

Uttlesford District Council
 Council Offices
 London Road
 Saffron Walden
 CB11 4ER
 F.A.O. Jody Etherington

Dear Jody,

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 additional borrowing of £21,060,000 to cover Aspire's share of the development costs for Building 800 and phase one of the Solar Farm.

The drawdown of the total loan would be as follows.

Date	Amount £
August 2023	3,250,000
January 2024	4,250,000
April 2024	4,500,000
July 2024	4,000,000
October 2024	3,000,000
January 2025	2,060,000
Total	21,060,000

Set out below are details of the two projects.

Building 800 – Funding request £18,821,200

The development of Building 800 – Sidney Sussex Building presents the opportunity to deliver a best-in-class laboratory-led scheme in a highly supply-constrained submarket with strong projected financial performance.

- The proposed development of Building 800 provides for a multi-suite, fully fitted lab building, created to satisfy demand from second stage Life Science companies who are moving from incubator hubs / small suite accommodation as their research expands. The accommodation to be delivered is fully fitted 'plug and play' laboratory space, which will generate wide appeal to tenants without the financial means to undertake expensive laboratory fit outs and the multi-suite building design is optimal for future asset management opportunities.
- The size of suites to be developed (from 2,200 sq.ft. To 8,292 sq.ft.) is additive to the overall offer of laboratory accommodation at Chesterford Park and 'plugs the gap' of current accommodation developed at the Park, allowing the Asset Manager to move tenants within the Park as their science and space requirements grow. The suite sizes sit between the established Science Village Building (16 suites of 1,500 to 2,000 sq.ft) and Building 60 and 300 (suites of 9,000 to 10,000 sq.ft.).
- Planning permission has been obtained and the S106 agreed and signed.
- The Cambridge Life Science market is imbalanced by very limited existing available laboratory

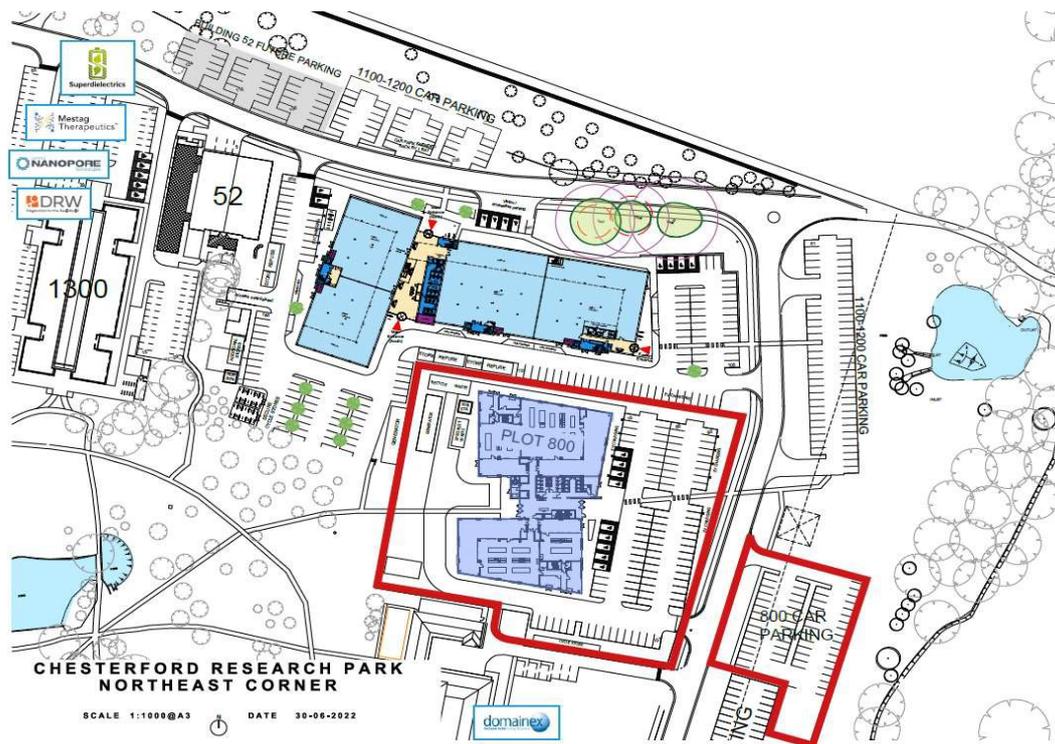
supply (47,230 sq.ft. available) and limited space currently under construction (240,000 sq.ft - the majority of which has been pre-let), set against current named demand of 1m sq.ft for laboratory accommodation.

- In addition to providing attractive returns, development at Chesterford Park increases the critical mass of the park and further establishes it as one of Cambridge's premier Life Science estates. Furthermore, additional development will have a positive effect on the current non-recoverable service charge and drive expenditure (and reduce losses) in The Nucleus (the central facilities building).
- Rents are assumed at £58.50psf (with rents on competing parks having achieved £65psf) and an assumed yield of 5% (supported by CBRE and with yields for similar fitted up and let multi-let laboratory buildings on the Park currently being valued at 4.5%).
- The rental income would be £3,244,878 per annum when fully let. Assuming this is achieved, the value of the asset post completion would be circa £8 million higher than construction cost.
- Due to the quality of the scheme to be delivered and the strong market dynamics, our leasing advisers are confident in achieving market leading rents and pre-letting a significant part of the building. Void assumptions are at 6 months post PC however we believe that a significant proportion of the building will be let by PC. Various existing Park occupiers have already expressed interest in taking expansion space in the building and regularly seek update on progress/timing.
- The scheme has ESG embedded into the design and is targeting BREEAM Excellent.

Chesterford Research Park

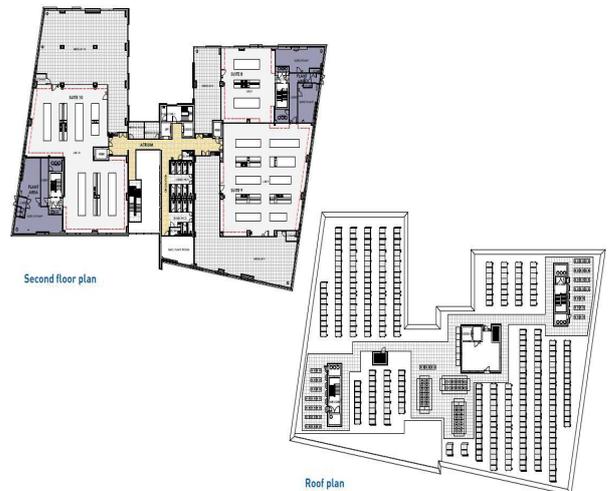
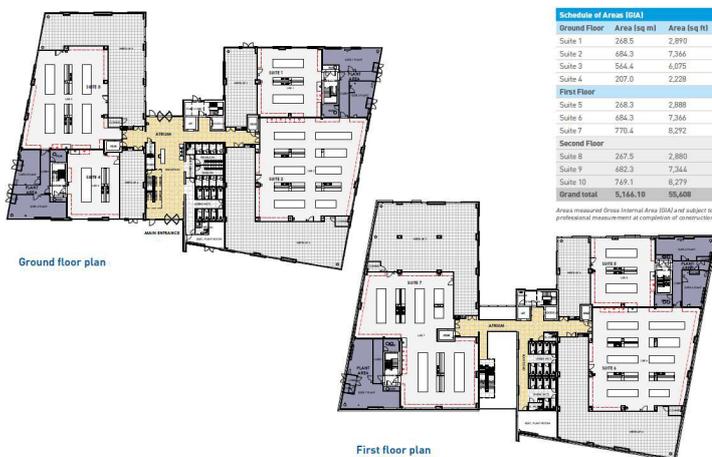
- Chesterford Research Park is a leading Cambridge Life Science park at the centre of the Cambridge cluster. The cluster is increasingly being centred on Science Parks south of Cambridge and include Chesterford Research Park, Cambridge BioMedical Campus, Granta Park, Wellcome Trust's Sanger Institute and the Babraham Institute. The proximity to Cambridge should see the Park continue to perform well, and the abundance of development land at Chesterford allows significant development opportunity.
- Since its inception as a Science Park in 2000, 240,000 sq.ft. of specialist space has been constructed to create a leading research centre.
- The Park currently comprises 335,000 sq.ft. (lettable GIA) of modern, purpose built R&D and office accommodation in 11 main buildings.
- The Park also benefits from an agreed planning Masterplan for 273,000 sq.ft. of additional research and development accommodation, with potential planning support for a further 412,000 sq.ft. which combined would result in a park estate of 1.02 million sq.ft. Development would be progressed in 21 development plots situated around the Park.

The proposed Scheme



- The development will provide a total of 55,468 sq ft (NIA) laid out over ground and two upper floors.
- The ground, first and second floors are for laboratory use and comprise fully fitted suites, to include write up and lab areas with a specification to allow for both biology and chemistry uses, as well as dry capabilities. The specification matches the industry recognised CL2 Wet Lab Standard.
- Each lab is designed to have the capability for two extraction fume hoods with the base M&E having flexibility for tenants to install additional should they choose.
- The building is served by 8 showers, 36 gender neutral superloos (plus dedicated disabled facilities on each floor), a passenger and goods lift with a rear service entrance for the delivery of laboratory supplies.
- Communal meeting rooms are located on the 2nd floor.
- High-efficiency electric VRF units (reversible heat pumps) will be installed to meet 100% of space heating and space cooling demands.
- Optimised AHU specific fan powers and effective ventilation heat recovery (incl. to laboratory extract) have been specified.
- High-efficiency internal and external lighting design.
- A significant 400m² of roof-mounted Photovoltaic Panels.
- The building will be provided with a minimum of 169 external car parking spaces, 18 of which will be Electric Vehicle charging points (14 standard EV spaces and 4 Accessible EV spaces).

- The development has been designed wholly in accordance with the AIRE Sustainable Design Brief.
- The development is fossil fuel free as the building is 100% electrically powered.
- The scheme is targeting an EPC A rating, BREEAM Excellent and is to be WELL enabled.
- The scheme is also targeting Embodied Carbon and Energy Use Intensity figures within the Best Practice targets of the AIRE Sustainable Design Brief as below:
 - Achieve an Energy Usage Intensity (EUI) of < 500 kWh/m² with an aspirational target of < 300 kWh/m². The Stage 4 design achieves 250 kWh/m².
 - Target an embodied carbon intensity of < 600 kg CO₂/m² with a maximum allowance of 1000 kgCO₂/m². The Stage 4 design achieves 565 kgCO₂/m².



Timetable

- Assumed Joint Venture Board Approval and Individual Investor Approval – End of August 2023.
- Assumed Building Contract Award date – 1 September 2023.
- Site mobilisation / enabling works – 8 September 2023.
- Main contract works commencement – November 2023.
- Internal Fit-out complete – 21 March 2025.
- External works complete – 1 May 2025.
- Practical Completion – 14 May 2025.

SWOT Analysis

<p>Strengths</p> <ul style="list-style-type: none"> • Inside the prestigious Cambridge Science BioCluster on the favoured south side of the city. • Strong amenity offering in the Nucleus building with bar, gym, restaurant and meeting room facilities. • Broad tenant mix with offering spread between incubator space to large headquarter buildings. • Efficient fitted laboratory suites with ancillary write up area. • New development designed fully in accordance with AIRE Sustainable Design Brief meaning 100% fossil fuel free, EPC A, BREEAM Excellent and Good Practice Energy in Use and Embodied Carbon targets contribute to a highly specified product driving appeal to target occupiers. • Restricted supply environment and robust tenant demand for similar product creating strong pre-let demand and limited competition. • Established park team with on-site staff, asset manager and development manager in place for 10 years. • Elements of infrastructure already in place including electricity reservation to allow full development of the park. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Further critical mass is required on the park to improve tenant mix, tenant offer such as nursery facilities or residential accommodation that are provided on Granta Park and other larger schemes. • Nucleus and transport running costs are subsidised by the Park owner. • Life Science buildings in their nature require high electricity usage and are not the most efficient buildings.
<p>Opportunities</p> <ul style="list-style-type: none"> • Potential to expand the Park further to a total size in excess of 1 million sq ft of R&D or obtain alternative uses for the 259 acre land holding. • Bring forward further speculative development to offer 'grow on' space for companies expanding from the Science Village. • Reduction of non-recoverable costs through development of Plot 800 and further plots. • Expand amenity offer through critical mass and development of new plots. • ERVs are underwritten at £58.50psf, however our agents are advising rents could reach £65psf at completion. • The Solar Park provides the opportunity to create green electricity on-site to power B800 and reduce non-recoverable costs on the Nucleus. 	<p>Threats</p> <ul style="list-style-type: none"> • Costs during the development period Mitigant – A Fixed Price D&B Contract has been agreed achieving 99% price fixity with Provisional Sums in the Building Contract totalling circa £300,000. • Surrounding development competition from other Science and Research Parks Mitigant – Create best in class buildings with added benefits such as the solar farm. • Tenant Corporate Activity. Mergers and acquisitions are prevalent in the R&D sector which can result in opportunity and threats.

Solar Farm – Funding request - £2,238,800

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 addition of renewable electric power to Chesterford Research Park contributes to the overall renewable energy requirements of the country as we move towards a clean energy future.

The primary role of Chesterford Research Park is as a biotech / science-based park and the Solar Green Energy Hub is being provided to facilitate the development of the park, not simply as a means of supplying electricity. The Solar Green Energy Hub must work together with the development of the park buildings to provide a significant contribution to the on-site renewable energy provision required by planning and building regulations. It will also provide a key USP for the Park in terms of marketing against similar life science parks.

There is a need to generate our own electricity on site due to the difficulties of providing enough on plot renewable power (through the national grid) to meet the planning and building regulation requirements along with the rising need for Electric Vehicle charging. Electric Vehicle charging also has the effect of draining mains grid supplied power from future building development on the park, thus potentially reducing the growth of the Park, this solar farm will help to reduce that risk.

Project Scope

Phase 1 has a total panel area of circa 1,500m² which equates to 3,060 individual PV cells, which are set out in 85 PV tables, with each table consisting of cells in a 9x4 grid formation. Planning permission has been obtained.

As well as the building of the solar farm and battery storage there will be the following infrastructure works:

- New High Voltage ring main cabling & associated works to Green Energy Hub.
- New High Voltage substation to north car park and resurfacing the existing car park.
- Installation of EV chargers to North Car Park; comprising 2nr 150kw chargers, 2nr 75kw chargers and 6nr 22kw chargers.
- Increase number of EV chargers at Nucleus utilising existing electrical capacity, comprising 1nr 75kw charger and 6nr 22kw chargers and associated LV cabling works.

The upgrading of the above Electrical Infrastructure enables the Green Energy Hub to supply renewable energy to the following buildings:

- The Mansion House
- Building 60
- Science Village
- Building 52
- Building 800 (when complete)

Timetable

- July 2023: Board approval for phase 1.
- August 2023: Aspire and Aviva funding approved
- September - December 2023: Construction lead-in and Discharge of remaining Pre-Commencement Planning Conditions.
- January 2024: Construction commencement.
- May 2024: Construction completion.

Payback period

Based on current forecasts the payback period for the solar farm investment is 8.5 years.

Basis of Loan of £21,060,000

The main element of this loan request is for the construction of Building 800. During the construction phase there will obviously be no income received, and when a new tenant takes occupation there is almost always a period of rent free for the tenant (a 10 year lease would normally attract a six to nine month rent free period). The directors would therefore request that the loans are provided on an interest free basis until 1 April 2026 to cover the construction period and rent free periods for new tenants. The directors understand and agree that the cost of this provision will be rolled into subsequent years.

I trust the information contained within this document is sufficient to enable you to recommend the loans to Full Council in August 2023.

Yours sincerely



Adrian Webb

Director

Signed on behalf of the Board

11 August 2023