REPORT AND VALUATION

Of

Shaw Lane Industrial Estate, Ogden Road, Doncaster, DN2 4SQ

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:	Shaw Lane Industrial Estate, Ogden Road, Doncaster, DN2 4SQ (the "Property")
Ownership Purpose:	Investment
Instruction:	To value the freehold in the Property on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between Kroll Advisory Ltd and the addressees dated 24 June 2022.
Valuation Date:	28 February 2022
Instruction Date:	24 June 2022
Purpose of Valuation:	Internal Purposes
Basis of Valuation:	Our valuation has been prepared in accordance with the current RICS Valuation – Global Standards 2022 (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 Alex Smith MRICS on the 9 August 2022 specifically for this valuation.
Personnel:	The valuation has been prepared by Mark Whittingham MRICS (Managing Director), Emily Brownlow MRICS (Vice President) and Alex Smith (Vice President). 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 2022 and are RICS Registered Valuers.
Capacity of Valuer:	External Valuer, as defined in the current version of the RICS Valuation - Global Standards.
Disclosure:	We are not aware of any conflicts of interest, either with the Property or yourselves, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book.
Standard Assumptions:	The Property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below and in our General Principles when undertaking Valuations. We have relied on information provided by the client. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.
Variation form Standard Assumptions:	None.
Special Assumptions:	We have made no special assumptions.
Sources of Information:	We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment. We have not measured the premises and have relied on the floor areas provided. We have been provided with the following information, which we have relied upon: • Floors Areas • Lease Details
Market Rent:	**£317,070 PER ANNUM** **THREE HUNDRED AND SEVENTEEN THOUSAND AND SEVENTY POUNDS**
Market Value:	**£4,100,000** **FOUR MILLION ONE HUNDRED THOUSAND POUNDS**
Market Value subject to Vacant Possession:	**£3,500,000** **THREE MILLION FIVE HUNDRED THOUSAND 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

Shaw Lane Industrial Estate, Ogden Road, Doncaster, DN2 4SQ

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Valuer	Alex Smith MRICS	**Inspection Date**	9 August 2022

Unit 1 Front Elevation

Unit 2 Front Elevation

Location

General

- Doncaster is a large market town located in South Yorkshire, England. It is approximately 23 miles (37 km) north east of Sheffield, 33 miles (53 km) south east of Leeds and 47 miles (76 km) south west of Hull. Doncaster sits between the A1(M) to the west and the M18 to the east.
- The Doncaster Local Authority catchment has a resident population of 306,400 (ONS population estimates). The Doncaster population is one of the least affluent of the PROMIS catchments, ranking 188 of the PROMIS centres on the affluence indicator.

Communications

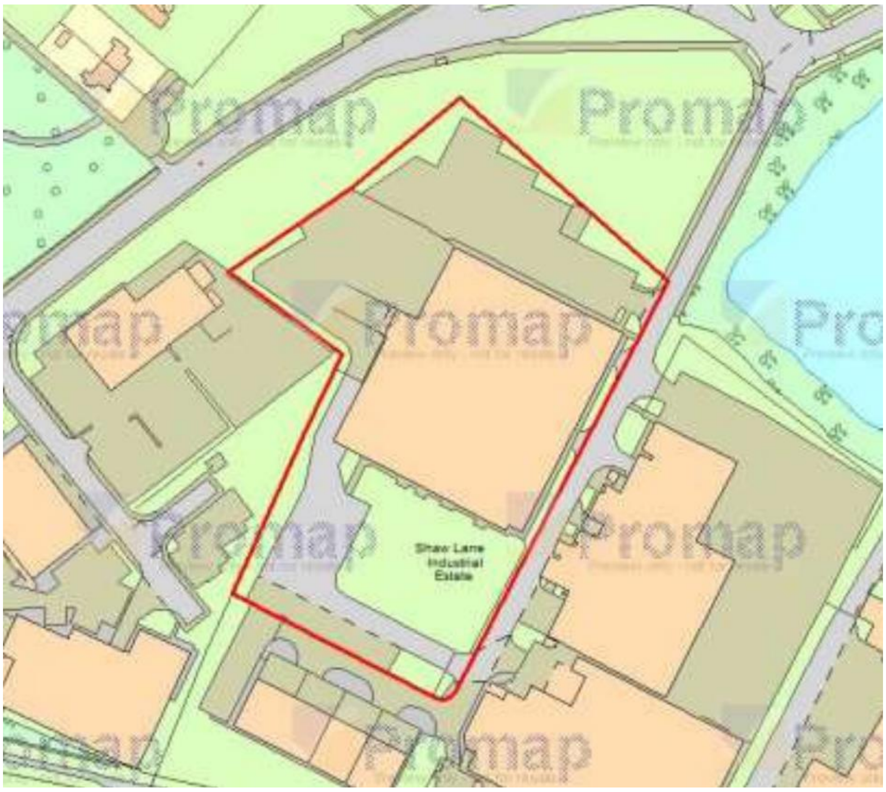
- The subject property is well located and is approximately 2.7 miles from junction 4 of the M18. The M18 in turn provides links with the M62 to the north and the M1 to the south.
- In terms of public transport connections, rail services to London Kings Cross are available with a journey time of approximately 1 hour 40 minutes. In addition to this, there is a direct service from Doncaster to Leeds which takes approximately 33 minutes and to Manchester which takes approximately 1 hour and 21 minutes.

Situation

- The subject property is located to the north east of Doncaster town centre between the suburbs of Wheatley Hills and Edenthorpe. The property is situated within Shaw Lane Industrial Estate which is an established industrial location with good access to the M18 motorway via the A630.
- There are also a number of retail uses within close proximity to the property including a Sainsbury's Supermarket, a retail park with occupiers including Iceland, B&M and Pets at Home, and to the north east of the subject property there is a McDonald’s drive-thru restaurant. To the north of the subject property across the A18 is a predominantly residential area and Sandall Park.
- The subject property is bound by Thorne Road (A18) to the north and north west, Ogden Road to the east, industrial properties to the south, and a dealership to the south west.

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

- The property comprises an industrial property which was constructed circa 1960 and is of steel frame construction. The elevations are predominantly brick walls beneath profiled metal cladding. The front elevation has been over-clad with metal sheeting and incorporates double height powder coated aluminium frame curtain walling with a customer entrance. The roof is predominantly shallow pitched and covered in profiled metal sheeting with a secondary felt covering. There is a lower flat roof section that is also covered in felt and runs to the eastern elevation of the property and provides ancillary staff accommodation.
- The property has been split into two units, with the front section let as gym premises and the rear section let as a storage/distribution warehouse. Each demise has its own surfaced yard area and access from Ogden Road. This area for Unit 1 is utilised as a car park. To the north west elevation there are two dock level loading doors. The external hardstanding areas are laid in concrete and macadam.

Unit 1

- Internally the front section of the property has been fitted out by the tenant to provide a gym utilising the open plan ground floor as an exercise / free weights area with a group exercise studio and spin studio. There are separate toilets and changing rooms. There is an extensive mezzanine area within the warehouse which is not currently being utilised.

Unit 2

- Internally the warehouse is mainly open plan with a small element of ancillary/staff accommodation within modular Portacabin type units. There is mezzanine storage space above these ancillary areas. The warehouse has a concrete floor, suspended lights and a 4.78m working height. A substantial amount of the rear external area is grassed.

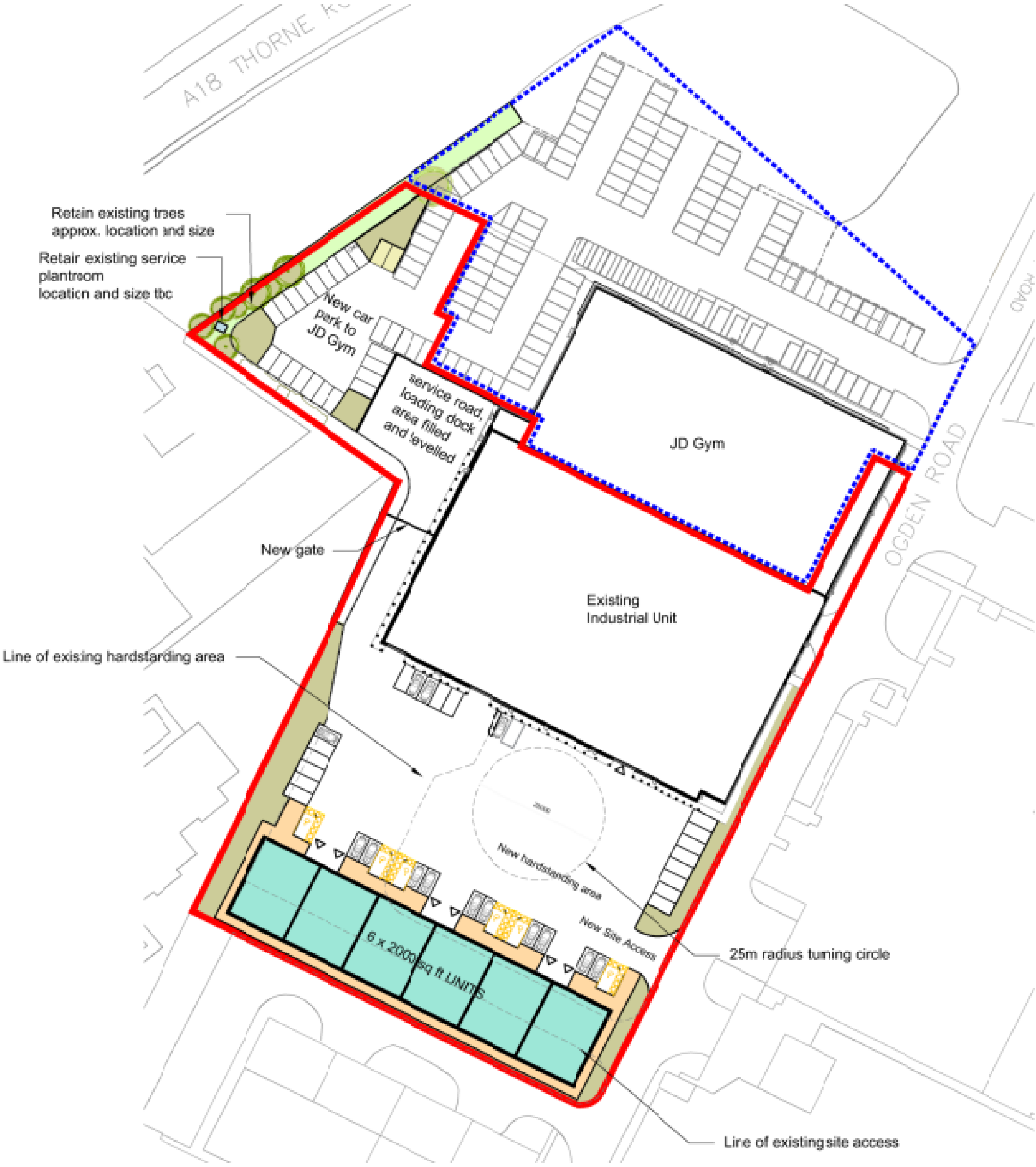
Site

- The site is broadly level and irregular in shape.

- The site area is approximately 0.4.30 acres (1.74 hectares). We have calculated that the property has a low building to site coverage of approximately 31%.

Development Proposals

- The excess land at the southern end of the property has development potential. We have been advised that Moorgarth intends to submit a planning application for six industrial units on the southern boundary, which would utilise the current access to Unit 2.
- We have been provided with plans for the proposed development. The 6 industrial units would each extend to circa 2,000 sq ft. The total development would therefore extend to circa 12,000 sq ft.
- Below is a plan for the proposed development, which also illustrates an option to extend the JD Gym car park on the unutilised land to the west of the property.



Accommodation

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

Shaw Lane Industrial Estate, Ogden Road, Doncaster, DN2 4SQ			
Demise	**Floor**	**NIA Size (sq. m)**	**NIA Size (sq. ft)**
JD Gyms	Ground Floor	2,117.80	23,442
JD Gyms	First Floor	374.29	4,029
JD Gyms	Mezzanine	368.67	3,968
Vacant	Ground Floor	3,211.97	34,573
Vacant	Mezzanine	202.25	2,177
	Total	**6,132.74**	**66,012**

- We have assumed a valuation floor area of 62,044 sq ft which excludes mezzanine areas.

Building Condition

- We were not instructed to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject Property or subsequent additions.
- Our valuation has been undertaken on the basis that the Property is in good structural repair and condition and contains no deleterious materials and that the services function satisfactorily.

Life Expectancy

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

Services

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

Environmental Considerations

Contamination

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

- We have made the assumption that ground conditions are suitable for the current 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

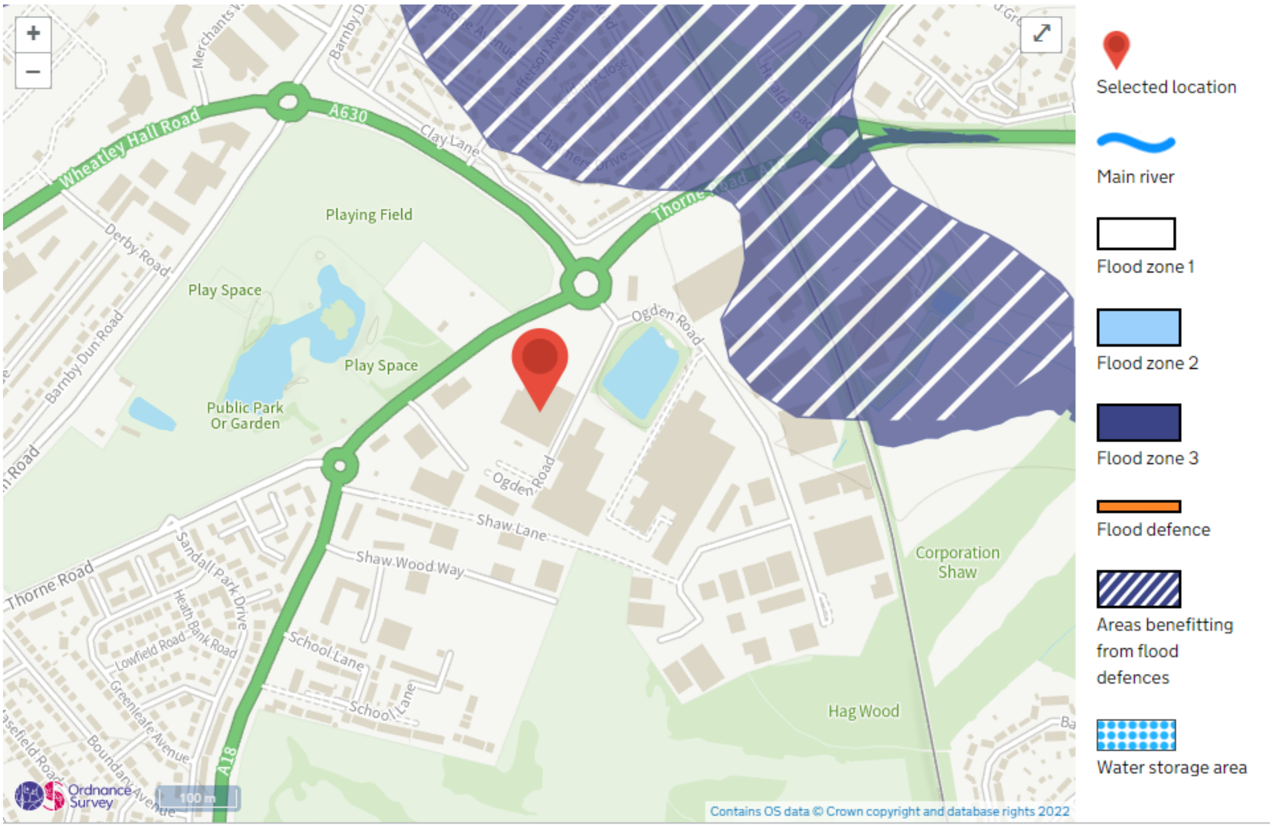
- Since 1999, the use within a building of asbestos containing materials (ACMs) has been banned. These are commonly found although are often in areas not visible from an inspection of the surface elements. While these can be sealed in place, public alarm is such that their removal and safe disposal is 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%).



Sustainability Considerations

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

Energy Performance

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

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

Address	Certificate Number	Expiry Date	Rating	Comparison to similar stock
Unit 1, Shaw Lane Industrial Estate, Ogden Road, DONCASTER, DN2 4SQ	2315-3066-0701-0700-0791	2 July 2030	D (82)	Same as existing stock
Unit 2, Shaw Lane Industrial Estate, Ogden Road, DONCASTER, DN2 4SQ	9158-3011-0233-0700-8421	28 September 2027	B (50)	Better than existing stock

- We have therefore provided our valuation on the basis that the Property performs in line with current legislation. However, long term there may be costs associated with ensuring the Property remains fully compliant with the changing legislation.

Sustainability Comment

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

Planning

- The Property is located within the jurisdiction of Doncaster Council.
- The property is not Listed nor is it situated within a Conservation Area.
- We have accessed Doncaster Council planning portal and note the most recent planning applications that have been made:

Planning Reference	Description	Status
19/03067/ADV	New signage to industrial retail unit	Approved 12th February 2020
19/01356/FULM	Change of use of the northern part of the SCS building from retail (Use Class A1) to a gym (Use Class D2) and external alterations to include provision of additional car parking.	Approved 3rd September 2019
15/01829/FUL	Extension to service yard, additional car parking and installation of two roller shutter doors to the north east elevation	Approved 17th September 2015
14/05029/FU	Erection of 4 x 8m columns incorporating 2 floodlights on each column	Approved 28th August 2014
14/00191/FUL	Change of use of part of ground and first floors of existing building from Class B8 to Class A1 (Bulky Goods), installation of mezzanine floor and external alterations including installation of cladding, overhang to roof edging and new curtain wall glazed entrance area	Approved 8th May 2014

- For the purpose of our valuation, we have assumed that the property has planning permission for the existing uses, which is based on the findings of our informal planning enquiries of the Council's website.
- 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. If all or part of the subject Property should become vacant then the Client will be liable for the payment of business rates on the vacant commercial accommodation. The current allowance is for three months of empty rate relief with full rates payable thereafter.
- We have accessed the Valuation Office Agency's 2022/23 rating list to obtain the rateable values of the hereditaments which make up the subject Property.

Address	Description	Rateable Value
Scs Upholstery, Ogden Road, Doncaster, South Yorkshire, DN2 4SQ	Warehouse and premises	£80,500
The Furniture Barn Unit 2, Shaw Lane Industrial Estate, Ogden Road, Doncaster, South Yorkshire, DN2 4SQ	Retail Warehouse and premises	£180,000
		£261,500

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 Property.

Tenure and Tenancies

Tenure

- We understand that the Property is held freehold under land registry title no. SYK159237.
- We have not been provided with a report on title and have, therefore, made various tenure assumptions for the purpose of the valuation reported herein. We have assumed that the leasehold interest is free from any encumbrances, unduly onerous or unusual easements, rights of way, rights of light, restrictions, outgoings or conditions which would have an adverse effect upon the value of the Property.
- If we are subsequently provided with a report on title, we would be able to comment upon any impact its content would have upon the valuation reported herein. We would remind you that if information should come to light which contradicts the assumptions made herein this could have a material effect upon our valuation.
- We therefore reserve the right to amend our valuation accordingly should this prove necessary. We advise that all information relating to the tenure of the subject Property is verified by your solicitors.

Number of Tenants and Lease Type

- We have been provided with the lease details for the subject property.
- As at the date of valuation only one of the units at the subject property was subject to a lease agreement. We summarise our understanding of the tenancy situation in the table below:

Accommodation	Tenant	Lease Expiry	Break Option	Rent (per annum)
Unit 1	JD Gyms	12/12/2034	-	£155,000
Unit 2	Vacant	-	-	-
				£155,000

- We note that the JD Gyms lease has a rent review on 13th December 2024.
- On the basis of the above, the Property has a current contractual rent of £155,000 per annum as at the valuation date.
- However, as at the date of inspection, Unit 2 was occupied by The Warehouse Racking Company Limited. The new 5 year lease was contracted outside of the L&T act and commenced on 15th June 2022. We have been advised that the passing rent is £162,070 per annum, reflecting £4.75 per sq ft.
- The overall WAULT (to expiries) is 12.78 years, and the WAULTC (to breaks) is 12.78 years.

Net Operating Income

- We have allowed for void costs associated with the vacancy of Unit 2 as at the valuation date. We have allowed for a void period of 6 months within our valuation.
- The net income as at the date of valuation is therefore £130,690 per annum.

Covenant Strength

- JD Gyms is the gym brand of JD Sports Fashion plc. JD Sports Fashion plc is listed on the London Stock Exchange and is a constituent of the FTSE 100 Index.
- We are of the opinion that the investment market would perceive this tenant to be of strong covenant strength . We have had regard to investments let to JD Gyms in valuing the property.
- In regards to The Warehouse Racking Company Limited, we are of the opinion that the tenants' covenant strengths would be viewed, by the investment market, as being of typical of this type of asset with local/regional covenant strengths.

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.

Industrial Market Q1 2022

- The industrial market continues to enjoy buoyant conditions with total returns reaching 42.4% in April 2022, up from 38.6% in December 2021. Take-up of Grade A space over 100,000 sq ft surpassed 49 million sq ft in 2021, according to forecasts figures, with e-commerce a major driver of demand.
- While the announcement that Amazon plans to freeze its expansion programme has sparked debate over the outlook, there remains a large pool of unsatisfied demand in the occupier market. Moreover, rising build cost inflation is expected to keep supply under pressure this year.
- Investment volumes for industrial assets stood at £17.8 billion in the year to April 2022. This is down on the £18.4 billion recorded in the year to March 2022, but well above the £7.7 billion figure for the year to December 2019.
- The sector continues to see strong capital value growth, with the MSCI index for industrial rising by 1.43% month-on-month in April 2022. Since the pandemic began there have been only four months when industrial values fell, which was the period March to June 2020.

Leeds Local Market Overview

- Yorkshire hosts one of the UK's largest and most dynamic industrial markets, aided partly by its links to the M62 and M1 motorways. As well as serving as a key logistics hub, it is home to one of the UK's largest clusters of manufacturing businesses, which generate around 12% of the City Region's economic output. Significant warehouse occupiers in Leeds include Amazon, Marks & Spencer, Coca-Cola and The Range. Industrial market conditions in Leeds have rarely been stronger. Vacancies (currently 2.3%) have trended below the UK national average since 2015 and are the lowest among the nation's industrial markets with 100 million SF of stock or more. Large lettings by the likes of Amazon, Next, Easy Bathrooms and RMD Kwikform illustrate the market's diverse demand base at the larger end. Meanwhile, at the smaller end, many of Leeds's multi-let estates have reached or are nearing full occupancy, with tenants competing over units and driving rents higher
- Rental growth has been particularly pronounced in industrial estates near Leeds city centre and benefitting from access to the motorway network. Record rents have been achieved at Elland Road Industrial Park and Towngate Link in recent months. On the investment side, buyers remain encouraged by the positive supply-demand dynamics in the local market as well as the industrial sector more generally. Investment volumes have amounted to £748 million over the past 12 months, the highest annual tally on record and more than 50% above the five-year average. The tail end of last year saw the UK's largest ever single occupier warehouse investment transaction (Arrow Capital's £233-million purchase an Amazon-let robotic logistics facility). Average transaction-based yields have compressed markedly over the past several years, reflecting the weight of capital chasing opportunities in the industrial sector.

Leasing

- The Industrial sector continues to enjoy tailwinds from the shift to e-commerce, post-Brexit trade arrangements and the increasing space needs of industries whose growth has been aided by the pandemic. Broad-based demand has supported several years of positive net absorption, which has outweighed deliveries, and thus kept Leeds's industrial vacancy rate near historic lows (currently 2.3%). E-commerce-related demand remains a significant feature of the market. Amazon's letting of over half a million SF at Wakefield 515 in mid-2021 followed Mountpark's Wakefield Hub gaining planning consent. The online giant agreed terms on a 2 million-SF fulfilment centre at the 200-acre scheme off junction 30 of the M62 in 2020. Argos, which reported strong online sales growth during the pandemic, and online pureplay retailer AO.com have also been involved in notable deals in recent months. The former leased just under 60,000 SF at 62 Leeds in the first half of 2021, while the latter took over 35,000 SF at Total Park in the second half of the year. Lettings to the likes of Yusen Logistics, parcel delivery firm DX and Peckover Transport Services can also be linked to the online shopping boom. The recent spike in home improvement projects has also been a key demand driver. Easy Bathrooms leased a 330,000-SF purpose-built headquarters and distribution hub at Calder Park in Wakefield in Q3 2021. The new warehouse has an 18 industrial -metre eaves height, 32 dock levellers and space for 58,000 pallets, with the firm keen to increase its storage capacity amid supply chain disruption. Building materials supplier Saint-Gobain and furniture suppliers like Aspire Furniture and Furniture and Choice have also taken on extra space in Leeds of late. Bedmaker Aspire Furniture's letting of 64,000 SF at the recently refurbished Sixty2 Leeds will allow the firm to expand its UK business alongside export plans. The manufacturing sector, which accounts for an outsized share of local jobs relative to the UK overall, continues to support industrial demand as well. Large 100,000-SF-plus lettings by CarnaudMetalbox Engineering and RMD Kwikform sit alongside a host of other deals by the likes of heating and hot water solutions provider Joule UK, industrial valves manufacturer Alco Valves and EV charging, solar power and battery specialist Phoenix Works. Leeds City Region is home to over 7,000 manufacturing and engineering businesses, which generate £7 billion per year, equivalent to 12% of the region's economic output. Market conditions further down the size scale remain tight. The vacancy rate in sub-10,000-SF properties sat below 2% in March 2022 as net absorption stayed positive for a fourth straight year and virtually nothing in that size bracket was delivered. Meanwhile, in the mid box segment (20,000–50,000 SF), voids represented less than 3% of inventory as annual net absorption largely kept pace with five- and 10-year averages of around 300,000 SF in the year to January. Looking ahead, Leeds's diverse base of demand should keep vacancies in check in the face of mounting deliveries. All three industrial subsectors are projected to remain tight, with specialised properties, which include manufacturing units, in particularly short supply.

Rents

- Fuelled by low vacancies, average industrial rent growth in Leeds is running well above its historical average (3.4%) at an annualised growth rate of 10.2%. The industrial sector's positive supply-demand dynamics are perhaps best reflected in CoStar's Moderate Upside forecast scenario. However, even in the Base Case, rent growth clocks in at 8.5% for the year in 2022, comfortably above expectations for the local office and retail sectors. Rents are rising across nearly all segments of the industrial sector, though owners of light industrial units with access to major roads and Leeds city centre are realising some of the strongest gains. AXA recently pushed rents at Elland Road Industrial Park north of £8.50/SF. Best Electric agreed to pay £8.75/SF there in the latter part of 2021, which compares to £5.50/SF agreed by Yesss Electrical and Toolstation in 2013.
- New build rents continue to edge upwards as well. Coop recently signed a deal at £7.50/SF for 17,500 SF at Towngate Link, setting a record headline rent in the process. The grocer pre-let the speculatively developed unit known as TL5 for a 20-year term. Meanwhile, online electronics retailer AO.com agreed to pay £7.25/SF for over 35,000 SF at Total Park. Both schemes are located in the LS9 postcode area with access to junction 45 of the M1 and Leeds city centre within 2–3 miles. At submarket level, Leeds Core is where the highest rents are paid. Bradford sits at the other end of the affordability spectrum. In terms of rent growth, Wakefield has been the strongest performer recently and over the past five years, averaging rent gains north of 5% on 12- month basis.

Construction

- With 162 million SF of industrial stock, Leeds is the fourth largest of the UK's 55 industrial markets. Encouraged by multiple years of positive net absorption and decent rent growth, developers are underway on 4.3 million SF, which is equivalent to 2.6% of current inventory. As is the case in many industrial markets across the country, there is virtually no risk of overbuilding as pre-leasing rates remain high. The largest projects underway are build-to-suits for retailers. Next will open an 830,000-SF distribution centre at South Elmsall later this year after agreeing a 23-year unbroken lease at the new development which is being funded by Abrdn's Long Income Fund. Easy Bathrooms' 330,000-SF distribution centre is slated to deliver around the same time after it broke ground in September 2021. The new facility is being developed by Tungsten Properties and will allow the firm to expand beyond its existing 125,000-SF headquarters in Birstall, which will become a showroom. By far the largest project underway is a 2 million-SF robotics ‘super shed' for Amazon, which is expected to deliver in the latter part of this year.
- There are also several smaller multi-let schemes underway on a speculative basis. One of the most noteworthy is Gelderd Park, which extends to over 125,000 SF. Manufacturing firm Sovereign Air Movement acquired 23,000 SF there in the first half of 2021 with around half of the scheme's floorspace available as of December. Another key scheme is OP65, located just off junction 27 of the M62. The 65,000-SF development is the final phase of the 180,000-SF Overland Park. It features a 10-metre eaves height, seven loading dock levellers and a low site density of 30%. Wakefield 515 represents one of Leeds's biggest recent deliveries. Developed by Panattoni, the half a millionSF-plus, cross-docked, speculative logistics facility off junction 33 of the M62 near Knottingley was pre-let by Amazon. The online retail giant created 500 new jobs at the warehouse, which is the market's largest speculative industrial development in a decade.

Gym/Leisure Market Q1 2022

- Like all other leisure sectors, gym operators struggled to turn a profit during the pandemic with nationwide closures coming even earlier than other parts of the retail and leisure market due to the sectors perceived risk to the public. Scientists advising the government were concerned that vigorous exercise would inevitably cause a person to breathe more rapidly and deeply, therefore potentially producing droplets or aerosols that could go on to infect other people. Coupled with the fact there are lots of areas of gyms that people touch, like handles and equipment, before touching their faces, it is no surprise that gyms were not permitted to trade during much of the pandemic.
- Despite this the gym market has continued to expand. These include Pure Gym (155), The Gym (91), Snap Fitness (49), Anytime Fitness (37), JD Gyms (25), Bannatyne Fitness (23), Everlast Fitness Club (20), Virgin Fitness (16), Fitness First (15), Better Gym (12) and Energie Fitness (11). In 2017, these operators accounted for 2,227 units in total (4.9m sq ft). That has grown considerably in the last 5 years to the 2,475 units (6.3m sq ft) we see currently, an increase of 11% (248 units, 1.5m sq ft).
- Pure Gym and The Gym Group have seen the largest expansion in that time, increasing the number of units they have in the out-of-town market by 72 (87%) and 61 (203%) respectively. Everlast Fitness and Better gym are both new entrants, having had no units in the sector five years previous. Only Virgin Fitness and Fitness First have seen a reduction in the number of units they have in the market in that timeframe.
- Gyms of course reopened in England on 12th April 2021 ,followed by reopening's in Scotland on 26th April and Wales on 3rd May, with group exercise allowed to resume from May 17th. It appears the appetite for consumers tovisit the gym since then has been strong. The Gym Group for example, have stated their membership had jumped by a third since February as its sites reopened. With over two-thirds of its members under the age of 34, it has been young people strapped for space at home that have helped to drive a rapid recovery in membership numbers. With all 187 sites is now open and trading, The Gym Group total membership has increased from 547,000 at the end of February to 729,000 by 24th May. Pure Gym have announced similar positive results. The group, which reported a £214.6 million 2020 loss, returned to profitability in the second quarter of 2021 with adjusted EBITDA of £16 million. Memberships stood at 94% of 2019 levels by August 15, and June revenues were at 99% of pre-pandemic levels as it opened new sites and members paid more on average. The group has indeed opened 13 sites in the UK in the first half of the year and is aiming to accelerate expansion in 2022.
- Likewise, the Gym Group has also already opened seven new sites this year and plans to open an additional 40 by the end of 2022. The increasing number of vacant retail spaces on the high street, which has seen the closures of chains such as Debenhams and Topshop, has led to the availability of better quality units at a more affordable rent which many in the sector are keen to take advantage of. Operators are also keen to expand in the out-of-town market as retail parks offer consumers accessible car parking and clear signage.

Rental Evidence

Industrial Rents

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

Address	Date	Tenant	Area (sq ft)	£ per sq. ft	Comment
Unit 2, Shaw Lane Industrial Estate, Doncaster (Subject Property)	Under Offer	The Warehouse Racking Company Limited	34,573	£4.75	• Unit 2 at the subject property was under offer as at the valuation date by The Warehouse Racking Company Limited. The 5 year lease is contracted outside of the L&T act at a passing rent is £162,070 per annum, reflecting £4.75 per sq ft.

Unit 5, Shaw Lane Industrial Estate, Doncaster	OTM	-	29,673	£4.72	• Detached Industrial/Warehouse Unit with Secure Yard neighbouring the subject property is currently available for a rent of £140,000 per annum, reflecting £4.72 per sq ft.
D53, Wheatley Hall Road, Doncaster	OTM	-	53,072	£5.95	• This new warehouse/industrial unit at St. Modwen Park Doncaster is currently available for a rent of £5.75 per sq ft.
Wheatley Hall Road, Doncaster	Q1 2021	McGregor Logistics Ltd	55,000	£5.50	• A newly completed warehouse/industrial unit at St. Modwen Park Doncaster was let to McGregor Logistics Ltd in Q1 2021, which increased their space at the park to over 95,000 sq ft. The 5 year lease was agreed at a passing rent equating to £5.50 per sq ft.
Bawtry Park, Doncaster	Q2 2021	SSI Schaeffer	40,773	£4.50	• The property comprise a large warehouse complex providing a range of warehouse/industrial units • situated within a secure, self-contained site. • Access to the complex is via a dedicated, manned gate-house. • SSI Schaeffer signed a 5 year lease in Q2 2021 at a passing rent equating to £4.50.

- The recent rental evidence above demonstrates rents ranging from £4.50 per sq. ft to £5.95 per sq. ft and we would expect the subject Property to fall within the lower end of this range. There is generally good demand for mid sized industrial units in well situated locations close to the main arterial routes in the region. We would expect a tenant to take a lease for a minimum of 5 years term certain for the industrial accommodation.
- There is limited evidence for midsized units in Doncaster, but the above comparables are a selection of recent deals for similar size units. We consider the best evidence is provided at the subject property, where The Warehouse Racking Company were under offer as at the date of valuation for a 5 year lease at a passing rent of £4.75 per sq ft.
- We have applied a market rent of £4.75 per sq. ft on the industrial accommodation at the subject Property, which reflects the quality of the accommodation, location and size of building.

Leisure Rents

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

Address	Date	Tenant	Area (sq ft)	£ per sq. ft	Comment
Unit 1, Ogden Lane, Doncaster (Subject Property)	Q4 2019	JD Gym	23,442	£6.61	• Unit 1 at the subject property was leased to JD Gyms in Q4 2019. on a 15 year lease at a passing rent of £155,000 per annum, reflecting £6.61 per sq ft.
2 Otley Road, Shipley, Bradford	Q1 2022	Nuffield Health	38,121	£9.44	• A health club was let to Nuffield Health on a new 20 year FRI lease in Q1 2022 at a passing rent of £360,000, reflecting £9.44 per sq ft.

					The lease was subject to 5 yearly rent reviews to CPI collared at 1% and capped at 3.5% per annum.
Unit 1, Stockton on Tees	Q1 2022	Allgym	18,982	£5.25	• This 18,982 sq ft unit was let to Allgym in Q1 2022 on a new 7 year lease at a passing rent of £100,000 per sq ft.
Angouleme Retail Park, Bury	Q4 2021	JD Gyms	15,974	£5.00	• This 15,974 sq ft refurbished unit was let to JD Gyms in Q4 2021 on a new 10 year lease at a passing rent of
Liverpool Road Newcastle Under Lyme	Q2 2021	JD Gyms	28,621	£4.50	• A 28,621 sq ft former bus depot was let to JD Gyms on a new 15 year lease at a passing rent of £4.50 per sq ft.

- The recent rental evidence above demonstrates rents ranging from £4.50 per sq. ft to £9.44 per sq. ft and we would expect the subject Property to fall within the lower to middle end of this range. We have therefore adopted a market rent of £155,000 per annum, which equates to £6.61 per sq ft. In our opinion the property is rack rented.
- We are therefore of the opinion that the Market Rent (including both the gym and industrial unit) of the subject Property is £317,070 per annum. The property is therefore reversionary on a headline basis, which reflects the vacant unit as at the date of valuation.

Marketability	
Typical Void Letting Period:	9-12 months
Typical Lease Length:	Minimum of 5 years on the industrial and 10-15 years on the gym.
Typical Rent Free Period:	3-6 months on the industrial and 12 months on the gym

Investment Market

Industrial Investment Q2 2022

- Investor appetite for industrial and logistics property is at an all-time high. Investment volumes over the past 12 months have amounted to £748 million, which compares to £609 million in the previous year and a five-year rolling annual average of £429 million. Average transaction-based yields have compressed accordingly and now sit at 5.3%, down from north of 8% as recently as 2017.
- Investors have deployed £130 million so far in 2022. This year's total was boosted by GIC's acquisition of Project Tiger from EQT Exeter. The Singapore-based investor paid more than £630 million for the UK portion of the pan-European portfolio CoStar's price allocation model estimated the value of XL in Normanton at £82.2 million. The sale also included assets at Capitol Park and First Point Logistics Park in Doncaster, South Yorkshire.
- Arrow Capital's acquisition of Amazon's Wakefield Hub warehouse boosted volumes at the tail end of last year. The £233-million purchase remains the UK's largest ever logistics investment deal involving a single-tenant warehouse. The high specification and sustainable warehouse will be operated as one of Amazon's robotic sortable facilities. The long term lease incorporates annual CPI-linked rent reviews.
- Leeds City Council's sale of Logic Leeds underlines the strength of investor demand for prime industrial assets. The local authority sold the 250-year long leasehold interest in the four units totalling 180,000 SF to a private investor for £29.3 million, reflecting a 3.6% yield and a capital value of £162/SF. The fully let scheme counts Amazon among its tenants and had a weighted unexpired lease term of nine years and generated over £1.1 million in annual rent at its time of sale in August last year.
- As has been the case in other markets, industrial sales volumes in Yorkshire were lifted by Blackstone's purchase of 'Project Alaska' in mid-2021. The US private equity giant acquired the 25-strong distribution centre network

of ‘big four' supermarket Asda in a sale-and-leaseback deal worth £1.7 billion, or a 4% yield. Included in the transaction were assets at Wakefield Europort and Elmsall, which CoStar's price allocation model has estimated to be worth around £122 million.

- Abrdn's acquisition of a Next-let facility at South Elmsall is another of the market's larger recent transactions. The Edinburgh-headquartered institutional investor funded the development, on behalf of its Long Income Fund, at a cost of £114.8 million, with the deal reflecting a 4.5% yield. On completion, Next will sign a 23-year unbroken lease with inflation-linked rent reviews. Abrdn also recently paid £42.5 million to acquire a Royal Mail distribution hub in the LS10 postcode district as part of larger portfolio including assets in Sheffield, Swindon and Peterborough. Smaller last mile facilities remain key targets as well. Mirastar was involved in one of the standout deals of this type in the first half of 2021 when it acquired DHL's Gildersome Spur distribution centre for £7.6 million (a 4.4% yield). The 70,000-SF parcel hub was let to DHL for a further 8.5 years at its time of sale in May. Mirastar's recent acquisitions also include a reversionary DHL-let urban logistics asset in Enfield, Greater London, for which it paid £43 million, or a 1.9% yield.

Industrial 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
1-10 and 12 Merchant Way, Doncaster	Q2 2021	FH	25,003	£8m	5.96%	Multi	Ground Group sold the freehold interest in 1-10 and 12 Merchant Way, Doncaster to Columbia Threadneedle Investments for £8m, reflecting a net initial yield of 5.96%. The properties are let to Arco, Christie Interiors, and many more. Unit 12 is a sale and leaseback; the vendor Ground Group is occupying the industrial building.
Sikstone Court, Unit 2, Dodworth Business Park, Barnsley	Q2 2022	FH	28,230	£2.6m	5.25%	Magna Colours Ltd	The 28,230 sq ft is fully let as the headquarters of Magna Colours Ltd. Urban Logistics REIT acquired the property in Q2 2022 for £2.6m, reflecting a net initial yield of 5.25%.
Twibell Street Trade Park, Barnsley	Q2 2022	FH	54,978	£5.85m	5.25%	Multi	Industrial REIT acquired the modern industrial estate for £5.85m, reflecting a net initial yield of 5.25%. The estate totals 54,978 sq ft across five units and is 100%

							occupied to tenants including JD Gyms and generates an income of £327,070 per annum.
City 7, 1 Parkway Close, Sheffield	Q4 2021	FH	59,864	£6.65m	5.50%	Ferraris Piston Service Ltd (4.90 Years)	M7 and Blackstone acquired this freehold investment which is leased to Ferraris Piston Service Ltd with a term certain of 4.90 years. The sales price of £6.65m, reflecting a net initial yield of 5.50% and capital value of £111 per sq ft.
Units 4 And 6 Ashbrooke Park, Sherburn In Elmet	OTM	FH	51,029	£4.9m	5.50%	Kinnerton (4 Years)	2 modern mid box logistics units extending to a combined 51,029 sq ft GIA. Let to Kinnerton (Confectionery) Co. Ltd until 22nd February 2026. Guarantee from Zetar plc. Passing rent of £288,150 per annum, equating to a very low £5.65 psf Offers are sought in excess of £4,900,000, reflecting a net initial yield of 5.50% and £96 per sq ft.
Unit 8, Colwick Industrial Estate Nottingham	OTM	FH	30,279	£1.7m	5.54%	Create Better Distribution Limited	Single let HQ warehouse situated on the established Colwick Industrial Estate in east Nottingham. Let the to UK's largest online retailer of cake decorating supplies who are part of the Create Better Group, a subsidiary of the German company, Dr.Oetker. The property comprises a self-contained warehouse of 30,279 sq ft (2,813 sq m); The property is let to

							Create Better Distribution Limited without a break option, providing an unexpired term certain of 3.5 years. The current passing rent is £100,000 per annum, reflecting a low rent of £3.30 per sq ft; Highly reversionary opportunity with the rent passing reflecting a discount to good quality second hand accommodation; Offers are sought in excess of £1,700,000. A purchase at this level reflects a net initial yield of 5.54% assuming purchasers' costs of 6.18%. Achieving a rental uplift at lease expiry to only £4.50 per sq ft would provide a reversionary yield of 7.5%.

- The comparable information highlights a range of values achieved for industrial investments within the Yorkshire market. The transactional evidence demonstrates net initial yields between 5.25% And 5.96% for well-located properties in the local market.
- However, we consider a discount to this is applicable due to the vacant nature of the subject property as at the date of valuation and specification/age of the building.
- Having regard to the evidence above, the income profile of the subject property, reversionary potential and occupational demand for units in the local marker we would expect the Property compare well to the evidence cited. We have adopted an equivalent yield of 6.5% for the industrial element of the property.

Leisure Investment Q2 2022

- Leisure investment activity has picked up steadily during 2021, totalling £1.3bn at the half year, and looking likely to reach £1.7bn for the first three quarters. The bulk of this activity remains in the longer-leased hotels, pubs and health & fitness sectors, though we expect to see more interest in the multi-let leisure space as the occupational and consumer stories continue to improve.
- An indication of how far the investment market has to go to get back to "normal" is the fact that monthly trading volumes into leisure are up 10% on 2020's levels, but still 61% lower than was seen in 2019. Geographically there appears to be a stronger than normal bias towards London, which is interesting given the fact that consumer activity has been slower to recover in London than elsewhere. We suspect that London's volumes are skewed upwards by a more persuasive re-purposing story inside the M25 than elsewhere. Lot sizes remain comparatively small, with a relative absence of multi-let trading from the whole of the last 18 months. The most notable transaction in this space this year was Fiveways Entertainment Centre in Birmingham. This scheme is let to 11 tenants including Cineworld, PureGym, a nightclub and seven restaurants with a combined WAULT of just over 11 years. It sold for £25.1m in June 2021 reflecting an initial yield of 9.5%, a marked reduction from the £40m

that it traded for in 2018. It is interesting to note that this is the second reasonably large leisure asset that AEW have bought this year, perhaps a reflection of the fact that institutional interest in leisure as a recovery play is beginning to rise.

- While some green shoots of opportunistic interest in the sector do appear to be beginning to emerge, there is still considerable investor caution around leisure covenants and credit ratings. This is understandable given the lack of income for many tenants for nearly two years (and lack of rental income for many landlords of leisure). However, given some of our earlier comments in the occupational section of this report about the pace of the return to normality in terms of consumer behaviour, we believe that investor confidence in leisure could and should begin to return soon.
- As far as the pricing of prime leisure assets goes, our prime yield has now been stable at 7.5% for nine months. While footfall has not quite recovered to the same degree as we have seen in the retail parks market, it is certainly a lot closer to normal than in some other parts of the retail market. This, in our opinion, starts to make prime leisure look quite attractive in yield terms against retail warehousing where yields have compressed by 100bps since the start of 2021 to around 5.75% to 6.00%.
- The pace of hardening in prime leisure yields when it happens can be fast, with yields hardening by 200bps in 12 months after the Global Financial Crisis. While there are behavioural differences to that period today, we also see little reason to doubt the trend that a high proportion of the savings that consumers have built up over the lockdown periods will go into leisure in the remainder of 2021 and throughout 2022.
- Looking ahead to the next 12 months the big test for the leisure scheme market will be the first truly prime asset that is traded. While this will undoubtedly show that capital values have fallen over the last two years, we expect that it will also show that they haven’t fallen by as much as the market believes. Thereafter, the rising acceptance amongst investors that good schemes and good operators are trading well, should bring the market back to both normal levels of trading and pricing by the second half of 2022.

Leisure 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
54 Willis Way, Poole	Q1 2021	FH	18,174	£2.55m	7.47%	Fitness First	South Somerset District Council has acquired the freehold interest in 54 Willis Way, Poole, the former headquarters of Fitness First, for £2,550,000. This reflects a net initial yield of 7.47% and a capital value of £140 per square foot. The property comprises an 18,174 square foot high quality gym occupied by Fitness First for an eighteen year unexpired term, with a break in eight years.

Nuffield Health, Newbury	Under Offer	FH	49,000	£10.77m	6.14%	Nuffield Health	The property is let to Nuffield Health on a term of 35 years from 30th December 2002, providing a long unexpired term of 15.65 years. The current passing rent is £661,500 per annum and is subject to 5 yearly Open Market Rent reviews. The next rent review is on the 30th December 2022. Under offer for £10.77m, reflecting a net initial yield of 6.14%.
Doncaster Leisure Park	Under Offer	FH	39,603	£9.00m	8.00%	Vue, Nandos, Pizza Express	Clearbell UK Strategic Trust, a trust advised by Clearbell Capital, has bought a cinema-anchored leisure park in Doncaster, one of the first leisure deals since the onset of Covid-19 in 2020. The trust has acquired 39,603 sq ft at Doncaster Leisure Park from BAE Systems Pension Fund for £9m – a net initial yield of 8%. The site is made up of a Vue cinema and two restaurant units let to Nando's and Pizza Express.

- The comparable information highlights a range of values achieved for leisure investments. The transactional evidence demonstrates net initial yields between 6.14% And 8.00% for well-located properties let to leisure tenants.
- Health Clubs, such as the Nuffield Health evidence above, trade for lower yields due to the more specialised nature of the assets and longer leases.
- We therefore consider the best evidence is the sale of the Fitness First in Poole, which was located in a similar retail park setting and benefiting from a similar income profile. The covenant strength of Fitness First is also comparable to JD Gyms.
- Having regard to the evidence above, the income profile of the subject property, and occupational demand for gyms in the local marker we would expect the Property compare well to the evidence cited. We have adopted an equivalent yield of 7.5% for the gym element of the property.

Hope Value

- 'Hope value' is the term valuers use to represent that element of value which would be realised on the sale of the asset on the open market that relates to the future use of the site, rather than the current one. 'Hope value' need not be conditional on any future events but reflects the market expectations that future development might be permitted and represents the price that market participants would pay today accepting the risk attached to that future development taking place. 'Hope Value' is therefore correctly treated as an element of Market Value for an unconditional sale of the property today. It should not be viewed as a contingent value which would not be reflected in the price until some trigger event occurred, such as the grant of planning consent, but that does not mean that there is no hope value attached to the property in its current circumstances.
- In respect of the potential development (for which planning consent has lapsed and would need to be formally reinstated) our approach to this element of potential additional value is discussed and detailed below:
- The investment market approach:
- A development opportunity is generally reflected in the price paid /valuation in one of three ways:
    1. No Value Reflected: No value is reflected if potential investors consider the development opportunity to be viable or not or in such early stages that there is no reason to reflect any additional value
    2. Explicitly: Hope value is reflected explicitly within the pricing by calculating development appraisals and referencing the upside as a capital receipt or within the cashflow. In the current investment market there is a strong demand for viable 'value add' opportunities but as a general rule of thumb no explicit value is reflected until there is clear occupier/buyer demand for the development in the form of pre-lets, detailed negotiations with potential tenants or Heads of Terms being negotiated. Without a number of pre-lets/pre-sales or comfort in respect of demand for potential investors would generally be suspicions regarding the viability of the development and therefore be less likely to explicitly reflect any value for a proposed development.
    3. Implicitly: Hope value is reflected within the notional yield that a potential purchaser may pay. If a development opportunity is not yet at the stage of having agreed pre-lets/pre-sales a planning permission has yet to be granted but there is a good possibility of securing consent for development potential investors might be in our opinion, be likely to reflect an element of additional value within the yield they would be willing to pay. The quantity of value within the yield is extremely difficult to quantify and is dependent on the individual potential purchaser's opinion surrounding the viability and the level of competition in purchasing the asset.
- Accordingly, for the purposes of our valuation of the potential development envisaged, in our opinion, we consider potential bidders are likely to reflect an element of "hope value" implicitly given to viability of the proposals and the strong expectation that the planning consent being approved for an underutilised element of the property
- Accordingly, for the purposes of this valuation "as existing" in our opinion potential bidders would reflect such an element of hope value implicitly. However, as yet, no formal planning permission has been secured for redevelopment and as such there remains an element of risk in this regard, as a result, for the purposes of our valuation we have reflected this development potential in the equivalent yield.

Principle Valuation Considerations

- The principal factors that have an impact on the value of the Property are summarised below:
    - The Property is held freehold.
    - Located in an established commercial location with good road links.
    - Low site coverage of around 31% with development potential.
    - Unit 1 is well let to JD Gyms until December 2034.

- Unit 2 is vacant as at the date of valuation, but there is strong occupational demand for well located industrial units in the local market.
- Currently strong market sentiment towards industrial property in the region.

Marketability

- The Property is well positioned and will in our opinion always attract a good level of occupier and investor interest.
- If the Property were to become available, we would anticipate a void period in the order of 9-12 months for the industrial accommodation along with rent free which should be anticipated at 6 months on each 5 year term certain. In regards to the gymb, we would expect a new tenant would lease the property on a 10-15 year lease and would expect a rent free period in the order of 12 months. It should be possible to obtain a full repairing and insuring lease subject to the current tenant conforming with their reinstatement and repairing obligations, albeit any lease would most likely be subject to a schedule of dilapidations.
- During any void there will be associated holding costs including security and maintenance.

Liquidity (Saleability)

- The lot size of £4.1m is within the reach of private purchasers and medium sized property companies. Over recent years the amount of investment product offered in this location is limited and accordingly when opportunities do arise there is good demand.
- Should the Property be put to the market we consider that the asset would attract interest from a wide range of investors, including owner occupiers, developers and medium sized property companies. Accordingly, we would anticipate a sale period in the order of 6-9 months.

Active Management

- We have summarised below the potential asset management initiatives. The key ones we have identified are as follows:
    - Lease the unit which is vacant as at the date of valuation.
    - Prior to any upcoming lease expiry, the Borrower should enter in lease renewal negotiations with the tenant and actively discuss opportunities to renew the lease and maintain occupancy.
    - Ensure the Property is well maintained to prolong its useful economic life expectancy.

Future Value Prospects

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

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

Valuation Approach

- The subject Property comprises the freehold interest in a well located mixed use industrial/leisure property in Doncaster.
- We have adopted the traditional "all risks yield" method, having regard to comparable investment transactions and current market sentiment.
- We have made the following specific assumptions which we consider to be appropriate and reasonable to reflect the approach likely to be adopted by prospective purchasers:

Current Void and Non-recoverable Revenue

- The Property is held on a freehold interest.
- As at the date of valuation, Unit 2 of the subject property was vacant. We have therefore allowed for void costs for a 6 month period. On this basis, the net income is currently £130,690 per annum.

Tenant Retention and Re-letting Assumptions

- The Property WAULT of 12.78 years to lease expiry (no break options) due the JD Gyms lease, although this falls to circa 8.70 upon the lease commencement of the Warehouse Racking Company Limited in June 2022.
- We allowed for a 6 month void period on the vacant space, but have not allowed for any future voids.

Capital Expenditure

- The Property is held on an FRI lease and generally in a good state of repair.
- We have not explicitly allowed for any other non-recoverable expenditure in undertaking our valuation and have reflected the risk of any other potential future shortfalls in our yield selection.

Purchasers Costs

- We have undertaken our valuation adopting full purchasers' costs, with Stamp Duty of 4.74%, and 1.5% agent fees, legal fees and VAT.

Yield Consideration

- In undertaking our valuation of the Property, we have had regard to the rental and sales evidence above which shows that well located industrial/leisure investments in this location should achieve net initial yields within a range of approximately 5.25% to 8.00%. We are of the opinion that the subject Property would fall within these parameters on a blended basis.
- In assessing the Market Value of the subject Property, we have adopted a split equivalent yield approach to reflect the different income tranches as follows:

Element	Capitalisation Rate
Gym	7.5%
Industrial	6.5%

- This equates to a blended equivalent yield 6.96% to reflect the attractive income profile and gym anchor.

Market Value

- This results in a market value of the freehold interest subject to the occupational leases of **£4,100,000,** reflecting a net initial yield of 3.00% and a reversionary yield of 7.28% and a capital value of £70.67 per sq. ft (excluding the mezzanines). This low net initial yield reflects the vacant unit as at the date of valuation.

Vacant Possession Value

- In arriving at our opinion of the current Market Value of the Property subject to full vacant possession, we have had regard to the likely price that would be achievable in today's market from an entrepreneurial investor seeking to re-let the vacant building to create an income-producing investment. An entrepreneurial purchaser would want a suitably generous profit margin to reflect the re-letting risks and associated void costs until the building is fully let.
- In arriving at our vacant possession value we have made the following assumptions:
  - A headline Market Rent of £317,070 per annum
  - An equivalent yield of 6.5% applied to the vacant space and 8.5% to the gym
  - A letting void of 6-12 months and a rent-free period of 6-12 months.
  - Letting and Legal Fees at 15% of Market Rent
  - Void costs accounting for service charge etc.
- Our overall vacant possession value is £3,500,000. This represents 85% of Market Value reported herein.

Suitability for Loan Security

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

Lenders Action Points

- Confirmation on Title.

Valuation as at 28 February 2022

Market Value:	£4,100,000	FOUR MILLION ONE HUNDRED THOSUAND POUNDS	
	Initial Yield:	Equivalent Yield:	Reversionary Yield:
	3.00%	6.96%	7.28%
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 1.50%.		
Market Rent:	£317,070 per annum	£5.47 per sq. ft	

Market Value on the Special Assumption of Vacant Possession:	£3,500,000	Assumed to be in the same physical state as it currently exists. We have assumed that the current tenants would not be in the market if the property were assumed to be vacant.

Appendix 1

Valuation Calculations

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Property

Address	Ogden Road, Doncaster, DN2 4SQ,
External ID	
Property Type	Industrial

Description/Notes

Valuation Tables Annually in Arrears

Valuation

Gross Valuation			4,381,691
Capital Costs			-24,310
Net Value Before Fees			4,357,381
Less	SDLT	@4.74% Stamp Duty	194,500
	Agents Fees	@1.00% Net Sale Price	41,000
	Legal Fees	@0.50% Net Sale Price	20,500
Net Valuation			4,101,381
Say			4,100,000

Equivalent Yield	6.9576%	True Equivalent Yield	7.2594%
Initial Yield (Valuation Rent)	3.0002%	Initial Yield (Contracted Rent)	3.0002%
Reversion Yield	7.2789%		
Total Valuation Rent	155,000	Total Contracted Rent	155,000
Total Rental Value	317,070	Number of Tenants	2
Capital Value Per Area	0		

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Legal & Letting Fees	28/02/2022	-24,311	0%	-24,311
				-24,311

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
28/02/2022	155,000	-24,311	0	130,690	3.0002%	3.0573%
28/08/2022	317,070	-24,311	0	292,760	6.7208%	7.0129%
01/03/2027	317,070	0	0	317,070	7.2789%	7.6225%

Yields Based On Say Value + Acq.Costs

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Tenants

Tenant Name	Suite	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Vacant (The Wareho			27/08/2027	Warehouse	Hardcore(6.5%)	0	0	162,070	2,315,024	0.0000%	-1.0501%	6.5000%	7.0008%
JD Gyms		13/12/2024	12/12/2034	Gym	Hardcore(7.5%)	155,000	155,000	155,000	2,066,667	7.5000%	7.5000%	7.5000%	7.5000%

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - Vacant (The Warehouse Racking Company)

Suite			
Lease Type	Industrial		
Lease Status	Contract		
Lease	5 years from 28/08/2022 Expiring 27/08/2027		
Parent Tenure	Freehold		
Cap Group	Warehouse		
Current Rent	0		
Rental Value	162,070		
Valuation Method	Hardcore(6.5%)	Froth	6.5%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	-1.0501%		
Equivalent Yield	6.5%		
Reversionary Yield	7.0008%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/08/2022	5	0	0	Base Rent	162,070	-24,311	0	137,760	5.9507%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Legal & Letting Fees	28/02/2022	-24,311	0%	-24,311
				-24,311

Revenue and Expenses

Label	Timing	Initial Annual Amoun
Void Costs	From 28/02/2022 to 28/02/2027	-24,311

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	0 Yrs 6 Mths	Void (Hardcore)	6.5000%	4%,0%	0 Yrs 0 Mths	0	162,070	-24,311	0	-24,311	0	-24,311	0.4769	1.0000	-11,593
28/08/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 6 Mths	162,070	162,070	-24,311	0	137,760	0	137,760	15.3846	0.9690	2,053,683
01/03/2027	In Perp	Adjustment (Hardcore)	6.5000%	4%,0%	5 Yrs 0 Mths	162,070	162,070	0	0	162,070	0	24,311	15.3846	0.7298	272,934

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
															2,315,024

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - JD Gyms

Suite			
Lease Type	Industrial		
Lease Status	Contract		
Lease	12y9m15d from 28/02/2022 Expiring 12/12/2034		
Parent Tenure	Freehold		
Cap Group	Gym		
Current Rent	155,000		
Rental Value	155,000		
Valuation Method	Hardcore(7.5%)	Froth	7.5%
Initial Yield (Valuation Rent)	7.5%		
Initial Yield (Contracted Rent)	7.5%		
Equivalent Yield	7.5%		
Reversionary Yield	7.5%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	2	9	15	Base Rent	155,000	0	0	155,000	7.5000%
13/12/2024	10	0	0	Rent Review	155,000	0	0	155,000	7.5000%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	7.5000%	4%,0%	0 Yrs 0 Mths	155,000	155,000	0	0	155,000	0	155,000	13.3333	1.0000	2,066,667
															2,066,667

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Ogden Road, Doncaster, DN2 4SQ

Leasehold: Leasehold
Ground Lease term 61 Years 10 Years 2 Days from 01/02/2022
Expiring 02/12/2083
Geared None 0% of Tenant Market Rent
Subject to a Minimum Ground Rent 0

Base Rent Schedule

Date	Years	Months	Days	Type	Units	Amount	Gross Rent
01/02/2022	2	10	2	Base Rent	£ / Year	0	0
03/12/2024	59	0	0	Base Rent	£ / Year	0	0

Appendix 2

Photographs

Front Elevation

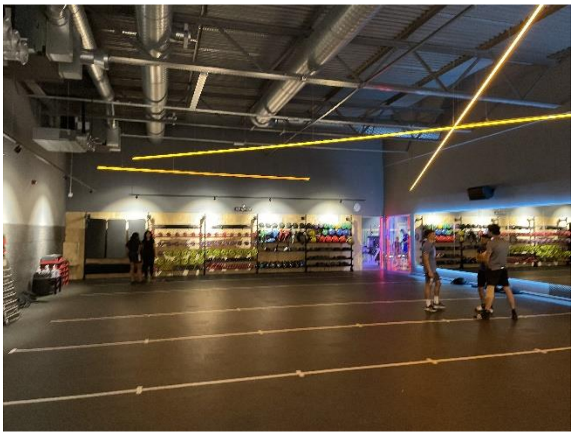
Car Park

Rear Courtyard

Weights Area

Cardio Area

Spin Studio



Studio

Changing Room

WC

Mezzanine

Mezzanine

Plant Room

Unit 2 – Front Elevation

Land

Access

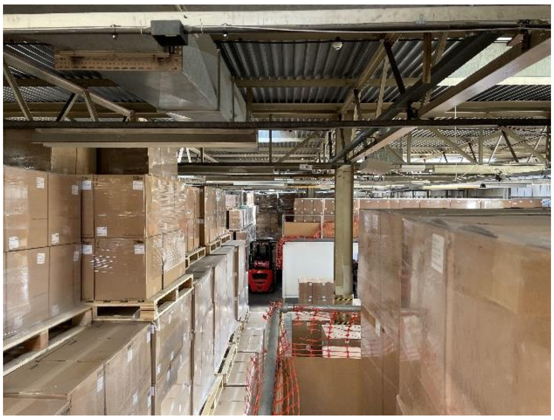
Service Yard

Loading Dock

Service Yard Access

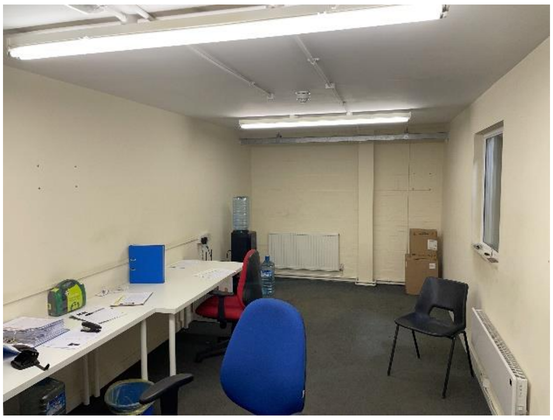
Warehouse

Warehouse



Warehouse

Warehouse



Modular Office

Modular Kitchen/Staff Room

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

(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.