



**TO: DEPARTMENT OF CULTURE HERITAGE
AND THE GAELTACHT**

FINAL REPORT AND VALUATIONS RELATING TO:



CONNEMARA REGIONAL AIRPORT, INVERIN, CO. GALWAY

AS AT 11TH JANUARY 2019

EXECUTIVE SUMMARY:	CONNEMARA REGIONAL AIRPORT, INVERIN, CO. GALWAY			
Location:	<ul style="list-style-type: none"> • The subject property is located due south of Inverin village, approximately 30 kms west of Galway City. • Located within Gaeltacht na Gaillimhe, the largest Gaeltacht region in Ireland. • Located at the southern end of a rural road which serves dispersed one-off housing, a disused bus yard and the airport. • Nearby occupiers include Stiudeo Telegael, HID Global Galway, Fintrax Payments Systems, Tir na nOg bar, Abu Media Teo and TG4, as well as one off residential including ribbon development along the main road. 		 <p style="text-align: center;">Front Elevation</p>	 <p style="text-align: center;">Ground Floor- Reception</p>
Description:	<ul style="list-style-type: none"> • The subject property comprises a regional airport made up of a single 610-metre runway, terminal building, aircraft hangar and ancillary car parking. • Occupies a total site area of approximately 11.34 hectares (28 acres). • The buildings extend to a total gross internal floor area of approximately 1,663.7 sq. m. (17,908 sq ft). (excluding mezz.) • The subject property is in use as a regional airport since the early 1990s mainly serving the Arann Islands. There is one room inside the terminal currently in use by a local firm that provides home care to the elderly (Cashla). 	Strengths/ Opportunities:	<ul style="list-style-type: none"> • The subject property is the only airport that currently links the Arann Islands to mainland Ireland. • Dependent customer base, other alternative routes for the population of the Arann Islands may prove too costly and time inefficient. Flight time from the airport to the Islands is approximately 8 minutes. • Strong tourist demand with the Arann Islands being a famous tourist destination which has, for example, received recent praise in the New York Times as a place to visit (article by Andrew McCarthy 10/09/2018). • The subject property has several alternative uses that could be explored e.g. remote working hub, adventure centre, media/studio facility, hostel, however only after a change of planning use which will not be straightforward. 	

Planning:	<ul style="list-style-type: none"> The property is part of the Gaeltacht plan in the Galway County Development Plan 2015-2021 however it falls outside the remit of any specific local area plan and therefore is not specifically zoned. 	Weaknesses/Threats:	<ul style="list-style-type: none"> Small and decreasing customer base, on the Arann Islands Limited potential beyond current use (as is). Wildlife directives may prevent further expansion. Aviation facility competition at Galway airport, Shannon Airport and Knock Airport, all within a 2 Hour drive. Shannon is less than 60 kms as the crow flies from Inisheer (smallest Island.) Engineers report commissioned by the addressee identifies several compliance and title concerns of significance.
Title/Tenancy:	<ul style="list-style-type: none"> Assumed unencumbered freehold title. We have received the original Folio (GY37550F) as well as a signed Declaration of Identity. We have assumed vacant possession on the entire, including the area occupied by Cashla. The entire property is currently owner-occupied (Cashla was set up by same owner). 	Market Value as at 11th January 2019:	<p style="text-align: center;">€600,000 (Six Hundred Thousand Euro)</p> <p>Note - Our Valuation assumes vacant possession and is exclusive of all bespoke fixtures and equipment. The business/trade element is also excluded.</p>

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TERMS OF REFERENCE

Addressee & Client: Department of Culture, Heritage and the Gaeltacht, Na Forbacha, Co. Galway

The Property/Instruction: Our valuation relates to the 'Market Value' of the assumed unencumbered freehold interest in the property known as Connemara Regional Airport, Inverin, Co. Galway.

Our Valuation assumes vacant possession and is exclusive of all bespoke fixtures and equipment. The business/trade element is also excluded.

Purpose of Valuation Instruction: The valuation has been undertaken solely for the internal use and consideration of the addressee. It is not for the use or reliance of any other party.

Our report is not to be used for any other purpose such as, and not limited, to loan security purposes. Our report is strictly confidential to the Client.

Instruction Date: 11th January 2019

Valuation Date: 11th January 2019

Compliance with Valuation Standards: Our valuation has been carried out in accordance with the appropriate sections of the current edition of the RICS Valuation, Global Standards 2017 (July 2017 Edition and commonly referred to as 'The Red Book'), as published by the RICS and Society of Chartered Surveyors in the Republic of Ireland (SCSI). Our valuations also comply with International Valuation Standards (IVS) where appropriate.

Basis of Valuation: The valuation has been carried out on the basis of '**Market Value**'.

'Market Value' (MV) is defined under VPS 4 of the RICS Valuation, Global Standards 2017 (July 2017 Edition) as follows:

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

General Assumptions: We have made the following standard general assumptions:

- 1.)** In the absence of confirmation or commentary on title we have assumed an unencumbered freehold title to the entire property with the benefit of vacant possession, free of any rights of-way, encumbrances or restrictions that may otherwise have an impact on value. Title is assumed to be good and marketable.

We recommend that matters pertaining to title and boundaries should be clarified by your legal advisors. Our valuation relates to our interpretation of the property, based on information provided to us by the addressee, and which we have approximately outlined on an Ordnance Survey extract within our report (for identification purposes only).

- 2.) That the entire is fully compliant with planning, building and fire regulations and that there are no enforcement proceedings in existence or pending at the property unless specifically stated to the contrary.
- 3.) We have assumed that the building structure is in satisfactory repair and condition and that there are no environmental, contaminative or ground issues on-site unless specifically stated to the contrary.
- 4.) Unless specifically stated to the contrary we have assumed that all mains services are connected to the property and operating satisfactorily.

Special Assumption: None
Please note the stated assumption on vacant possession, equipment and goodwill – identified for the avoidance of doubt.

Disclosure/Conflicts: We have not had any previous involvement with the addressee or with the subject property.

We are satisfied that no conflict of interest arises in undertaking the proposed instruction.

Rates & Charges: For the purpose of our valuation we have assumed that all local authority taxes and charges attached to the property (e.g. Commercial Rates, Development Contributions, Vacant Site Tax etc.) are discharged in full as at the date of valuation unless specifically stated to the contrary.

Exclusions, VAT & Taxes: No allowance has been made for any expense in the event of a hypothetical disposal, or for any taxation (including VAT) which might arise in the event of any such disposal. We have disregarded any VAT implications in arriving at our valuation.

Our valuation specifically excludes any reference to acquisition costs, stamp duty, VAT or any property tax or development levies.

Our valuation relates to the property asset and excludes any company structure that may be involved in any ownership of the property.

Inspection and extent of investigations: An on-site inspection of the subject property was carried out by Paul Doyle BSc, MCSI, MRICS (Managing Director) and Ronan Lavelle BSc (Surveyor), on the 14th January 2019

Sources of Information: We have relied upon the following information provided by the addressee:

- In relation to the title we have received the original Folio (GY37550F) as well as a signed Declaration of Identity.
- A Section 72 Declaration relating to burdens upon the land and its title.
- The original planning permission grant dated 26/06/1989.
- Correspondence from IAA (Irish Aviation Authority) to Mr. Ray Feeney regarding the validity of the Aerodrome License as well as the license itself (License no. 505).

- The EPS licensee agreement in regard to waste water treatment plant.
- An opinion of compliance with planning permission & building regulations by Fergal Bradley, of Fergal Bradley & Co. Ltd. Dated the 14/12/2018.
- Structural and condition survey report produced by Eamonn MacGoill dated the 17th January 2019.

**Status of Surveyors /
External Valuers**

The due diligence enquiries and the report and valuation have been carried out and prepared by Paul Doyle BSc, MSCSI, MRICS (Managing Director) and Ronan Lavelle BSc (Surveyor).

The lead valuer is qualified for the purpose of this valuation and is familiar with the subject area of valuation and the locality. Paul Doyle is a Registered Valuer.

LIMITATIONS, PUBLICATION AND CONFIDENTIALITY

Some of the information contained in our report may be considered to be confidential and/or commercially sensitive and/or privileged. Any use, dissemination, distribution, publication or copying of the information contained in our report by any person or body (other than those for whom Bannon has provided consent) is strictly prohibited without our written approval of the form and context in which it may appear.

In accordance with our standard practice this report is for the use solely of, and confidential to, the parties to whom it is addressed. No responsibility or liability can be accepted by Bannon to any third party for the whole or any part of the contents of this report.

Our report is strictly confidential to, and for use solely by the addressee.

VALUATION CONSIDERATIONS

We have made the following general assumptions and valuation considerations in the preparation of our valuation:

- **Contamination**

We have assumed unless specifically stated to the contrary that there are no environmental issues at the property and furthermore that no contaminative or potentially contaminative uses have ever been carried out at the property.

We have not carried out any investigation into past or present uses, either of the subject property or any neighbouring properties, to establish whether there is any potential for contamination to the subject property from these uses and have therefore assumed that none exists. However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring property, or that the property has been or is being put to a contaminative use this might reduce our reported value.

- **Ground Stability**

We have not carried out or commissioned a site investigation or geophysical survey and we can give no assurance that the grounds have sufficient load bearing strength to support either existing structures or any other structure which may be erected in the future. In addition, we cannot provide any assurance that there are no underground mineral or other workings beneath the site or in its vicinity.

- **Services**

We have not been provided with information relating to services at the property and for the purpose of our valuation we have assumed that all existing services are operating satisfactorily. We have made no allowance for replacement or repair of services.

All mains services are assumed to be connected to the property and operating satisfactorily.

- **Ground Conditions**

We have not been provided with any information in respect of ground conditions nor have we carried out any investigations into these or the servicing of the site. We have further assumed that the site can be developed without incurring any abnormal costs in respect of foundations.

We have assumed that the ground conditions are satisfactory for a traditional method of construction and further that there are no contaminating or other deleterious materials present which may prevent a development of the site in a traditional method or at normal cost levels. We have further assumed that the undeveloped section of the site is capable of being serviced at a reasonable cost and that there would be no exorbitant or excessive off site costs relating to matters such as drainage.

- **Structural**

We have not been provided with any reports on repair and condition at the property.

We were not instructed, nor have we authority, to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of any of the existing buildings or subsequent additions. Notwithstanding that the scope of our inspection was limited; as is standard practise we did not inspect those parts of the property which are covered, unexposed or inaccessible.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or have since been incorporated and we are, therefore, unable to report that the property is free from risk in this regard. Having regard to this we have assumed, for the purpose of our valuation, that such investigation would not disclose the presence of any such material to any significant extent.

Furthermore we have assumed that the property is fully compliant with current building regulations.

- **Building Enforcement**

We have assumed that there are no enforcement proceedings in existence or pending in respect of the property.

- **Fire Safety Compliance**

We have no authority to comment on compliance with fire safety regulations. For the purpose of our valuation we have assumed that the property is fully compliant with fire safety legislation.

- **B.E.R Certification**

We have not been provided with copies of the Building Energy Rating Certificates in respect of the subject property. As the subject property comprises a protected structure it is exempt from the requirement to hold a Building Energy Rating Certificate.

- **Flooding**

We are not authorised to, and cannot comment upon, the likelihood of flooding within the subject area and its effect or otherwise on the subject property. We have therefore assumed that the property is free of any flooding risk, unless specifically stated to the contrary.

- **Town Planning**

We have not carried out detailed planning searches with Galway County Council and have assumed, for the purpose of our valuation that the property, in its existing use, is authorised for the purpose of the Local Government Planning and Development Acts 1963 to 2002 as amended.

We have further assumed that there are no statutory notices affecting the property other than those specifically referenced. It is further assumed that where required there are valid fire certificates for the subject property.

- **Title**

In the absence of confirmation or formal commentary on title we have assumed an unencumbered freehold title to the entire property with the benefit of vacant possession, free of any rights-of-way, encumbrances or restrictions that may otherwise have an impact on value. Title is assumed to be good and marketable.

In relation to the title we have received the original Folio (GY37550F) as well as a signed Declaration of Identity.

Our valuation relates to our interpretation of the property, based on information provided to us by the addressee, and which we have approximately outlined on an Ordnance Survey extract within our report (for identification purposes only).

We recommend that matters pertaining to title and boundaries should be clarified by your legal advisors.

BREXIT AND UNCERTAINTY (As at January 2019)

Following a referendum the UK decided to withdraw from the EU, serving notice of same to the EU under Article 50 of the Lisbon Treaty on 29th March 2017. This triggered the two-year process which is due to come to an end on 29th March 2019. The withdrawal became Law in the UK with the passing of the European Withdrawal Act in June 2018.

Whilst the date of exit is fairly certain the terms and outcome of the nature of the exit remains very unclear resulting in a degree of uncertainty within economic and political spheres. Main issues requiring resolution are: what happens to the Northern Ireland Border; the amount of money that the UK owes to the European Union; and what happens to UK citizens living elsewhere in Europe and what happens to EU citizens residing in the UK.

Under Article 50 no agreement can be ratified unless all items are agreed. In an effort to smooth the process both sides have agreed to a 21 month “transition” period post Brexit that will run from 29th March 2019 to 31st December 2020. During this “transition period” free movement will continue and the UK will be able to strike their own trade deals (which won’t come into force until January 2021). It is important to note that should the UK and the EU be unable to come to agreement on the exit strategy this “transition period” will not come into effect.

Following intense negotiations British Prime Minister Theresa May has presented a draft withdrawal agreement and is seeking the support of her Cabinet and Parliament. Under the draft proposal the UK has agreed to a UK-wide customs backstop which will ensure no hard border in Ireland. The draft agreement was rejected by the House of Commons on 15th January 2019. On the 16th January Ms. May’s survived a vote of no confidence.

At the date of this report, and with the date for the commencement of a withdrawal process now only 2 months away (29th March 2019) Ms. May’s next step remains uncertain and a hard Brexit is now a greater possibility than previously thought.

Until such time as a final agreement is in place between the EU and the UK in relation to the practicalities and mechanisms of the exit the uncertainty surrounding this major event will remain. From Ireland’s viewpoint, Dublin in particular is seen as a potential beneficiary as an office relocation option to London/UK. These relocations are already beginning to happen. On the other hand, a hard border with the North is a real possibility, which would provide extreme trading and other challenges for trade between the South and North. It would, as one further example, provide challenges to our Tourism sector.

At the date of our report the issue of the hard border and indeed the UK’s overall route to an exit was very topical and remained unresolved, creating much uncertainty.

USE

Given the most unusual nature of this property and likely limited and specialised end user demand, we would further draw the addressee’s attention to the difficulty in arriving at a Market Value, thus some uncertainty attaches to our valuation and particularly so given the absence of comparable evidence for a property of this nature.

1.0 LOCATION

1.1 Overview

- The subject property is located due south of Inverin a small village in Connemara, County Galway, approximately 30 kms west of Galway City.
- The R336 (coastal road) runs directly through Inverin and links the south of the Connemara region to Galway City.
- Inverin is located in the Electoral Division of Cill Chumain which has a population 1,314 as per Census 2016, a decrease of 1 person from the 2011 figure of 1,315.
- Connemara has a population 38,532 as per Census 2016. This reflects a slight decrease from the 2011 figure of 39,238
- The subject property is located within Ghaeltacht na Gaillimhe, the largest Gaeltacht region in Ireland which has a population of 50,750 as per the 2016 Census. This reflects an increase of close to 4% from the 2011 figure of 48,907.
- The primary air traffic to and from the airport is to the Aran Islands which have a total population of 1,226 as per the Census 2016. This reflects a slight decrease from the 2011 figure of 1,251.
- The subject property is located at the southern end of a single lane unnamed rural road which serves a number of one off housing and the airport. The airport is approx. 850 metres from the junction with the R336.
- Nearby occupiers include Stiúideo Telegaél, HID Global Galway, Fintrax Payments Systems, Tir na nOg bar, Abu Media Teo and TG4 and several one-off houses.



Location Map (For identification purposes only - Not to Scale)

2.0 DESCRIPTION

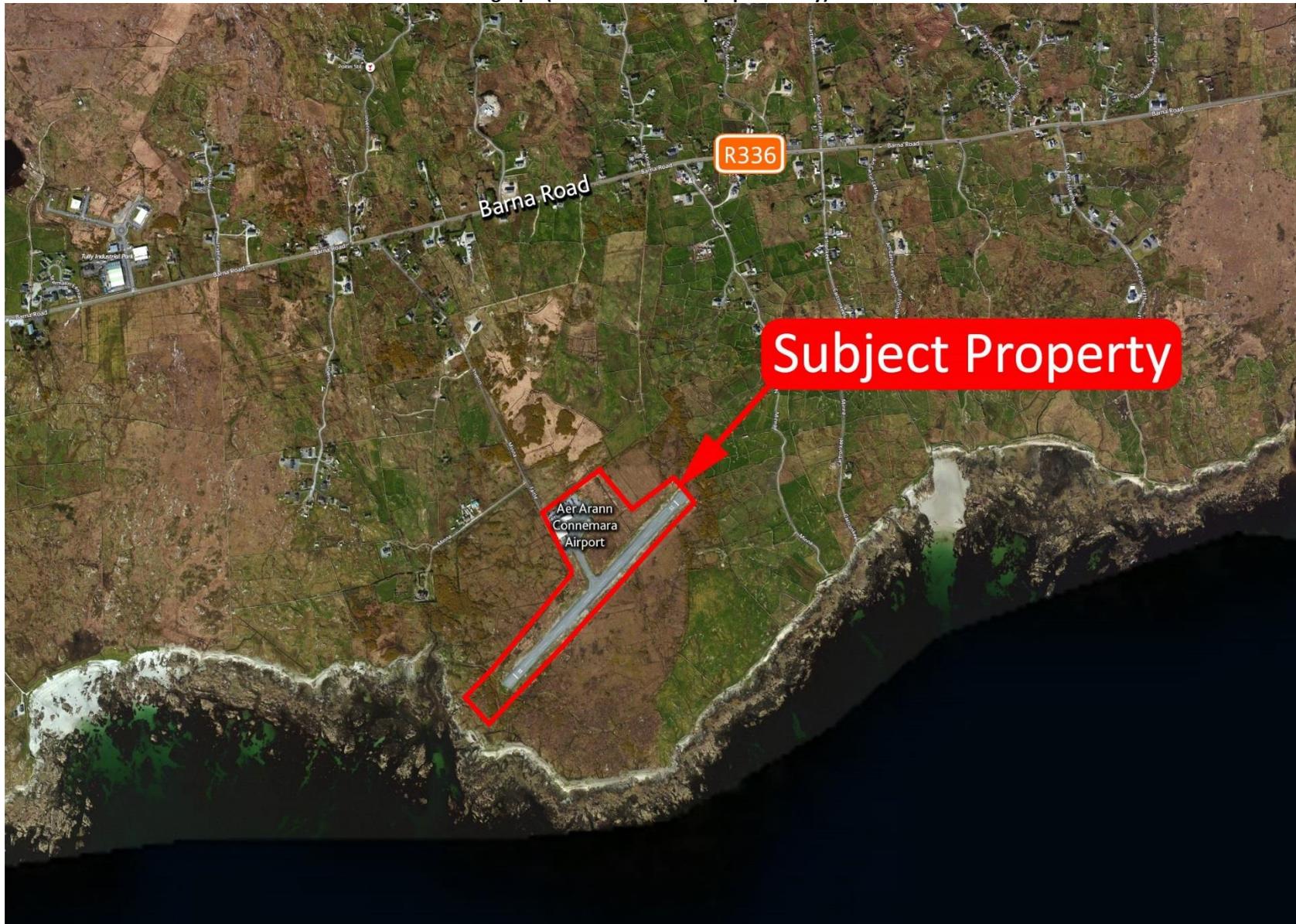
2.1 Overview

- The property comprises a regional airport made up of a single 610-metre runway with 35 metre runway strips at either end, terminal building, aircraft hangar and ancillary car parking.
- The property occupies a total site area of approximately 11.34 hectares (28 acres), based on our interpretation of boundaries. Buildings extend to a total gross floor area of approximately 1,663.7 sq. m (17,908 sq. ft). Car parking for approximately 250 vehicles is provided along the northern and western elevations.
- The subject property is bound to the west side by an unnamed narrow rural road (cul-de-sac) and all remaining sides by commonage both enclosed and open.
- The main building is understood to be of concrete block construction with a rendered and painted exterior and metal deck roof over the extended section and a flat roof over the original. It is understood that the building was initially constructed circa. 1990 with the extension constructed in the mid 2000's.
- The hanger/warehouse element of the subject property comprises two adjoining but separately accessed units. The clear eaves height within the hanger is approximately 4.8 metres. The clear eaves height within the fire equipment shed is approximately 2.7 metres.
- The hangar is of a steel frame construction with a concrete floor comprising a mix of screed and non-slip paint finish. It has a single bay door and halogen lights. It is understood this was constructed at the same time as the original building (circa 1991).
- A fire equipment shed of similar construction but with smaller clear eaves is located adjoining to the south of the hanger
- The property is currently in use as a regional airport mainly serving the Arann Islands. There is one room in the terminal building which is in use by a local firm that provides home care to the elderly (Cashla). We have assumed that vacant possession of this room is readily available.



Ordnance Survey Extract (For approximate identification purposes only)

Aerial Photograph (For identification purposes only)

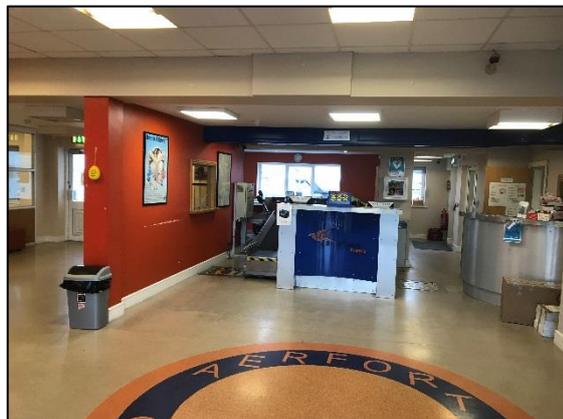


2.2 Description

The subject property comprises a regional airport made up of a 610-metre runway, terminal building and an aircraft hangar. The total site area extends to approximately 11.34 Ha (28 acres), based on our interpretation of boundaries. The buildings extend to a total gross internal floor area of approximately 1,663.7 sq. m. (17,908 sq. ft.). Car parking for approx. 250 vehicles is provided along the northern and western elevations.



Front Elevation



Ground Floor Reception



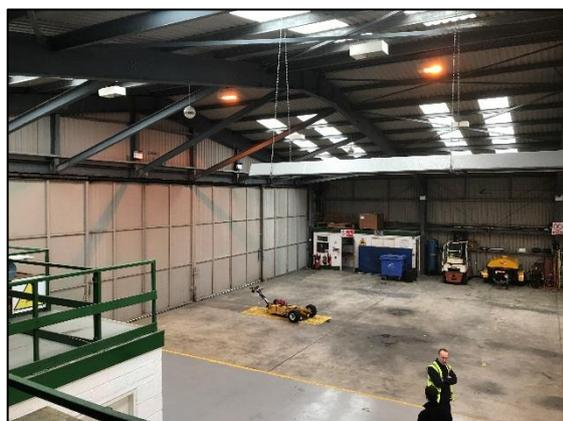
Ground Floor- Terminal



Ground Floor- Offices



Hanger- Main floor



Hanger- view from Mezzanine



Rear Elevation - from runway



Runway

Main Building / Offices

The 2-storey terminal building extends to a gross internal area of approximately 777.1 sq. m. (8,364 sq. ft.) over ground and first floors.

This building is of concrete block wall construction with rendered and painted elevations. It has a steel decking single pitch roof. Floors at ground and first floor levels are of concrete construction. Vertical access between floors is provided via a single stairwell on the western gable. A lift and stairwell on the eastern gable were never constructed which would suggest the first floor cannot be used.

The ground floor accommodation is dominated by an open plan and well-presented waiting area with open plan offices to one side (used by Cashla Healthcare) and several cellular offices to the other (original/ eastern) side. The more modern section of the ground floor has a floor to ceiling height of 2.76 metres while the original ground floor has a floor to ceiling height of 2.43 metres. The first floor has a floor to clear ceiling height of 2.9 metres.

Finishes typically include plastered and painted walls and ceilings, laminated floor (reception) and carpet (offices) coverings, florescent light fittings part recessed, and part exposed. Heating is by means of wall mounted oil radiators. Windows and doors are PVC framed and double glazed.

The first floor is, for the most part, in shell and core to include the exposed roof structure. The first floor is used for storage.

Hanger/Fire Equipment Shed

The hanger and fire shed comprise warehouse accommodation collectively extending to a gross internal area of approximately 886.6 sq. m. (9,544 sq. ft.).

Hanger - The hanger extends to a gross internal area of approximately 771.4 sq. m. (8,404 sq. ft.). The building is of steel frame construction with a pitched roof. The roof covering appears to be single skin metal decking supported on steel purlins. It accommodates a small element of offices and enclosed storage. Two mezzanine areas are provided above these offices/stores.

The external walls are of metal cladding. The party wall adjoining the offices comprises full height concrete blocks. It has a concrete floor with a mix of screed and a non-slip painted surface. Lighting is provided by means of halogen light fittings. Loading access is by means of a single large sliding door along its dominate elevation adjacent to the taxi run. The clear eaves height within the warehouse is 4.8 metres.

Fire Tender Shed - The shed attached to the south of the hanger is of the same construction as the hangar except the clear eaves height is 2.7 metres. This element extends to a gross internal area of approximately 115.2 sq m (1,240 sq ft).

2.3 Accommodation

We have measured the subject property on a gross internal basis (GIA) in accordance with SCSI Measurement Practice Guidance Notes as follows:

	sq m	sq ft
Ground Floor	494.9	5,327
<u>First Floor</u>	<u>282.1</u>	<u>3,037</u>
Sub-total - Office	777.0	8,364
Hanger (excl. mezz.)	771.5	8,304
Fire Equipment Shed	115.2	1,240
Total	1,663.7	17,908

2.4 Services

All mains services are assumed to be connected to the subject property and operating satisfactorily. We have not allowed for the replacement or renewal of such services.

We are aware that there is an on-site waste treatment plant and have been provided with the licence for the EPS pump system.

We note as stated in the structural and condition survey that the document provided in relation to the treatment system appears to be for a routine pump service contract. Confirmation of the planning authority's acceptance of the system and the written certification of the system should be sought.

2.5 Condition

We were not instructed, nor are we authorised, to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject property or subsequent additions.

We have received a structural and condition survey report produced by Eamonn MacGoill dated the 17th January 2019.

For reference only, some of the key issues highlighted in the aforementioned report are summarised below:

- *Clarification of the fire certificate should be sought due to material changes in the building layout compared to the fire safety certificate application submitted, along with a number of potential defects that are listed.*
- *Several planning conditions from previous planning permissions are highlighted as not being met, in particular none of the 6 conditions set for the planning reference number 03/5605 were completed.*
- *Both the electrical and telecommunications lines serving the property pass through an underground duct that is not owned by the subject property it is advised clarification on an easement arrangement for this be obtained.*
- *A number of issues with drainage were highlighted.*
- *Issues around Maintenance of the structures was highlighted particularly around joints and cladding.*
- *The boundary fencing and the entrance gate is highlighted as in need of repair/replacement.*

2.6 Environmental Considerations

We have assumed that there are no environmental issues at the property and furthermore that no contaminative or potentially contaminative uses have ever been carried out at the property. We have not been provided with an environmental survey.

2.7 Flood Risk

We have not been provided with specific information in relation to potential flood risk at the subject property or in the vicinity. We have assumed that the subject property is free from flood risk.

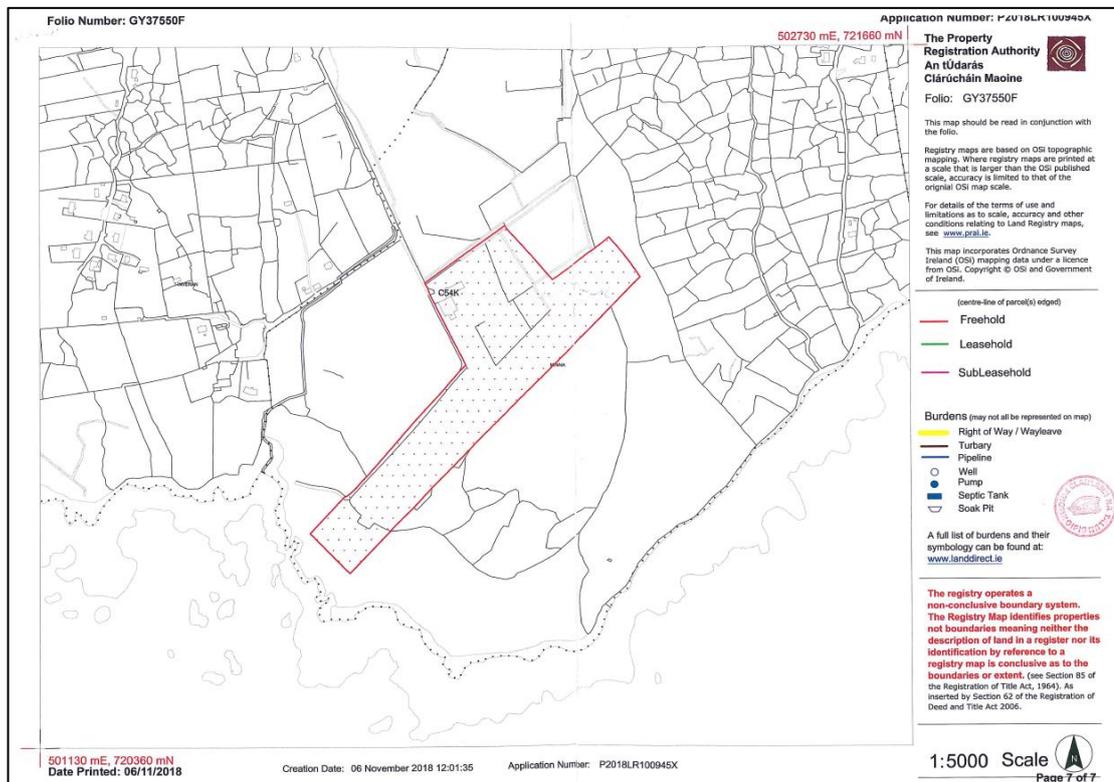
3.0 TENURE

3.1 Title

We have been provided with documents relating to the title which include a Land Registry Folio, in respect of the subject property.

We have received confirmation of Identity signed by Fergal Bradley of Fergal Bradley & Co Limited in front of a practicing solicitor dated the 6th December 2018. From the documents we received we have assumed an unencumbered freehold title to the entire, free of any rights-of-way, encumbrances or restrictions that may otherwise have an impact on value. We have further assumed that this title is good and marketable.

We have also been provided with a Land Registry compliant map set out below.



Folio No. GY37550F

We strongly recommend that matters pertaining to title and boundaries be clarified by your legal advisors.

3.2 Aerodrome Licence

We have been provided with a copy of the aerodrome licence which is valid for a one-year period from 18th July 2018 to 17th July 2019 (Licence No.505).

3.3 Assumed Vacant Possession

Our valuation includes complete vacant possession, to include the office which is currently occupied by Cashla Healthcare.

4.0 OUTGOINGS

4.1 Rateable Valuation

The Rateable Valuation (RV) of the subject property is stated to be €184.11 according to our on-line search of the Valuation Office website.

The 2019 'Annual Rate on Valuation' (ARV) for Galway County Council is 70.59 therefore the rates liability for 2019 is approximately **€12,996**.

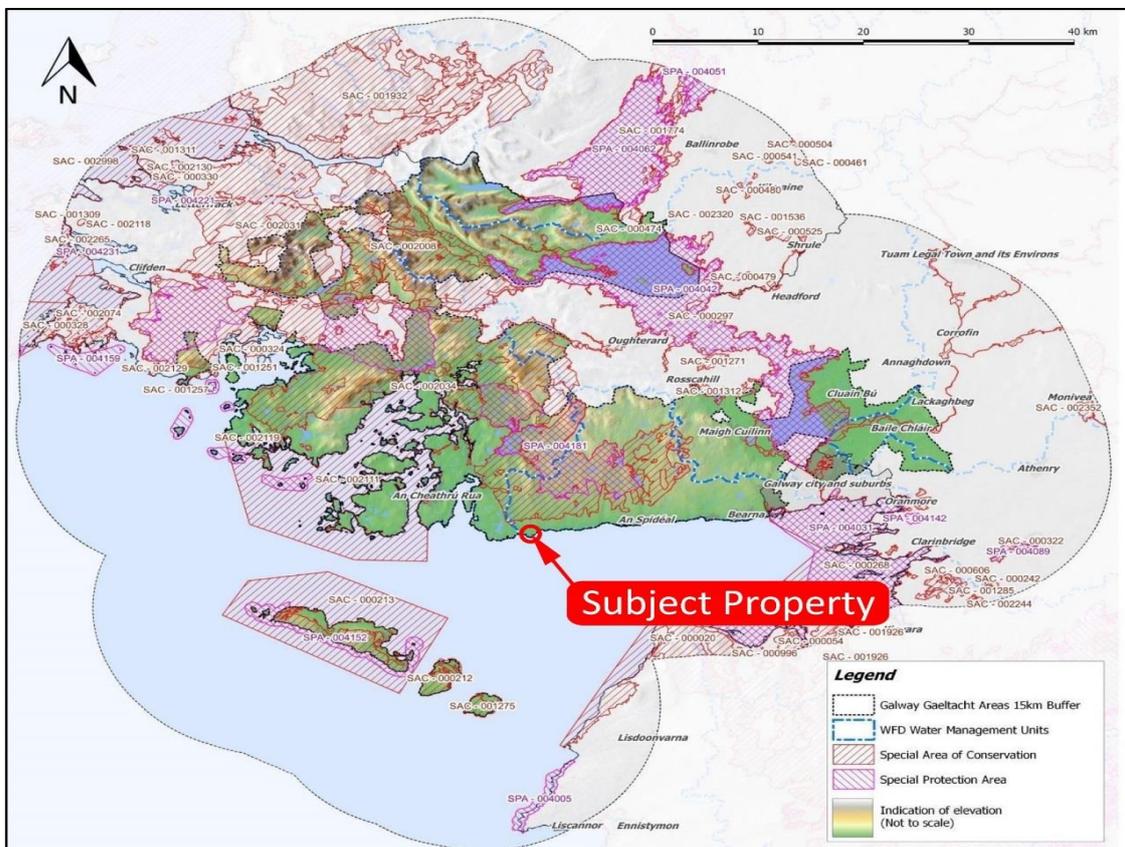
Note* The tenants/occupiers are each responsible for the payment of commercial rates. We would note that while the landlord is responsible for rates on vacant units we understand that 100% vacancy relief is currently available from Galway County Council where a property is vacant and actively available to let.

5.0 TOWN PLANNING

5.1 Zoning

The subject property is part of the Gaeltacht plan in the Galway County Development Plan 2015 -2021 however it falls outside the remit of any specific local area plan and therefore is not zoned.

We would however note that extensive areas of the Connemara region are designated Natural Heritage Areas and Special Areas of Conservation. The subject does not appear to fall inside one of these areas but it is in close proximity to some, as shown on the map below.



5.2 Planning History

The original planning decision to grant subject to 7 conditions dated 26 June 1989 was provided to us (planning ref no. 58465)

Additionally, our online search of Galway County Council planning website indicates the following planning decision from 2016 in respect of the subject property:

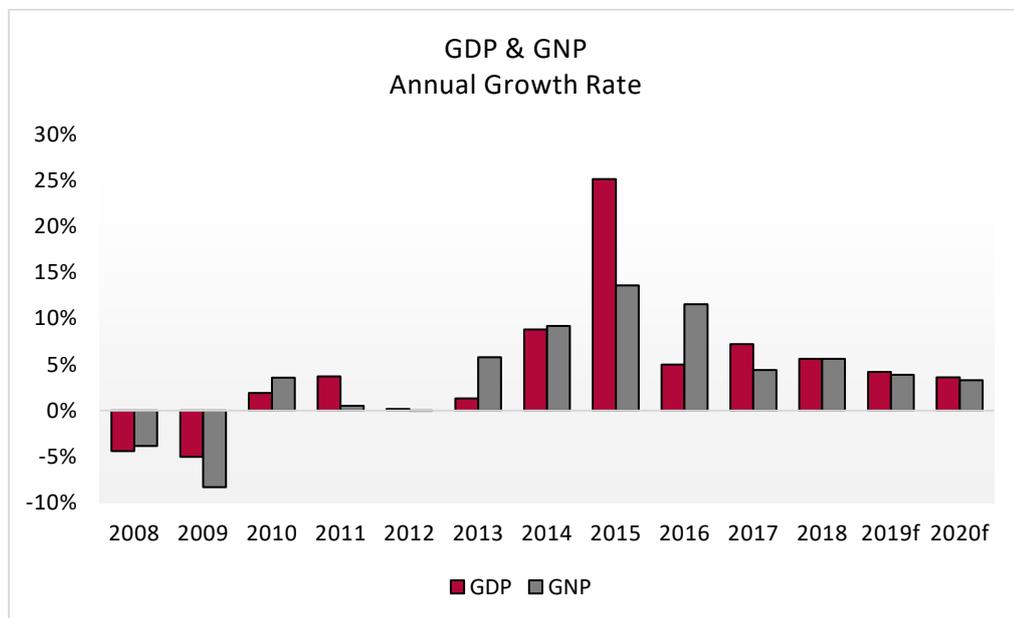
Ref No.	18/1807
Address:	An Caislean (Connemara Regional Airport)
Applicant:	Galway Aviation Services Ltd
Description:	Retention of revised layout, minor elevation alterations and shed outbuilding to that previously granted under Pl. Ref No. 04/4578. Gross floor space of work to be retained: 109.50 sqm
Status:	A decision on the application is due by Galway County Council on 16 th February 2019.

Ref No.	04/4578
Address:	Tully (Connemara Regional Airport)
Applicant:	Galway Aviation Services Ltd
Description:	for extension to first floor offices. (gross floor area (a) existing: 1153; (b) proposed: 1320sqm)
Status:	A final grant of permission was made by Galway County Council on 24 th January 2005 subject to 2 no. conditions.

6.0 ECONOMIC COMMENTARY

6.1 General Economic Commentary

- The third quarter of 2018 (Q4 2018 GDP figures are not yet published) saw an expansion of 0.9% in GDP relative to the second quarter of 2018 (seasonally adjusted), while GNP increased by 5.2%. On an annual basis however, unadjusted GDP increased by 4.9% in Q3 2018 relative to the same period in 2017, with GNP seeing growth of 3.1%. The Department of Finance are forecasting real GDP growth of 3.9 in 2019. This figure takes into account the uncertainty surrounding Brexit.
- Personal consumption remains a key driver of growth, with the latest figures showing an annual increase of 2.9% in consumer spending, while exports saw strong growth of 9.4% year-on-year thanks to continued growth in business, technology and financial services. Imports recorded a 16.4% increase year-on-year for Q3. This was the first sign of growth in this sector since the end of 2016.



Source: CSO, Department of Finance forecasts

- Due to fluctuations in GDP and the influence of external factors, economists are increasingly turning to other domestic performance indicators such as employment growth and consumer sentiment and spending data to ascertain underlying economic growth.
- Ireland's small, open economy means that it is dependent on international trade and strongly influenced by external developments. Continued economic growth cannot be taken for granted, especially within an international backdrop characterised by heightened levels of uncertainty.
- The main concerns for Ireland at present are the outcome of Brexit negotiations and proposed exit in the UK and the economic policy stance in the US, as the potential implementation of protectionist trade and tax measures would carry significant risks to Ireland's FDI attractiveness.

-

- While it is difficult to envisage precise details of these consequences at present, the most immediate issues being dealt with are market uncertainty and the negative effects of currency devaluations, particularly in relation to trade and tourism.

Labour Market

- The pace of employment growth remains robust, with 66,700 new jobs created in the year to Q3 2018 to bring total employment to 2.273 million, the highest figures ever recorded by the CSO. This has impacted on the unemployment rate, which has fallen by 67% from its peak in 2012, to **5.3% by December 2018**. Irish unemployment is now well below the current European Union average of 6.7% (November 2018).



Source: CSO

- Average weekly earnings (seasonally adjusted) reached €740.32 in Q3 2018, a rise of 3.2% from €717.55 one year earlier. Earnings increased in all of the 12 of the 13 employment sectors in the economy in the year to Q2 2018, with the largest increase recorded in the Other Service Activities sector showing a 7.2% increase. This was followed closely by the Accommodation and Food Services sector at 6.1% growth.

6.2 Irish Property Markets

6.2.1 Commercial Property

- The Irish commercial property market continues to perform well with the IPD Quarterly Property Index recording a total return of 1.9% in Q3 2018 (Q4 not yet released at date of report) bringing annual returns to 6.3%. Industrial remains the strongest performing sector, with annual returns of 8.2%, while retail and office properties saw annual returns of 4.7% and 6.2% respectively.
- Strong activity in all occupier markets on the back of robust domestic economic fundamentals has meant that despite external developments and subsequent uncertainty, the commercial property market has remained buoyant throughout the year.
- Demand for office space, 3.75m sq ft taken up in 2018, has been boosted by Brexit relocation considerations, while increases in employment and disposable income have driven competition for good retail and logistics space.
- While it is too soon to understand the full impact of Brexit and US developments on the Irish commercial property market, it will be extremely important to closely monitor key property and economic indicators in the coming months in order to take full advantage of any positive developments in an Irish context, while also monitoring risks to minimise negative effects.

6.3 Summary/Outlook

- It remains difficult to gauge economic activity in Ireland given the distorting effect of multinational activity, with the ESRI currently calling for a more comprehensive set of national accounts to deal with this. Nevertheless, while headline GDP results can be exaggerated and changeable in an Irish context, the domestic economy is expected to remain robust, supported by positive labour market trends and investment in construction.
- Most importantly, the Irish economy is now beyond the recovery phase and into a period of sustainable growth, driven by business investment and employment growth as opposed to unsustainable credit flows. Davy Stockbrokers recently revised up GDP projections to 5.7% for 2018 and 4.9% for 2019 with exports again expected to be a key contributor thanks to continued foreign investment and imports of intellectual property by large multinationals. The strength of the labour market is forecast to drive unemployment down as low as 4.7% in 2019 at the same time as the overall labour force increases following the return to positive inward migration last year. Consumer spending is expected to rise by 3.2% in 2018 and 3% in 2019 with sentiment improving as the economy nears full employment and household debt levels continue to fall.
- On a macro-economic level, the most significant factors facing Ireland are the outcome of the ongoing Brexit negotiations and the potential for change regarding US foreign policy. Long term consequences could be severe given Ireland's close ties with both countries in relation to trade and investment, however current strength of the domestic economy should provide some buffer.
- We would comment generally that the market in Ireland very much remained 'two-tier' between Dublin and the main urban cities (Cork, Galway, Limerick). The provincial market remains very much challenging with end value remaining in most circumstances below replacement costs.

7.0 MARKET ANALYSIS

7.1 Comparable Evidence

In determining an appropriate opinion of value for the subject property we have considered agricultural land of a similar scale that has transacted or are currently available for sale in rural west of Ireland as well as properties which comprise a mix of office and industrial in similar locations:

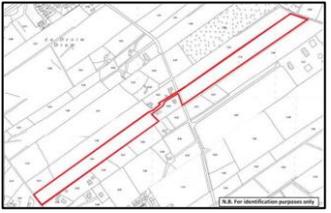
OFFICE/INDUSTRIAL - AVAILABLE ON THE MARKET:

Address	Floor Area (Sq. ft.)	Guide Price (Approx.)	Description	Image
Iasc Mara Teoranta, Rossaveel, Connemara Agent: BV Commercial	60,792 On c.4.27 acres.	€1,450,000 (GUIDE) (€23.85 psf)	<ul style="list-style-type: none"> Iasc Mara Teoranta is a fish processing company, set up in 1992, specializing in the processing of herring and mackerel. comprises Intake Chilling Store, Tractor Room, Grading Room, Boiler House/Workshop, Main Plant and Office Building, 2 Cold Rooms and dry goods store. Approx. 9 kms from subject 	
Cre Dhubh, Spiddal West, Spiddal, Galway Agent: DNG Martin O'Connor	9,472	€300,000 (GUIDE) (31.67 psf)	<ul style="list-style-type: none"> Operates as a joinery 5-bay back to back portal frame building eaves height of 3.7m Approx. 12 kms from subject property 	

OFFICE/INDUSTRIAL - SOLD:

Address	Floor Area (Sq. ft.)	Price (approx.)	Description	Image
Industrial workshop, Clonbuila, Ballydangan, Co. Roscommon Agent: Bid x1	3,724	€55,000 (€14.77 psf)	<ul style="list-style-type: none"> Detached industrial unit. Finished to a shell and core specification. Approx. 100 kms from subject property, however in rural location. 	
Coolcran, Ballina, Co. Mayo Agent: Property Partners Garrett Loftus	4,000	GUIDE €95,000 'Sale agreed' (23.75 psf) (awaiting confirmation from agent)	<ul style="list-style-type: none"> Divided into separate offices workshop areas, offices Located on the outskirts of Ballina town Approx. 140 kms from subject property 	

AGRICULTURAL LAND - SOLD:

Address	Area (Acres)	Sale Price (Approx.)	Description	Image
Cappatagle, Loughrea, Co. Galway Agent: Bid X1	53.7	€110,000 (€2,048 per acre) Nov 2018	<ul style="list-style-type: none"> • Irregular shaped parcel of Agricultural land. • located off the R446, between the M6 and N65 • Larger lot size than subject property. • Appears to be used for grazing 	
Ballyhaunis Road, Knock, Co. Mayo Agent: Bid X1	8.45	€25,000 (€2,959 per acre) Dec 2018	<ul style="list-style-type: none"> • Irregular shaped parcel of land currently in agricultural use. • Located near Knock Airport. • Smaller lot size than subject property. 	

8.0 PROPERTY SPECIFIC COMMENTARY

8.1 Key Attributes/Strengths

- The subject property is the only airport that currently links the Arann Islands to mainland Ireland. Strategically located to provide this service.
- Dependent customer base, other alternative routes for the population of the Arann Islands may prove too costly and time inefficient. Flight time from the airport to the Islands is only 8 minutes.
- Strong tourist demand with the Arann Islands being a famous tourist destination.
- Property has several alternative uses that could be explored eg. remote working hub, adventure centre, media/studio facility, hostel, however only after a change of planning use which will not be straightforward.

8.2 Weaknesses / Threats

- Small and decreasing customer base on the Arann Islands.
- Limited potential beyond current use (as is) without large capital expenditure and change in planning.
- Wildlife directives may prevent further expansion.
- Significant Aviation competition with Galway airport (albeit not utilised), Shannon Airport and Knock Airport all within a 2 Hour drive. Shannon is less than 60 kms as the crow flies from Inisheer (smallest Island.)
- Engineers report commissioned by the addressee identifies several compliance and title concerns of significance.

8.2 Future Value Prospects & Marketability

- The more obvious purchaser, in a hypothetical scenario, would be an entity seeking to maintain the air connection between the islands and the mainland. This could come in an array of forms; state, private or community led. Whilst not provided with the trading information we understand the viability is at question and thus a commercial operator is unlikely to show aggressive interest.
- Aside from its existing use, if available on the open market, we would envisage interest to be speculative. Private interest in the property is more likely to be of a speculative nature with potential end uses including those mentioned above, ie. remote working hub, adventure centre, media/studio facility, hostel, however only after a change of planning use which will not be straightforward. State agencies such as Údarás na Gaeltachta may also have an interest, however only if they have clients with a requirement.
- We have no doubt that the end price will be well below replacement cost and as such it is quite possible that a speculative investor would purchase solely to hold in anticipation of an increase in value when the opportunity arises that a party with an end use requirement makes an approach.

9.0 VALUATION APPROACH

9.1 Comparable Approach

There are no apparent comparables upon which to base this valuation. We have identified the unusual nature of the property and that, if available on the open market, interest is most likely to be speculative. With that in mind our approach to the valuation was to consider its alternative uses and attempt to place a value on each component of the property but with a comparable reference where at all possible.

The ground floor offices/terminal presents well and could be adopted for self-contained office use. Based on our knowledge of the market and the comparables set out earlier in our report we applied a capital rate of €40 psf to the ground floor offices. This could also be analysed as being €5.00 psf capitalised at 10%, less 12 months rent free and less acquisition costs.

As the first floor remains in 'shell & core' for the most part, and with access from a secondary staircase only, we have applied a nominal value to this floor, being €25,000. It will only become viable with significant fit-out.

This concludes **€250,000** to the main building.

The hanger presents well, however it is basic with walls being of metal cladding with no part height internal block leaf. Having regard to its small quantum (8,304 sq ft), and again considering the few comparables, we applied €20 psf to the hanger. We applied €15 to the adjoining lean-to. This concludes a value in the order of **€185,000** to the industrial buildings.

The surplus land, comprising c.25 acres, is most unusual given its linear configuration. However, it does have a taxi and landing strip in place which is a significant construction. Whilst the land would ordinarily have a value in the order of €1,500 per acre if undeveloped, in the case of the subject we applied a round figure of **€100,000** (€4,000 per acre) to the 25 acres.

The above concludes a total figure of €535,000. There are other items for consideration such as the large car park (although the extended area is unfinished) and of course the aerodrome licence. All considered, we concluded a figure in the order of €600,000 as being fair and reasonable.

We note the engineer's report and the several key areas within which are of concern. Assuming that any new hypothetical purchaser will have an allowance for cap ex. and quite possibly a change of use, we did not provide a discount to this figure. Should it transpire that the costs of these works are significant we may require to review our valuation.

10.0 VALUATION

10.1 Market Value

Having regard to the foregoing, we are of the opinion that the 'Market Value' of the assumed unencumbered freehold interest of Connemara Regional Airport, Inverin, Co. Galway as at 11th January 2019 is in the order of:

€600,000
(Six Hundred Thousand Euro)

Note - Our Valuation assumes vacant possession and is exclusive of all bespoke fixtures and all equipment. The business/trade element is also excluded.

Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

Finally, and in accordance with our standard practice, we must state that this report is for the use solely of the party to whom it is addressed and no responsibility can be accepted to any third party for the whole or any part of its contents.



Paul Doyle BSc, MSCSI, MRICS
Managing Director
Registered Valuer

APPENDIX TERMS OF ENGAGEMENT

Our ref: NB/PD/35478

11th January 2019



Property Consultants and
Chartered Valuation Surveyors

Hambleton House,
19/26 Pembroke Street Lower, Dublin 2.
T: +353 1 6477900 W: www.bannon.ie

Private & Confidential

Mr. PJ Ó Ceallaigh
Assistant Principal Officer
Dept. of Culture, Heritage and the Gaeltacht
Na Forbacha
Co. Galway

RE: TERMS OF ENGAGEMENT RELATING TO THE PREPARATION OF A REPORT AND VALUATION IN RESPECT OF THE ASSUMED UNENCUMBERED FREEHOLD INTEREST IN CONNEMARA REGIONAL AIRPORT, INVERIN, CO. GALWAY (PROPERTY ASSET ONLY)

Dear [Mr. Ó Ceallaigh](#),

We acknowledge, with thanks, receipt of your instruction to Bannon to provide a report and valuation in respect of the [above mentioned](#) property.

This Terms of Engagement letter forms the agreement between both parties regarding the work to be carried out by Bannon.

Our valuation will be carried out in accordance with the appropriate sections of the current edition of the RICS Valuation - Global Standards 2017 (July 2017 Edition and commonly referred to as 'The Red Book'), as published by the RICS and Society of Chartered Surveyors in the Republic of Ireland (SCSI).

Our valuation will also comply with International Valuation Standards (IVS). Our compliance with these standards may be subject to monitoring under the Institutions Conduct and Disciplinary Regulations.

For the purpose of this instruction the following are the salient details and references:

- Addressee/Client**
Mr. PJ Ó Ceallaigh, Department of Culture, Heritage and the Gaeltacht, Na Forbacha, Co. Galway
- Purpose of Valuation**
The valuation will be undertaken solely for the internal use and consideration of the addressee. Our report is not to be used for any other purpose such as, and not limited to loan security purposes. Our report is strictly confidential to the Client.
- The Property**
Our valuation will relate to the 'Market Value' of the assumed unencumbered freehold interest of Connemara Regional Airport, Inverin, Co. Galway. Any trade/business at the property will be excluded from our valuation as will bespoke fixtures, fittings and equipment.

DIRECTORS: NOL BANNON (Chairman), DESMOND BYRNE, PAUL DOYLE (Managing), DOUGLAS KERSEY, ROBERT McELDERNEY, ROSEBRIE NORMAN, SHARON RAYDY, JAMES QUINNAN
OPTIONAL DIRECTORS: PAUL BRIBERTON, DAVID CARROLL, BOB GREGGORY, JENNIFER McALEERLAND, MAHON, ALEXANDRA RUTHERFORD
ASSOCIATE DIRECTORS: LUCY CONNOLLY, LOUISE DOHERTY, SHIRLEY GORMAN, WILLIAM LAMSE, PATRICK SAHMON, BEN SHIRRE



4. **Basis of Valuation**

The valuation will be carried out on the basis of 'Market Value', as specifically instructed.

'Market Value' (MV) is defined under VPS 4 of the RICS Valuation, Global Standards 2017 (July 2017 Edition) as follows:

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

5. **Special Assumption:**

None

6. **Valuation Date**

The valuation date will be 11th January 2019.

7. **Exclusions, VAT & taxes**

No allowance will be made for any expense in the event of a hypothetical disposal, nor for any taxation (including VAT) which might arise in the event of any such disposal. In essence we will disregard any VAT implications in arriving at our valuation.

Our valuation will also specifically exclude any reference to acquisition costs, stamp duty or any property tax.

Our valuation will relate to the property asset and will exclude any company structure that may be involved in any ownership of the property.

8. **Rates & Charges**

For the purposes of our valuation we will assume that all local authority taxes and charges outstanding at the property have been discharged in full as at the date of valuation.

9. **General Assumptions and Considerations**

We will make the following standard general assumptions:

- 1.) In the absence of confirmation or commentary on title we will be assuming an unencumbered freehold title to the entire property, free of any rights of-way, encumbrances or restrictions that may otherwise have an impact on value. Title is assumed to be good and marketable.

We recommend that matters pertaining to title and boundaries should be clarified by your legal advisors. Our valuation will relate to our interpretation of the property, based on information provided to us by the addressee, and which we will approximately outline on an Ordnance Survey extract within our report (for identification purposes only).

- 2.) That the entire is fully compliant with planning, building and fire regulations and that there are no enforcement proceedings in existence or pending at the property unless otherwise stated to the contrary.
- 3.) We will also assume that the building structure is in satisfactory repair and condition and that there are no environmental, contaminative or ground issues on-site unless otherwise stated to the contrary.

10. Fee

As agreed our fee for this instruction shall be [REDACTED]

11. Sources of Information

We will be relying upon the following information provided by the Addressee:

- In relation to the title we have received the original Folio (GY37550F) as well as a signed Declaration of Identity.
- A Section 72 Declaration relating to burdens upon the land and its title.
- The original planning permission grant dated 26/06/1989.
- Correspondence from IAA (Irish Aviation Authority) to Mr. Ray Feeney regarding the validity of the Aerodrome License as well as the license itself (License no. 505).
- The EPS licensee agreement in regard to waste water treatment plant
- An opinion of compliance with planning permission & building regulations by Fergal Bradley, of Fergal Bradley & Co. Ltd. Dated the 14/12/2018

12. Extent of investigations

An on-site inspection of the subject property will be carried out by Paul Doyle BSc, MSCSI, MRICS (Managing Director) and Ronan Lavelle BSc (Surveyor), externally on the 14th January 2019

13. Personnel / Valuers:

The due diligence enquiries and the report and valuation will be carried out and prepared by Paul Doyle BSc, MSCSI, MRICS (Managing Director) and Ronan Lavelle BSc (Surveyor).

The lead Valuers is qualified for the purpose of this valuation and are familiar with the subject area of valuation and the locality. Paul Doyle is Registered Valuer.

14. **Disclosure / Conflicts**
We have not had any previous involvement with The Department or the subject property.

We are satisfied that no conflict of interest arises in undertaking the proposed instruction.
15. **Status**
In preparing our valuation we will be acting as External Valuers subject to the disclosures made to you.
16. **Complaint's handling procedure**
Bannon has a complaint's handling procedure in place, should this be required. Any such complaint should, in the first instance, be addressed to the Director in charge of this instruction.
17. **Limitations and Confidentiality**
Some of the information contained in our report may be considered to be confidential and/or commercially sensitive and/or privileged.

Our report will be solely for use by the addressee. Bannon does not accept liability to any third party.

Any use, dissemination, distribution, publication or copying of the information contained in our report by any person or body other than the addressee is strictly prohibited.
18. **Professional Indemnity**
A copy of our Professional Indemnity Insurance Policy is available upon request (the relevant policy at the time of this instruction being that for the year 15th November 2018 to 14th November 2019).

Our aggregate/total liability arising out of, or in connection with this valuation, shall in no event exceed 30% of the Market Value of the property.
19. **Anti-Money Laundering**
As part of standard procedures, we are obliged to obtain evidence of our client's identity, or company confirmation (whichever is appropriate) under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. In signing this letter the addressee confirms that they will provide the necessary documentation by immediate return, should we request same.



We trust that the above terms of engagement reflect your understanding of our instruction and that we are to proceed accordingly.

On the basis that the above reflects your understanding of our instruction we would be obliged if you could confirm, by return, your acceptance to the contents of this instruction letter by signing and then returning this document. Please then retain a copy for your own records.

Should you have any queries please do not hesitate to contact the undersigned.

Yours sincerely



Paul Doyle BSc, MScSI, MRICS
Managing Director
For BANNON

Acceptance of terms as set out above:

On behalf of Department of Culture,
Heritage and the Gaeltacht

Dated