REPORT AND VALUATION

Of

Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR

As of

30 June 2022

Prepared for

Moorgarth Property Investments Limited
47 St Paul's Street
Leeds
LD1 2TE

Prepared by

Kroll Advisory Ltd
Real Estate Advisory Group

Private and Confidential

04 August 2022

Moorgarth Property Investments Limited
47 St. Pauls Street
Leeds
LS1 2TE

Direct line 0207 089 4898
markwhittingham@duffandphelps.com

Dear Sirs

Addressee:	Moorgarth Property Investments Limited 47 St. Pauls Street Leeds LS1 2TE
The Property:	Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR (the "Property")
Ownership Purpose:	Investment
Instruction:	To value the freehold in the Property on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between Kroll Advisory Ltd and the addressees dated 24 June 2022.
Valuation Date:	30 June 2022
Instruction Date:	24 June 2022
Purpose of Valuation:	Investment Purposes
Basis of Valuation:	Our valuation has been prepared in accordance with the current RICS Valuation – Global Standards 2020 (the RICS Red Book), incorporating the IVS (the RICS 'Red Book'), on the basis of Market Value. The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports. No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the Property has been considered free and clear of all mortgages or other charges which may be secured thereon. We have assumed that in the event of a sale of the Properties, they would be marketed in an orderly manner and would not all be placed on the market at the same time. This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Property. Other valuers may reach different conclusions as to the value of the subject Property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject Property as at the valuation date.
Software:	The valuation has been undertaken using ARGUS Enterprise.
Inspection:	The Property was inspected by Emily Brownlow MRICS on the 30 June 2022 specifically for this valuation.

Personnel:	The valuation has been prepared by Mark Whittingham MRICS (Managing Director), Emily Brownlow MRICS (Vice President) and Dan Worrall (Senior Associate). We confirm that the personnel responsible for this valuation are in a position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment in accordance with the RICS Valuation – Global Standards 2020 and are RICS Registered Valuers.
Capacity of Valuer:	External Valuer, as defined in the current version of the RICS Valuation - Global Standards.
Disclosure:	We are not aware of any conflicts of interest, either with the Property or yourselves, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book.
Standard Assumptions:	The Property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below and in our General Principles when undertaking Valuations. We have relied on information provided by the client. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.
Variation form Standard Assumptions:	None.
Special Assumptions:	We have made no special assumptions.
Sources of Information:	We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment. We have not measured the premises and have relied on the floor areas provided. We have been provided with the following documents, which we have relied upon: • Tenancy schedule dated June 2022 • Site Plans • HoTs for Poundstretcher
Market Rent:	**£258,280** **TWO HUNDRED AND FIFTY EIGHT HOUSAND TWO HUNDRED AND EIGHTY POUNDS**
Market Value (Property Sale at 6.8% costs):	**£1,800,000** **ONE MILLION EIGHT HUNDRED THOUSAND POUNDS**
Market Value subject to Vacant Possession Value (Property Sale at 6.8% costs):	**£1,400,000** **ONE MILLION FOUR HUDNRED POUNDS**
Reliance:	We refer to our Engagement Letter in respect of Reliance and overall Liability.
Confidentiality and Publication:	In accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. no responsibility

shall be accepted to any third party for the whole or any part of its contents. Our Report may be disclosed to third parties provided that such parties sign a release letter prior to being sent our Report. Neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,

Mark Whittingham MRICS, RICS Registered Valuer
Managing Director
For and on behalf of Duff & Phelps (Kroll Advisory Ltd)

Emily Brownlow MRICS, RICS Registered Valuer
Vice President

Contents

Property Record

Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR

Valuer	Emily Brownlow MRICS	Inspection Date	30 June 2022

Front Elevation

Front Elevation

Location

General

- Barrhead is a town in East East Renfrewshire, Scotland, situated approximately 8 miles southwest of Glasgow city centre.
- The town is approximately 1 mile from the urban edge of Glasgow, separated by countryside much of which is now part of the Dams to Darney Country Park.

Communications

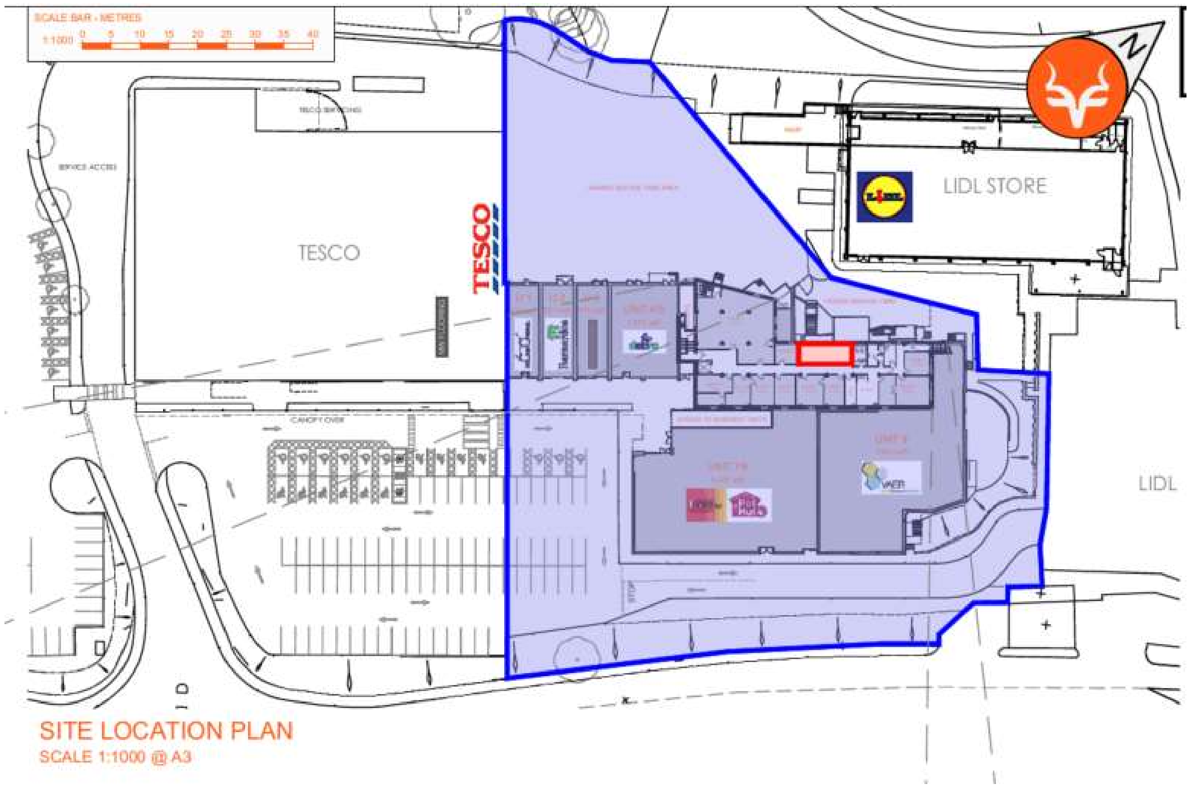
- There is a good road network nearby with the Property being situated on the A736 which provides quick access towards to the M77 motorway.
- Barrhead is accessible either via Junction 2 (approximately 3 miles) or Junction 3 (approximately 2.5 miles) of the M77 motorway which provides direct access into Glasgow.
- Barrhead's rail links are good, making it ideally located for travelling to and from Glasgow City Centre. Barrhead Railway Station is located 0.5 miles away and provides access into Glasgow Central Station in approximately 20 minutes.
- There is also a bus network with regular services to various suburbs of Glasgow City Centre.
- Glasgow Airport is situated 7 miles to the north of Barrhead and can be accessed in approximately 15 minutes via car.

Situation

- The subject Property is situated in a prominent position on Kelburn Street (A736) within Barrhead and comprises extensive surface level car parking.
- The Property is the main shopping parade within Barrhead including national corporate occupiers such as: Poundstretcher.

Location and Site Plans

- The Property is identified on the GOAD Map extract below with the Property highlighted in blue in accordance with our understanding of it. We would recommend that this is verified by your legal advisors.



Site Plan

Description

- The Property is of retail parade of brick construction under a multi pitched tiled roof. It comprises purpose-built retail accommodation extending to approximately 41,403 sq ft.
- The floorspace is well configured with nine retail units on the ground floor and fully let serviced office accommodation on the first and second floors. In total, the retail accommodation extends to 37,140 sq ft and the office suites to 4,263 sq ft.
- It includes a shared service yard to the rear and extensive car parking.

Site

- The site is broadly level and irregular in shape.

Accommodation

- We have relied upon the measurements provided. We assume that these floor areas are complete and correct and are the Net Internal floor areas measured in accordance with the RICS Property Measurement (2nd edition, January 2018), incorporating the latest edition of the Code of Measuring Practice.
- We summarise these areas in the table below:

Unit	Use	NIA Size (sq m)	NIA Size (sq ft)
Unit 1	Retail	90	970
Unit 2	Retail	89	960
Unit 3	Retail	93	1,000
Unit 4/5	Retail	189	2,030

Unit 6/7	Retail	853	9,180
Unit 8	Retail	910	9,800
Unit 11	Retail	241	2,590
Unit 12	Retail	302	3,250
Unit 14	Retail	684	7,360
Suite 1	Office Suite	144	1,551
Suite 2/3	Office Suite	47	505
Suite 4	Office Suite	18	197
Suite 5	Office Suite	48	522
Suite 6&7	Office Suite	45	489
Suite 8	Office Suite	20	218
Suite 9	Office Suite	22	237
Suite 10	Office Suite	20	213
Suite 11	Office Suite	31	331
TOTAL		**3,846**	**41,403**

Building Condition

- We were not instructed 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.
- Our valuation has been undertaken on the basis that the Property is in good structural repair and condition and contains no deleterious materials and that the services function satisfactorily.

Life Expectancy

- Assuming normal routine maintenance and repair, as well as reasonable and prudent management of the Property, we consider the life expectancy will be in the order of at least 25 years.

Services

- We understand that all mains services are connected to the subject Property although we must stress that, unless otherwise specified, we have not tested any of these services, and for the purpose of our valuation we have assumed that they are all operating satisfactorily. We have not made any enquiries of the respective service supply companies.

Environmental Considerations

Contamination

- We have not been instructed to make any investigations, in relation to the presence or potential presence of contamination in the land or buildings and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the Property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites and have therefore assumed that none exists.
- Our subsequent enquiries have not revealed any evidence that there is a significant risk of contamination affecting the subject Property or neighbouring properties that would affect our valuation. Therefore, for the purposes of this Valuation Report, we have assumed that no contamination exists in relation to the Property sufficient to affect value. However, we would stress that should this assumption prove to be incorrect the values reported herein may be reduced.
- We have made the assumption that ground conditions are suitable for the current units and structures or any future re-development.

- Since our normal enquiries and inspections did not suggest that there are likely to be archaeological remains present in or on the Property, we have assumed that no abnormal constraints or costs would be imposed on any future development at the Property by the need to investigate or preserve historic features.
- In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of this Property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the value now reported.
- We would recommend that your legal advisors obtain formal confirmation from the current owner and occupiers that no notices have been served on them by the Local Authority.

Deleterious Materials

- Since 1999, the use within a building of asbestos containing materials (ACMs) has been banned. These are commonly found although are often in areas not visible from an inspection of the surface elements. While these can be sealed in place, public alarm is such that their removal and safe disposal is the more likely course of action and this can be particularly expensive. Removal and disposal will require specialist advice. Duff and Phelps does not specifically inspect for ACMs.
- Upon inspection we did not notice any obvious sign of deleterious and/or hazardous materials although the building is of an age when Asbestos Containing Materials (ACM) were in use. We have not had sight of the Asbestos Register.
- The Borrower should confirm that these recommendations are being adhered. We have assumed that if any ACM remains in situ that it provides no immediate risk if left undisturbed and that the presence of such materials will not have a significant impact upon the value of the Property.
- Our valuation is on the assumption that the Property is not adversely affected by any asbestos or any other deleterious materials. Should it subsequently be established that any deleterious material exists at the Property, then we may wish to review our valuations.

Ground Conditions

- We have made the assumption that ground conditions are suitable for the current building and structure or any redevelopment. Since our normal enquiries and inspections did not suggest that there are likely to be unknown archaeological remains present in or on the Property, we have assumed that no abnormal constraints or costs would be imposed on any future development at the Property by the need to investigate or preserve historic features.

Flood Risk

- We have had reference to the Scottish Environment Protection Agency's flood map. The flood map identifies sites that may be at risk from sea or river flooding. The assessment of flood risk for the site of the subject premises is as follows:
    - The Property is at high risk of flooding from surface water which means that each year this area has a 10% chance of flooding.
    - The property is at medium risk of flooding from rivers which means that each year this area has a 0.5% chance of flooding.

Sustainability Considerations

- The issue of sustainability is becoming increasingly important to participants in the property market. There is a general expectation that buildings that minimise environmental impact through all parts of the building life cycle and focus on improved health for their occupiers may retain value over a longer term than those that do not.
- The Government has set itself a target to reduce CO^2 emissions by 80% by 2050. With property representing around 50% of total emissions, the sector has become an obvious target for legislation. It is likely that, as we move towards 2050, energy efficiency legislation for property will become increasingly stringent.

Energy Performance

- Under the Energy Performance of Buildings Directive an Energy Performance Certificate (EPC) is required under Government legislation for a building of more than 50 sq m (538 sq ft) which is subject to sale or lease after 01 July 2008.
- Since 1 April 2018 the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the PRS Regulations) sets a minimum energy efficiency standard (MEES) of EPC E for private rented properties. This means that it is unlawful for landlords to grant a new tenancy of commercial property with an EPC rating of 'F' or 'G' (the two lowest grades of energy efficiency). This applies to both new leases and renewals (unless an exemption applies and the landlord has registered that exemption).
- **Commercial properties with an EPC rating of F or G**: Landlords should ensure that the EPC rating is improved where possible and that a new EPC is obtained or that an appropriate exemption is registered.
- **Commercial properties with an EPC rating of A to E**: Landlords should not be complacent. Consideration should be given to changes that may have occurred not only to the energy efficiency of the property since the date of the EPC, but also the current methodology and standards likely to be applied to calculate a new EPC. There are notable examples of new EPCs generating ratings that differ greatly to those granted when EPCs were first introduced some 10 years ago.

- Whilst we have yet to see the emergence of a set of "standard" MEES clauses in new commercial leases, we are beginning to see the emergence of specific lease clauses to cater for MEES particularly where the lease term will run beyond April 2023. The nature of such clauses will vary depending on a number of factors including:
  - The current EPC rating for the property to be let.
  - The relative bargaining strengths of the potential parties.
  - The impact that such clauses could have on the marketability of the lease and any future rent review.
- From 1 April 2023, the legislation will be extended to include existing leases making it unlawful for a landlord to continue to let commercial property (unless an exemption applies and is validly registered).
- The Government has confirmed in the Energy White Paper that it intends to make it unlawful to continue to let commercial property with an EPC rating of below B by 2030 and on 17th March 2021, it issued its proposed framework in a new consultation for private-rented properties. This forms part of its "*package of measures*" to reduce carbon emissions as it is estimated that bringing the minimum standard to a B rating will bring around 85% of commercial buildings into scope. The proposed framework sets out a phased implementation with the introduction of compliance windows as follows:
  - *First Compliance Window: EPC C (2025-2027)*
    - 1 April 2025: Landlords of all commercial rented buildings in scope of MEES must present a valid EPC.
    - 1 April 2027: All commercial rented buildings must have improved the building to an EPC ≥ C, or register a valid exemption.
  - *Second Compliance Window: EPC B (2028 – 2030)*
    - 1 April 2028: Landlords of all commercial rented buildings in scope of MEES must present a valid EPC.
    - 1 April 2030: All commercial rented buildings must have improved the building to an EPC ≥ B, or register a valid exemption.
- This may be an incremental pathway but landlords should be aware because at each enforcement in 2027 and 2030, landlords will need to demonstrate that the building has reached the highest EPC band that a cost-effective package of measures can deliver. In addition, the Government intend to introduce the necessity for landlords to present a valid EPC two years before the relevant enforcement date for each EPC target. In essence, this will involve submitting the current EPC to an online PRS compliance and exemptions database. This will trigger a clear time period within which landlords will be expected to undertake improvements if they have not done so already.
- We have seen one EPC for the Property, as noted below:

Address	Certificate Number	Expiry Date	Rating	Comparison to similar stock
Units 4-5 Wetbourne Centre, Kelburn Street, Glasgow, G78 1LR	9910-3233-2439-2129-7006	20 January 2027	G (141)	Below existing stock

- We have provided our valuation on the basis that the Property performs in line with current legislation. However, in accordance with legislation, landlords should ensure that the EPC rating is improved where possible and that a new EPC is obtained or that an appropriate exemption is registered.

Sustainability Comment

- It will be important that any future improvement or upgrading works achieve the highest feasible environmental standards to maintain its environmental credentials going forward.

Planning

- The Property is located within the jurisdiction of East Renfrewshire Council.
- The Property is not listed.

- The Property is not situated within a conservation area.
- We have accessed East Renfrewshire Council's planning portal and note the most recent planning applications that have been made:

Address	Planning Reference	Date	Status	Type:
Unit 2 Westbourne Centre 56 Kelburn Street Barrhead East Renfrewshire G78 1LR	2014/0086/TP	07/04/2014	Approved subject to conditions	Change of use from shop to cafe/restaurant (amendment to condition 2 of previous planning permission 2012/0295/TP to allow Sunday opening).
Unit 3 Westbourne Centre 56 Kelburn Street Barrhead East Renfrewshire G78 1LR	2013/0542/ADV	25/09/2013	Approved subject to conditions	Display of externally illuminated fascia sign.
Unit 2 Westbourne Centre 56 Kelburn Street Barrhead East Renfrewshire G78 1LR	2012/0295/TP	23/07/2012	Approved subject to conditions	Change of use from shop to cafe/restaurant.
Westbourne Centre 56 Kelburn Street Barrhead Glasgow G78 1LR	2006/0208/TP	17/11/2006	Withdrawn	Proposed part redevelopment of shopping centre to provide unrestricted Class 1 retail (in outline)
Westbourne Centre 56 Kelburn Street Glasgow Barrhead G78 1LR	2003/0112/TP	21/02/2003	Approved	Change of use from vacant retail units to office (class 2) and alterations to frontage.

- We assume that your solicitors will be making formal enquiries of the relevant bodies and that you will rely solely on their findings.

Business Rates

- The poundage rate has been set for 2022-23 at 49.8 pence. An intermediate Property Rate and Higher Property Rate are as follows.
- Intermediate Property Rate is set at 1.3 pence above the Poundage Rate (51.1 pence) for properties with a Rateable Value from £51,001-£95,000.
- Higher Property Rate is set at 2.6 pence above the Poundage Rate (52.4 pence) for properties with a Rateable Value of £95,001 or over.
- We have accessed the Scottish Assessors Association 2022/23 rating list to obtain the rateable values of the hereditaments which make up the subject Property.

Address	Description	Rateable Value
Suite 10, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£1,300
Suite 11, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£1,900
Suite 11, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£5,800
Suite 2, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£1,000
Suite 3, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£2,100

Suite 4, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£1,100
Suite 5, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£2,900
Suite 6/7, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£2,600
Suite 8, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£1,400
Suite 9, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£1,400
Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Office	£25,000
Unit 11, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Shop	£16,200
Unit 12, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Restaurant	£22,000
Unit 14, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Factory	£14,750
Unit 1, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Shop	£9,800
Unit 2, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Shop	£9,500
Unit 3, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Shop	£9,600
Unit 4, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Shop	£16,900
Unit 6, Westbourne Centre, Kelburn Street, Barrhead, Glasgow, G78 1LR	Shop	£36,000
		£181,250

VAT

- We are uncertain as to the Property's VAT registration status and, therefore, we have assumed that VAT issues should not adversely affect the value of the Site.

Tenure and Tenancies

Tenure

- We understand that the Property is held heritable (Ownership Interest, Scottish Equivalent of English "Freehold" Tenure).
- We have not been provided with a report on title and have, therefore, made various tenure assumptions for the purpose of the valuation reported herein. We have assumed that the leasehold interest is free from any encumbrances, unduly onerous or unusual easements, rights of way, rights of light, restrictions, outgoings or conditions which would have an adverse effect upon the value of the Property.
- If we are subsequently provided with a report on title we would be able to comment upon any impact its content would have upon the valuation reported herein. We would remind you that if information should come to light which contradicts the assumptions made herein this could have a material effect upon our valuation.
- We therefore reserve the right to amend our valuation accordingly should this prove necessary. We advise that all information relating to the tenure of the subject Property is verified by your solicitors.

Number of Tenants and Lease Type

- We have been provided with the tenancy schedule by the Borrower which we have relied upon.

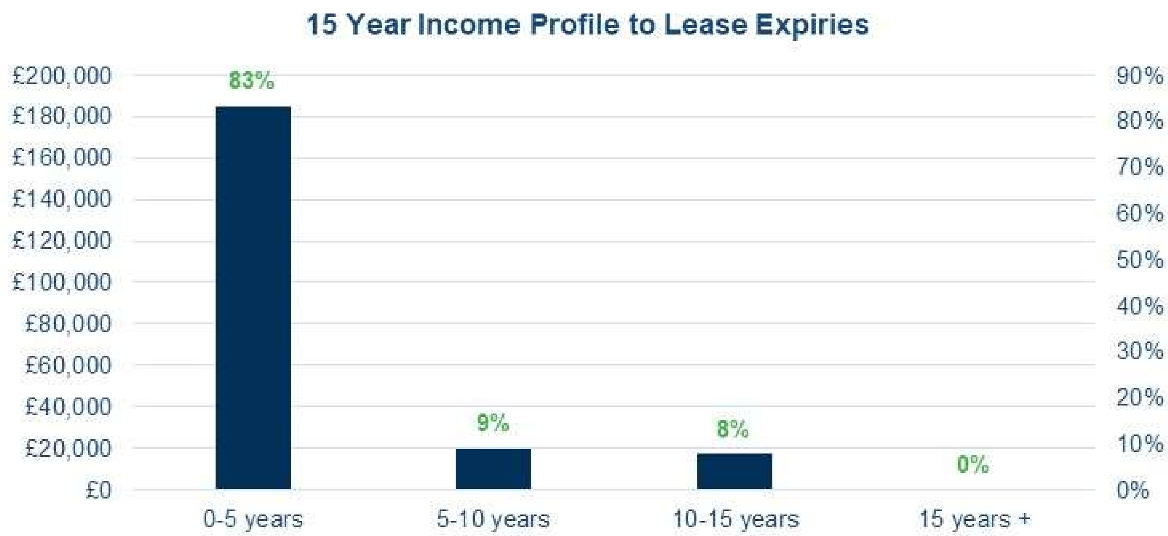
- The Property is multi-let to 17 tenants.
- The aggregate rent payable is £221,324 per annum.
- The Property produces a net rent of £172,625 per annum.
- As at the valuation date the is one vacant office suite with a vacancy rate of 2.05% (£5,296 per annum). Although, this suite is currently undergoing refurbishment and there is interest for the refurbished space.
- The top ten tenants are:

Top 10 Tenants	Current Rent p.a.	Current Rent %	ULT to Expiry	ULT to Term Certain	Market Rent p.a.	Over/under-rent
Poundstretcher	£50,000	22.6%	4.59	4.59	£50,000	0.0%
VAER	£30,000	13.6%	4.59	4.59	£30,000	0.0%
Bentleys Grill	£20,000	9.0%	6.41	6.41	£20,000	0.0%
Country Feeds	£18,500	8.4%	2.62	2.62	£18,500	0.0%
Debra	£18,000	8.1%	0.63	0.63	£18,000	0.0%
Macabe Opticians	£17,000	7.7%	10.09	10.09	£17,000	0.0%
Carpets and Flooring	£15,000	6.8%	1.57	1.57	£16,000	-6.3%
Slimming World	£9,170	4.1%	0.99	0.99	£19,388	-52.7%
Barnardos	£8,500	3.8%	3.00	3.00	£16,000	-46.9%
Laruen Florence	£8,328	3.8%	0.97	0.97	£8,352	-0.3%
	£194,498	**87.9%**			**£213,240**	**-8.8%**

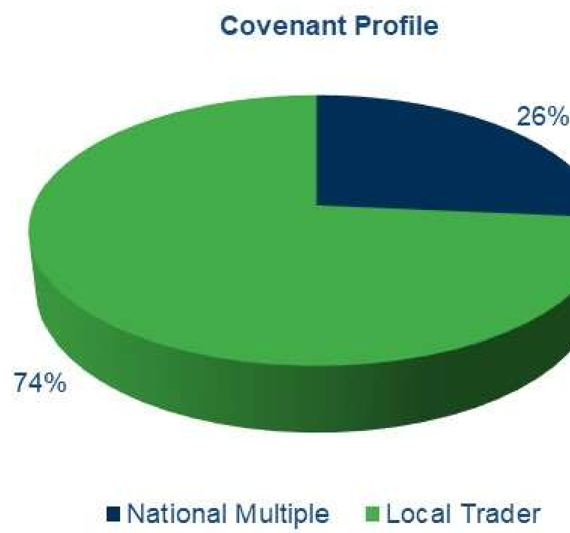
- The income profile is good with 5 of the top ten tenants having income secured for over 3 years, one of which, Macabe has over 10 years unexpired. The top ten tenants comprise 87.9% of the gross rent payable.
- Key lease events over the next two years include:

Key Income at Risk*	Unit	Date	Expiry/Break	Current Rent	% of Total Rent
Debra	Unit 4/5	14/02/2023	Expiry	£18,000	8.1%
Carpets and Flooring	Unit 3	24/01/2024	Expiry	£15,000	6.8%
Slimming World	Suite 1	27/06/2023	Expiry	£9,170	4.1%
Laruen Florence	Suite 5	20/06/2023	Expiry	£8,328	3.8%
Retrofit	Suite 2/3	10/06/2024	Expiry	£7,575	3.4%
The Mungo Foundation	Suite 6&7	22/11/2023	Expiry	£6,300	2.8%
Nails by Alana	Suite 9	00/01/1900	Break	£3,516	1.6%
Car Factory	Suite 8	00/01/1900	Break	£3,315	1.5%
Emma Sneedon	Suite 10	00/01/1900	Break	£3,300	1.5%
Walkie Mountain Toys	Suite 4	10/06/2024	Expiry	£2,820	1.3%
*within two years of the valuation date. Identifies most significant tenancies, not all				**£77,329**	

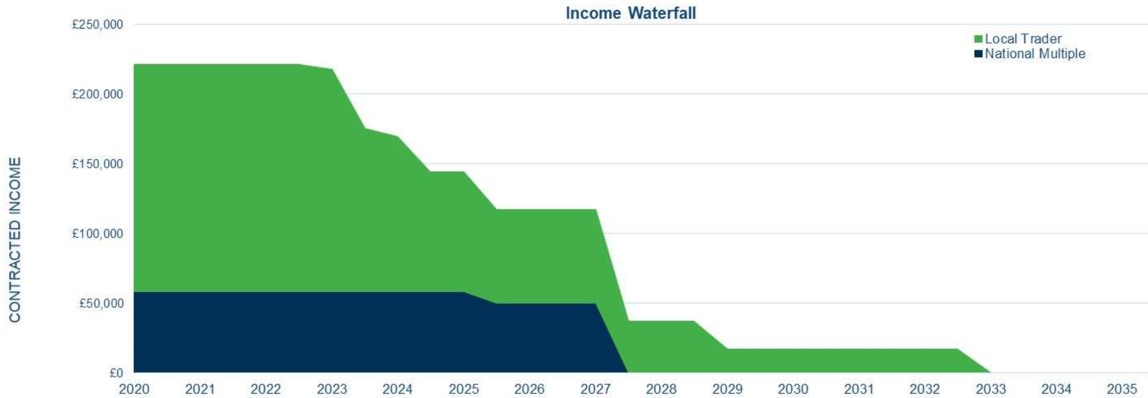
- The key income at risk is predominantly in relation to the office suites. Due to the short term flexible nature of the leases in this element of the Property this is not unexpected and in line with market norms. With proactive asset management and an ongoing lease renewal program, any long term voids should be mitigated.
- The WAULT of the Property is 3.74 years (3.4 years to break options). With 83% of income expiring in the next 5 years.



- 74% of the current income is let to local traders, this is in-line with expectation for this type of Property in this location. It should ne noted that the majority of occupants have been in situ for many years and trade well from their respective units.



- The graph below shows the income expiry profile assuming that all tenants vacate at lease expiry. This is very much a ‘doomsday scenario’. However, the long term income secured against Poundstretcher and Macabe Opticians is clearly highlighted.


Income Waterfall
CONTRACTED INCOME
£250,000
£200,000
£150,000
£100,000
£50,000
£0
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
Local Trader
National Multiple

The Market and Valuation

Economic Background

UK Economic Overview

After the strong rebound for the UK economy in 2021, growth appears to have slowed in the face of rising inflation, supply chain problems and elevated geo-political risks. Moreover, policymakers are now taking steps that will inevitably slow growth, with the Bank of England hiking rates while the Treasury is increasing taxes, such as National Insurance. UK GDP grew q-on-q by 0.8% in Q1 2022, which lifted the economy to 0.7% above its pre-Covid level.

Nevertheless, the monthly breakdown of the data showed all the growth occurred in January, and February saw the economy stall. This was followed by a GDP contraction in March. We view the economy as currently in a period of slowdown, which will see isolated quarters where growth turns negative, but probably not a technical recession.

Q1 saw a 3.8% increase in Construction sector GDP, largely driven by repair and maintenance work. The Production sector recorded 1.2% growth, thanks to strong growth for Manufacturing of Metals. Services growth in Q1 was 0.4%, with expansion in areas like Information and Communication.

The number of Covid cases in the UK had fallen to just 10,600 on 9th May. This is well below the pandemic peak of 276,000 on 4th January 2022. All Covid restrictions have now ended in the UK.

The Covid risk has fallen significantly in the UK, however this has coincided with the outbreak of war between Russia and Ukraine. This has caused sharp rises in commodity prices and increased pressure on supply chains. It is too early to accurately judge the economic impact of the war, although typically high energy prices act as a brake on growth.

The Public sector deficit was £89.5 billion in the year to March 2022, which was the sixth highest deficit since 1947, but down markedly on the previous year's figure of £245.8 billion. Public sector borrowing was also high by historic standards at £151.8 billion in the year to March, but down on £317.6 billion figure for the year to March 2021. Total public sector debt stands at just over £2.0 trillion, the equivalent of 83.1% of GDP.

The IHS Markit composite Purchasing Managers' Index (PMI) for April achieved a net balance of 58.2, down from the 60.9 recorded in March, due to falls for Services and Construction. Nevertheless, the index remains well above the 50.0 level which indicates expansion, and it is remarkable how well private sector activity has held up since the outbreak of the war in Ukraine.

The services sector PMI fell from 62.6 in March to 58.9 in April, probably reflecting the squeeze on household incomes hitting consumer-facing firms. The construction sector fell from 59.1 to 58.2, while the manufacturing sector booked a small increase from 55.2 to 55.8.

BoE data reported that consumer borrowing grew £7.8 billion in February, up from the £5.7 billion increase recorded in February. This was mainly driven by more mortgage lending, which may indicate home buyers rushed to lock in current interest rates before anticipated further rises later this year.

Gfk's consumer confidence index decreased to -38 in April from -31 in March, reflecting concerns over cost-of-living increases. This takes the index lower than the -34 readings seen in April and May 2020 during the first wave of Covid.

Retail sales volumes declined in March by 1.4%, compared to a 0.5% decrease in February, due to lower sales for non-store retailing (which is mostly online shopping) and a decline 1.1% for food store sales. Online as a share of retail sales declined to 26.0%, having peaked at 37.7% in February 2021, although this is still well above pre-Covid levels.

Employment

The employment rate stood at 75.7% in the three months to March 2022, which is below the 76.6% figure recorded in February 2020 before the pandemic. This is due to a higher inactivity rate today. The unemployment rate decreased to 3.7% in March, which is below its pre-pandemic level of 4.0%. This indicates a tight labour market, which could act as a brake on growth going forward.

Although recent labour market indicators paint a positive picture, it should be remembered that employment figures are lagging indicators, and the recent deceleration in GDP growth may point to a weaker jobs market later this year.

Nonetheless, labour demand continues to outpace supply, with job vacancies in April reaching a fresh record of 1.3 million. There are now more vacant jobs than unemployed workers. Pay growth appeared to peak in the Summer of 2021, and stands at 4.2% in nominal terms, but is negative in real terms. This is contributing to the household incomes squeeze this year.

Inflation

CPI inflation increased by 9.0% in the year to April 2022, up on 7.0% in March and the highest figure since the early 1980s. As in previous months energy and motor fuels contributed significantly to the rise in inflation. There is also evidence pubs, hotels and restaurants are passing on the VAT increase to customers, thus pushing up prices.

In the May meeting of the BoE's Monetary Policy Committee (MPC), the decision was taken to increase the UK base rate to 1.00%. While domestic inflationary pressures – and inflation expectations – were central to the rate rise, the MPC would have been conscious that the US Fed is now tightening policy. Without some form of reciprocal action from the BoE, the UK would run the risk of importing more inflation due to the pound weakening against the US dollar, which most commodities are priced in.

For the UK property market, the increased base rate means that the cost of debt is no longer as favourable. Around three quarters of UK mortgages have fixed interest rates, so the increase is unlikely to have an immediate impact on most homeowners.

For commercial property, higher rates mean that investors will be looking for higher yields, typically attained through increased risk or rental growth. Hospitality and retail may serve those with an appetite for risk, although for consumer-facing property the household income squeeze is fast replacing Covid as a major risk to the outlook. More risk-averse investors are likely to look toward the industrial sector, due to better prospects for rental growth relative to other commercial sectors.

Outlook

While the risks to the UK economy of Covid have receded considerably as this year has progressed, the consumer squeeze and above-expectations inflation has hit GDP growth. The war in Ukraine has exacerbated a number of existing risks, such as high commodity prices and supply chain problems. As a result, nearly all economic commentators have slashed their GDP forecasts for this year and next, with Oxford Economics anticipating 3.8% growth in 2022 and 1.4% in 2023.

Higher living costs, including four interest rate hikes, a rise in national insurance payments and the energy price cap increase in April, may mean that more of those who left work during the pandemic choose to return, providing some relief to tight conditions in the labour market. Conversely, the financial squeeze appears to have hit consumer spending, particularly at the lower end of the wealth scale.

Further increases in inflation are anticipated in 2022, with Bank of England forecasting inflation to reach 10.0% in the second half of the year. The base rate is also expected to rise to 1.50% according to Oxford Economics, following May's increase to 1.00%.

Another point to note is that the majority of the recovery thus far has been sourced through consumer activity and government expenditure – businesses have been relatively quiet. Business investment has lagged in recovery, and was 10.4% below the pre-pandemic level in Q4 2021. As Brexit and Covid uncertainty ease and begin to fade in terms of market impact, there is considerable scope for corporate investment to rapidly increase, injecting a new lease of life into the UK economy. Adding to this potential is the tax super deduction which incentives plant and machinery investments through providing a 130% rebate on the cost.

However, this also comes with the caveat that the uncertainty caused by the Ukraine war could encourage a 'wait and see' attitude among firms towards investment.

Retail Occupational Market Q2 2022

Key Themes

- Continuing signs of improved retailer performance and tenant demand in prime shopping centres.

- Clear tenant polarisation to the prime/better retail locations is evidenced by increased demand and tone deals now being agreed in locations such as Westfield Stratford, Cribbs Causeway, Touchwood, Bullring, Bluewater etc.
- Locations with affluent catchments have proven to be very resilient and occupier demand has been focused on these types of destinations. Leasing agents are experiencing competitive bids in a number of locations which is improving lease terms for landlords.
- Footfall in many locations is still -10% to -30% down on 2019 numbers. However, sales are flat and - in some instances - higher, indicating fewer shoppers but the ones who are visiting are going for purposed and higher-value shopping visits.
- Weekend footfall is generally up on 2019 numbers, however office occupiers returning to work is critical to see improvements in weekday footfall and trade.
- There is concern in the second half of 2022 about cost of living, inflation, and the Ukraine crisis. Labour shortages, particularly in hourly wage jobs, may also hamper retail growth in 2022.
- Failures across supply chains during the pandemic have highlighted issues with the manufacture and movement of goods around the world. Consumers will prioritise stock availability over retailer loyalty in 2022.
- Increased fit out costs are beginning to impact tenant incentives.
- There is evidence of an increase in new international market entrants to the UK, e.g. Vagabond, Inditex, Mango and Abercrombie to name a few.
- On trend sectors include athleisure, automotive, technology, art galleries, jewellery, health & wellbeing, and we expect this to continue.
- Despite the shift to online channels, the role of the store is not going away. Now more than ever, stores are needing to support both traditional shopping patterns and omnichannel fulfilment activities. This is forcing many retailers to rethink their in-store investments and infrastructure to be more resilient and agile.
- The next 12 months will offer retailers many opportunities to restructure outdated supply chains, review pricing strategies and reinvent the physical store for the digital age. This will likely require new ways of thinking and long-term commitments, but these efforts could forever shift the way retailers conduct business.
- Rebasing will see a bottoming out of the significant rental value corrections of recent years to create a more sustainable retail market.

Occupier Market

The occupier market is wanting to see credible solutions for large vacant space (Debenhams, House of Fraser, Topshop etc) before committing to schemes. Good recent examples include Ministry of Sound agreeing a lease at the former House of Fraser in Westfield London, and the former Debenhams in Wandsworth being re-let to Gravity.

Occupier fitout costs are increasing at such a rate it is reducing the appetite for retailer acquisitions.

Retailers are increasingly assessing locations based on total occupancy cost. The key issue still remains business rate costs, especially when the rates payable in certain locations is well above the rent that is being agreed.

Like shoppers, occupiers are struggling with increased utility costs.

Opportunities for temporary occupiers / soft deals are reducing in some prime locations, especially as the footfall increases.

Overseas brands are increasingly concerned about the UK’s inflation rate and the prospect of a recession. Some occupiers are looking at holding back and seeing what happens over the next six month

Landlord Market

Landlords are putting greater scrutiny on retailer covenant, especially when capital contributions are involved. Many are willing to grant longer half-rent periods in order to receive income earlier.

Landlords are being pushed towards turnover-based deals, but retailers are still not transparent on their turnover projections and are reluctant to provide sales comparables from other stores.

Handover condition is particularly important (i.e. white box/enhanced spec/capital) especially when a landlord has inherited a fitted unit through a retailer casualty (relevant for larger units in particular previously occupied by Debenhams, House of Fraser, Topshop etc) as it adds additional cost to lettings.

On new lettings we are seeing 5-year lease terms as the 'norm' in better quality locations.

Overall, it has been a strong H1 in terms of leasing activity but concerns about the impact of the economic and political headwinds are likely to dampen the leasing market towards the end of 2022 and into 2023.

Food & Beverage / Leisure Market

The leisure market continues to play a key role in the repositioning of retail space with occupiers such as Gravity, Lane7 and Flip Out continuing to expand whilst paying base rents with turnover top-ups.

There is strong demand for fitted units (due to the rising costs of materials and therefore reduced fitout costs) with outdoor dining, however this is beginning to slow when compared with this time 12-months ago. The added pressures of finding staff and rising costs of utilities have significantly reduced most operators' expansion plans whilst they wait to see the outcome of these various cost pressures.

Operators are not requesting the high levels of capital contribution that we saw during the pandemic. Rent free based incentive packages are becoming more common. However, big space operators are still requesting (and in the majority of cases, successfully receiving) large incentive packages due to the size of their fitouts.

Sales are generally returning to pre-Covid levels, with various operators indicating that they are trading above or close to 2019 levels. However, it is widely accepted that the rising costs of living have not yet filtered into F&B sales, and it is expected to become noticeable in Q3/Q4 2022 and beyond.

Designated delivery areas within restaurants (particularly casual dining) are becoming more common to ensure that the guest experience is not impacted by deliveries being done through the main restaurant space.

Franchisee model increasingly coming into play: e.g ITSU, Pret, Blacksheep.

There are limited numbers of new international operators seeking space in the UK compared with 2019. Tourism levels remain considerably lower than 2019 levels (up to 50% lower) and even areas such as Covent Garden are yet to fully recover.

Occupiers continue to seek value outside of London. However, with very few new opportunities coming to market (such as new leisure/cinema schemes or shopping centres being created) these value opportunities are often difficult to find

Footfall

Footfall recovery has continued throughout H1 2022, particularly for high streets and shopping centres.

Footfall at retail parks has remained static since January, having fallen back since December 2021 when footfall exceeded 2019 levels for the first time since the beginning of the pandemic.

Some commentators suggest footfall is now stabilising at a post-pandemic norm.

Retail Sales

When compared with February 2020's pre-coronavirus level, total retail sales value in April 2022 were 13.2% higher. In-store retail sales values have increased since the beginning of the year with stores selling predominantly food seeing sales value uplift of 1.9% whilst those selling predominantly non-food seeing sales value up by 8.9%. The proportion of retail sales online rose to 27.0% in April 2022, after having fallen to 25.9% in February 2022; its lowest level since the onset of the pandemic.

Vacancy

With the exception of Out of Town retail, vacancy rates remain high but appear to have reached a turning point. Vacancy in Shopping Centres has dropped since peaking in mid2021 but suffered a deterioration in April 2022.

East Renfrewshire Retail Local Market Overview

Retail vacancies in East Renfrewshire were roughly in line with the five-year average during the third quarter, and they were essentially unchanged from this time last year. The rate also comes in below the region's average. Meanwhile, retail rents have risen by 2.4% in the past 12 months. That is the strongest rate of annual rent growth observed over the past five years.

As for the pipeline, development has been relatively steady over the past few years in East Renfrewshire, and it remains up and running today. Retail investors are reasonably active in East Renfrewshire, but in the past year, deal flow cooled in the submarket. Compared to the overall Glasgow area, market pricing sits at £198 sq ft, which is well above the region's average pricing.

Office Market

Summary

Receding pandemic restrictions and a recovering economy have helped bring about a sharp rebound in office take-up in recent quarters. Office take-up reached its highest level in more than two years in the final quarter of 2021 and has picked up again in recent months after a winter lull. The likes of London and Manchester have been especially busy.

The overall demand picture remains subdued, however. National net absorption has remained negative during the first half of 2022 as firms continue to release space onto the market. While demand losses are lighter than in the earlier part of the pandemic, weak demand and rising net deliveries continue to push the national office vacancy rate upwards. It currently stands at 6.8%, which represents a six-year high.

Looking ahead, while there is less speculative construction underway than during the financial crisis, 30.1 million SF is under construction nationally, not far off the mid-2020 peak. Much of this space is due to deliver over the next 18 months which, allied to ongoing subdued demand, should cause the national office vacancy rate to increase further. London's vacancy rate will likely rise more sharply than the national average, given the capital accounts for around half of office construction underway nationally.

Office asking rents have fallen during the pandemic, although to a lesser extent than during the financial crisis. Rent declines have also recently levelled off amid an increase in demand for high-quality space. Prime buildings should outperform secondary ones in the coming years as firms continue to pivot to better-quality, well-ventilated space—to attract staff, welcome clients and meet growing ESG commitments—even if many take less space overall amid a more permanent rise in home working. This could lead to the accelerated removal of older stock.

Supply-constrained markets with a strong TMT, life science or professional services demand base and a highly educated workforce have outperformed during the pandemic and should continue to do well over the forecast. The likes of Bristol, Cambridge and Edinburgh fall into this category, with markets such as Milton Keynes, Newcastle upon Tyne, Brighton and Leeds also faring relatively well.

UK office investment rose to a three-year high in the first quarter of 2022 amid easing pandemic restrictions and rising demand for prime, well-let office building. London, Cambridge and the 'Big Six' regional cities have led the rebound. Pricing for prime office property has remained stable thus far, supported by low interest rates and healthy overseas demand, but weak sentiment towards poorer-quality properties and those with leasing risk should pull average office prices down over the next year or so. Rising interest rates could begin to exert some upward pressure on prime property yields, too.

Leasing

The coronavirus pandemic caused a sharp fall in office demand across the UK. Net absorption turned negative for the first time in a decade in 2020 and space added to the market has continued to outweigh new leasing in the period since. The national office vacancy rate, which stood at a record low as the pandemic struck in March 2020, has risen due to these demand losses and rising office completions. It currently stands at 6.8%, which represents a six-year high. Further increases in vacancy are likely in the near term, as ongoing subdued demand meets another big year of net deliveries.

Easing pandemic restrictions has boosted leasing in recent quarters, however. National office take-up surged to its highest level in more than two years in the final quarter of 2021 and has picked up again following the end of pandemic restrictions in January. May was the busiest month for office leasing since November 2021. Net absorption remains in negative territory, but to a lesser extent than in the early part of the pandemic.

Prime, modern space is being favoured over older, Grade B stock. Indeed, net absorption in the bestquality, 5 Star buildings has been positive throughout the pandemic, with all the demand losses coming in buildings rated 4 Star or below. Firms are seeking such space to attract staff, welcome clients and meet growing ESG requirements, even if many companies take less space overall as home working becomes more entrenched.

Several major pre-lets have taken place in London over the past year or so, with law firms helping to drive activity at the larger end. Allen & Overy, Hogan Lovells and Kirkland & Ellis have each pre-let more than 200,000 SF, the last taking 217,000 SF at 40 Leadenhall in June 2022. Facebook leased 312,000 SF at 1 Triton Square in Noho in September in the largest private sector office letting of the pandemic, while IBM leased 157,000 SF at the Shell Centre in Southbank.

However, recent lettings will not necessarily boost net absorption. IBM are moving from a larger space at nearby Upper Ground as the technology firm moves to a more hybrid way of working. Allen & Overy is also taking less space than it currently occupies at 10 Bishop's Square. Several big banks have signalled an intent to reduce their office footprints, too. In June 2021, Barclays announced that it would be vacating one of its buildings in London's Canary Wharf this year, thereby releasing 500,000 SF onto the market.

Technology and media firms have helped support demand over the past year, continuing the theme from prior years. In addition to Facebook, the likes of TikTok, Apple and Snapchat have signed big leases in London over the past year. In Reading, mobile network operator Three UK signed for 119,000 SF at 450 Longwater Avenue on Mapletree's Green Park in early 2021 in the largest letting in the Thames Valley for three years. TV streaming firm Roku has leased a combined 250,000 SF in Cambridge, Cardiff and Manchester over the past year. Media giant BT pre-let 175,000 SF in Manchester a year earlier. Co-working firms are also taking space again in the big cities as demand for flexible, managed space picks up.

Momentum has picked up across the 'Big Six' regional cities in recent quarters. In Birmingham, life science firm the Binding Site took 98,000 SF at the Broadway building, signing a 15-year lease in what represents a big expansion, as the firm is retaining its existing building in nearby Edgbaston. In Leeds, law firm DLA Piper prelet 80,000 SF at City Square House and will relocate from its two Leeds offices at Princes Exchange and West One in 2023, while Lowell pre-let 133,000 SF at Thorpe Park. The credit management company agreed a 15- year lease and will relocate from two buildings in Leeds Valley Park into one smaller more environmentally friendly building, with sustainability at the forefront of decision-making during the pandemic. Several big lettings have occurred in Glasgow and Edinburgh in recent months, too. Transport Scotland paid a record rent to take 48,000 SF at 177 Bothwell Street in December, while Edinburgh's Haymarket scheme recently became fully let ahead of its completion.

The so-called 'Brain Belt' markets of Oxford and Cambridge have outperformed from a leasing perspective during the pandemic. Cambridge topped CoStar's demand index that measures leasing as a percentage of a market's stock in 2021, with the likes of Fora, Mathworks and Citrix Systems joining Roku in signing big lettings in the varsity city, which has rapidly emerged as a key technology and life sciences hub amid strong links to the university. Similarly, Oxford has strengthened its position as the leading biomedical and research centre. Vaccitech signed Oxford's largest letting of the pandemic in September.

Rent

With demand falling and the national vacancy rate increasing, annual office rent growth across turned negative during 2021 for the first time in a decade. Asking rents have not dropped by much, though, and rent declines have recently levelled off. CoStar's Base Case forecast has office rents remaining flat over the next year or so, before growing gently from 2023. Rent trends differ by market and by building quality. Strong demand for the very best space has pushed prime rents upwards during the pandemic even as average rents have fallen. Record rents have been recorded in nearly all major markets over the past year or so, most recently in Leeds, Glasgow and Edinburgh as firms rush to snap up a dwindling pool of high-quality, highly sustainable space. Prime rents are now pushing £40/SF in most of the 'Big Six' regional cities. Better quality, 4 & 5 Star buildings should outperform in the coming years amid an ongoing flight to quality among occupiers.

In terms of average rents, South East strongholds like Oxford, Milton Keynes and Brighton have outperformed during the pandemic, as have big regional cities like Bristol, Leeds and Newcastle. Smaller markets with low vacancy rates, such as Luton & Bedfordshire, Peterborough and York, have also fared relatively well. Out-of-town locations performed best in the early part of the pandemic, though city centres have led the recovery since.

In London, average rent growth had been accelerating in the months prior to the pandemic, following two years of gentle declines. However, average asking rents are now falling in nearly all London submarkets, with London expected to underperform the national average over the next few years amid a steeper rise in vacancy. However, prime rents in the capital should continue to hold up well. Some firms have proved willing to pay sky-high rents to secure space in London's best addresses even in a downturn, evidenced by the world record £277.50/SF rent paid at 30 Berkeley Square in Mayfair in October 2020 and the £109/SF rent paid at the City's Leadenhall Building in early 2021.

East Renfrewshire Office Local Market Overview

The East Renfrewshire Submarket in Glasgow is a very small submarket that contains roughly 460,000 sq ft of office space. The vacancy rate has been essentially unchanged over the past year, but at 0.2%, the rate was a bit below the 10-year average as of Q2 2022.

Net absorption was essentially flat over the past year. Things look better over the five-year timeframe, as the submarket has posted 7,400 sq ft of positive net absorption per year on average. Rents grew by 2.5% over the past 12 months, easily exceeding the 1.2% average annual change over the past decade.

There are no supply-side pressures on vacancy or rent in the near term, as nothing is under construction. This will further prolong the lack of development, which has now lasted more than three years. Sales are rare in this submarket, with the last trade occurring more than three years ago.

Rental Evidence

- In arriving at our opinion of the current headline Market Rent we have had regard to the rental evidence detailed below:

Address	Date	Type	£ per annum	£ per sq ft overall	Comment
Poundstretcher, Unit 6/7	Ongoing discussions	L/R	£50,000	£5.45	• Poundstretcher have approached the Landlord to increase the rent to £50,000 per annum
Macabe Opticians, Unit 1	Sept 2021	L/R	£17,000	£17.53	• Macabe have agreed a 10 year lease renewal, with a break option year 5. • The agreed rent reflects an uplift of £1,000 per annum.

**We have not been provided with an ITZA breakdown and have therefore analysed the lettings on an overall per sq ft basis whilst paying close attention to the global total rent per annum.*

- For multi-let assets such as the subject Property rental evidence is typically self-generated. Each retail parade tends to have their own characteristics and tenant profile, making comparison between schemes less relevant.
- In addition to the above we are also aware that Carpets & Flooring (Unit 3), are looking to agree a lease extension for a further 5 year term. The anticipated new rent is expected to reflect a £1,000 per annum uplift on the current passing rent of £15,000 per annum. The new rent of £16,000 per annum equates to £16.00 per sq ft.
- For the three sub 1,000 sq ft retail units (Units 1, 2 and 3) and in-line with the evidence cited above we have applied between £16.00 to £17.53 per sq ft, equating to annual rents of between £16,000 per annum and £17,000 per annum.
- There are three medium retail units between 2,000 to 3,250 sq ft. We have applied between £6.15 per sq ft to ££8.87 per sq ft depending on their position and prominence in the scheme.
- We have applied an ERV of £3.06 per sq ft to £5.45 per sq ft to the two large retail units (Unit 6/7 and Unit 8). This is supported by the Poundstretcher deal noted above. We have applied a discount to Unit 8 due to its off-pitch situation.
- Having regard to the office suites, these have historically been let at circa £15.00 per sq ft inclusive of service charge and insurance. However, recent lettings indicate that occupational demand for this space currently sits at

£16.00 per sq ft. We have applied an ERV of £16.00 per sq ft to all the office suites, with a discount for quantum for Suite 1 (£12.50 per sq ft).

- We are therefore of the opinion that the aggregate Market Rent for the subject Property is £258,280 per annum. We are therefore of the opinion that the Property is 12.50% under-rented.

Marketability	
Typical Void Letting Period:	9 to 12 months
Typical Lease Length:	5 years, break at year 3
Typical Rent Free Period:	6 to 12 months

Investment Market

UK High Street Investment Q2 2022

With more than £1.6bn traded over the last two quarters, it is clear that some investors want to buy shops again.

The biggest change in purchaser profile over the last six months has been the return of income-focused investors who are hoping to call the retail and capital value cycle.

While these buyer's confidence will definitely be knocked by worsening consumer sentiment over the second quarter of 2022, we do not expect it to last long enough to drive a rise in retailer failure or voids, and as such the occupational confidence story that was driving this group at the start of 2022 should remain. This confidence should be boosted by the Q1 rent collection figures, which showed an 8.6% rise on the previous quarter.

We expect that the main group of vendors of high street shops will remain the institutions, and the main buyers will be private investors.

Non-domestic private investors will be focusing on the well-known streets in the largest cities, while domestic privates will be chasing 8%+ yields on the high streets in smaller towns and suburban locations.

The lack of institutional buyers in the market will mean that the average lot size transacted will remain low, and that evidence for larger parades in prime locations will be hard to find.

Given that we have already hardened our prime high street yield from 6.75% in October 2021 to 6.25% in March 2022, one could argue that the window to call the cycle has already closed. This might mean that the depth of the buyer pool for true counter-cyclical investments might have shrunk. However, the fact that high street retail yields were as low as 4.25% in 2018 should be enough to assure some chartists that more yield compression is to come.

We certainly expect to see a further 25 bps fall in the prime high street yield over the next nine months, predominantly on the back of limited prime stock coming to the market. However, the recent suggestion that landlords might be forced to let vacant shops is yet another potential speed bump on the road to recovery.

UK Office Investment Q2 2022

UK office investment has risen sharply in recent quarters, with easing restrictions and further evidence of prepandemic pricing bringing more buyers and sellers to the table. The first quarter of 2022 was the strongest quarter for office investment in three years, with several blockbuster transactions completing. This followed a similarly busy end to 2021. While rising interest rates and vacancies could begin to stem the flow from here, volumes remain on course to eclipse the circa £20 billion spent in 2021. With vacancies rising, the focus continues to be on prime, well-let properties, for which investors continue to pay well.

North American and German investors have been busiest at the top end of the market during the pandemic, but Asian investors are returning in greater numbers as travel restrictions have eased. In March 2022, Korea's National Pension Service bought 5 Broadgate in the City of London for £1.21 billion in the UK's biggest office transaction since 2017. The 700,000-SF building, which is let to Swiss bank UBS until 2035, previously sold for £1 billion in 2018. Singaporean, Japanese and Hong Kong investors have also been active in recent months. Singapore's Ho Bee Land bought the Scalpel building, also in the City of London, for £718 million in February 2022.

European capital has been prevalent during the pandemic. It was behind some of 2021's largest transactions, including the £401 million acquisition by Germany's Allianz Real Estate of a 75% stake in a portfolio of three office buildings in London's West End. Another German investor, Union Investments, paid £468 million for BT's new headquarters at One Braham in London's City Fringe in May 2021, a 4.1% yield. Deka then fought off a host of bidders to acquire 8 St James's Square for £220 million, a circa 3.4% yield.

The prestigious St James's submarket in London has been especially busy since the pandemic began, with a host of noteworthy transactions taking places there. Its popularity is being reflecting in pricing. Swedish investor Ramsbury bought 5 St James's Square for £75 million last summer at a record £4,600 per SF, a yield of just 2.8%, although Brookfield's recent purchase of State Street's headquarters in Canary Wharf hints at a softening in pricing elsewhere. Buildings close to new Crossrail stations at Farringdon and Tottenham Court Road have been relatively popular for value-add investors in the capital.

Cambridge, Oxford and Bristol have been among the most popular markets outside London since the pandemic began, with investors paying top prices to acquire prime properties there. In Cambridge, Brockton Everlast acquired five buildings on Cambridge Science Park for £99 million early last year, with competitive bidding driving the sale price well beyond the asking price of £62.5 million. In Bristol, contracts were exchanged on two big transactions in the first half of 2021, including Aberdeen Standard Investments' £75 million acquisition of Temple Quay House at a 3.7% yield, which at the time was the lowest yield ever paid for a sub-20-year income office investment in the UK regions. Mayfair Capital then bought 2600 John Smith Drive in Oxford at a 3% yield.

Investment has also picked up in Manchester of late. A host of landmark purchases occurred in the second half of 2021, culminating in NatWest's £292 million acquisition of 1 Hardman Boulevard in late December. The price paid was 13% above that paid for the building in 2014, reflecting growing demand for prime, well-let property in the city. Another significant trade saw Landsec acquire a majority stake in the MediaCity development in Salford for £425.6 million, as part of the property giant's pivot towards mixed-use regeneration schemes in growth areas.

The focus on better-quality assets has meant that the average price paid per SF rose during the pandemic. The average transaction-based yield fell to a record low in 2020 and remained below pre-pandemic levels in 2021. Such a pattern is not projected to last, however, as distress sales pick up and secondary property is repriced. CoStar's Base Case forecast has average office prices falling over the next 12 months or so, before a recovery begins from 2023. Pricing at the prime end of the market should hold up better amid both robust demand and enduringly low interest rates.

The uptick in investment in 2021 followed a weak 2020, when national office investment slumped to a decade low. Several factors impeded investment that year, including travel restrictions limiting the ability of investment committees to see assets, uncertainty on the part of lenders regarding how to underwrite different types of deals in the current climate, and a pricing disconnect between buyers hoping for a discount and sellers holding on to pre-pandemic price expectations.

The fall in investment in 2020 came off the back of a relatively weak 2019, when volumes slumped to what was then a seven-year low (circa £23 billion) as Brexit and wider political uncertainty acted as a drag on activity. Slowing inflows from Asia was another factor behind weaker investment at that time. The decisive general election result in December 2019 subsequently unlocked a wave of large deals until the coronavirus crisis stalled that momentum.

Investment Comparables

- In arriving at our opinion of value we have had regard to a range of comparable investments from the local market and of similar covenant strength.

Address	Date	Tenure	Area sq ft	Sale Price	NIY %	Tenant (WAULT)	Comment
Bank of Scotland, 138-140 High Street, Falkirk	Jul 22	Heritable	3,797	£660,000	12.96%	4.31	Let to Bank of Scotland plc on a lease expiring November 2026 at £90,000 per annum. The property, which is Category B Listed, comprises a period three storey property arranged

							as a ground floor banking hall with ancillary/office accommodation above. The property includes a vacant kiosk. The property also benefits from a shared service yard at the rear. Immediate asset management opportunities including re-letting the vacant Kiosk. *This whilst this property is let to a national banking covenant, it's listed nature may deter some investors due to restrictions on any potential change of use or development of the Property. The subject Property is also located in a superior location. We would expect the subject to transact at a lower blended net initial yield compared to this transaction.*
371-373 Dumberton Road, Glasgow,	Jul 22	Heritable	581	£140,000	8.42%	1.48	The property comprises a ground floor shop let to a local covenant on a lease expiring January 2024. The property is well located in Partick, Glasgow's popular West End district. *This property is located in a superior location compared to the subject, we would expect the subject to command a higher blended net initial yield.*
142 High Street, Falkirk	May 22	Heritable	3,211	£250,000	9.75%		This Grade B Listed property is arranged on ground and one upper floor to provide a betting shop on the ground floor with staff ancillary/office accommodation on the first floor. Let to Ladbrokes Betting & Gaming Limited (t/a Coral) on a new lease expiring in 2026 (No breaks). Rent passing of £25,000 per

							annum, recently re-based from £40,000 p.a. *This property is located in a superior location compared to the subject Property; it provides good evidence for the national retail income at the subject. However, on a blended net initial yield basis we would expect the subject to command a lower yield.*
75-83 Lauderdale Gardens, Glasgow	Mar 22	Heritable	3,332	£736,450	7.99%	7.42	Sava Estates Ltd has purchased a retail building at 75-83 Lauderdale Gardens 3,332Sq ft from an DS (Lauderdale Properties) Ltd for £736,446. The property comprised of four retail units and provided an income of £53,950 pa. *As with the subject Property this transaction is let to local covenants albeit with a longer WAULT in comparison. All things considered we would expect the subject to command a higher net initial yield.*

The comparable information listed above demonstrates a range of values achieved for retail investment within the locality. The transactional evidence demonstrates net initial yields between 7.99% and 12.96%.

The best evidence for the subject Property is the transaction of **75-83 Lauderdale Gardens, Glasgow**. As with the subject Property Lauderdale Gardens is a multi-let retail asset. It comprises a multi-let retail property, let to comparable covenants, Lauderdale is arguably located in a less desirable location however, the income is secured for a longer term certain. We would expect the subject Property to command a higher net initial yield in comparison to this transaction.

Having regard to the evidence above, well-let nature, covenant strength, occupational demand for retail and office suites in the vicinity and the long term potential to increase the floor plate, we would expect the Property compare well to the evidence cited.

On an equivalent yield basis we would expect investors to exercise a degree of caution to this investment taking into account the ongoing asset management associated with the Property. On this basis, we have applied a blended net initial yield of 9.06% equating to an equivalent yield of 12.04% to the Market Rent reflecting the investment prospects as at the valuation date.

Principle Valuation Considerations

- The principal factors that have an impact on the value of the Property are summarised below:
    - The Property is held on a heritable interest.

- It comprises a well let retail parade, situated in a prominent position on a busy local thoroughfare.
- The immediate vicinity is characterised by mixed land uses to include both retail, residential and leisure.
- WAULT of 3.74 years to lease expiry and 3.4 years to break options.
- 22.6% of the gross income is secured against Poundstretcher, who have 4.6 years term certain.
- Good history of tenant retention, with the retail occupiers having been in situ for many years and currently seeking to renew leases. The office suites have attracted a good level of occupancy, with only one suite currently vacant.
- Long term potential for change of use to the upper floors, subject to vacant possession and ensuring planning consent or obligations are granted and adhered to.

Marketability

The Property is well positioned in East Renfrewshire and will in our opinion attract a good level of occupier and investor interest.

If the retail units were to become available, subject to reinstatement to their original specification we would anticipate a void period in the order of 3 to 9 months along with rent free which should be anticipated at between 3 to 12 months on each 5 year term certain. It should be possible to obtain a full repairing and insuring lease subject to the current tenant conforming with their reinstatement and repairing obligations, albeit any lease would most likely be subject to a schedule of dilapidations. Should the office suites become available we would anticipate a void period of between 3 to 6 months, with a nominal rent free period.

During any void there will be associated holding costs including empty rates, security and maintenance.

Liquidity (Saleability)

The lot size of approximately £1.75m is within the reach of private purchasers and small property companies. Over recent years the amount of investment product offered in this location is limited and accordingly when opportunities do arise there is good demand.

Should the Property be put to the market we consider that the asset would attract interest from a wide range of investors, including owner occupiers, developers, small property companies and private individuals. Accordingly, we would anticipate a sale period in the order of 6-9 months.

With regard to a sale with vacant possession the market is much more volatile and to secure an owner occupier the marketing period may be extended and in the order of 12 months. If a sale had to be achieved within a shorter timeframe and an owner occupier could not be found then the amount which would be paid by investors would be much less.

Active Management

We have summarised below the potential asset management initiatives. The key ones we have identified are as follows:

- Prior to any upcoming lease expiry, the Borrower should enter in lease renewal negotiations with the respective tenant and actively discuss opportunities to renew their leases and maintain occupancy.
- Ensure the Property is well maintained to prolong its useful economic life expectancy.

Future Value Prospects

The future performance of the Property will depend upon three principal factors, namely (a) the performance of the local occupational and general investment market; and (b) the future movements in cost of finance and investment yields; and (c) the ability of your customer to maintain the quality and duration of the income stream. Taking these in turn:

a) Whilst we are unable to forecast the occupational and investment outlook, this being no different with any other commercial property sub-sector, we would comment that rental growth in the locality is expected to remain stable over the next five years. Investment performance is driven by the prospects in rental growth as the occupational market continues to improve with the additional prospect of a medium-term hardening of yields (although unlikely to be significant), set against the weakening income security.
b) The continued uncertainty within the stock and equity market has resulted in an increase in demand for property investment by institutions, owner occupiers and property companies.
c) The sustainability of the rental income over the term of the proposed loan is perhaps the most significant risk to the value, and therefore the suitability for loan security. The requirement for pro-active asset management cannot be underestimated. Dealing with the lease events over the next five year period, the letting of units in the event any became vacant and the re-gearing of existing leases is essential to preventing any value erosion and only through these asset management activities, which will minimise shortfalls (protecting the net income) and maintaining or potentially increasing the WAULTC, will the value of the asset be maintained or increased.

Clearly, asset management and a high level of occupancy is key to the value of the asset. However, regardless of how successful this may be, any weakening in the investment market and softening of yields could negate any value added by good asset management. This is beyond the control of the Borrower, nevertheless, this risk remains.

Valuation Approach

- We have adopted the traditional "all risks yield" method, having regard to comparable investment transactions and current market sentiment.
- We have made the following specific assumptions which we consider to be appropriate and reasonable to reflect the approach likely to be adopted by prospective purchasers:

Current Void and Non-recoverable Revenue

- The gross passing rent is £221,324 per annum.
- There is a nominal landlord shortfall in relation to the retail units, with Barnardo's (Unit 14, Storage) being the only retail tenant on an inclusive lease.
- The office suites are let on a flexible and inclusive basis.
- We outline the shortfalls below:

Unit	Tenant	S/F £ per annum
Unit 14	Barnardo's - LL S/F	£10,187
Suite 1	Slimming World - LL S/F	£13,454
Suite 2/3	Retrofit - LL S/F	£4,540
Suite 4	Walkie Mountain Toys - LL S/F	£1,771
Suite 5	Lauren Florence - LL S/F	£4,422
Suite 6/7	Mungo Foundation - LL S/F	£4,396
Suite 8	Car Factory - LL S/F	£1,962
Suite 9	Nails by Alana - LL S/F	£2,130
Suite 10	Emma Sneedon - LL S/F	£1,915
Suite 11	Vacant - Void Costs	£3,922
		£48,699

- As at the valuation date the net income is £172,625 per annum.

Tenant Retention and Re-letting Assumptions

- The Property WAULT of 3.74 years to lease expiry (3.36 years to break options). There are two retail leases expiring within 2 years of the valuation date. However, one of which Unit 3 (Carpets and Flooring) have stated to the Landlord that they are keen to enter into negotiations to remain in occupation and renew their lease. We have applied an expiry void of 6 months and rent free period of 6 months to Unit 4/5 (Debra) and a rent free period of 6 months to Unit 3.

- The office suites are all let on short term flexible leases. However, tenant retention is good. There is only one vacant suite (Suite 11) which is currently being refurbished and we understand there is interest in the Suite once works have completed.

Capital Expenditure

- The Property is held on an FRI lease and generally in a good state of repair. The Landlord has recently spent £210,000 (of which £152,000 was funded by government grants) upgrading the Property. Works included upgrading of the façade, external led lighting, the common parts of the office suites and a refurbishing Office Suite 11. The Property presents well and is in-keeping with the requirements of the locality.
- We have applied 15% legal and letting fees to Unit 3 (Carpets and Flooring) and Suite 11 (Vacant.
- We have also topped up any rent free period and stepped rents (Macabe Opticians, Poundstretcher and Bentleys Grill).
- Therefore, we have allowed for £7,249 in our valuation.
- We have not explicitly allowed for any other non-recoverable expenditure in undertaking our valuation and have reflected the risk of any other potential future shortfalls in our yield selection.

Purchasers Costs

- We have undertaken our valuation adopting full purchasers' costs, with LBTT of 4.36%, and 1.8% agent fees, legal fees and VAT.

Yield Consideration

- In undertaking our valuation of the Property, we have had regard to the rental and sales evidence above which shows that well located retail buildings in this location should achieve net initial yields within a range of approximately 7.99% and 12.96%. We are of the opinion that the subject Property would fall within these parameters on a blended basis.
- In assessing the Market Value of the subject Property, we have adopted a split yield approach to reflect the different income tranches as follows:

	Capitalisation Rate
National Covenant	10.0%
Local Covenant	13.0%
Office Suites	14.0%

- This equates to a blended net initial yield 9.06% to reflect the attractive income profile.

Market Value

- This results in a market value of the heritable interest subject to the occupational leases of **£1,800,000,** reflecting a net initial yield of 9.06% and an equivalent yield of 12.04%.

Vacant Possession Value

- In arriving at our opinion of the current Market Value of the Property subject to full vacant possession, we have had regard to the likely price that would be achievable in today's market from an entrepreneurial investor seeking to re-let the vacant building to create an income-producing investment. An entrepreneurial purchaser would want a suitably generous profit margin to reflect the re-letting risks and associated void costs until the building is fully let.
- In arriving at our vacant possession value we have made the following assumptions:
    - A headline Market Rent of £258,280 per annum

    - An equivalent yield of 13.00% applied
    - A letting void of 3 to 12 months and a rent-free period of 6 to 12 months on the retail units, and a 3 to 6 month void and a rent free period of 3 to 6 months on the office suites.
    - Letting and Legal Fees at 15% of Market Rent
    - Void costs accounting for empty rates and service charge totalling £131,326
- Our overall vacant possession value is £1,400,000. This represents 77% of Market Value reported herein.

Suitability for Loan Security

- It is usual for a valuer to be asked to express an opinion as to the suitability of a property as security for a loan, debenture or mortgage. However, it is a matter for the lender to assess the risks involved and make its own assessment in fixing the terms of the loan, such as the percentage of value to be advanced, the provision for repayment of the capital, and the interest rate.
- In this report we refer to all matters that are within our knowledge and which may assist you in your assessment of the risk.
- On the basis of the information provided and subject to the comments contained within this Report, we consider that the Property should form suitable security for a mortgage advance assuming it is managed proactively given its current state and the proposed change of use and extension. In accordance with normal commercial practice, however, we would anticipate any advance being for only a proportion of our opinion of the Market Value reported.

Lenders Action Points

- Confirmation on Title.
- Commission of an Environmental Report.
- The Borrower should confirm that they have an appropriate Asbestos Management Plan (AMP). We recommend the Borrower is given 6 months to obtain an Asbestos Report and that as and when other units become vacant, Asbestos Reports are undertaken and that all recommendations relating to the control of asbestos as set out in the Asbestos survey are complied with.

Valuation as at 30 June 2022

Market Value:	£1,800,000	ONE MILLION EIGHT HUNDRED THOUSAND POUNDS	
	Initial Yield:	Equivalent Yield:	Reversionary Yield:
	9.06%	12.04%	12.72%
Purchaser's Costs:	• We have allowed for Land and Buildings Transaction Tax as follows: Market Value of up to £150,000, zero; next £100,000 (the portion from £150,001 to £250,000), 1.00%; remaining amount (the portion above £250,001), 5.00%. • We have also allowed for agents and legal fees plus VAT at standard market rates which amount to 1.80%.		
Market Rent:	£258,280 per annum	Blended rate of £6.24 per sq ft on the retail units / £16.00 per sq ft overall on the office suites	
Market Value on the Special Assumption of Vacant Possession:	£1,400,000	Assumed to be in the same physical state as it currently exists. We have assumed that the current tenants would not be in the market if the property were assumed to be vacant.	

Appendix 1

Valuation Calculations

Summary Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 01/07/2022

Property

Address	Westbourne Centre, Barrhead,		
External ID			
Gross Valuation	1,906,377		
Capital Costs	-7,249		
Net Value Before Fees	1,899,128		
Less SDLT @4.36% Stamp Duty	78,500		
Agents Fees @1.00% Net Sale Price	18,000		
Legal Fees @0.50% Net Sale Price	9,000		
Net Valuation	1,793,628		
Say	1,800,000		
Equivalent Yield	12.0383%	True Equivalent Yield	12.955%
Initial Yield (Valuation Rent)	9.0593%	Initial Yield (Contracted Rent)	9.0593%
Reversion Yield	12.7214%		
Total Valuation Rent	221,324	Total Contracted Rent	221,324
Total Rental Value	258,280	Number of Tenants	18
Capital Value Per Area	43		

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
01/07/2022	221,324	-48,699	0	172,625	9.0593%	9.5964%
02/09/2022	221,600	-46,569	0	175,031	9.1856%	9.7381%
15/02/2023	203,600	-57,795	0	145,805	7.6518%	8.0322%
08/03/2023	203,773	-55,833	0	147,940	7.7638%	8.1557%
25/05/2023	203,881	-53,918	0	149,963	7.8700%	8.2729%
21/06/2023	203,905	-49,496	0	154,409	8.1033%	8.5310%
28/06/2023	214,123	-36,042	0	178,081	9.3456%	9.9181%
01/07/2023	219,419	-32,120	0	187,299	9.8294%	10.4642%
25/07/2023	219,419	-21,933	0	197,486	10.3640%	11.0717%
15/08/2023	219,419	-10,707	0	208,712	10.9531%	11.7460%
23/11/2023	220,943	-6,311	0	214,632	11.2638%	12.1037%
25/01/2024	215,943	-6,311	0	209,632	11.0014%	11.8015%
15/02/2024	233,943	-6,311	0	227,632	11.9460%	12.8941%
11/06/2024	234,780	0	0	234,780	12.3211%	13.3317%
01/07/2024	234,780	-15,286	0	219,493	11.5189%	12.3985%
25/07/2024	250,780	-15,686	0	235,093	12.3376%	13.3510%
29/06/2025	258,280	-15,874	0	242,406	12.7214%	13.8009%
01/02/2027	228,280	-15,124	0	213,156	11.1863%	12.0144%
01/05/2027	258,280	-15,874	0	242,406	12.7214%	13.8009%

Yields Based On Say Value + Acq.Costs

Summary Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/07/2022

Tenants

Tenant Name	Suite	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Macabe Opticians	Unit 1		30/07/2027	Local	Hardcore(13%)	17,000	17,000	17,000	128,209	13.2596%	13.2596%	13.0000%	12.9281%
Barnardos	Unit 2		28/06/2025	National	Hardcore(10%)	8,500	8,500	16,000	138,218	6.1497%	6.1497%	10.0000%	11.2865%
Carpets and Flooring	Unit 3		24/01/2024	Local	Hardcore(13%)	15,000	15,000	16,000	113,322	13.2367%	13.2367%	13.0000%	13.7661%
Debra	Unit 4		14/02/2023	Local	Hardcore(13%)	18,000	18,000	18,000	116,242	15.4849%	15.4849%	13.0000%	15.0978%
Poundstretcher	Unit 6		31/01/2027	National	Hardcore(10%)	50,000	50,000	50,000	489,669	10.2110%	10.2110%	10.0000%	9.9557%
VAER	Unit 8		31/01/2027	Local	Hardcore(13%)	30,000	30,000	30,000	222,384	13.4902%	13.4902%	13.0000%	13.1529%
Country Feeds	Unit 1		11/02/2025	Local	Hardcore(13%)	18,500	18,500	18,500	139,521	13.2596%	13.2596%	13.0000%	12.9281%
Bentleys Grill	Unit 1		26/11/2028	Local	Hardcore(13%)	20,000	20,000	20,000	150,834	13.2596%	13.2596%	13.0000%	12.9281%
Barnardos - Storage	Unit 1		24/07/2023	National	Hardcore(10%)	0	0	10,000	74,231	0.0000%	-13.7233%	10.0000%	13.1346%
Slimming World	Suite		27/06/2023	Office Suites	Hardcore(14%)	9,170	9,170	19,388	99,252	-4.3163%	-4.3163%	14.0000%	16.1152%
Retrofit	Suite		10/06/2024	Office Suites	Hardcore(14%)	7,575	7,575	8,080	41,839	7.2540%	7.2540%	14.0000%	15.9324%
Walkie Mountain Toy	Suite		10/06/2024	Office Suites	Hardcore(14%)	2,820	2,820	3,152	16,105	6.5136%	6.5136%	14.0000%	16.1469%
Laruen Florence	Suite		20/06/2023	Office Suites	Hardcore(14%)	8,328	8,328	8,352	47,828	8.1667%	8.1667%	14.0000%	14.4065%
The Mungo Foundati	Suite		22/11/2023	Office Suites	Hardcore(14%)	6,300	6,300	7,824	41,303	4.6099%	4.6099%	14.0000%	15.6280%
Car Factory	Suite		07/03/2023	Office Suites	Hardcore(14%)	3,315	3,315	3,488	20,249	6.6819%	6.6819%	14.0000%	14.2113%
Nails by Alana	Suite		01/09/2022	Office Suites	Hardcore(14%)	3,516	3,516	3,792	23,061	6.0101%	6.0101%	14.0000%	13.5657%
Emma Sneedon	Suite		24/05/2023	Office Suites	Hardcore(14%)	3,300	3,300	3,408	19,459	7.1175%	7.1175%	14.0000%	14.4488%

Vacant	Suite	30/06/2026	Office Suites	Hardcore(14%)	0	0	5,296	24,649	0.0000%	-15.9116%	14.0000%	17.7259%

Appendix 2

Photographs

Retail Frontages South Elevation

Rear Elevation East Elevation

Main Retail Parade

Typical Internal Office Communal Kitchen

Typical Internal Office Suite

Shared Service Yard to the Rear

Appendix 3

Engagement Documents

KROLL

Private and Confidential

24 June 2022

Moorgarth Property Investments Limited
47 St. Pauls Street,
Leeds,
LS1 2TE

Dear Sirs,

Valuation:	**Loan Security**
Assets:	**Wilmington Grove, Sheepscar, Leeds and Westbourne Centre, Barrhead, East Renfrewshire**
Client:	**Moorgarth Property Investments Limited**

CONFIRMATION OF TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION ADVICE

Thank you for instructing Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd ("Duff & Phelps", "we" or "us") to act for Moorgarth Property Investments Limited (the "Company", the 'Client', "you" or "yourselves") in connection with a valuation of the above Portfolio (the "Instruction", or the 'Engagement').

We are pleased to provide you with details of our services and fees and we enclose our General Terms and Conditions of Business (the "General Terms") and our General Principals Adopted in the preparation of Valuations and Reports (our "General Assumptions") which, together with this letter (the "Letter of Engagement") will form the agreement in respect of our appointment.

Please read this letter and the enclosures carefully to ensure they accord with your instructions. To the extent that there is a conflict or inconsistency between this engagement letter, the General Terms or any Letter of Engagement from yourselves, this Engagement Letter will prevail.

RICS Compliance

Our valuation will be undertaken in accordance with RICS Valuation – Global Standards 2020 (the "Standards", or the "RICS Red Book"), which incorporate the International Valuation Standards, and the RICS UK National Supplement effective from January 2019. References to "the Red Book" refer to either or both of these documents, as applicable.

There are no departures unless identified below.

In addition, and in accordance with the requirements of the Standards, in particular Valuation Practice Statement 1 of the Red Book, we confirm the following

a. Identification and status of the Valuer

Kroll Advisory Ltd.
The Shard
32 London Bridge Street
London, SE1 9SG

T +44 (0)20 7089 4700

markwhittingham@kroll.com
www.kroll.com

(i) We confirm that we are not aware of any conflicts of interest, either with yourselves or the properties, preventing us from providing you with an independent valuation of the property in accordance with the RICS Red Book.

(ii) We therefore confirm that we will undertake the valuations acting as External Valuers as defined in the Standards.

(iii) You accept however that Duff & Phelps provides a range of professional services to clients and that there are occasions where conflicts of interest may not be identified. You therefore undertake to notify Duff & Phelps promptly of any conflict or potential conflict of interest relating to the provision of the Services of which you are, or become, aware.

(iv) Where a conflict or potential conflict is identified by either party and Duff & Phelps believes that your interests can be properly safeguarded by the implementation of appropriate procedures, we will discuss and seek to agree such procedures with you.

(v) The due diligence enquiries and report preparation will be undertaken by Mark Whittingham MRICS (Managing Director), Emily Brownlow MRICS (Vice President), Alex Smith MRICS (Vice President) and Dan Worrall (Senior Associate).

(vi) We confirm that the valuers have sufficient current local and national knowledge of the particular property markets involved and have the skills and understanding to undertake the valuation competently. The Valuers are registered in accordance with the RICS Valuer Registration Scheme.

(vii) Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

(vii) For the avoidance of doubt, the Valuers shall have no personal liability to you in respect of the Engagement. All rights and obligations in respect of the Engagement are owed to or by us.

b. Identification of the client and other related parties

(i) The client is the addressee of this letter. We will address our report to Moorgarth Property Investments Limited.

(ii) We would not extend liability or reliance to any other party other than by prior agreement. If we extend our liability to any other parties, we may seek to charge an additional fee and this extension would be on the basis that the other parties will be subject to the terms of our instructions including our liability cap. That is the case even if any such party has paid some or all of our fees. For the avoidance of doubt, all relying parties shall be bound by the same liability exclusions and limitations, and that our liability shall be no greater as a result of extending reliance to additional parties.

c. Purpose of the Valuation

(ii) The Valuation is required for Loan Security. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at sub-paragraph (j) below.

d. Identification of the asset or liability to be valued

(i) The Properties addresses are:
- Wilmington Grove, Sheepscar, Leeds
- Westbourne Centre, Barrhead, East Renfrewshire

(ii) The interests are freehold. The Properties will be valued subject to the occupational leases, details to be confirmed in our Report.

(iii) The interests to be valued are held for investment purposes.

e. Basis of Value

We have discussed the basis of valuation which you require, and our understanding is that we are to provide our opinion of value as follows:

- Market Value
- Market Rent;
- Market Value on the Special Assumption of Vacant Possession;

The definition of Market Value and Market Rent are set out at appendix 2.

The basis of valuation adopted and the purpose of our Report may not be appropriate for other purposes, so the Report and Valuations should not be relied upon for any other purpose without prior consultation with us.

f. Valuation date

The Valuation date is the date of our report.

You will appreciate that in providing you with our Valuation, we shall have regard to market conditions as at the Valuation date. Naturally, these are subject to change and it is therefore important that the Addressees take account of any such change in conditions that may occur from the Valuation date before making any binding decision in relation to the Property. Please do not hesitate to contact us ahead of making any binding decision which takes account of our Valuation if you have any concerns in this respect.

g. Extent of investigation

We will carry out an inspection of the Property and investigations to the extent necessary to undertake the Valuation. We will not carry out a structural survey or test the services and nor will we inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.

h. You have agreed we are to assume .

- The floor areas provided are correct.
- Good clean marketable title for each interest valued.
- The tenancy schedule and floor plans provided is correct.
- Full statutory compliance unless issues referred to documents provided or specifically advised by yourselves.

- There are no environmental issues that could have an adverse effect on value unless specifically advised.

(ii) To the extent that you have provided us with information and / or instructed us to obtain it from a third party you agree, unless it is otherwise agreed by us in writing, that we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.

(iii) We will not be measuring any part of the Property which we are unable to access. In such cases we may estimate floor areas from plans or by extrapolation in accordance with the measuring code of practice of the RICS. Such measurements should not be relied upon for any other purpose.

(iv) We will not make formal searches with local planning authorities but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.

(v) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any other third party or from the Land Registry or any database to which we subscribe. We will highlight in our report where we have relied on such information.

i. Assumptions and Special Assumptions

(i) Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached in Appendix 3.

(i) If any Special Assumptions are made, these will be discussed and agreed with you in advance and again these will be clearly stated in the text of the valuation report.

(ii) The full extent of our due diligence enquiries and the sources of the information we rely upon for the purpose of our valuation will be clearly stated in our final Valuation Certificate and in the relevant sections of our Report. In the event that any of our assumptions are found to be incorrect, our valuations should not be used, whether for the intended information purposes or otherwise, until it has been reviewed by us in the light of that additional information. In the event that certain information is not provided, it may be necessary for us to make further assumptions.

j. Restrictions on use, distribution or publication

(i) Our report shall be confidential to, and for the use only of, the Addressee(s) and no responsibility shall be accepted to any third party for the whole or any part of its contents.

(ii) Our Report may not be discussed to any third parties without such parties signing a release letter prior to being sent our report. As detailed above, we will not be extending liability or reliance to any such party unless otherwise agreed by us.

(iii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion.

(iv) Where any Addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties, if this is not done or we do not agree to be responsible to further name parties, we shall have no responsibility to any party other than the Addressee(s).

k. Confirmation that the Valuation will be undertaken in accordance with the International Valuation Standards (IVS)

(i) We confirm that out Valuation will be carried out in compliance with the IVS.

l. Description of Report

(i) As part of the Engagement, we will provide you with individual narrative reports (each a "Report") for the Properties. The Reports will be prepared in accordance with the RICS Valuation - Global Standards 2017, and will meet the requirements of VPS 3, Valuation Reports, which sets out the mandatory minimum terms of reporting and includes all the matters addressed in this confirmation of instruction letter.

(ii) The Reports will include descriptions of the subject property and location; detailed market commentary, leasing and investment comparable evidence, together with details of our investment rationale, and any other supporting exhibits containing calculations leading to our valuation conclusion.

(iii) As agreed, we will provide a full draft valuation within two weeks of receipt of all information.

m. The basis on which the fee will be calculated

(i) The agreed fee for the provision of the Valuation is £15,000 plus VAT and is payable in pounds sterling. Unless otherwise agreed in writing, all reasonable expenses incurred will be added to the agreed fee. Such expenses shall include (but not be limited to) the cost of travelling, photography, plans, artwork for preparation of Report appendices, town planning documents, copying charges, faxes, couriers and subsistence.

(ii) Our agreed fee and any expenses, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by you to us within 30 days of us issuing you with a valid VAT invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above Barclays Bank base rate for payment.

(iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.

(iv) If we are asked to undertake additional work, for example provide additional scenarios, additional due diligence or re-do work because of delays, we will charge an additional fee based on an hourly charge.

(v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.

(vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid

(vii) Our fee account will be addressed to the addressee of our report unless otherwise agreed.

n. complaints handling procedure

(xii) Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd is registered for regulation by the RICS and a copy of our client complaints handling procedure can be made available to you on request.

o. Monitoring under RICS conduct and disciplinary regulations.

(xiii) Compliance with the standards set down in the RICS Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

Valuation Approach

We will consider the following approaches when estimating Market Value: The Income Approach, the Market Approach, and the Net Underlying Assets Approach.

- Income Approach: The Income Approach is a valuation technique that provides an estimation of the Fair Market Value of a business/asset based on the cash flows that a business/asset can be expected to generate in the future. The Income Approach begins with an estimation of the annual cash flows a hypothetical buyer would expect the subject business/asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value of the business/asset at the end of the discrete projection period to arrive at an estimate of Fair Market Value.

- Market Approach: The Market Approach is a valuation technique that provides an estimation of Fair Market Value based on market prices in actual transactions and on asking prices for businesses/assets. The valuation process is a comparison and correlation between the subject business/assets and other similar businesses/assets. Considerations such as time and condition of sale and terms of agreements are analyzed for comparable businesses/assets and are adjusted to arrive at an estimation of the Fair Market Value of the subject business/assets.

- Net Underlying Assets Approach: The Net Underlying Assets Approach indicates the Fair Market Value of the equity of a business by adjusting the asset and liability balances on the subject company's balance sheet to their Fair Market Value equivalents.

Procedures

Our analysis will be performed in accordance with the guidelines set forth by the Valuation Standards. The procedures that we will follow will likely include, but will not be limited to, the following:

- Analysis of conditions in, and the economic outlook for, the relevant industries;

- Analysis of general market data, including economic, governmental, and environmental forces;

- Discussions with Management concerning the history, current state, and expected future performance of the real estate assets;

- Valuation of the Subject Real Properties, utilising standard and accepted appraisal methodology; we anticipate that the scope of Services will include the following:
  - We will review the market by means of publications to measure current market conditions, supply and demand factors, and growth patterns to determine their effect on the Subject Real Properties;
  - We will conduct a personal site inspection of each Subject Real Property;
  - We will not be measuring the Subject Real Properties, but instead will rely on the floor areas provided.
  - We will complete the Sales Comparison Approach for vacant land parcels;
  - We will complete the Income Capitalization Approach using either a discounted cash flow methodology or direct capitalization analysis; and
  - We reconcile the value indications from the Sales Comparison and Income Capitalization approaches, where applicable, and conclude upon a point estimate.

Liability

We confirm that Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd holds Professional Indemnity Insurance in respect of the service provided, on a per claim basis, and subject to the liability cap (Paragraph 12, sub paragraph 12.2). The indemnity is for the sole use of Moorgarth Property Investments Limited and is confidential to it. We accept no responsibility to any other party.

For further details we refer to Paragraph 12 of our Standard Terms of Business (attached) headed "Exclusions and limitation of liability", the wording of which will apply for this instruction.

Reliance

As stated above, we accept responsibility for our Report only to the addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

Sub-contracting

We may sub-contract the provision of any services to be performed by us pursuant to this agreement (including, without limitation, to other companies that are direct or indirect subsidiaries of Duff and Phelps) provided that we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.

Confidentiality

We undertake to keep in the strictest confidence all information which will be disclosed to us by yourselves, and any other confidential information which we obtain in connection with this valuation project. We shall restrict disclosure of such confidential material to our personnel directly engaged in providing this work and shall ensure that all such personnel are subject to obligations of confidentiality corresponding to those which bind us.

For the avoidance of doubt, the valuer may use such information to the extent reasonably required in providing the valuations. The valuer may disclose such information if it is required to do so by law, regulation or other competent authority.

All confidential information will be held by us in safe custody at our own risk and maintained and kept safe by us. It shall not be disposed of or used other than in accordance with your written instructions or authorisation.

We shall not make public that fact that we are acting for yourselves except with your written consent.

Data Protection

We acknowledge that some information provided to us by yourselves may constitute 'personal data' for the purposes of the Data Protection Act 1998 ('DPA'). We shall at times comply with the requirements of the DPA and at all times comply with the Client's instructions in relation to such personal data.

Acknowledgement and Acceptance

This letter and attachments constitutes our Terms of Engagement, and we trust they meet with your approval. If the scope and terms of the Engagement Letter and the attached Terms and Conditions are acceptable, please acknowledge your acceptance by signing the confirmation below and returning this Engagement Letter to us via email. Pending receipt of your written confirmation we will provide the Services on the basis that the terms of this letter and the Terms and Conditions are agreed. Please be aware that your continuing instructions in relation to this matter will amount to your acceptance of the terms of the Engagement. If there is any matter that requires clarification please do not hesitate to contact me.

Finally, many thanks for your instructions.

Yours sincerely,

By: Mark Whittingham MRICS
Managing Director
Kroll Advisory Ltd
Copy to: Mark Whittingham, Kroll

ENCs:

Appendix 1 – Basis of Valuation – definitions.
Appendix 2 - General Principles adopted for the preparation of Valuations and Reports.
Appendix 3 – Kroll Advisory Ltd Standard Terms of Business.

Confirmation of Terms of Engagement

Re: Engagement Letter for Valuation Services in Connection Wilmington Grove, Sheepscar, Leeds and Westbourne Centre, Barrhead, East Renfrewshire

Having read this Engagement Letter and the attached Terms and Conditions, I acknowledge acceptance of and agree to engage Duff & Phelps in accordance with the terms and provisions of this Engagement Letter and the attached Terms and Conditions.

Moorgarth Property Investments Limited

By: ______________________ Date:

APPENDIX 1: BASIS OF VALUATION – DEFINITIONS

Depreciated Replacement Cost: The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Existing Use Value: The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

Fair Value: Valuations based on Fair Value will adopt one of two definitions — depending upon the purpose, namely:

The International Valuation Standard's 2013 definition: *The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties, or*

The International Financial Reporting Standard's 2013 definition: *The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.*

Gross development value (GDV) - The aggregate Market Value of the proposed development assessed on the special assumption that the development is complete as at the Valuation date in the market conditions prevailing at that date.

Investment value: Investment value is the value of an asset to the owner or prospective owner for individual investment or operational purposes.

Market Rent: *The estimated amount for which an interest in real property should be leased on the Valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion.*

Market Value: *The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion.*

Discount rate: is a rate of return used to convert a future monetary sum or cash flow into present value, (IVSC).

Initial Yield or Cap Rate: is the initial immediate return of the property at the stated valuation/price based on the present income the property produces. Calculated by reference to current passing rent divided by the Gross Value before deduction of purchase costs.

APPENDIX 2 - GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

Unless otherwise agreed in writing, our Valuation will be carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event we reserve the right to revisit our calculations.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the Property, and that the information supplied to us and summarised in this Report is both complete and correct.

3. That the building has been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.

4. That the Property is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice.

5. That the building is structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair. Our inspection of the Property and our Report do not constitute a building survey or any warranty as to the state of repair of the Property.

6. That the Property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

7. That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like. We have not carried out any investigations into these matters.

8. That the Property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

9. That any tenants are capable of meeting their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.

10. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.

11. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.

12. Our Valuation will be exclusive of VAT (if applicable).

13. No allowance will be made for any expenses of realisation.

14. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

15. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.

16. In the case of a Property where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property in either of these scenarios.

17. No allowance will be been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.

18. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which Duff and Phelps subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct

APPENDIX 3: TERMS AND CONDITIONS

Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd. ("Duff & Phelps" or "we" or "us")

The following are the terms and conditions (the "Terms and Conditions") on which we will provide the Services set forth in the Engagement Letter. Together, these Terms and Conditions and the Engagement Letter are referred to as the "Contract", which forms the entire agreement between Duff & Phelps and you relating to the Services.

1 Fees

1.1 Our invoices are payable upon receipt by the Company or its solicitor, agent or representative. If we do not receive payment of any invoice within forty-five (45) days of the invoice date, we shall be entitled, without prejudice to any other rights that we may have, to suspend provision of the Services until all sums due are paid in full.

1.2 If any amounts payable hereunder are not paid within thirty (30) days, such amounts shall accrue interest at a rate equal to two percent (2%) per month. In the event that we are required to initiate legal proceedings or instruct legal representatives or collection agents to collect any overdue amounts, in addition to any other rights and remedies available to us, we shall be entitled to reimbursement in full of all costs and disbursements incurred in doing so.

1.3 Where the Report is for loan security purposes and we agree to accept payment of our fee from the borrower, the fee remains due from you until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

1.4 We have no responsibility to update any Report, analysis or any other document relating to this Engagement for any events or circumstances occurring subsequent to the date of such Report, analysis or other document. Any such subsequent consultations or work shall be subject to arrangements at our then standard fees plus VAT and expenses.

1.5 Either party may request changes to the Services. We shall work with you to consider and, if appropriate, to vary any aspect of the Engagement, subject to payment of reasonable additional fees and a reasonable additional period to provide any additional or more extensive services.

2 Limitation of liability

2.1 Duff & Phelps total aggregate liability to you (or any person claiming through you) arising under or in connection with this Contract for any loss or damage suffered by you as a direct result of the breach of this Agreement or non-performance no matter how fundamental (including by reason of negligence or breach of statutory duty) in contract, tort or otherwise shall be limited in all circumstances in the aggregate to (a) £100,000 or (b) the total professional fees paid by you to us under this Contract for the one year period preceding the date on which the claim arose. This amount is an aggregate cap on our liability to you and all addressees and relying parties together.

2.2 We shall not be liable to you whether in contract, tort (including negligence), for breach of statutory duty, or otherwise, arising under or in connection with our provision of the Services for:

a. any loss or damage suffered by you where such damage or loss resulted from incomplete, inaccurate or erroneous information or instructions provided or made available to us by you or by any third party acting on your behalf including the provision to us of the same upon which any Special Assumptions are based; or your or others' failure to supply any appropriate information or your failure to act on our advice or respond promptly to communications from us or other relevant authorities; or

b. in any event, any loss of profits, account of profits, loss of revenue sale or business, loss of turnover, loss of agreements or contracts, loss of or damage to goodwill, loss or damage to reputation, loss of customers, or liability in relation to any other contract you may have entered into or any indirect or consequential loss or damage.

2.3 If you suffer loss as a direct result of our breach of contract or negligence, our liability shall be limited first to clause 12.1 above and thereafter to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. In particular, our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.

2.4 You accept and acknowledge that any legal proceedings arising from or in connection with this Contract (or any variation or addition thereto) must be commenced within one (1) year from the date when you become aware of or ought reasonably to have become aware of the facts, which give rise to our alleged liability. You also agree that no action or claims will be brought against any Duff & Phelps employees personally.

2.5 You agree to indemnify and hold harmless Duff & Phelps, its affiliates and their respective employees from and against any and all third party claims, liabilities, losses, costs, demands and reasonable expenses, including but not limited to reasonable legal fees and expenses, internal management time and administrative costs, relating to Services we render under this Contract or otherwise arising under this Contract. The foregoing indemnification obligations shall not apply in the event that a court of competent jurisdiction finally determines that such claims resulted directly from the gross negligence, willful misconduct or fraudulent acts of Duff & Phelps.

2.6 You accept and acknowledge that we have not made any warranties or guarantees, whether express or implied, with respect to the Services or the results that you may obtain as a result of the provision of the Services.

2.7 Except for your payment obligations, neither of us will be liable to the other for any delay or failure to fulfill obligations caused by circumstances outside our reasonable control.

2.8 This Contract constitutes the entire agreement between the parties hereto regarding the subject matter hereof and supersedes any prior agreements (whether written or oral) between the parties regarding the subject matter hereof. This Contract may be executed in any number of counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument.

2.9 This Contract shall be governed by and interpreted in accordance with the internal laws of England and Wales and the courts of England and Wales shall have exclusive jurisdiction in relation to any claim arising out of this Contract.

3 Termination

3.1 Either party may terminate this Contract in the event that the other party has breached any material provision of this contract and such breach has not been cured within ten (10) days after receipt of written notice from the then non-breaching party.

3.2 Upon termination of this Contract, each party shall, upon written request from the other, return to the other all property and documentation of the other that is in its possession, except that we shall be entitled to retain one copy of such documents in order to maintain a professional record of our involvement in the Engagement, subject to our continuing confidentiality obligations hereunder.

3.3 The provisions included within "Fees", "Preservation of Confidential Information" and "Limitation of Liability" shall survive the termination or expiration of this Contract.

4 Valuation Work Products and Report

4.1 Any advice given or Report issued by us is provided solely for your use and benefit and only in connection with the Services that are provided hereunder. Except as required by law, you shall not provide such Report to any third party, except that it may be provided to the Company's independent auditors.

4.2 Without prejudice to the foregoing:

4.2.1 you shall not refer to us either directly by name or indirectly as an independent valuation service provider (or by any other indirect reference or description), or to the Services, the Report or the Valuation, in any public filing or other document, without our prior written consent, which we may at our discretion grant, withhold, or grant subject to conditions;

4.2.2 our Report, when prepared for a tax reporting/planning purpose as stated in our Engagement Letter and/or Report, may be submitted to your tax counsel, tax advisers, and/or the tax authority if such Report submission is directly related to the stated tax reporting/planning purpose; and

4.2.3 you agree to provide us with prior notice of, and the opportunity to participate in, any discussion, negotiation or settlement with the tax authority, to the extent that such discussion, negotiation or settlement could have a material effect on us or our estimate of the Market Value. In no event, regardless of whether consent or pre-approval has been provided, shall we assume any responsibility to any third party to which any advice or Report is disclosed or otherwise made available.

4.3 It is understood and agreed that the final Report resulting from this Engagement shall remain your property. To the extent that Duff & Phelps utilises any of its property (including, without limitation, any hardware or software) in connection with this Engagement, such property shall remain the property of Duff & Phelps, and you shall not acquire any right or interest in such property or in any partially completed Report.

4.4 Similarly, our file and working papers will at all times remain our property. Unless agreed otherwise, we will retain such documents for seven years following the completion of the Engagement and will destroy them thereafter.

4.5 We shall have ownership (including, without limitation, copyright and intellectual property ownership) and all rights to use and disclose our ideas, concepts, know-how, methods, techniques, processes and skills, and adaptations thereof in conducting our business (collectively, "Know-How") regardless of whether such Know-How is incorporated in any way in the final Report.

4.6 Save as set out above or unless expressly agreed in writing, all intellectual property rights in all reports, drawings, accounts and other documentation created, prepared or produced by us in relation to the Engagement belongs to us.

4.7 Any analyses we perform should not be taken to supplant any procedures that you should undertake in your consideration of the transaction contemplated in connection with this engagement or any other past present or future transaction.

4.8 By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment.

5 Confidentiality and restrictions on use

5.1 Our Report shall be confidential to, and for the use only of Moorgarth Property Investments Limited The Report shall not be disclosed to any third party (except as required by law or regulation).

5.2 We will keep confidential all confidential information which will be disclosed to us by you, and any other confidential information which we obtain in connection with the Valuation. We shall restrict disclosure of such confidential material to our personnel directly engaged in providing this work and shall ensure that all such personnel are subject to obligations of confidentiality corresponding to those which bind you.

5.3 For the avoidance of doubt, we may use such confidential information to the extent reasonably required in providing the Valuations. We may also disclose such information if required to do so by law, regulation or other competent authority.

5.4 Neither party will disclose to any third party without the prior written consent of the other party any confidential information which is received from the other party for the purposes of providing or receiving the Services which if disclosed in tangible form is marked confidential or if disclosed otherwise is confirmed in writing as being confidential or, if disclosed in tangible form or otherwise, is manifestly confidential. Both of us agree that any confidential information received from the other party shall only be used for the purposes of providing or receiving the Services under this or any other contract between us.

5.5 These restrictions will not apply to any information which: (i) is or becomes generally available to the public other than as a result of a breach of an obligation by the receiving party; (ii) is acquired from a third party who owes no obligation of confidence with respect to the information; or (iii) is or has been independently developed by the recipient.

5.6 Notwithstanding the foregoing, either party will be entitled to disclose confidential information of the other (i) to our respective insurers or professional advisors, or (ii) to a third party to the extent that this is required, by any court of competent jurisdiction, or by a governmental or regulatory authority or where there is a legal right, duty or requirement to disclose, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than two (2) business days' notice in writing is first given to the other party.

6 Investment services

6.1 We are not authorised by the Financial Conduct Authority to conduct investment business and we will not offer any investment advice as part of this engagement.

7 Commissions or other benefits

7.1 Commissions or other benefits may sometimes become payable to us in respect of introductions to other professionals or transactions we arrange for you, in which case you will be notified in writing of the amount, the terms of payment and receipt of any such commissions or benefits. You consent to such commissions or other benefits being retained by us without our being liable to account to you for any such amounts.

8 General Data Protection Regulation

8.1 Duff & Phelps will be the processor and you will be the controller of any personal data that you may provide to Duff & Phelps in connection with the services agreed under this engagement letter. Duff & Phelps will process such personal data solely to the extent required to perform such services or as otherwise required by law or regulation. You represent that you are in compliance with any applicable data privacy regulations in connection with provision of such personal data.

8.2 We may obtain, use, process and disclose personal data about you or certain individuals in order that we may discharge the services agreed under this engagement letter, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance.

8.3 Any such individual has a right of access, under data protection legislation, to the personal data that we hold about such individual. You confirm that, where appropriate to do so, you will inform any individuals whose information has been disclosed to us and advise them to contact us if they require details of personal data relating to them held by us.

8.4 We confirm that when processing data on your or any individual's behalf we will comply with any data privacy regulations in connection with its provision of such personal data. We will not, without consent (a) process any personal data for any purpose other than the provision of the services agreed under this engagement letter; or (b) provide any personal data to any third party (other than affiliates and/or sub-contractors for the purpose of performance of the services agreed under this engagement letter), except where we are required to do so by operation of law or regulation.

8.5 Our privacy statement explaining how we process personal data can be accessed on our website at www.duffandphelps.com/privacy. A paper copy can be provided on request.

9 Help us to give you the right service

9.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know.

9.2 Duff & Phelps has formal procedures for dealing with complaints and these should be sent to the Vice President in charge of Technical and Compliance by email to london@duffandphelps.com, or by post to The Shard, 32 London Bridge Street, London SE1 9SG (Telephone 020 7089 4700). We will endeavour to deal with any complaint within ten working days of their being received, by way of rectification, apology or explanation.

10 Applicable law

10.1 This Contract is governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Contract and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

11 Internet communication

11.1 Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their dispatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.

11.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

12 Contracts (Rights of Third Parties) Act 1999

12.1 Persons who are not party to this agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person, which exists or is available otherwise than pursuant to that Act.

12.2 The advice that we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it. We accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

13 Money laundering

13.1 We have a duty to report to the National Crime Agency ("NCA") if we know, or have reasonable cause to suspect, that you, or anyone connected with your business, are or have been involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.

13.2 We are obliged by law to report any instances of money laundering to NCA without your knowledge or consent. In fact, we may commit the criminal offence of tipping off under the Proceeds of Crime Act if we were to inform you that a report had been made. We will not therefore enter into any correspondence or discussions with you or anyone connected with your business regarding such matters.

13.3 Electronic identity verification checks will be conducted using the services of a third party provider.

14 Other Terms and Provisions

14.1 Except for your payment obligations, neither of us will be liable to the other for any delay or failure to fulfil obligations caused by circumstances outside our reasonable control.

14.2 This Contract constitutes the entire agreement between the parties hereto regarding the subject matter hereof and supersedes any prior agreements (whether written or oral) between the parties regarding the subject matter hereof. This Contract may be executed in any number of counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument.

15 Provision of Services Regulations 2009

15.1 Information required under section 8 of the Provision of Services Regulations 2009 can be found at https://www.duffandphelps.co.uk/provision-of-services-regulation-2009.