THE FUTURE OF OUR HEADQUARTERS.

Institution of MECHANICAL ENGINEERS

All-member webinar

November 2025

Improving the world through engineering

MEET THE PANEL.

CHAIR

Matt Garside
President

David Nowell
Deputy President

Chris O'Boyle
Chair of Headquarters Sponsor Board (HQSB) & Co-opted Trustee

James Partington
Director of Engineering, Policy & Impact

AGENDA.

12:00 - Welcome & panel introductions

12:05 - Presentation from David Nowell, Deputy President & Trustee (20mins)

12:30 - Q&A

- Pre-submitted questions
- Zoom Q&A
- Raised hands

13:00 - Additional Q&A time

14:00 - Meeting close

This meeting is being recorded.
The slides and recording will be available shortly via **My Account – HQ Programme**.

THE FUTURE OF OUR HEADQUARTERS.

David Nowell, Deputy President & Trustee

This presentation will provide an overview of the Trustee Board's decision to seek a Member Vote on the Institution's headquarters, including the analysis and rationale informing their recommendation.

BACKGROUND TO THE
TRUSTEE BOARD DECISION.

Why action is needed now to secure our future.

- More than a building; it is about our future, purpose and how we serve members.
- Over a decade of extensive evidence and input from members, staff and experts.
- Prolonged delay increases risk, cost and organisational distraction.
- Trustees have listened: protect heritage, but do not be constrained by it.
- Strong governance, transparency and ongoing consultation with members.
- Fully compliant with Charity Law

Trustees would like to thank the membership for continued engagement, in particular the Council and the Council Leadership Committee.

THE TRUSTEE BOARD DECISION.

The Trustee Board has taken a decision that is in the best interest of the Institution, to sell the existing headquarters on Birdcage Walk, subject to a satisfactory offer, and move to a modern, sustainable and inclusive headquarters that embodies our vision and strengthens the Institution’s future.

- Trustees are seeking a Member Vote on the future of our headquarters.
- **Special Meeting:** 12:00 GMT, 5 December 2025.
- **Recommendation:** sell Birdcage Walk and move to a modern, sustainable and inclusive HQ.
- **The Trustee Board is unanimous** in its view that this is the best option to recommend to the membership for approval.
- **Council debated the resolution**, with 70.6% voting in favour.
- Ballot opens after the meeting and runs for two weeks.

THE NEED.

The building is too large, member use is low, and hybrid work has become the norm. The building and systems are failing.

Member use very low

Total number of members: 115,000
2024: 13.1 members per week / 57.3 staff
2025: 14.7 members per week / 65.3 staff

Hybrid Working has become the norm

Most Institution Boards operate one in-person meeting per year with the remainder done over Teams
Usage of rooms is still low

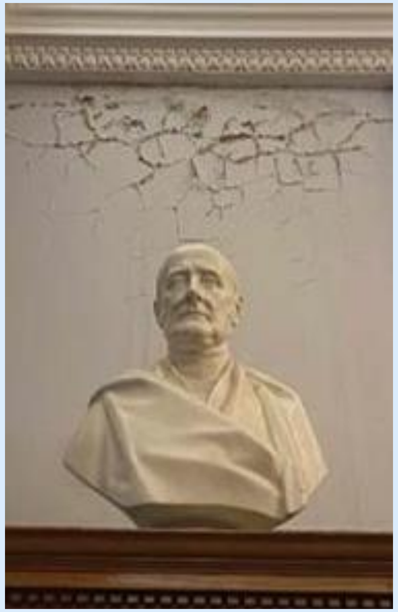
Building too large

A recent study assessed that the building is around 4 times too large for the way members and staff now use it, with rooms predominantly let to third parties through the venue room hire business

Building and systems are failing

- Life expired HVAC system
- Roof penetration and leaks
- Façade & Windows need attention
- Subsidence of 8-12 Queen St - lightwells in poor condition
- Energy Performance Certificate (EPC) **E** needs to be EPC **B** by 2030 to allow for leasing available space
- Unsuitable disabled access

Major investment is necessary now.



WHAT HAPPENS NEXT?

The resolution *enables* a sale but does not *require* one.

- The resolution gives Trustees the authority to consider offers but <u>does not force a sale</u>.
- **Any sale depends on receiving an attractive market** offer that meets strict tests (Know Your Customer, Proof of Funds, independent valuation, best value and best terms).
- **If members support the resolution**, Trustees can progress credible offers and proceed only if best value is demonstrated
- **If members reject the resolution**, Trustees will reassess options and define a new path for addressing the building’s condition

Trustees believe that if the resolution is rejected, the Institution will remain distracted by the unresolved issue of what to do with the building. This would make it significantly harder and slower to deliver our strategy, support members and fulfil our charitable purpose, because funds and leadership attention would need to be diverted to address the building’s condition.

For these reasons, **both the Trustee Board and Council are recommending that members vote FOR the resolution.**

AN EVIDENCE-BASED DECISION.

Trustees reviewed extensive evidence from the HQSB business case and professional advice to member insight and past HQ reviews, assessing all risks and opportunities against our success factors and priorities.

All major options were reviewed in detail. These mirrored the headline options which the HQ Sponsor Board has presented to members previously, and covered:

1. **Retention** of the whole building
2. **Consolidating** into part of the building,
3. **Partnering** with a developer, and
4. **Selling** the building and relocating to a new headquarters in central London.

Each option was examined in detail, including its benefits, drawbacks, cost, risk profile and long-term feasibility, considering:

- Merits, risks and deliverability of each option
- Preserving assets, avoiding unacceptable risk
- Evidence from HQ Sponsor Board business case and wider member perspectives
- Legal, financial and technical advice, including uncertainty in future market conditions
- Consideration of long-term sustainability, delivery risks and historic work from previous groups

RETENTION
OF THE WHOLE BUILDING

Why Trustees ruled out recommending retaining and refurbishing the entire estate.

- Building is larger than required, inefficient and needs major investment to remain usable.
- Unlikely to achieve BREEAM Excellent / EPC-A due to historic structure.
- Premium rental yields required to offset costs seen as unrealistic in current market.
- Significant financial and operational risk; unacceptable burden on future members.
- Would divert the Institution into running a property business with substantial debt.
- **Trustee Board conclusion: staying and refurbishing is not a viable or responsible option.**

CONSOLIDATING
INTO PART OF THE BUILDING

Why Trustees ruled out consolidating into part of the building and selling the rest.

- Partial estate value unlikely to match combined value of the whole estate. Loss of asset value.
- Would likely require a large mortgage to fund refurbishment.
- Inflation and rising construction costs further erode viability.
- Complex to split ownership; services and infrastructure intertwined.
- Operationally difficult to manage, maintain and refurbish.
- **Trustee conclusion: Not viable due to poor value, complexity and high delivery risk.**

PARTNERING WITH A DEVELOPER

Why Trustees ruled out partnering with a developer.

- Exact nature of any partnership too uncertain to assess reliably.
- Could burden future generations with long-term (up to 150-year) obligations.
- Private sector partner driven by profit; interests are unlikely to align with the Institution.
- High risk of churn in the private sector; complex relationship to manage.
- Significant contract management and oversight required.
- Loss of control of the building and meeting spaces; staff likely off-site.
- Hiring external rooms for 600+ meetings would impact income and operations.
- **Trustee conclusion: Not aligned with mission; exposes Institution to long-term complexity and risk.**

SELLING AND RELOCATING TO A NEW LONDON HQ

Why Trustees believe selling and relocating is high value, low risk, and in the best interests of the Institution and its members.

- Creates a “blank canvas” to design a right-sized, modern, sustainable HQ.
- Diversifies the Institution’s assets; lowest risk option.
- Proceeds will be protected and managed responsibly. Lessons learned from commercial divestment support the need for guiderails.
- Strong member sentiment: 82% at joint Council/Trustee meeting expected members to support this option.
- **Trustee conclusion: Relocation offers long-term sustainability and maximises member value and allows resources to be directed to where they deliver the greatest benefit to members and the profession.**

SHORTLISTED HQ SPONSOR BOARD OPTIONS.

Shortlisted Options - Evaluation Summary	Stay All 10yr plan	Stay Part 1BCW	Sell Leasehold	Sell 3BCW/OQS	Sell All
Evaluation Results	Option B	Option J	Option F	Option I	Option M
Assessment Criteria	Evaluation	Evaluation	Evaluation	Evaluation	Evaluation
MFA Score	-0.95	-0.15	+0.52	+0.51	+0.72
Net Present Value	<<<<+	>>>+	>	>+	>>>>
No. of Critical Success Factors met	1 / 7	3 / 7	4 / 7	6 / 7	7 / 7
Meets affordability criteria (min. 5m Free Cash)?	No	Unlikely	Unlikely	No	Yes
Risks					
Assessment Criteria	Evaluation	Evaluation	Evaluation	Evaluation	Evaluation
Delivery risk - cost & value	High	Medium	High	High	Low
Charity Lawyers advice on the risk of not complying with the charitable objects	High	Medium	Medium	High	Lowest
Implementation Risk	High	High	High	High	Low
Trustees personal liability risk	High	Medium	Medium	Medium	Low
Risk of member NO vote	Medium	Medium	Medium	Medium	Medium
Practicality					
Assessment Criteria	Evaluation	Evaluation	Evaluation	Evaluation	Evaluation
Property Lawyers view on Practicality	Difficult	Difficult	Difficult	Medium	High
Property Lawyers delivery advice	Clean	Complicated	Complicated	Complicated	Clean
IMechE Control of space & meeting rooms	Retained	Retained in new office	Not retained	Retained	Retained
Expected Financial Impact					
Assessment Criteria	Evaluation	Evaluation	Evaluation	Evaluation	Evaluation
Mortgage required	<<	-	-	<	-
Cost to Implement	<<<<<+	<	+	<+	+
Expected income from the sale	-	>>+	>+	>+	>>>+
Stategic designated fund	-	>+	>	-	>>>
Summary Where > = £5m, £10m or £15m & + = £2.5m, £5m or £7.5m and Green is positive and Red is negative	Unaffordable and highest risk; severe impact on Charitable Purpose	Limited footprint remains and another site will also be needed; complicated to execute but less risky than some options	Gives a lot of control to the developer but lower exposure to capital risk; loss of annual income	Complex, risky & disruptive; doesn't meet affordability criteria	Lowest risk and most straightforward; protects Charitable Purpose

CONSIDERING DIFFERENT OPINIONS.

Trustees noted differing views on rental potential but judged that achieving top rents would require significant investment and carried risk.

- Trustees recognised differing views on possible market rents and yields for a refurbished historic building.
- Achieving required environmental standards (BREEAM Excellent / EPC-A) seen as unlikely and costly.
- Trustees assessed rental yield assumptions from a risk perspective.
- Considered input from members, professional advice, HQSB due diligence, sensitivity analyses and past reviews.
- Valuations did not materially change overall conclusions about risk and deliverability.
- Final values depend on real offers received when the estate goes to market.
- Work undertaken to date gives a strong basis for evaluating future bids.

A VALUES-BASED DECISION.

This decision and the decision-making process reflects the Institution’ values:

- **Integrity** – making an honest, evidence-based decision in the best long-term interests of the Institution.
- **Innovation** – finding a better way to address the headquarters challenge and enable progress.
- **Inclusion** – working together as one team, listening to members and shaping a global future.
- **Impact** – acting decisively to protect our mission and commitments.

FULFILLING LEGAL OBLIGATIONS.

The Institution’s lawyers, Mills & Reeve, confirmed to Trustees that, in their view, the Trustee Board has fully informed itself of the options available with regards to the future of the HQ Site, and therefore they are confident that the Trustees have appropriately discharged their legal duty in preparing to make their decision on which option they wish to put to the members.

THE RESOLUTION FOR MEMBERS TO VOTE ON.

Trustees have discussed with lawyers the most appropriate means to structure the resolution which reflects their decision. This is set out below.

“Pursuant to By-law 70 in the Institution’s By-laws, the Trustee Board are hereby authorised to take all necessary steps to sell all of the freehold and leasehold properties that together comprise the Institution’s London headquarters, including without limitation, 1 & 3 Birdcage Walk, 5 Storey’s Gate, 8 - 12 Old Queen Street, and part of 2 - 4 Old Queen Street, London.”

Comments on the resolution:

- The building known as 1 Birdcage Walk is actually a collection of freeholds.
- The inclusion of the reference to freehold and leasehold is necessary, as the Institution has a small leasehold interest in the basement of 2-4 Old Queen Street
- 5 Storey’s Gate is a historic property title now incorporated within 1 Birdcage Walk but included for completeness.

THE VISION

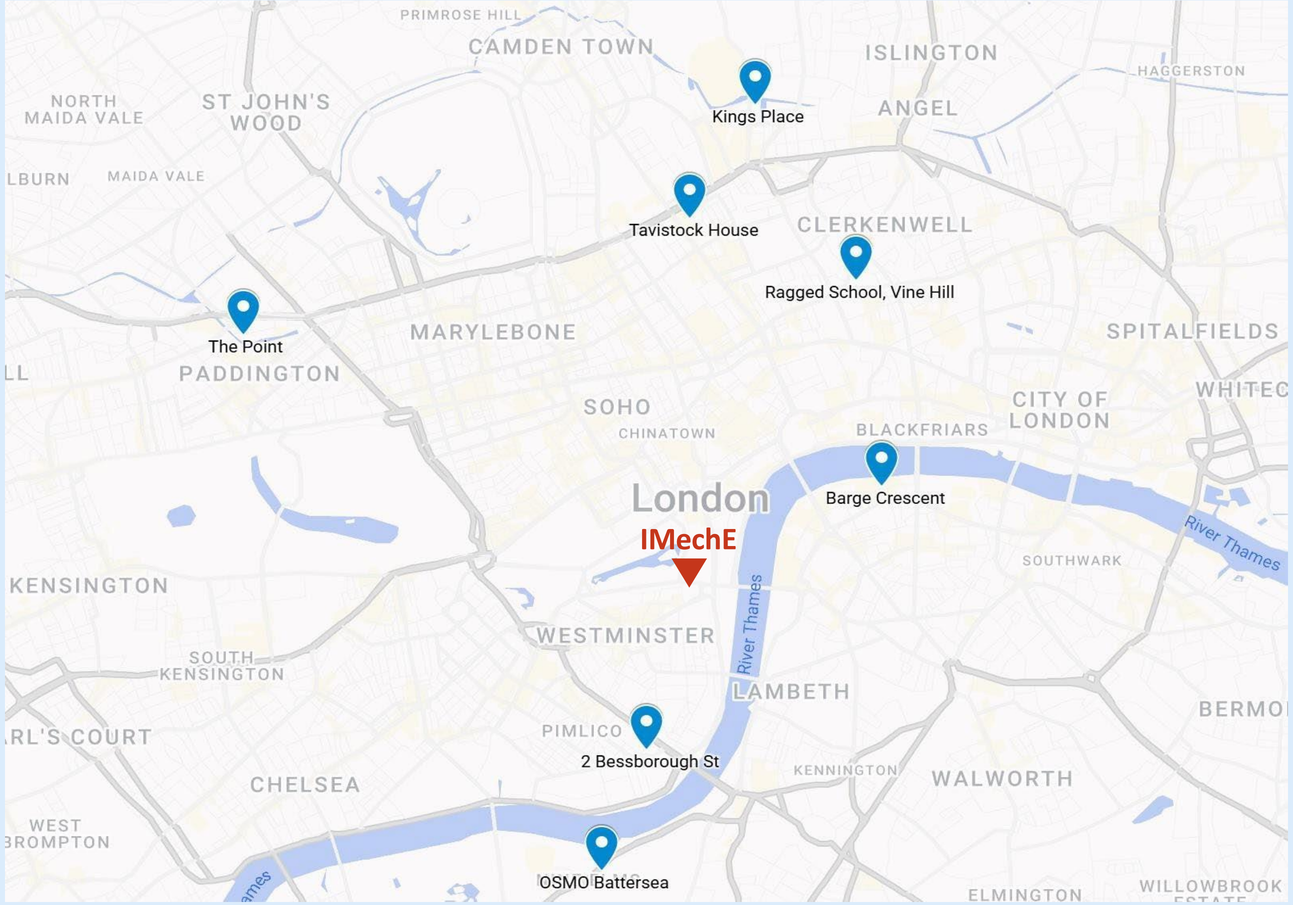
Our vision is to create a modern, sustainable and inclusive headquarters that truly reflects who we are as a global engineering Institution. A future-ready hub where engineering excellence, heritage and accessibility come together for todays and tomorrow’s engineers.

- ✓ A sustainable, digital-first hub in central London.
- ✓ A connected base that brings members together globally.
- ✓ A showcase for engineering excellence – physically and virtually.
- ✓ Incorporating, displaying and respecting our heritage and innovations in the new building.
- ✓ Supported by a fully funded Planned Preventative Maintenance Programme.

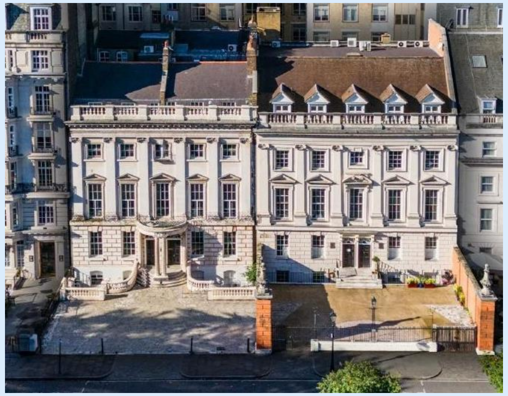
VISUAL EXAMPLES OF THE HQ VISION.

POTENTIAL OPPORTUNITIES TO INVESTIGATE.

A desktop market scan across London shows a range of available options for a new, high-spec HQ.

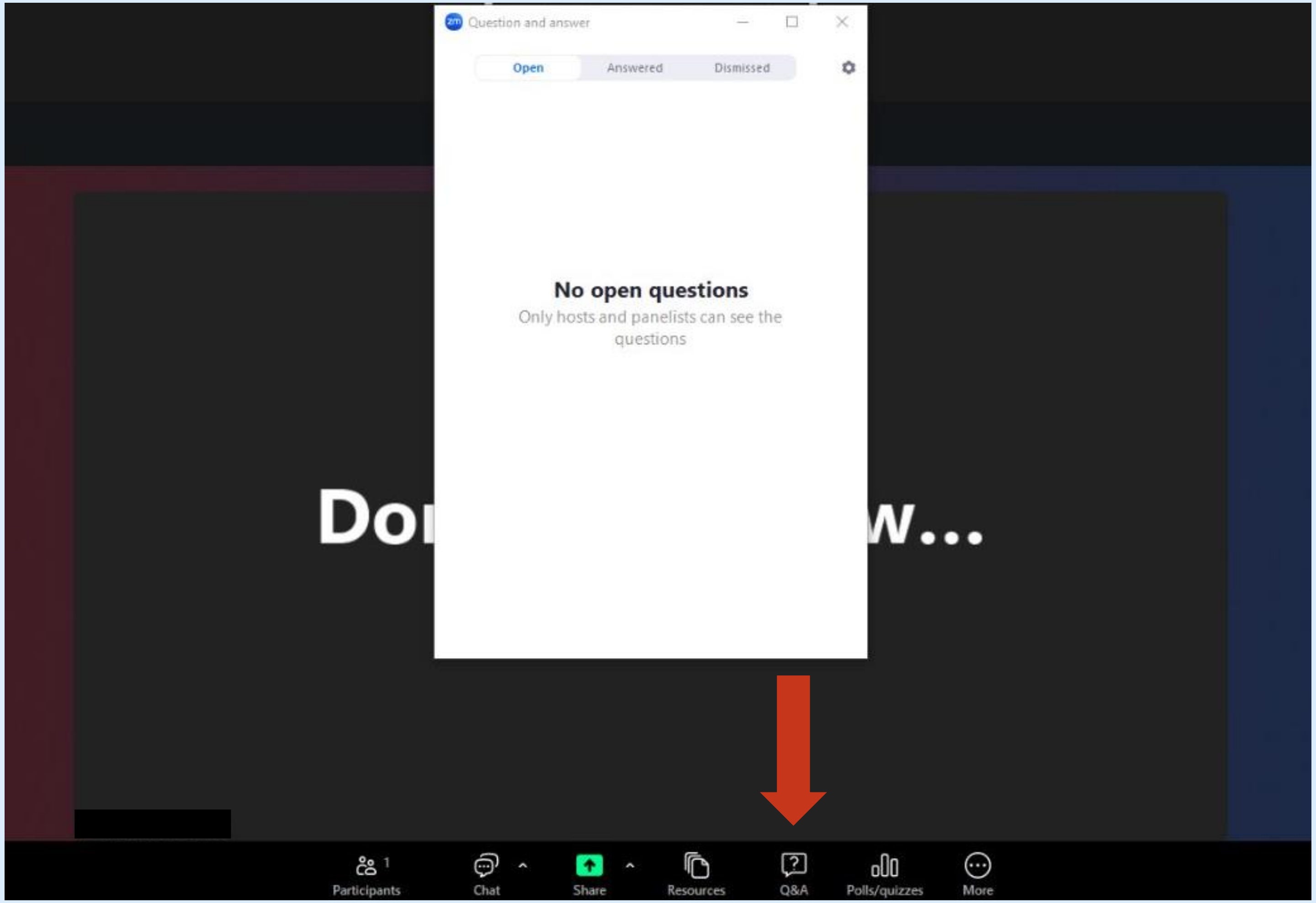




Q&A

To submit a question, please select the Q&A icon in the navigation bar.



Institution of MECHANICAL ENGINEERS

HQ VOTE

Special MEETING

5 December 2025

Register to attend ➔