REPORT AND VALUATION

Of

24-26 Lime Street, London, EC3M 7HR

As of

28 February 2022

Prepared for

Moorgarth Group Limited
Central House
47 St Paul's Street
Leeds
LD1 2TE

Prepared by

Kroll Advisory Ltd
Real Estate Advisory Group

Private and Confidential

19 August 2022

Moorgarth Group Limited
Central House
47 St Paul's Street
Leeds
LD1 2TE

Direct line 0207 089 4898
markwhittingham@duffandphelps.com

Dear Sirs

Addressee:	Moorgarth Group Limited Central House 47 St Paul's Street Leeds LD1 2TE
The Property:	41-43 Chalton Street, London, NW1 1JD (the "Property")
Ownership Purpose:	Development
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:	28 February 2022
Instruction Date:	24 June 2022
Purpose of Valuation:	Loan Security 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 Dan Worrall MRICS on the 08 August 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 in our previous valuation report dated February 2021.
Market Rent	**£1,955,403** **ONE MILLION, NINE HUNDRED AND FIFTY FIVE THOUSAND, FOUR HUNDRED AND THREE POUNDS PER ANNUM**
Market Value (Property Sale at 6.8% costs):	**£15,000,000** **FIFTEEN MILLION POUNDS**
Market Value subject to Vacant Possession Value (Property Sale at 6.8% costs):	**£15,000,000** **FIFTEEN MILLION 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

24-26 Lime Street, London, EC3M 7HR

Valuer	Dan Worrall MRICS	Inspection Date	10 August 2022

Front Elevation

Street View

Location

General

- The Property is located in the City of London, one of the world's leading financial centres. The City is well regarded by investors due the fundamentals of UK property and is seen as a safe haven, with a stable political and legal constitution.
- The subject Property is located in a landmark City of London setting on Lime Street, which is regarded as being a prime core location, approximately 400 metres north of the Bank of England. The surrounding area is particularly popular with more traditional financial and banking firms.
- Lime Street is located in the heart of the City of London, with the Lloyd's building, the Leadenhall building, the Willis Building and 30 St Mary's Axe (the Gherkin) defining the cluster of tall buildings at the northern end of Lime Street, with the southern end of Lime Street terminated by the tower at 20 Fenchurch Street (the "WalkieTalkie").

Communications

- Lime Street benefits from excellent transport connections. The site is within walking distance of Monument, Bank, Aldgate East and Tower Gateway London Underground stations that provide access to the Central, Northern, District, Circle, Metropolitan, Hammersmith & City and DLR lines.
- The site also benefits from rail services from London Liverpool Street Station, which is 820 metres north of the site, London Fenchurch Street which is located 360 metres east of the site and London Cannon Street which is 700 metres west of the site.
- In addition, the recent opening of the Elizabeth Line (Crossrail), with a new ticket hall/entrance on King William Street less than 300 metres to the west-of the Property has further improved connections.
- The Property benefits from being within a travel time of just 10 minutes to every central London mainline station.

Situation

- The Site is located at the southern end and on the eastern side of Lime Street, within the Leadenhall Market Conservation Area. The site is currently bounded by office buildings with retail/restaurant units at ground floor level.

Location and Site Plans

- The Property is identified on the site plan extract below with the Property outlined in red in accordance with our understanding of it. We would recommend that this is verified by your legal advisors.

Site Plan

Description and Proposed Development

- The Property comprises two adjacent office buildings at No.24 and No.25-26 Lime Street, which is held as an office investment and development opportunity located in the heart of the City of London.
- The Property contains an existing six-storey building (arranged over ground floor plus five storeys with a single-storey basement). The buildings currently operate as two separate buildings and provide office accommodation as well as retail/restaurant space at ground floor and basement levels.
- The Property was granted planning permission on 25th August 2020 (Planning Ref: 18/00970/FULMAJ) for the 'Demolition of two existing buildings (with the exception of the front facade at levels 1-3 of no. 24 Lime Street) and erection of a new building comprising basement, ground and seven upper storeys for office use (Class B1) at all levels and retail use (Class A1-A3) at basement and ground floor levels. Creation of terraces, provision of cycle parking, refuse and recycling storage, ancillary plant and all associated works'.
- The proposed development will provide high quality, modern office accommodation through the redevelopment of the site incorporating the retention of the Edwardian facade of no. 24 Lime Street. The proposed development will demolish and redevelop the two existing buildings behind the retained façade (from first to third floors) of no.24 Lime Street and provide a new building comprising basement, ground and seven upper levels for office accommodation (Class B1a) with retail use at ground and basement levels.

Site

- The site is level and broadly rectangular in shape.

The site area is approximately 0.13 acres.

Accommodation

- We have relied upon the proposed 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 the proposed areas in the table below:

24-26 Lime Street		
Floor	**NIA Size (sq. ft)**	**GIA Size (sq. ft)**
Basement (Retail)	2,293	5,113
Ground (Reception)	700	-
Ground (Retail)	3,057	5,021
First (Office)	4,435	5,221
Second (Office)	4,456	5,221
Third (Office	4,467	5,221
Fourth (Office)	3,584	4,316
Fifth (Office)	3,132	3,872
Sixth (Office)	2,616	3,292
Seventh (Office)	1,561	2,271
Roof (Plant/Common Areas)	-	151
Total	**30,301**	**36,699**

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 property 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

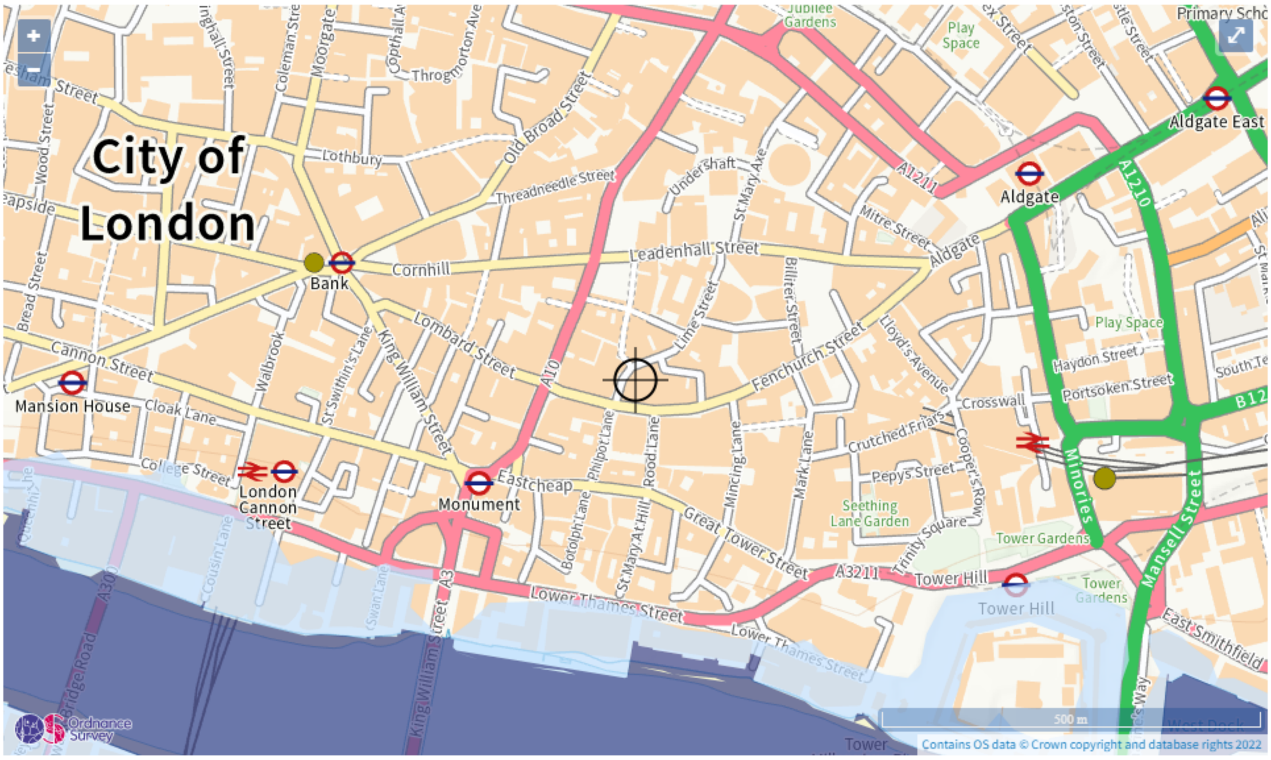
- Since 1999, the use within a building of asbestos containing materials (ACMs) has been banned. These are commonly found although are often in areas not visible from an inspection of the surface elements. While these can be sealed in place, public alarm is such that their removal and safe disposal is 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 Environment 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 located in a Flood Zone 1, which defines land as being assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).



Extent of flooding from rivers or the sea

High Medium Low Very low Location you selected

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 would recommend that once the development is complete, an EPC assessment is carried out.

Planning

- The Property is located within the jurisdiction of the City of London Council.
- The Property is situated within the Leadenhall Market Conservation Area.
- The Property is not listed.
- We have accessed The City of London Council planning portal and note the most recent planning applications that have been made:

Address	Planning Reference	Date	Status	Type:
24 & 25-26 Lime Street London EC3	18/00970/FULMAJ	25/08/2020	Granted	Demolition of two existing buildings (with the exception of the front facade at levels 1-3 of no. 24 Lime Street) and erection of a new building comprising basement, ground and seven upper storeys for

				office use (Class B1) at all levels and retail use (Class A1-A3) at basement and ground floor levels. Creation of terraces, provision of cycle parking, refuse and recycling storage, ancillary plant and all associated works.

- 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 Uniform Business Rate for England for the year 2022/23 is fixed at 51.2 pence in the pound for larger business, for those businesses that qualify for Small Business Rates Relief the lower Uniform Business Rate of 49.9 pence in the pound will apply. However, the rates liability may also be affected by a number of reliefs and supplements. It is, thus, not simply a product of the rateable value and the UBR multiplier.
- On completion, the Property would need a Business Rates Assessment.

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 freehold.
- 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 freehold 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.

The Market and Valuation

Economic Background

UK Economic Overview

- Across 2021, UK GDP grew by a record 7.5% according to the ONS, beating expectations and the highest rate of growth since WWII. In the three months to February 2022, GDP grew by 1.0%, although in the month of February itself growth was anaemic. The quarterly index figure suggests that the economy remains 0.4% below the pre-pandemic level in 2019 due to the 9.4% decline observed over 2020. However, due to differences in methods, the monthly GDP index reports that the economy has in fact risen 1.5% above the pre-pandemic level.
- February saw output from the construction sector shrink by 0.1% on a m-on-m comparison, while the production sector contracted by 0.6%. However, the much bigger services sector compensated by achieving growth of 0.2%. Within services a bright spot was travel and leisure as tour operators and travel agents enjoyed a surge in bookings for the summer.
- The recent lifting of Covid restrictions was followed by another surge in infections during February and March, peaking at 109,000 cases on 21st March 2022. The figure has since fallen to 53,000 on 4th April. This is well below the pandemic peak of 276,000 on 4th January 2022. All restrictions have now ended in England, Wales and Northern Ireland, and only limited rules on face coverings apply in Scotland.
- The Covid risk appears to be ebbing at present, however this has coincided with the outbreak of war between Russia and Ukraine. This caused sharp rises in commodity prices, increased pressure on supply chains and saw the imposition of sanctions on Russia. It is too early to accurately judge the economic impact of the war, although typically high energy prices act as a brake on growth.
- Public sector spending was £1.3 billion higher government revenue in February, although tax receipts did rise faster than spending on an annual comparison. Higher tax revenues helped to support government finances, but high RPI inflation has pushed up interest repayments on the immense level of government debt, estimated to total £2.3 trillion – the highest level since WWII.
- The IHS Markit composite purchasing managers indices (PMI) for March achieved a net balance of 60.9, up from the 59.9 recorded in February, driven by strong figures for services. This was the highest reading since June 2021.
- The services sector PMI jumped from 60.5 in February to 62.6 in March, probably reflecting better weather and the rollback of Covid restrictions. The construction sector flatlined at 59.1, while the manufacturing sector decelerated month-on-month from 58.0 to 55.2.
- BoE data reported that consumer borrowing grew £6.2 billion in February, up from the £5.5 billion increase recorded in January. This was mainly driven by more use of credit cards, which may indicate more households are having to rely on debt to get through the current household incomes squeeze.
- Gfk's consumer confidence index decreased to -31 in March from -26 in February, reflecting concerns over cost-of-living increases. Also, retail sales volumes declined in February by 0.3%, compared to a 1.9% increase in January, due to lower sales for non-store retailing (which is mostly online shopping) following two months of strong performance. Online as a share of retail sales declined to 27.8%, having peaked a year earlier at 37.7%, although this is still above pre-Covid levels.

Labour Market

- The employment rate stood at 75.5% in the three months to February 2022. This remains 101 basis points below the level observed in the three months to February 2020 before the pandemic, due to a higher inactivity rate.
- The unemployment rate decreased to 3.8% in February, 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 is likely that there is some distortion from the size of the labour pool changing.

- The increase in the economic inactivity rate at the end of the furlough scheme suggests that a considerable portion of employees removed themselves from the labour market rather than become unemployed.
- Nonetheless, labour demand continues to outpace supply, with vacancies in March reaching a fresh record of 1.3 million. Pay growth appeared to peak in the Summer of 2021, and stands at 4.0% in nominal terms, but is negative in real terms (-1.0%). This is contributing to the household incomes squeeze this year.

Inflation

- CPI inflation increased by 7.0% in the year to March 2022, up on 6.2% in February and the highest figure since 1992. This figure surpassed consensus expectations, with the strongest upward contributions coming from Transport and Housing and Restaurants and Hotels.
- In the March meeting of the BoE's Monetary Policy Committee (MPC), the decision was taken to increase the UK base rate to 0.75%. 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 from the US due to the pound weakening and the dollar strengthening.
- 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 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

- The sustained growth seen in the UK economy during the latest surge in infections, relative to previous Covid waves, provides hope that future Covid variants (which are likely to decrease in severity) will ease as a major downside risk. Nonetheless, the war in Ukraine and above expectations inflation has caused GDP forecasts for 2022 to be downgraded, with Oxford Economics anticipating 3.6% growth.
- Higher living costs, including three interest rate hikes, a rise in national insurance taxes 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 may mean that consumer expenditure drops, 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 8.0% in Q2 and perhaps go higher. The interest rate is also expected to be pushed up to 1.00% according to Oxford Economics, following March's increase to 0.75%.
- The interest rate rise – and the anticipated further increase in the base rate, up to 1.00% later this year – may provide a drag to growth, particularly in the short-term outlook. Also, the war in Ukraine has emerged as a major downside risk, as it has already pushed up commodity prices and further disruption to supply chains is expected.
- 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.

London Office Market Q1 2022 (was 2022)

Summary

- Despite a London's leasing market has bounced back strongly in recent quarters. Office take-up doubled in 2021 following a weak 2020, with momentum picking up throughout the year as restrictions eased and more employees returned to offices. Leasing activity then fell away over the winter amid renewed pandemic restrictions but has picked up again over the spring. March was the busiest month for office take-up since September, with momentum building heading into the summer.
- Technology, media and law firms are driving activity at the larger end. Big lettings to media firms like Facebook, Aspire Via Studios and Snapchat have taken place over the past year, while large pre-lets by the likes of Hogan Lovells, Allen & Overy and Travers Smith (and a host of medium-sized deals) signal rising demand for high-quality space.
- Net absorption turned positive for the first time in two years in the final quarter of 2021, partly thanks to the completion of two new buildings pre-let by Facebook in King's Cross. However, it turned negative again in the first quarter of 2022 amid more space consolidations. When combined with another busy period for net deliveries, London's office vacancy rate continues to rise, hitting a 10-year high in March 2022. Further increases in vacancy are likely in the near term as more new supply delivers in an environment of subdued demand, although modern, high-quality buildings should continue to attract tenants.
- Office asking rents, which held firm during the early months of the crisis, are now falling across London. Further losses are expected in the near term, although firms are likely to continue to pay well for the very best space. Record rents have been achieved on Mayfair's Berkeley Square and in the City's Leadenhall Building since the pandemic began.
- In London's investment market, volumes continue to be driven by sales of prime, well-let buildings, which continue to offer a healthy yield premium over both government bonds and prime yields in other major European cities. Record prices have been paid for buildings on St James's Square and in other core locations over the past year, although Brookfield's recent purchase of State Street's headquarters in Canary Wharf hints at a softening in pricing elsewhere.
- Several blockbuster deals have closed in the opening months of 2022, fuelled in part by the return of Asian buyers in greater numbers. Strong competition for well-let, trophy assets should offer ongoing support to pricing at the prime end of the market.

Leasing

- London's office vacancy rate has continued to rise in recent quarters, despite a strong rebound in leasing activity. After bottoming out at around 5% in 2019, the vacancy rate now sits at 8.2%, its highest level in more than 10 years. Further increases are likely in the near term, as a bust period for office deliveries meets ongoing weak demand. Vacancies should come down again from 2023 as the supply wave eases and demand picks up.
- Firms are likely to continue pivoting towards better-quality, sustainable space in a post-pandemic world, even if many shrink their overall office footprints as home working persists to some extent. Indeed, while net absorption has been sharply negative during the pandemic, it has remained positive in the best-quality, 5 Star buildings. This polarisation in performance could lead to the accelerated removal of older, poorer-quality stock, for either refurbishment (if the quality of the location justifies the capex) or conversion to another use.
- The success of home working, London's dependence on public transport and the general economic uncertainty led many firms to delay real estate decisions during the first year of the pandemic. However, the leasing market rebounded strongly during 2021, with take-up doubling last year from a weak 2020. Office take-up surged to a two-year high in the third quarter of 2021, fuelled by eight lettings over 100,000 SF, nearly as many as in the previous five quarters combined as a host of large corporates made decisions on future space needs. Leasing activity the fell away over the winter amid renewed pandemic restrictions but has picked up again in recent months. March was the busiest month for leasing since September, providing momentum heading into the summer.

- TMT and law firms are driving activity at the larger end. The largest private sector letting of the pandemic occurred in September, when Facebook expanded into more than 300,000 SF at 1 Triton Square in Noho. Facebook is also expanding in King's Cross. Other big TMT deals include Aspire Via Studios leasing 128,000 SF in Southbank (another big studio deal in this area) and IBM and ITV each taking more than 100,000 SF in Southbank and White City, respectively. Social media phenomenon TikTok took the entire 86,000 SF at Kaleidoscope Farringdon on a 15-year lease early last year.
- Law firms have been especially active at the larger end of the market, with some taking advantage of market volatility to upgrade their space. Hogan Lovells signed one of London's biggest office lettings since the pandemic began in February 2022, when it pre-let 266,000 SF at the Kimberley House, Meridian House and 32 Farringdon Street redevelopment in the western portion of the City. Fellow law firms Allen & Overy, Latham & Watkins and Travers Smith have also signed big pre-lets over the past year or so, mostly space consolidations into environmentally friendly buildings.
- While banks and other financial firms are largely cutting their office footprints, a notable expansion took place in August 2021, when T Rowe Price leased 136,000 SF at Warwick Court on Paternoster Square. The US asset manager will move from circa 90,000 SF on Queen Victoria Street. Space consolidation remains the overriding theme amongst the finance and insurance sectors, however, with Brexit and the pandemic exacerbating this trend more recently. In June 2021, Barclays announced that it would exit a 500,000-SF building in Canary Wharf, with other financial companies doing likewise. Aviva signed a deal to consolidate into a smaller space in early 2022. With a wealth of newly constructed offices likely to encourage more firms to upgrade space at more attractive rates in the next couple of years, a significant amount of older, second-hand space could flood the market once the dust settles.
- Noho and neighbouring Soho have been among the standout submarkets from a leasing perspective over the past two years, thanks to their popularity with tech and media firms and their proximity to the new Crossrail Station at Tottenham Court Road. The likes of Facebook and Netflix are expanding in Noho, while cryptocurrency group Copper.co leased 30,000 SF at Broadwick House in October 2021 (paying a reported £100/SF).
- Space close to other Crossrail stations remains popular, too. Communications firm Inmarsat leased 122,000 SF at 50 Finsbury Square near Moorgate station in August, a move from the City Fringe, which follows a host of deals at LaSalle's Sixty London scheme earlier in the year. Travers Smith and TikTok are among several firms to have signed big lettings near Farringdon Station over the past year.
- The core West End submarkets of Mayfair and St James's have also been relatively busy, with plenty of deals occurring at the smaller end of the market in these prestigious locations. Mayfair recorded its largest new letting in two years in early 2021, when Waypoint Capital took 30,000 SF at 1 Berkeley Street on a 15-year lease at £125/SF in an expansion from nearby Curzon Street. The enduring appeal of quality space in prestigious locations was also illustrated in October 2020, when a private family office paid a world record £277.50/SF to lease 3,000 SF at the super-prime 30 Berkeley Square.
- Demand from co-working and serviced office firms is picking up again. More than 400,000 SF has been let by co-working firms since September, with a host of established brands and new entrants seeking to tap into growing demand for flexible, managed space as many firms continue to work out long-term space needs. The Office Group took 170,000 SF at R8 Handyside in King's Cross in September in the biggest example, with new entrants like InfinitSpace and Runway East taking large blocks of space in the City Fringe more recently. Many property owners have also launched their own flexible office brands to cater to such demand.
- A corollary to the expansion of co-working across London has been the impact upon smaller buildings in the capital. Lettings to co-working firms serve to boost take-up figures, but they do not reflect demand in the true sense, in that co-working firms will refurbish space and lease it on to another firm. The expansion of co-working firms has impacted landlords of smaller buildings, with WeWork and others siphoning off demand from the start-ups and SMEs that may previously have signed conventional deals elsewhere. The availability rate in small, sub-15,000-SF buildings across central London rose to its highest level in eight years at the end of 2019 even as overall vacancies fell. Smaller buildings have also been impacted most by the pandemic amid demands for greater social distancing and reduced density. The spread between vacancy rates in large and small buildings sank to its lowest level in more than 15 years in the second half of 2021 amid a sharper rise in vacancy in the latter.

- TMT firms were driving net absorption before the pandemic began. They were the key contributors behind the 4 million SF of office space absorbed annually in 2017–19 (London's busiest years since 2010). Big expansions by the likes of Amazon, Apple, Facebook, Google and Sony sat alongside a wealth of expansions by smaller firms in the sector. Submarkets most popular with TMT firms have led the way for office demand over the past decade as a consequence, with the likes of Noho, King's Cross & Euston, Covent Garden and the City Fringe all falling into this category. TMT firms will likely drive demand moving forwards, too, and continue to gravitate towards the best product in trendy, well-connected locations.
- While some observers predicted a rise in demand for suburban offices as part of "hub and spoke" approach at the onset of the pandemic, there has not been much evidence thus far. Even if demand were there, a lack of suitable space may be a barrier. Outer London boroughs have lost vast amounts of office space on a net basis over the past decade through conversion to other uses, particularly residential, leading to very low vacancy rates in submarkets like Harrow.
- More likely perhaps is firms seeking space just outside of the centre. Indeed, some of London's biggest lettings over the past few years have been in areas hitherto off limits to many occupiers. Examples include Apple pre-letting 467,000 SF in Battersea; Publicis Groupe, ITV and PVH Group leasing around 400,000 SF in White City and HMRC taking more than 500,000 SF in Croydon and Stratford. Other big examples recently include the Financial Conduct Authority moving to Stratford from Docklands and Sony Pictures swapping Soho for Paddington. Transport improvements, such as those soon to be provided by Crossrail and by the extension of the Northern Line, have encouraged such moves. Tenants within Central London are also becoming more footloose and less tied to specific locations. King's Cross, Covent Garden, the City Fringe, Paddington and Southbank have all been beneficiaries of this trend over recent years, taking tenants from more expensive or supply-constrained submarkets like St James's and Soho.
- G Office asking rents tend to be quite slow to respond to downturns, but the effects of falling demand and rising vacancy are now coming through. Average asking rents have fallen by -0.6% over the past year, with increasing concessions helping to prevent steeper losses so far. Larger buildings and submarkets in the City and west London proved most resilient in the early part of the pandemic, although West End submarkets have fared best of late. Submarkets in Midtown and parts of east and north London are enduring the greatest losses.
- Elevated vacancy and the more permanent adoption of home working are likely to impede rent growth in London over the next couple of years. The extent to which it does will depend on the speed of the economic recovery and the evolution of corporate behaviour. CoStar's Base Case forecast, where the recovery gains pace in 2022-23 and office vacancies increase only gradually in line with rising supply, calls for rents to plateau over the next 18 months and rise gently from 2023, thus avoiding the steeper losses seen in the 2008 recession. In the Severe Downside scenario, where demand continues to fall and the vacancy rate rises more sharply, average office rents would fall by another 5% or so over the next two years, before staging a recovery from 2024.
- Some landlords have continued to push rents in the super-prime end of the market during the pandemic. In October 2020, a private family office agreed to pay a world record £277.50/SF for 3,000 SF at 30 Berkeley Square in Mayfair, up from the £250/SF that Steadview paid in the same building in 2019. The landlord reportedly refusing lower offers for the space and offered a relatively modest 12-month rent-free period. A record rent was then achieved in the City in January 2021, when Ukrainian energy company Dtek agreed to pay £109/SF for 6,000 SF on the top floor of the Leadenhall Building. While both deals can be considered outliers, they do illustrate the enduring appeal and resilience of London's premier addresses (and the best-quality buildings) during the pandemic. Such growth is encouraging other owners on Berkeley Square to refurbish their buildings.
- The prime, 4 & 5 Star segment of the market was also outperforming the rest of the market before the coronavirus crisis, helped by the availability of ready-to-occupy, high-quality office space falling to a 12-year low in late 2019. This type of space could continue to outperform across the forecast, too. Firms will likely increasingly pivot to better-quality space to attract talent, welcome clients and fulfil growing ESG requirements, even if taking less space overall as remote working persists to some degree after the pandemic recedes.
- Rent growth had been accelerating in most of London's submarkets prior to the pandemic, following a couple of weak years. The likes of King's Cross & Euston, Bloomsbury, Covent Garden, Southbank East and Noho were leading the way, spurred by healthy demand and low vacancy. The £100/SF rent Exane BNP Paribas agreed at

its 38,000-SF pre-let at Noho's 1 Newman Street in May 2020 showed that firms were willing to pay a premium for the right location in trendy locations like Noho in the early months of the pandemic, too.

- Looking ahead, construction-heavy submarkets like those in the City Core, and high-vacancy submarkets like St James's and Docklands Core, could incur the greatest rent losses. The City Fringe and the more dynamic submarkets in the West End and Midtown are likely to perform best, due to their lower vacancy rates and their popularity with still-expanding TMT firms. Relatively dynamic non-core submarkets like Croydon, Hammersmith North and the Eastern Fringe could also fare comparatively well, although much depends on the longer-term adoption of home working among different industry sectors.
- Some submarkets have performed far better than others over the past decade. Submarkets benefitting from transport or infrastructure improvements, and those most popular with TMT firms, have led the charge. The Northern Fringe, Covent Garden, Bloomsbury, Clerkenwell, Southbank West and East, the Eastern Fringe, King's Cross & Euston and the City Fringe all had average rents at least 50% higher than their pre-financial crisis peak when the pandemic struck. More established, finance-focused submarkets like Docklands Core, Mayfair, St James's and City Core North have recorded more subdued growth by comparison. Outer London submarkets such as Bexley, Havering and Redbridge have also underperformed on a relative basis.

Office 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	Comment
20 Gracechurch Street, London, EC3V 0BG	November 2021	OML	£287,313	£64.00	• Hannover Services (UK) Ltd have taken 26,985 sq. ft. of office space on the 4th floor at 20 Gracechurch Street. • The 16 storey building totals 294,613 sq. ft and was built in 1992 and subsequently renovated in 2009. • Hannover Services (UK) Ltd signed a new 10 year lease with 6 months' rent free. • *This office building provides high quality Grade A office accommodation, is in a similar location and has a similar floorplate to the subject Property, however, the subject a newly developed Grade A office. Upon completion we would expect the subject Property to command a higher rent per sq. ft.*
120 Fenchurch Street, London, EC3M 5BA	Feb 2022	OML	£2,294,542	£69.50	• An undisclosed tenant has taken 33,015 sq. ft of office space on the 2nd floor at 120 Fenchurch Street. • The undisclosed tenant signed a new 10 year lease with 12 months rent free and no break options. • The entire building provides 509,100 sq. ft of office space over 16 floors and was built in 2018. 29 surface level spaces are available at the building. • *This office building provides high quality Grade A office space and the area leased is of similar size to the*

					proposed subject Property. We do note that this comparable is better positioned, however, the subject Property will be a newly developed Grade A office. On balance, we expect the subject Property to command a slightly higher rent on a per sq. ft basis.
80 Fenchurch Street, London, EC3M 4BT	December 2020	OML	£2,540,710	£62.19	• Arcadis UK have taken 40,854 sq ft of office space at 80 Fenchurch Street on the 5th and 6th floor • A new lease was signed for 14 years and 9 months with 5 yearly rent reviews and a tenant only break option in the 10th year. An incentive of 24 month rent free was granted. • The lease was signed in December 2020; however, the lease start date was December 2021. • The building provides 248,360 sq. ft in total over 14 floors and was built in 2020. • The building comprises high specification Grade A office space with various roof terraces. • *The office space is located in a similar position, however, the area leased is larger compared to the proposed development. The lease agreed is longer than typically seen in the market and we expect that the agreed rent was discounted to reflect this. All things considered; we would expect the subject Property to command a higher rent per sq. ft.*
25 Cannon Street, London, EC4M 5SE	December 2021	Assignment	£4,354,347	£73.82	• Dechert LLP have taken 58,986 sq. ft of office space over the 3rd -5th floors at 25 Cannon Street by way of assignment for a 15 year lease. • The building provides a total of 172,335 sq. ft and was built in 1923, however, was completely renovated in 2021. • *The building is arguably in a superior position and the area leased is larger, however, the Property was renovated to a high standard in 2021. We note that this transaction was an assignment and therefore provides less transparent evidence. On balance, we would expect the subject Property to command a lower rent per sq. ft.*

- The recent rental evidence above demonstrates rents ranging from £62.19 per sq. ft to £73.82 per sq. ft and we would expect the subject Property to fall within this parameter once the development has completed due to its size fit out and location. We would expect a tenant to take a lease for a minimum of 5 years term certain.
- **120 Fenchurch Street** provides the best rental evidence. Due to the fact that this comparable provides Grade A floorspace and was constructed recently. We note that the area leased is larger, therefore an element of quantum is applicable. We would add that the proposed building will offer brand new office Grade A space and would be more desirable. All things considered; we would expect the Subject Property would command a higher rent per sq. ft.
- We have applied an overall rent of £72.00 per sq. ft for the proposed office element.
- Our opinion of the Market Rent of the proposed offices is £1,794,888 per annum.

Marketability	
Typical Void Letting Period:	6-12 months
Typical Lease Length:	5 years term certain
Typical Rent Free Period:	6 months

Investment Market

UK Office Investment Q1 2022

Investment volumes across Central London reached a historic first-quarter high of £4.9 billion, with a further £5.1 billion under offer. Office investment turnover was 69% above the 10-year Q1 average of £2.9 billion and three times higher than volumes seen in the first three months of 2021 (£1.2 billion).

Almost half of the volumes traded were accounted for in three transactions. These were 5 Broadgate, which was purchased by LaSalle for £1.2 billion from CK Asset Holdings, Central St Giles which was bought by Google from L&G/Mitsubishi for £775 million and The Scalpel, EC3 which was sold by WR Berkley to Ho Bee Land for £718 million. As a result of these transactions, overseas buyers dominated activity during Q1 2022, accounting for 90% of quarterly turnover. US investors were most dominant, followed by investors from South Korea and Singapore.

The momentum is expected to continue into 2022, with an estimated £5.1 billion worth of assets currently under offer. Buyer focus remains across core, development and value-add space with investors seeking exposure to offices which can provide ESGs future proofing. Despite high levels of space under offer, the investment market may be impacted to a greater extent than the leasing market due to the challenges around rising costs and financing.

Prime yields remained stable quarter on quarter at 3.75% in the City and 3.50% in the West End.

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
30 King Street, London, EC2V 8EH	February 2022	LLH	35,470	£45.9m	3.67%	Multi let (5 years)	BBC Pension Trust has sold the long leasehold interest of 30 King Street to Chevalier International Holdings. The building provides 35,470 sq. ft of office

							space over 8 floors and was built in 2009. *This Property is situated in a more desirable location. The building is multi let, however, we have been made aware that the tenants are of good covenant. On balance, we would expect the subject Property to achieve a higher yield.*
4 St Pauls Churchyard, London, EC4M 8AY	November 2021	FH	15,856	£21m (£1,324 psf capital value)	4.34%	Multi let (4.4 years)	Multi let to 8 tenants including Five Guys, Stamford Partners, Mellersh & Harding Building Consultancy. The Property comprises a 15,856 sq ft mixed use building that was sold for £21m reflecting a net initial yield of 4.34%. The average rent of the office accommodation was c.£68psf. *The comparable is a similar lot size to the subject Property, however, arguably this comparable is more desirable (both Property type and location). We do note that the WAULT is 4.4 years. On balance, we would expect the subject Property to achieve a lower yield.*
160-162 Queen Victoria Street, London, EC4V 4BF	August 2021	FH	380,260	£450m (£1,183 psf capital value)	4.05%	Multi let	Multi let building with approximately 50% occupied by BNY Mellon and will be in occupation until 2038. Generali Global Corporate & Commercial UK has acquired Times Square on Queen Victoria Street for

							£450m from The Blackstone Group Inc. *The comparable is a larger lot size than the subject Property and is arguably in a more prominent position, however, is a multi-let building. On balance we would expect the subject Property to achieve a similar yield.*
21 Great Winchester Street, EC2N	April 2021	FH	26,866	£30.1m (£1,120 psf capital value)	3.83%	Multi let	Multi let to a range of tenants including HCA International and Intapp. The Property comprises 26,866 sq. ft of office space. AM alpha has acquired the building in an off market transaction from Frasers Property. *The comparable is a similar lot size, however, in a more prominent position. On balance we would expect the subject Property to achieve a slightly higher yield.*

- The comparable information highlights a range of values achieved for office investment within the city of London. The transactional evidence demonstrates net initial yields between 4.02% and 4.34% for well-located office buildings in the local market.
- The best evidence for the subject Property is provided by **160-162 Queen Victoria Street**. This comparable is multi let, however, one tenant occupies 50% of the floorspace. We would also add that this Property is arguably in a more prominent position, however, does not have the desirability of brand new office space that will be offered at the subject Property. On balance, we would expect the subject Property to achieve a similar yield.
- Having regard to the evidence above we would expect the proposed Property compare well to the evidence cited.
- We have applied a net initial yield of 4% to the office space.

Retail Market Commentary

- London is a world-renowned retail destination with some of the most expensive retail space in the world. It is home to a relatively affluent population of 9 million people and welcomed more than 20 million international tourists annually prior to the pandemic. Key high street destinations include Bond Street, Regent Street, Oxford Street, Covent Garden, Knightsbridge and King's Road, while its largest shopping centres are Westfield Stratford City, Westfield London and Brent Cross.
- London's retail sector endured an especially difficult pandemic, with multiple lockdowns causing an absence of the international tourists and office workers that drive both footfall and retail sales in the capital, at least in its central locations. Demand for retail space fell as a result, with the woes of department stores and fashion retailers hitting

Oxford Street particularly hard. London's retail vacancy rate hit a nine-year high in the first half of 2022, while rents continue to fall.

- Easing pandemic restrictions have supported a rebound in retail take-up over the past year or so. The fourth quarter of 2021 was the busiest quarter for retail leasing in more than four years as demand broadened beyond the convenience and discount retailers that supported the market in the early part of the pandemic. A host of deals by fashion brands and experiential retailers have occurred in recent quarters.
- London's ultimate recovery will depend on the length of time it takes for tourists and office workers to return to pre-crisis numbers, and whether the pandemic brings about long-term behavioural change. Footfall data shows that central London's recovery continues to lag the rest of the UK, though it has risen in recent months as employees have returned to offices in greater numbers. Declining consumer confidence and rising inflation present downside risks to retail demand in the near term. This has already carried over into weaker leasing.
- On the supply side, little new retail space is likely to be built in the next few years, which should offer some support to the vacancy rate. The trend of converting retail space into other uses is also likely to accelerate. Several department stores on Oxford Street are being partly converted into co-working space, while planning relaxations should lead to the accelerated removal of redundant retail space beyond the centre.
- Outlying locations have helped to support London's retail investment market during the pandemic, with supermarket sales and retail repositioning plays driving volumes. Several buildings have also sold on Bond Street over the past year or so, with overseas investors proving willing to pay above asking prices to acquire properties on London's most exclusive shopping street. Trading has cooled markedly in recent months, however, amid rising interest rates and market volatility.

Leasing

- London's retail market had been coping with the many challenges facing the sector far better than most parts of the UK before the coronavirus crisis, helped by its wealth of international visitors and its relatively affluent population. However, central London suffered disproportionately during the pandemic, with the enforced absence of tourists and office workers severely reducing footfall and in-store retail sales. Demand for retail space has fallen accordingly. Rising retailer administrations and store closures have caused net absorption of retail space to turn sharply negative over the past two years. In early 2021, retail availability rose to 8 million SF for the first time since 2012.
- The market has turned a corner in recent quarters, however. The reopening of non-essential shops last April and rising consumer confidence stimulated a big revival in retail take-up in the second half of 2021. Retail take-up across London rose to its highest level in more than four years in Q4 2021, following a similarly busy Q3. Retail availability fell accordingly, although omicron restrictions cooled activity over the winter. While those restrictions have now lifted and office workers have returned to offices in greater numbers, rising inflation and declining consumer confidence have cooled momentum in recent months and present downside risks to retail demand in the near term.
- Take-up continues to be driven in large part by discount retailers and supermarkets, which have supported demand throughout the pandemic. The likes of Aldi and Lidl continue to expand into new locations, the former taking a 35,000-SF store in Enfield in Q4 2021. Amazon also chose London to make its first forays into physical retail during 2021, taking more than a dozen stores in locations such as Euston, Chalk Farm, Wembley and White City for its Amazon Fresh concept. The likes of Aldi and Tesco have since followed suit. This should be an emerging demand driver moving forwards.
- Easing restrictions and re-based rents are luring fashion retailers back to central London. In July 2021, Japanese fashion brand Uniqlo agreed to take over Superdry's former store on Regent Street in perhaps the most significant retail deal of the pandemic. The 50,000-SF store us due to open in spring 2022. Superdry subsequently leased the 30,000-SF former Forever 21 shop on Oxford Street as a replacement. Ikea then bought Topshop's former flagship on Oxford Circus for its second smaller-format store in London. In the City, Zara signed for a 23,000-SF store at One New Change in September, while a host of deals to the likes of Zara, Tommy Hilfiger, Calvin Klein and Gant took retail space at the Battersea Power Station development to around 70% leased. A host of retailers, including Nike, Apple and Hamleys, have recently upgraded into bigger units at Westfield Shopping Centre in another encouraging trend for centre owners.

- Smaller examples of fashion lettings in recent months include Mango taking over Gap's 15,000-SF store at Oxford Circus for a Mediterranean-themed shop over four floors; Hugo Boss signing for 8,000 SF at the Parcels Building in the western part of Oxford Street; Asprey leasing a 12,500 SF shop on Bruton Street in Mayfair; and Japanese fashion retailer Yohji Yamamoto taking a 3,500-SF store on Conduit Street in a recent boost to the market in July 2022. Carnaby Street has attracted a range of new retailers too, including The Rolling Stones, iets frans, Skin Laundry, Adidas Originals and the NBA. King's Road in Chelsea has been especially busy on the fashion side in recent months, too, with the likes of Ghost and Jigsaw among a raft of new openings.
- Food and beverage operators are also returning. The likes of Five Guys, Pizza Pilgrims, Maido Sushi, the Seafood Bar and Where the Pancakes Are have all leased central London units in recent months in anticipation of a big rebound in footfall. The Canary Wharf Group recently signed restaurant lettings totalling nearly 50,000 SF at its mixed-use Wood Wharf scheme in Docklands, including Hawksmoor's largest and first restaurant opening in four years.
- Oxford Street, home of many large shops and department stores, has suffered disproportionately during the crisis. The flagship stores of Debenhams and Topshop closed for good in early 2021, while Gap has closed its two stores on the street as part of a nationwide store closure programme. Oxford Street's struggles preceded the pandemic, however, with high rents, business rates and online competition leading the likes of Forever 21, HMV and BHS to shutter its stores. A higher proportion of leisure, food or showroom space is likely to form part of Oxford Street's revival. Microsoft opened a store on Oxford Circus in 2019, while the former BHS has since been converted into a Swingers golf centre and food hall. A long-delayed plan to pedestrianise the street may also come to fruition. Bond Street, Regent Street and Covent Garden have been less impacted by the crisis so far, thanks to its smaller shop sizes and higher proportion of more resilient international or luxury retailers.
- Redundant department stores are slowly being repurposed and repositioned. One of the largest lettings of 2021 was by Gravity Entertainment, which took the former Debenhams store in Wandsworth to house virtual reality esports as well as various dining and leisure options over its four floors. Immersive theatre company Selladoor Worldwide also took a large store on Tottenham Court Road for its “Monopoly Lifesized” concept in another retail-to-experiential switch. Meanwhile, several department stores on Oxford Street and at Westfield London are in the process of being partly converted into co-working office space. In Harrow, the 214,000-SF former Debenhams store was relet to a new luxury department store concept called The Landmark in September 2021.
- Retail fundamentals over the next few years will be supported by a lack of new construction. Only about 1.8 million SF is currently being built in London, an eight-year low and less than half the amount of retail space underway back in 2009, meaning retail vacancies may not rise too much further in 2022 and beyond (CoStar retail vacancy is calculated on a per-SF basis rather than by number of units). The trend towards retail conversions is also likely to gather pace. Amazon acquired a former Toys R Us store in Croydon and a retail park in Mill Hill for conversion to urban logistics in 2020, while relaxed planning restrictions should accelerate the conversion of redundant retail stock into other uses in the coming years.
- Prior to the coronavirus outbreak, the retail landscape was polarised between the better-performing towns, high streets, retail parks and shopping centres, and those struggling with weak demand amid rising business costs and competition from online retailers. Retail sales growth in Outer London, for example, was weaker than in Inner London in 2019 (1% versus 4%), a pattern that is expected to continue after the recent lockdown-induced reversal. Central areas were supported by high levels of tourism and an affluent working population, with outlying areas more exposed to the plethora of store closures and CVAs to have hit the UK over the past few years. Many bookmakers have also closed shops following revised gambling rules implemented in 2019.

Construction

- The London Market contains more than 220 million sq. ft of retail space. Just over three-quarters is classed as general retail, with around 27 million SF situated within shopping centres and about 12 million SF located on retail parks. The capital’s largest shopping centres are the two Westfield centres that bookend central London to the east and west, followed by the Whitgift Centre in Croydon to the south and Brent Cross to the north. Each of these shopping centres is bigger than 1 million sq ft, with smaller shopping centres anchoring Greater London’s most populous towns and suburban locations. Major retail parks include The Brewery in Romford, Tottenham Hale Retail Park and Staples Corner Retail Park.

- Retail deliveries have cooled since a busy 2018, when the completion of a 740,000-sq ft, John Lewis-led extension to Westfield London Shopping Centre pushed net deliveries to a seven-year high. Less than 1 million sq. ft delivered in both 2019 and 2020, with last year the weakest year for net new retail supply in more than a decade. The largest project to deliver during the pandemic was Islington Square, a mixed-use development with 167,000 sq. ft of retail and leisure space, which completed with about a third of the space still available. More centrally, Bond Street received a rare new delivery in the second half of 2020, with around 40,000 sq. ft of retail space completing close to the new Crossrail station at 64-72 New Bond Street. Outside of the centre, recent deliveries have mainly come in the form of new supermarkets or convenience stores built alongside or below residential schemes.
- Net deliveries are set to pick up this year, pandemic-induced delays notwithstanding. Battersea, Knightsbridge and Southbank will all receive new retail space. In Battersea, a vast swathe of retail space is being built as part of the mixed-use Battersea Power Station redevelopment, around 70% of which is pre-let. A redevelopment of New Covent Garden Market is also underway in nearby Nine Elms. In Knightsbridge, around 150,000 sq. ft of high-end retail space will soon complete across the K1 scheme and 55-93 Knightsbridge. Several schemes are also being built beside the River Thames in Southbank, where a redevelopment of the former wine-tasting venue Vinopolis near London Bridge recently completed, anchored by an Everyman cinema and known as Borough Yards.
- In arriving at our opinion of the current headline Market Rent for the retail element we have had regard to the rental evidence detailed below:

Address	Date	Type	£ per annum	£ per sq. ft	Comment
54-55 Cornhill, London, EC3V 3PD	March 2021	OML	£42,000	£29.60	• Lettuce Meat have taken 1,418 sq ft of retail space over the ground and basement floor at 54-55 Cornhill. • A straight 10 year lease was signed with a rent review in year 5 and the tenant was granted 12 months rent free. • *The retail unit is in a similar position and the building is comaprable to the subject Property however, the space leased for this comparable was smaller than the offering at the subject Property. We would therefore expect to be an element of quantum to be applicable. We also note that the subject Property will be newly constructed and therefore more desirable. On balance, we would expect the subject Property to command a similar rent per sq. ft.*
Railway Arches, 9 Crutched Friars, London, EC3N 2AU	February 2022	OML	£142,500	£28.50	• Munich Cricket Club have taken 5,000 sq ft of retail space over the ground floor at The Railway Arches, 9 Crutched Friars. • A 15 year lease was signed with 12 months' rent free incentive. • *The retail unit is in a similar position, however, the retail offering at the subject Property will be more desirable as it will be newly built. We note that the area leased is a similar size. On balance, we would expect the subject Property to command a higher rent per sq. ft.*

48-51 Minories, London, EC3N 1JJ	February 2021	OML	£62,130	£36.30	• A Xperience have taken 1,711 sq ft of basement retail space at 48-51 Minories. • A new 1 year lease was signed with no incentives. • *The retail unit occupies a less prominent position and the area leased is smaller than the subject Property. We note that a premium would have been paid for a short 1 year lease. On balance, we would expect the subject Property to command a lower rent per sq. ft.*

- The recent rental evidence above demonstrates rents ranging from £28.50 per sq. ft to £36.50 per sq. ft and we would expect the subject Property to fall within this parameter due to its size fit out and location. We would expect a tenant to take a lease for a minimum of 5 years term certain.
- **54-55 Cornhill** provides the best rental evidence. It comprises a 1,418 sq. ft retail unit with accommodation over ground a basement. The subject Property is smaller and of more modern construction, we have there applied a marginally higher rent per sq. ft on an overall basis.
- We have applied an overall rent of £30.00 per sq. ft for the proposed retail element.
- Our opinion of the Market Rent for retail space is **£160,500 per annum**.

London Retail Investment Q1 2022

- London retail investment has slowed sharply since the coronavirus crisis began, as it has across the UK. Investor sentiment towards the retail sector, which was already weak prior to the pandemic, has worsened considerably, outside of the relatively resilient supermarket subsector. Annual volumes sank to a nine-year low in 2021, despite a modest revival in the number of transactions, and trading has fallen away again in recent months following a strong start to 2022. Rising inflation is bearing down on consumer spending and thereby creating concern around retail demand, while rising interest rates and increased market volatility are creating some pricing uncertainty and preventing some deals from getting done.
- The recent slowdown comes after a strong first quarter of 2022, when quarterly volumes soared to their highest level in more than five years. A few shopping centre and retail park transactions in outlying areas supported the uptick, but the period was also notable for increased trading on or around a troubled and evolving Oxford Street. A major deal took place in January 2022 when the investment arm of Swedish furniture retailer IKEA bought Topshop's former flagship on Oxford Circus for £378 million, just below the £385 million asking price. It will partly occupy the building for its second smaller store format in London, after acquiring King's Mall in Hammersmith for £170 million for a similar purpose in January 2020. Further west along Oxford Street, Thailand's Central Group and Austria's Signa won the bidding war for Selfridges in December 2021, after the Weston family launched a formal sale process for the iconic department store in July. The circa £4 billion sale, of which around £2 billion is attributed to real estate assets, will boost volumes significantly when the transaction completes in 2022.
- Several noteworthy deals have emphasised the enduring appeal of properties on Bond Street, London's prime shopping street, during the pandemic. In April 2021, a private Hong Kong investor bought the Wempe store at 43-44 New Bond Street for significantly above the £60 million guide price. The mixed-use building sold for around £80 million. Two months earlier, the Reuben Brothers bought the Emporio Armani store at 51-52 New Bond Street from Aberdeen Standard Investments for £95.5 million. The 3% yield paid on this deal was higher than the circa 2% yields being paid on the street in the year or so before the pandemic.
- Retail property on Bond Street was also in demand in 2020. In October, Chanel bought its own flagship store for £305 million, with competitive bidding driving the sale price way past the initial asking price of £240 million. Though something of an outlier — it is the first time the property has traded since 1989 — it did signal strong investor appetite for super-prime retail assets even as the pandemic raged. A similar type of deal occurred in early 2022, when Swiss gallery Hauser & Wirth bought 19 South Audley Street for £102 million its own occupation.

Retail 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	Capital Value psf	Comment
20-21 Widegate St London, E1 7HP	February 2022	FH	1,611	£1.8m	5.07% (14 years)	• An undisclosed buyer has purchased the freehold investment interest at 20-21 Widegate Street for £1.8m reflecting a yield of 5.07%. The Property comprises retail space on the ground and basement floors and 3 residential flats above which have been sold off on long leases. The retail space is currently let to Widegate Street Bar Limited on a 20 year FRI lease at £97,000 pa from March 2016. • *This comparable is in a less desirable location and the retail area is smaller, however, has a substantial WAULT. On balance, we would expect the subject Property to achieve a similar yield.*
65 Farringdon Road, London, EC1M 3JB	May 2021	FH	1,238	£2.42m	5.11% (1 year)	• A new investor has purchased the freehold investment interest of 65 Farringdon. The Property comprises 1,238 sq. ft of retail space on the ground floor let to Papa John's. • *This Property is situated in a comparable location. We note that the WAULT is short, however, the tenant is of good covenant On balance, we would expect the subject Property to achieve a lower yield.*
143-144 Fleet Street, London, EC4A 2BP	February 2021	FH	1,588	£5.54m	5.02% (3 years)	• Proper Proper T has sold the freehold interest in 143-144 Fleet Street, London to an undisclosed buyer. • The Property extends to 1,588 sq ft and is fully let to Pret A Manger on a 25 year lease. • *This comparable is arguably in a more prominent*

						location. We note this comparable only has a WAULT of 3 years but is let to a strong covenant. On balance, we would expect the subject Property to achieve a similar yield.

- The comparable information highlights a range of values achieved for retail investments within the city of London. The transactional evidence demonstrates net initial yields between 5.02% and 5.11% for well-located retail buildings in the local market.
- The best evidence for the subject Property is provided by **20-21 Widegate Street** which provides not only the most recent piece of evidence it comprises a similar style building albeit located, in a slightly different but comparable in terms of fundamentals, micro location. This comparable provides a considerable WAULT however, the subject Property will offer newly constructed retail accommodation.
- We have applied a yield of 5% to the proposed retail space.

Valuation Methodology and Approach

- We have arrived at our opinion of Market Value of the Property using the residual method of valuation. This is used to value property which has potential for redevelopment or refurbishment and involves the assessing of the value of the completed development and deducting the estimated cost of the work, including professional fees, finance (on land and construction costs), and developers profit, to arrive at the current value of the Property.
- Having completed the appraisal, we have then consulted with our development colleagues and considered whether the answer is reasonable in all of the circumstances. This is particularly important as the market for well-located and strategic central London redevelopment opportunities is currently very strong and the prices being paid cannot always be justified using a traditional appraisal. Indeed, we are aware from that prices of 10% or more above levels that can reasonably be justified using the residual method are being achieved. The percentage of values over and above the fundamental of a normal appraisal can be wide ranging, but properties located in strategic locations tend to achieve the bigger uplifts.
- We believe that many investors and developers are currently adopting one or more of the following in their site appraisals

  1. They are incorporating capital and rental growth in their appraisals, but not necessarily build cost inflation.
  2. They are calculating their profit margin to a minimum.
  3. They are adopting aggressive build costs or fee bases.

Gross Development Value

- In terms of Market Rents, given the strength of the local market we believe that investors would potentially be adopting rental growth into their appraisals. However under Red Book guidelines, a valuer's own estimate of market value or gross development value should be based upon current provable rents and yields, whereas it is acknowledged that purchasers in the market will often adopt more aggressive pricing levels in the expectation of rental growth during the period of time necessary to realise the asset management initiative.
- We have adopted our forecasted opinion of Market Rent of £1,955,403 per annum. We have adopted different rental rates to the office floors, depending on height, however this reflects an overall rate of £72.00 per sq ft on the offices and an overall rate of £30.00 per sq. ft on the retail.
- In terms of yields, as discussed, offices yields have been broadly stable for the last few years with prime yields in the region of 4.00% for offices and 5% for retail. We therefore consider that if the finished development was fully let and income producing at our forecasted opinion of Market Rent it would command the prime yields noted above. This results in a Gross Development Value of £45,292,292, and a net development value of £42,212,416 after the deduction of purchaser's costs. We have allowed for an average of 18 months rent-free periods in the cashflow.

Deduction of Project Development Costs

- We have then deducted the potential costs associated with the proposed re-development scheme. The main inputs in our calculations are as follows:
  - **Construction Costs** - We have deducted total construction costs of £15,085,620. This reflects an average of £380 per sq ft. We have made a deduction for contingencies of 5.00% (£754,281) for both design development and construction.
  - **S106 and CIL Costs**- We have also allowed for statutory costs within our appraisal by way of £300,000 for CIL, £200,000 for MCIL2 and £85,000 for Section 106 contributions.
  - **Professional Fees** - We have adopted professional Fees of 12.00% (£1,810,274).
  - **Letting and Legal Fees** - We have adopted letting and legal fees of 15.00% and 0.50% respectively, reflecting a total deduction of £293,310.
  - **Disposal Fees** – We have adopted sales agent and sales letting fees of 1.00% and 0.50% respectively, reflecting a total deduction of £633,186.

Finance Fees

- We have assumed finance based on a debt rate of 6.00%. In line with market practice we have made the assumption that the scheme is 100% debt financed, although this figure is likely to reflect the balance of costs of both equity and debt within the financing. The finance costs are therefore calculated against 100% of costs including the site acquisition i.e. to include a notional coupon on the purchaser's equity.
- In addition, we have made the following assumptions with regard to cost and revenue timings:
  - An S-curve distribution of the various build and fit-out costs through appropriate periods of the development.
  - Fees payable at the time of provision.
  - The sale of the building as a whole to one purchaser at the end of the letting and sales period.

Developer's Profit

- The level of profit likely to be required by a developer is dependent on how they perceive the risks in undertaking the development. The level of developers profit reflects the risks and planning uncertainties.
- The scheme has conditional planning consent for the intensification of use and therefore there is no real planning risk in this respect.
- Taking the above into account we have assumed a profit of 20.00% which totals £7,035,415 and reflects the risk profile that the market would attach to the development.
- This is a significant quantum of money, and whilst there are clearly risks to a scheme of this magnitude, a purchaser may be prepared to accept a smaller percentage given the sums involved. In normal circumstances, a profit on cost level of 15% would be more applicable, reflecting the fact that this is a highly attractive and strategically located investment/redevelopment opportunity for which there would be strong demand. This 20.00% level of profit therefore reflects a conservative estimate that we would expect purchasers to pay for this Property in the current market.

Purchaser's Costs

- We have adopted Purchaser's costs of 6.80% on the Gross Development Value (i.e. assuming a Freehold Property Sale).

Residual Site Value

- Our residual value produces a current site value, or Market Value, of £15,047,415, which we have rounded to £15,000,000.
- The value of the existing Property is a derivative of the completed scheme value which in turn is sensitive to changes in the macro and micro economic environment. Changes within the broader economy, or the money markets, specifically the current interest rate environment may have a detrimental impact on value. As the value of

development sites are a derivative of future market performance they are heavily influenced by sentiment and the subject Property is no exception. There is currently significant volatility in financial markets with swings in confidence, and these may have major implications for the UK banking sectors attitude to risk, as well as that of developers and occupiers.

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.

Valuation as at 28 February 2022

Market Value:	£15,000,000	FIFTEEN MILLION POUNDS
Purchaser's Costs:	• We have allowed for Stamp Duty Land Tax as follows: Market Value of up to £150,000, zero; next £100,000 (the portion from £150,001 to £250,000), 2.00%; 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:	£1,955,403 per annum	

Appendix 1

Valuation Calculations

CONCISE APPRAISAL SUMMARY KROLL

24-26 Lime Street

Concise Appraisal Summary for Phase 1

Currency in £

REVENUE			
Annual Rental Income		1,955,403	
Net Capital Value			45,292,292
Purchaser's Costs			(3,079,876)
NET REALISATION			**42,212,416**
OUTLAY			
Acquisition			
Site Purchase Cost		15,047,727	
Site Purchase Fees		967,602	
Effective Stamp Duty Rate	4.93%		
Total Acquisition			16,015,329
Construction			
Construction Costs		16,424,901	
Professional Fees		1,810,274	
Total Construction			18,235,175
Marketing/Letting			
Letting			293,310
Disposal			
Sales Costs			633,186
TOTAL COSTS			**35,177,001**
PROFIT			
Balancing Account		7,035,415	
			7,035,415
Performance Measures			
Profit on Cost%	20.00%		
Profit on GDV%	15.53%		
Profit on NDV%	16.67%		
Development Yield% (on Rent)	5.56%		
Equivalent Yield% (Nominal)	4.07%		
Equivalent Yield% (True)	4.17%		
Ungeared IRR%	8.21%		
Project Geared IRR% (without Interest)	8.21%		
Equity IRR% (without Interest)	N/A		
Return on Equity%	N/A		
Rent Cover	3 yrs 7 mths		
After Tax Performance Measures			
Project Geared IRR% (without Interest)	8.21%		
Equity IRR% (without Interest)	N/A		
Return on Equity%	N/A		

Project: C:\Users\Dan.Worrall\OneDrive - Kroll\Documents\Moorgarth 24-26 Lime Street, London\24-26 Lime Street Apprais
ARGUS Developer Version: 8.30.003 Date: 19/08/2022

Appendix 2

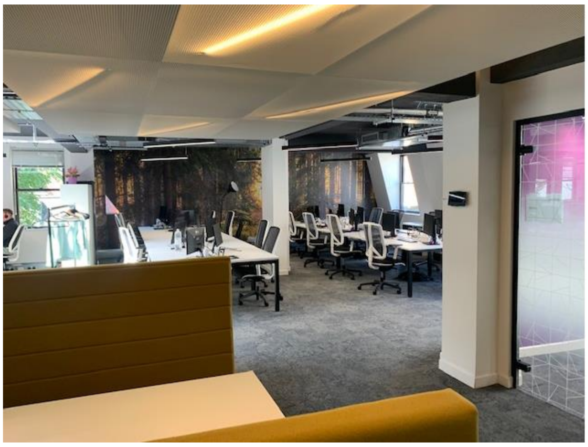
Photographs

Front elevation

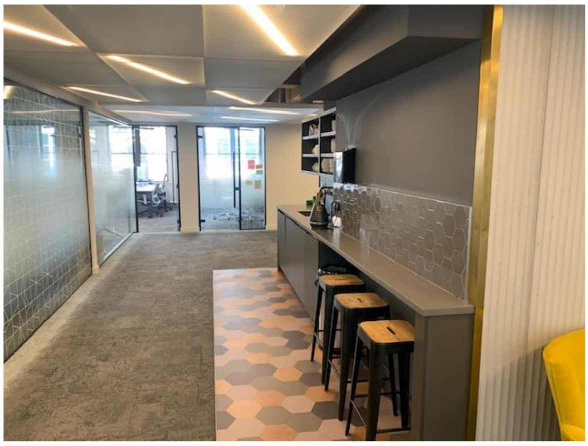
Street view

Reception area

Roof terrace



Office space



Communal kitchenette facilities

CGI of Proposed Development

CGI of Proposed Development

CGI of Proposed Development

Hallway

Appendix 3

Engagement Documents

Private and Confidential 24 June 2022

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

Dear Sirs,

Valuation: **Loan Security**
Assets: **Portfolio of 14 Assets**
Client: **Moorgarth Group 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 Group 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 Group 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:

- 71-73 Carter Lane, London
- Avon View Apartments, Clapham, London
- Brodricks Building, Cockridge Street, Leeds
- Tagwright House, Shoreditch, London
- 140 High Street, Bromsgrove, Birmingham
- Ogden Road, Doncaster
- Bitterne Precinct, Southampton
- St Catherine's Retail Park, South Perth, Scotland
- Central House, 47 St Paul's St, London
- 128 Wigmore Street, London
- 175-185 Gray's Inn Road, London
- 13/14 Park Place, Leeds
- Parkgate Centre, Shirley, Birmingham
- 24-25 Lime Street, London

(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) A breakdown of the agreed fees for the provision of the Valuation is attached at Appendix 1b. These fees are plus VAT and 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 Group 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 Group Limited

By: ______________________ Date: 09.08.2022 .

APPENDIX 1a: LIST OF PROPERTIES AND PROPERTY COMPANIES

Property	City	Asset Class	Owner
71-73 Carter Lane, London	London	Office	Moorgarth Living Limited
Avon View Apartments, Clapham	London	Residential	Wandle Point Limited
Brodricks Building, Cookridge St, Leeds	Leeds	Office	Moorgarth Maple Limited
Tagwright House, Shoreditch	London	Mixed - Office / Resi	Inception Living Sarl
140 High Street Bromsgrove	Birmingham	Retail	Moorgarth Properties (Lux) Sarl
Ogden Road, Doncaster	Doncaster	Mixed	Moorgarth Properties (Lux) Sarl
Bitterne Precinct, Southampton	Southampton	Retail	Moorgarth Properties (Lux) Sarl
St Catherines Retail Park (South) Perth	Perth, Scotland	Retail	Moorgarth Properties (Lux) Sarl
Central House, 47 St Pauls St, Leeds	Leeds	Office	Moorgarth Properties (Lux) Sarl
128 Wigmore St, London	London	Office	Moorgarth Properties (Lux) Sarl
175-185 Grays Inn Road, London	London	Office	Moorgarth Properties (Lux) Sarl
13/14 Park Place, Leeds	Leeds	Office	Moorgarth Properties (Lux) Sarl
Parkgate Centre, Shirley	Birmingham	Retail	Moolmoor Investments Limited
25-26 Lime Street	London	Office	London Office Sarl

APPENDIX 1b: LIST OF LIST OF ASSETS AND FEES

Property	City	Fee
71-73 Carter Lane, London	London	£12,000
Avon View Apartments, Clapham	London	£10,000
Brodricks Building, Cookridge St, Leeds	Leeds	£7,500
Tagwright House, Shoreditch	London	£12,000
140 High Street Bromsgrove	Birmingham	£5,000
Ogden Road, Doncaster	Doncaster	£7,500
Bitterne Precinct, Southampton	Southampton	£7,500
St Catherines Retail Park (South) Perth	Perth, Scotland	£12,000
Central House, 47 St Pauls St, Leeds	Leeds	£7,500
128 Wigmore St, London	London	£7,500
175-185 Grays Inn Road, London	London	£12,000
13/14 Park Place, Leeds	Leeds	£5,000
Parkgate Centre, Shirley	Birmingham	£12,000
25-26 Lime Street	London	£7,500
		£125,000

APPENDIX 2: 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 3 - 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 Group 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.