and this funding request is for phase one only. In addition to the development of the farm itself, there is an element of infrastructure upgrade works to the private electrical ring to enable the use by core buildings of the electricity generated.

Background



The agreed 2024 Chesterford Park Business Plan includes assumptions around development of new buildings on the Park and refurbishments of existing buildings. By way of reminder the Hodgkin Building was constructed in 2004 as a pre-let developed purpose-built Grade A office and laboratory building. The building currently totals 24,074 sq ft (32,991 sq ft including a plant loft) and provides double height reception leading to 'L' shaped floor plates of 12,000 sq ft. The building, which sits on a 1.5-acre plot, was extensively fitted out to provide specialist laboratories and open plan offices on a 50/50 split and benefits from 69 car parking spaces reflecting a ratio of 1:348 sq ft. There is also a separate 40 space car park which was constructed by AstraZeneca available for the benefit of an incoming occupier.

The lease on the main building expired on 23rd March 2025, and from this point the property has carried total vacant costs of £582,910 per annum, comprising contribution to the estate service charge of £82,135pa, building insurance of £25,755pa and empty rates payable of £475,020pa.

For the past 12 months, we have been marketing on an 'as is' basis with minimal interest. Unfortunately, the heavily dilapidated M&E and poor presentation of the building does not inspire confidence for potential tenants. Additionally, the building is currently suitable only for a single occupier, and there is limited occupational demand for lettings of circa 20,000 sq ft currently in the market. Therefore, offering the option to split the building would currently significantly enhance its appeal to prospective occupiers.

As a part of the refurbishment, we will also be reverting the name of the building to 'The Darwin Building', its original proposed name on the Chesterford masterplan of buildings.

Specification

We propose to procure and deliver the refurbishment and new fit out for the building aligned with market expectations for a high-quality research facility, broadly in line with the specification of Building 800.

In summary, the main objectives of the scheme and targets are to:

- Provide a new welcoming reception area.
- Provide flexible design to allow single let or dual occupancy building including the layouts of the circulation core and WCs to be flexible.
- Provide 60/40 ratio of high-quality lab and office on the floor plates. Labs to be fully fitted and designed to CL2 standard. Office/ write up space to remain CAT A level of fit out.
- MEP will be flexible to allow single tenant or dual tenant scenarios. Where the dual tenant scenario is delivered, tenants are to have demised plant and plant space similar to the arrangement for Building 800.
- Noting the above specification, the sustainability targets will be as follows:
- Target EPC A with minimum of EPC B.

Prior to the refurbishment the annual rent achieved was circa £800,000 per annum. Once refurbished and let the rental income will be more than £1,150,000 per annum.

Procurement

We undertook a two stage Design and Build negotiated procurement process. Following the first stage of the process we selected two companies to move forward with the second stage. Whilst the design process progressed well, we identified issues with one of the respondents pricing with their 2nd stage tender return coming in well above the pre-estimated budget.

Following a detailed tender analysis of both bids led by the Cost Consultant, supported by the rest of the design team, we received 2 final compliant bids and have selected COEL to undertake the project, subject to funding.

Programme

To minimise the void period for the building, we will instruct COEL immediately and have set out the following programme based on all funding approvals being received in Mid-August.

Stage	Timescales
JV and Individual Investor Approval	Mid-August 2025
Contractor Stage 4 design	Mid-August to Mid-September 2025
Contractor Mobilisation and Procurement	September 2025
Construction Commencement	Early October 2025
Construction Period	29 weeks
Project Completion	Late April 2026

Agents view

Pending Board approval, Building 900 is scheduled for a comprehensive refurbishment, including a complete refresh of the reception entrance, modernization of mechanical and electrical systems, and internal fit-out. The agents collectively concur that this will enhance the campus by providing a complementary and additional offering.

With approximately 10,500 square feet floor plates, the building is well-suited to attract slightly larger occupiers compared to Building 800. It also presents a viable option for a larger sole occupier (approximately 20,000 square feet). As a refurbishment rather than a new build, we anticipate offering terms that are more affordable than those at Building 800, which remains crucial for certain occupiers given the current tight funding market.

Specific target requirements in the market include:

- Company A - new 10-15,000 sq ft fitted lab requirement.
- Company B has a potential requirement for c.20,000 sq ft towards the end of 2025, should they decide to relocate from their current facilities in another park in the area, providing a good target for the full building.
- An existing tenant at Chesterford also has a live requirement for 8,000 - 10,000 sq ft and has shown interest in both Sidney Sussex and Darwin.

Given the ongoing challenges in the occupational life science market over the past year, it is essential that the building continues to present strongly to prospective occupiers. In the current climate, demand for larger floorplates remains limited, and as such, it is both strategic and prudent to present a flexible product that is capable of subdivision into smaller suites but still allows the opportunity for whole occupation.

This approach not only aligns with prevailing market requirements but also enhances the building's appeal to a broader range of tenants. Smaller suites typically achieve quicker lettings, which in turn supports the mitigation of service charge and business rates on a floor-by-floor basis.

Market update

The Cambridge life sciences property market is currently facing challenge, with a growing volume of lab space now available across key campuses. Notably:

- Over 370,000 sq ft of lab space is currently on the market, spanning both new developments and second-hand stock.
- Competing space such as Granta Park, Babraham Research Campus and Unity Campus are experiencing increased vacancy, with large units like One Granta (105,000 sq ft) and South Cambridge Science Centre (110,000 sq ft) remaining available to let.
- Rents are showing signs of pressure and aren't growing as quickly as previous years, particularly as tenants are struggling to gain and maintain venture capital funding. This is the case with multiple on-site Chesterford tenants, however positively given the Park has always been at a slight discount to other campuses it means the Park is in a stronger position to do lettings in a difficult environment, being a cheaper offering.

- Several schemes which would have previously focused on CAT A lab space offer speculative fit-outs or subdividing space to attract smaller occupiers, indicating a shift in demand dynamics.
- The market has also seen setbacks, with deals such as Northwest Bio and Advent Bio falling through, further contributing to the oversupply.

This growing availability, combined with softening rents and stalled transactions, underscores the increasingly challenging conditions in the Cambridge lab market. This means we must ensure that the product being delivered at Building 900 presents well, has flexibility and provides up-to date M&E for an incoming occupier.

Appraisal Assumptions

Terms

- On a floor-by-floor basis, we anticipate achieving a 5-year term certain, whether it be a 10- year term with a break at year 5 or a straightforward 5-year lease.
- It is noteworthy that securing a tenant for the entire building may increase the likelihood of achieving a 10-year straight lease. We will continue to monitor targets as we market the property. Typically, companies of this size require a break option in the 5th year to accommodate potential future growth plans, with a preference for fitted space
- We aim to achieve circa £57.50 per sq ft providing a discount to the quoting rents at Building 800.
- The quoting rent is consistent with competing schemes in the south Cambridge bio cluster including Unity Campus (£60 - £62.50 per sq ft for new fitted labs), Babraham Research Campus (£55 - £65 per sq ft for refurbished fitted labs), Granta Park (mid £50s for refurbished buildings), while also in line with current rents at Chesterford Research Park.

Rent Free

- The current market norm is circa 2 months per year term certain. We have appraised on the basis of 12 months' rent free.
- Additional rent-free periods have been offered to tenants where there is strong market competition, but this can be reviewed on a case-by-case basis, depending on covenant strength.

Void

- We estimate a void period of circa 12 months, reflecting current market conditions. We will continue to monitor the market closely and provide updates accordingly.

Update on Sale

In February 2024 Uttlesford District Council (UDC) requested the directors to market and sell, subject to achieving a specific minimum price, Chesterford Research Park. Following detailed surveys of all buildings, production of brochures and creation of a website the sale went live in the Summer of 2024. Some 101 entities expressed an interest in the Park and 35 progressed to detailed discussions. However, after two rounds of bidding no offer achieved the minimum sale price.

Alongside the marketing, discussions were ongoing with Aviva about acquiring the UDC share. A bid from Aviva was imminent when the USA announced tariffs on various countries which threw the financial market in to turmoil and share prices dropped. Whilst now recovering, the market

remains cautious, and therefore Aviva is not currently in a position to be able to submit a bid. A second contributory factor in the decision of Aviva is the rules around the fund that owns its share of the Park. Presently we understand that the fund has a value of £1 billion (subject to market fluctuations) and the constitution of that fund restricts ownership of a single asset to 22% of the fund value. Whilst this restriction would allow Aviva to purchase the UDC 50% share it would then be unable to undertake further development, which is key to the future success of the Park.

Directors have seen an Aviva brochure, aimed at the Asian and Australian markets, which actively promotes the Park. Aviva is inviting interest from investors with the aim of increasing the fund size to enable the purchase and future development. At some point in the future a bid from Aviva will likely materialise that will meet the sale requirements.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Webb', written in a cursive style.

Adrian Webb
Director
Aspire (CRP) Limited
5 August 2025