

17th August 2015

Dear Sir

Ashall Projects Ltd.

I am writing to outline our experience with Ashall Projects over the last 2 years, particularly with respect to the project to refurbish Cook and Endeavour House in the centre of the borough, and convert the building into a 138 room Holiday Inn Express hotel.

Ashalls first approached the Council to discuss this project in the summer of 2013 after another developer had failed to bring a previous scheme to fruition.

At that stage the building in question had been empty for over 15 years and was a blemish on the centre of the borough. It was apparent that bringing this vacant / derelict building back into productive use would be a major undertaking, not least because it would involve the removal of a substantial amount of asbestos and securing significant equity and senior debt to finance the project.

From our first meeting it was apparent that the team at Ashalls were very knowledgeable in these areas and were able to articulate clearly what was required for the project to be successful, namely:

1. Due diligence on the building
A series of detailed surveys would need to be commissioned into the structure and other features of the building.
2. Production of a detailed cost estimate.
3. Selection of an experienced professional team.
4. Selection of a suitable hotel brand and a proven hotel management company.
5. Commission a detailed feasibility study to determine the demand for a hotel in the area.
6. Raise equity.
7. Secure debt finance.

8. Undertake the construction project.

Whilst Ashalls and their professional team were able to resolve most issues as they arose, one key challenge remained - raising debt finance. While there had been some signs of recovery in the south in late 2013, the situation in the north remained subdued and in this environment raising debt from commercial banks was always going to be difficult, despite the attractive projected returns stated in the feasibility study.

At this point Ashalls approached the Council to ask whether it would extend a loan to enable the project to proceed. Given the importance of the project to the regeneration of the borough, and the prospect of additional employment and rates income, the Council agreed to investigate this option. After engaging an independent professional firm to confirm that the projects projections and costings were robust the Council agreed to extend the loan and the project commenced.

On a regular basis throughout the project, Ashalls arranged meetings with the Council to discuss progress, identify areas of concern and highlight issues where the Council could assist. These meetings were informative and constructive and helped to develop a productive partnership between Council and Developer.

This project has been extremely successful. A complex refurbishment has been completed on time and within budget and the new hotel opened on 12th August 2015 - sixteen months after the loan was drawn down. In addition to providing a welcome source of additional employment and rates income the project has made a major contribution to the regeneration of the centre of Middlesbrough

This in turn should make it easier to secure additional development nearby.

Our experience with Ashalls has been very positive. They have an impressive track record in Commercial Property development and have developed strong relationships with proven performers in the development and construction industry.

This, coupled with their detailed knowledge of equity and debt fundraising for commercial property projects enabled them to display the skills and personnel required to identify issues as they arose, provide solutions and deliver a successful project. The Council would highly recommend Ashall Projects Ltd as a development partner or principal on future development projects - particularly those which involve working closely and collaborating with Councils.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kevin Parkes', with a horizontal line underneath.

Kevin Parkes
Executive Director
Economic Development & Communities