

Report and valuation

of

**Pearwalk Properties Limited
Furness Vale Industrial Estate
Calico Lane
Furness Vale
High Peak
Derbyshire
SK23 7SW**

On behalf of Proplend Security Limited
FAO: Stewart Bruce
29 May 2018



Sanderson
Weatherall

**Pearwalk Properties Limited
Furness Vale Industrial Estate
Calico Lane
Furness Vale
High Peak
Derbyshire
SK23 7SW**



Prepared by
Sanderson Weatherall LLP
The Chancery
58 Spring Gardens
Manchester
M2 1EW

Nick Heap BSc (Hons) MRICS
nick.heap@sw.co.uk 0161 259 7020

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1. Summary

Report Date

29th May 2018

Client

Proplend Security Limited
20-22 Wenlock Road
London
N1 7GU

FAO Stewart Bruce

Bank's Client

Pearwalk Properties Limited (Borrower)

Purpose Of Valuation

Secured lending purposes

The Property

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

Description

The subject property comprises a former calico dyeing works which now operates as multi-tenanted commercial estate comprising industrial and office accommodation. The estate is situated in Furness Vale within the Goyt Valley/A6 corridor to the south of the Greater Manchester conurbation.

Area

The gross internal area of the various units on the subject site are measured to be 7,780.2 sq m (83,748 sq ft). Gross site area measured to be 3.23 hectares (7.98 acres)

Tenure

The subject property is held on a freehold basis under Land Registry Title DY259844 with the registered proprietor outlined to be Pearwalk Properties Limited. Although it is our understanding that there are rights of way for residential and commercial properties which use the private access road from Station Road, we confirm it is our interpretation that the title is free from any onerous restrictions or covenants which could have a negative impact upon value and our valuations have been prepared on this assumption. These title assumptions should be confirmed to be correct by the bank's solicitors prior to lending.

Tenancies

The property is currently majority let and subject to various occupational leases with the current gross rent receivable understood to be equivalent to £289,112.69 per annum. In addition, a service charge calculated at 10% of rent payable is collected from the tenants together with an insurance rent and water charge for

the units within Calico House which are not separately metered for water. We provide detailed comment on the various tenancy agreements within Section 3.10 of this report.

Basis of Value

You have specifically requested our opinion of value on the following bases and provide the following summary of our opinions of value.

Valuation Bases	
MV1 Market Value (MV1) as existing subject to the occupational agreements	£2,950,000 (two million nine hundred and fifty thousand pounds per annum)
MV2 Market Value (MV2) as at MV1 subject to a restricted marketing period of six months	£2,500,000 (two million five hundred thousand pounds per annum)
MV3 Market Value (MV3) assuming vacant possession	£2,000,000 (two million pounds)
MR Market Rent (MR)	£300,000pa (three hundred thousand pounds per annum)

Please see detailed commentary regarding our opinions of value within Section 5.1.1 of this report.

Reinstatement

An estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

£6,900,000 (six million nine hundred thousand pounds)

NB This summary should be read in conjunction with the full report attached hereto.

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2. Instructions

We refer to your email instructions received on 23rd April 2018 and our subsequent confirmation of instruction letter dated 25th April 2018, a copy of which is appended to our report. You have requested valuation advice in respect of the above mentioned office and industrial investment property and we are pleased to report as follows:

2.1. Purpose of Valuation

You have informed us that our valuation is to be prepared for secured lending purposes and we confirm that the report has been prepared in a format suitable for that purpose.

2.2. Asset Type & Classification

We confirm that the asset to be valued comprises various office and workshop buildings held on a freehold basis by the borrower and multi-let to various occupiers.

2.3. Scope of Instruction

You have specifically requested our opinion of value on the following bases:

MV1

Market Value (MV1) as existing subject to the occupational agreements

MV2

Market Value (MV2) as at MV1, subject to the special assumption of a restricted marketing period of 6 months

MV3

Market Value (MV3) assuming vacant possession

MR

Market Rent (MR)

In accepting your instruction we confirm the following:

The valuation date is at the date of our inspection 11th May 2018.

That we carry Professional Indemnity Insurance on a per claim basis which is adequate in respect of this instruction.

The valuer responsible for this report has sufficient knowledge, skills and understanding to undertake this valuation competently.

This report has been prepared by Nick Heap BSc (Hons) MRICS (Partner) and counter signed by Simon Heather BSc (Hons) MRICS (Partner) who accept responsibility for this report, have sufficient skills,

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knowledge and understanding to provide an unbiased and objective valuation and undertake this instruction competently, are members of the RICS Valuer Registration Scheme and is qualified to provide this advice as an External Valuer in accordance with PS2 and VPS3 of the RICS Valuation – Global Standards (July 2017) published by The Royal Institution of Chartered Surveyors (RICS) (“The Red Book”).

The property was inspected on Friday 11th May 2018.

2.4. Assumptions

The asset has been valued in GB Pounds (£).

We append a report on the property, including descriptions and notes as to location, extent and features of the site, construction and accommodation of the buildings, their apparent condition and the results of enquiries of the various authorities. We also include an extract of the Ordnance Survey plan showing the extent of the site, as we understand it to be, outlined in red and include some photographs.

Details of the extent of the property, tenure, tenancies, permitted uses and related matters have been supplied by the borrower and the vendor’s agent. Where possible this information has been checked on site. We have not made any investigations into the Capital Allowance position in respect of the subject property in the preparation of this valuation; we recommend that the owner of the property makes their own investigations to satisfy themselves in this respect.

2.5. Valuation Procedure

This Valuation has been prepared in accordance with our Standard Terms of Engagement, the RICS Valuation - Global Standards (July 2017), published by the Royal Institution of Chartered Surveyors (“RICS”) (“the Red Book”) and the IVSC International Valuation Standards (IVS).

2.6. Conflicts of Interest

We have no conflict of interest in providing this advice and, having checked our records, we understand none of the Partners/Directors nor employees of Sanderson Weatherall have had any other fee earning relationship within the last two years with your customers, nor the subject property, apart from the fee for this present service.

2.7. Liability

Our valuation is provided for the stated purpose and is for the use of the addressee only and no responsibility is accepted to any other party for the whole or any part of its contents. Our liability is not extended to your customer, nor to any other party or financial institution to whom your customer, in the event of obtaining a copy, might show this report.

Neither the whole or any part of this report, or any reference thereto, may be included in any document, circular, or statement nor our opinions of value disclosed without our prior written approval of the form and context in which they will appear.

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3. The Property

3.1. Location

Furness Vale Business Centre is located approximately 0.25 miles north of Station Road which in turn is a similar distance from Buxton Road (A6 trunk road). In a southerly direction the A6 trunk road bypasses Whaley Bridge and Chapel-en-le-Frith going to Buxton and eventually Derby in the south, to the north lies Disley, Stockport and Manchester City Centre. Furness Vale itself is a village in the High Peak district of Derbyshire situated in a linear layout along the A6 and which is situated in a semi-rural position with a resident population of approximately 1,500.

Whaley Bridge lies approximately 1 mile to the south, with Manchester city centre approximately 16 miles to the north-west and Buxton lying approximately 9 miles to the south. The Peak District National Park boundary is a short distance from the property, but the complex is outside of the National Park.

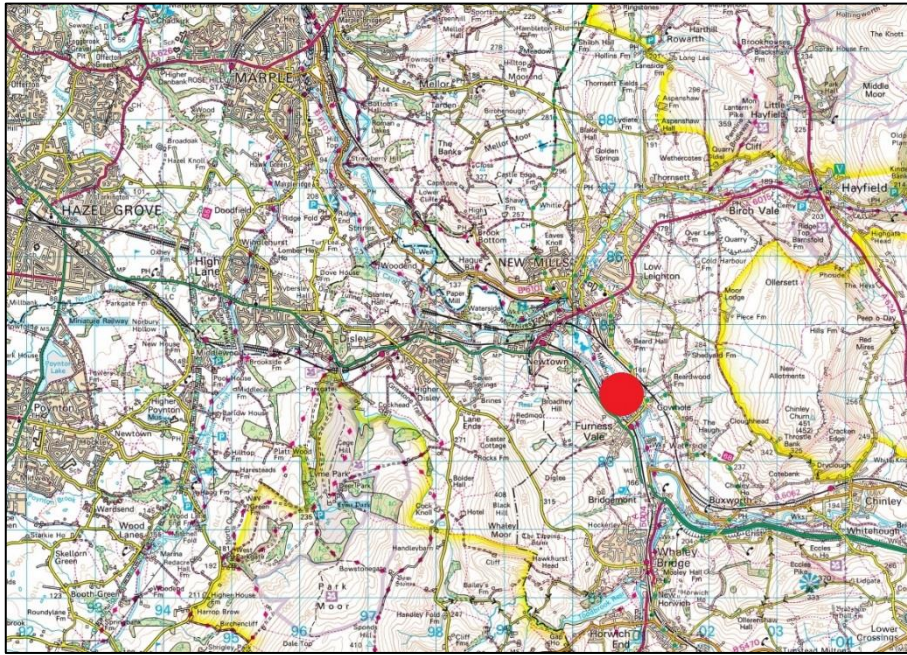
The general location of the property is illustrated on the following Ordnance Survey extracts.



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3.2. The Site

Gross Site Area	3.39 hectares (8.38 acres)
Site Coverage	15%

Notes on Site

The business centre occupies a site on the southern side of the River Goyt and is approached by a private cobbled roadway (Calico Lane) leading from Station Road which is understood to be within the borrower's freehold title. The site is at three distinct levels and generally slopes downwards towards the River Goyt to the north.

In terms of site layout, the site is of an irregular triangular shape sandwiched between the River Goyt to the north and the Peak Forest Canal to the south. It is accessed from Station Road (via the private access road Calico Lane) which in turn links with Buxton Road (A6 trunk road), however between the A6 and the private roadway is a level crossing with Furness Vale Railway Station adjacent, providing rail links to Manchester.

The buildings are concentrated towards the eastern side of the site adjoining the river with the area immediately to the west offering substantial landscaped car parking and circulation areas. In addition there is a wooded embanked area adjoining the canal. We understand that there are tentative proposals to bring forward residential and leisure development to the western part of the site (subject to planning). The

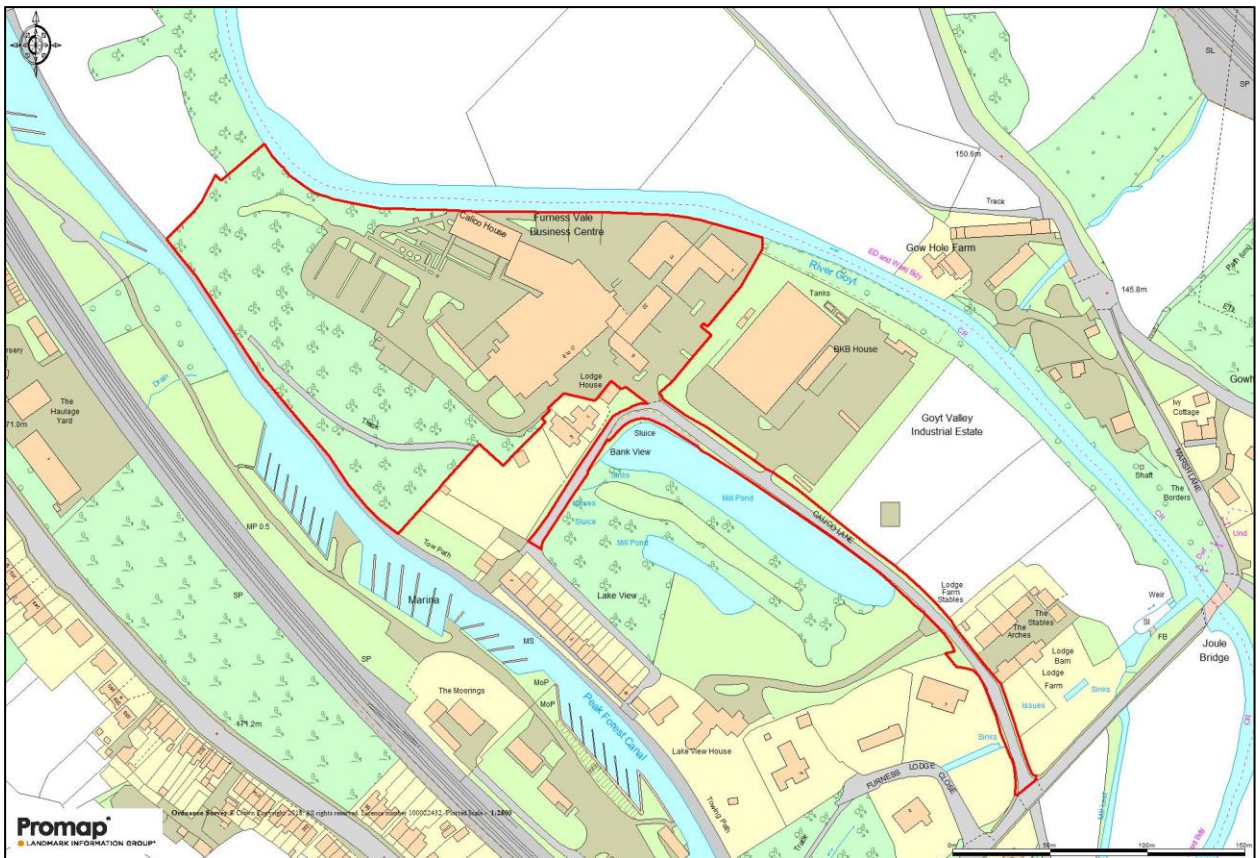
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roadways within the site have been resurfaced in relatively recent years with improvements to the site landscaping to improve the setting and appearance to the site.

The whole of the site is bounded by a mix of dwarf block walls, vegetation, post and rail fencing and open boundaries.

The extent of the freehold site boundaries (as we understand them to be) are shown edged red on the 1:2500 scale Ordnance Survey extract attached within Appendix I and reproduced below. Should it transpire that our freehold title boundary assumptions are incorrect, we would wish to revisit our valuation opinions.



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3.3. Description and Construction

For the purposes of this instruction, we do not intend to describe the forms of construction adopted in detail, but would instead refer you to our photographs within Appendix II. However, we make the following comments regarding the construction and layout of the subject property as noted from our inspection.

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As mentioned above the property comprises a former calico dyeing works, which appears to have been developed over a number of years to meet the original occupiers' requirements. The original buildings are understood to date back to 1794 with substantial additions in the Victorian era during the 19th and early 20th centuries. We understand that the site was acquired by your borrower in 1985 following which the property has been operated as a multi tenanted estate with industrial units and a number of buildings being converted for office use with general improvement and rolling refurbishments taking place throughout the estate over the years.

The buildings occupy a split level site and are generally two storeys in height although part is arranged over three and four storeys. We include at Appendix III site plans which provide a general indication of the site layout and would comment as follows in relation to the units as demarcated thereon. Please note, we were unable to gain access to all the buildings on site although, in the context of our other recent previous visits to the site, we consider that we have a good knowledge of all the buildings at the subject site.

The Industrial Units

Units 1/1b/1c

The premises comprise a three storey stone built building beneath a pitched, slate covered roof, to the side of which is a relatively modern single storey steel framed extension. The ground floor (Unit 1) is tenanted but the upper floors (Unit 1b & 1c) require further renovation to put them into lettable condition (we understand these to be in a shell condition and not currently lettable without further works).



Unit 1



Unit 2

A single storey building constructed in stone clad elevations with a solid floor and a slate covered roof on timber trusses. The unit is of basic specification but is currently let as workshop accommodation together with Unit 1.

Unit 3/3b/3c

The premises comprise a single storey building constructed in stone clad elevations with a solid floor. The whole is contained beneath a slate covered roof in two bays, incorporating wired glass roof lights and supported on mild steel trusses. This unit has relatively recently been sub-divided into three individual business units, units 3, 3B and 3C.



Unit 3

Unit 4/4b/4c

The unit forms the ground floor of a two storey building, which is built in stone elevations with a pitched, slate covered roof. The building has been split into three units occupied by two tenants. It has a solid floor and has access to outside ground level at the rear via steel roller shutter doors.

Unit 5

Adjacent to Unit 4, Unit 5 is arranged over a lower ground (storage) and ground floor (offices) levels and is also of stone construction. The unit is let and occupied by Raymond Reynolds Limited, a wine import business which we understand to be connected to the borrower.

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Unit 5

Unit 7/8/9/9b/9c, Unit 25 & 25b

The premises comprise a part single and part two storey workshop premises with a solid floor, which is at varying levels. The upper floor provides a separate unit 25 office suite and 25b. The building also includes part of Unit 24 accessed from the adjoining building. The elevations are stone clad and the whole is contained beneath a multi bay pitched, slate covered roof. Access for loading is provided by two steel roller shutters and 1 folding door. Unit 7, 8 and 25 are occupied Unit 9 and 25b are vacant (although we understand that a new tenant is to take a lease of Unit 9 in October 2018 – see Tenure section of the report).

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Units 25 & 25b

Unit 10/26

Units 10 and 26 form the largest unit at the complex and are occupied by Pearwalk Engineering an associated company of the Bank's customer. This is a two storey building which has access for loading purposes to outside ground level to both floors, as a result of the sloping nature of the site.

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Unit 10/26

The unit has solid ground floors and mainly timber upper floors with stone clad elevations. The whole is contained beneath a multi bay roof, which is generally slate covered and supported on timber trusses. At lower ground floor level, the accommodation is obstructed by cast iron columns.



Unit 10/26

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The premises are predominantly used for engineering purposes, but incorporate office accommodation at both ground and first floor levels. The office accommodation is of basic specification with carpeted floors, plastered and painted walls and suspended ceilings with part diffused fluorescent lighting. Effectively this unit is owner occupied but an internal rent is paid to the Business Park.

Unit 16

The ground floor of a two storey building, the unit has a solid floor and a steel roller shutter door to the front elevation. The premises provide lofty storage accommodation of basic quality.

Unit 17

The ground floor of a two storey building, the unit has a solid floor and a steel roller shutter door to the front elevation. The premises provide lofty storage accommodation, with the floor space being obstructed by cast iron columns.

Unit 29

The first floor over Unit 16, the premises have access via a steel roller shutter door which is approached via a loading dock shared with Unit 30. The unit has a solid floor and has a two bay timber trussed roof with boarded under-drawing.

Unit 30

The first floor over Unit 17 with access shared with Unit 29. The unit is currently vacant.

Business Centre Offices

Unit 22/23/24

The unit comprises the first floor over Units 4, 5 and 7. The whole has been refurbished and provides office accommodation which we understand was previously occupied by the Local Authority Housing Department but is now predominantly occupied by Avanti Conveyors. The accommodation has open plan and partitioned offices, plastered and painted walls, suspended ceilings with recessed category II lighting and is provided with male, female and disabled toilet facilities. The tenant installed a lift to the first floor for DDA compliance.

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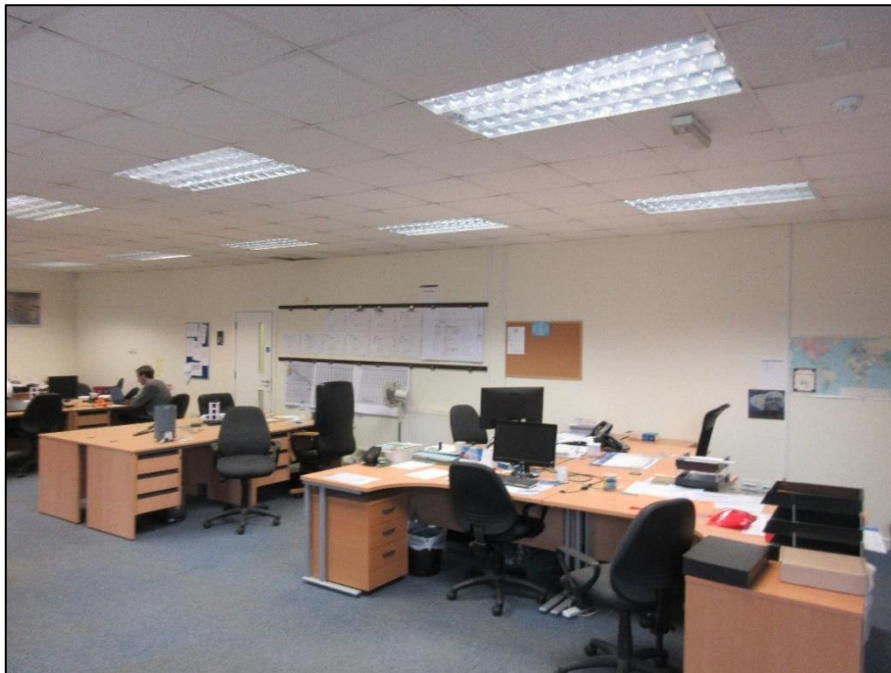
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Units 22/23/24



Avanti Conveyors Offices

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Office Suites (Calico House)

Calico House is a three storey building constructed in brick clad elevations beneath a pitched, slate covered roof. Due to the sloping nature of the site there is access to all levels from outside ground level, albeit via footbridges, and there is also natural lighting to the majority.



Calico House

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Calico House – Typical Office Suite

Calico House – GF1/14 (Ground floor)

All rooms on the lower level have been refurbished to provide cellular offices/stores. The offices are carpeted with plastered and painted walls and flush ceilings with fluorescent light fittings. Heating is via electric wall mounted heaters. Some rooms have been combined to create larger offices suites. The floor offers eleven office suites the whole of which is occupied by seven individual tenants.

Calico House – MF1/14 (Mid floor)

The upper ground or middle floor of Calico House is similarly subdivided to provide a range of multi-occupied office suites fitted out with carpeted floors, bare faced brick or plastered walls and plastered and painted ceilings with diffused fluorescent lighting. The floor offers nine individual office suites, seven of which are currently let.

The common areas are of a similar specification and include communal kitchen and toilet facilities.

Calico House – FF1 (Top floor)

The top floor provides office accommodation known as Suite FF1 (formerly Unit 31) and is let to a single occupier Cadtek. Toilet and ancillary facilities are provided within a central service core. Windows within this section have recently been replaced with Upvc double glazed units.

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Cadtek Offices

Residential Accommodation

The Flat

At upper ground floor level, and adjacent to the offices within Unit 26, is a self-contained residential apartment which has been sympathetically created from a former factory area with exposed timber trusses and exposed brickwork being its principal feature. The accommodation provides a lounge, snooker room, cloakroom, dining kitchen, a bathroom and three bedrooms, one of which is en-suite, modern fitted kitchen and bathrooms are installed. The flat is occupied by an individual relative (mother) of the directors of the Bank's customer and has been occupied for several years. There is separate ground floor access to the flat with a substantial cottage garden area to the frontage (adjoining Unit 10/26) loading bay). We were unable to inspect this accommodation on the day of our inspection but have accessed this unit on previous visits.

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The Flat

The Lodge House

A residential property is located at the entrance to the estate and shares common roadways but is understood to be outside of the freehold demise to be charged and this building is therefore excluded from our valuations.

The Grounds

Externally, the estate is served by a part macadam/concrete surfaced roadway, which provides access to extensive car parking areas adjacent to Units 10 and 4, as well as to the west of Calico House, which includes extensive landscaped areas. In addition the west of the site is wooded and slopes up to the canal.

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Car Park

The customer is currently exploring the development possibility on the rear part of the site which is currently undeveloped and not actively occupied. We have commented further on this aspect in section 3.5 within this report.

3.4. Accommodation

We have measured the building in accordance with the RICS Property Measurement (2nd Edition). Below is a summary of the floor areas measured on a gross internal area basis. Please see floor plans included at Appendix III for an indication of layout.

The following accommodation is provided:

Description	Gross internal floor area	
	Sq.M	Sq.Ft
The Industrial Units		
Unit 1	403.19	4,340
Unit 1B	115.20	1,240
Unit 1C	115.20	1,240
Unit 2	167.22	1,800
Unit 3	301.93	3,250
Unit 3B	42.74	460
Unit 3C	71.72	772

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Unit 4	310.10	3,338
Unit 4B	33.44	360
Unit 4C	46.17	497
Unit 5	126.81	1,365
Unit 7	90.58	975
Unit 8	70.79	762
Unit 9	198.81	2,140
Unit 9B	197.04	2,121
Unit 9C	101.35	1,091
Unit 10 & 26	2,444.94	26,318
Unit 16	209.95	2,260
Unit 17	244.88	2,636
Unit 25	67.35	725
Unit 25B	209.03	2,250
Unit 29	209.95	2,260
Unit 30	264.77	2,850
Business Centre Offices		
Unit 22	134.89	1,452
Unit 22B	121.42	1,307
Unit 23	10.96	118
Unit 23B	32.05	345
Unit 23C	14.77	159
Unit 23D	36.88	397
Unit 24	35.49	382
Unit 24B	19.88	214
Office Suites (Calico House)		
<u>Lower Ground Floor</u>		
GF1	33.63	362
GF2 – (now utilised as communal canteen)	-	-
GF3	22.76	245
GF4	24.90	268
GF5 & 7	48.40	521
GF6	15.98	172
GF8	19.51	210
GF9	21.55	232
GF10	19.88	214
GF11 & 13	41.34	445
GF12 & 14	54.81	590
<u>Upper Ground Floor</u>		
MF1	15.33	165

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MF2 & 4	53.32	574
MF3	23.41	252
MF5	23.41	252
MF6	25.64	276
MF7	23.60	254
MF8	26.76	288
MF9 & 11 & 13	74.69	804
MF10 & 12 & 14	78.04	840
<u>Top Floor</u>		
FF1 (former Unit 31)	497.94	5,360
Residential Accommodation		
The Flat	185.8	2,000
Total Gross Internal Area of individual units (excluding communal areas)	7,780.20 Sq.m	83,748 Sq.ft

3.5. Development Proposals

We are aware that the borrower is hoping to secure a residential planning consent for at least part of the subject site and we are informed that pre-application discussions are ongoing with the local authority currently to that end. Please see further detailed comments in this regard within Section 3.8.2 of this report.

3.6. Condition

We have not carried out a building survey and our comments that follow should not be regarded as such. However, we make the following general observations following our inspection of the property.

Your customer has periodically refurbished, improved and repaired various areas throughout the estate and the external estate roadways have been resurfaced together with general external improvements and replacement Upvc windows have been installed to the top floor of Calico House. However some of the buildings which are in excess of 100 years old are of basic quality and significant refurbishments are unlikely to be economically viable to some areas. Ultimately, an increased level of repairs and maintenance spend should be expected at the estate having regard to the old age of the buildings on site.

Due to the size, nature and tenancies at the property we have been unable to inspect some parts of the premises however overall we would consider that the various buildings at the subject site are in a fair state of repair and decoration commensurate with its age, nature of construction and usage and it is clearly evident that your customer has a 'hands on approach' to the refurbishment and improvement of the estate as and when units fall vacant or funds are available.

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3.7. Services & Amenities

Mains services:	We understand that all main services are available to the estate. Surface drainage is understood to be into the adjoining river as a consequence of the site's original use as a print works.
Heating:	Some individual units benefit from gas fired heating units others are unheated. Heating to the offices is predominantly via wall mounted electric heaters or a central heating system in some units.
Air conditioning:	None.
Lifts	External passenger lift to the first floor offices of Unit 22/24.
Other	CCTV.

We understand that all units have the benefit of separately metered mains services with the exception of Calico House where the electricity supply is sub-metered by the landlord.

None of the above services were tested during the course of our inspection of the property.

3.8. Statutory Enquiries

3.8.1. Highways

We have been informed by the Local Highway Authority, Derbyshire County Council, that Station Road is an adopted highway whereas the cobbled access road (Calico Lane) running up to the estate from Station Road is not. As such, the maintenance of this road will be the responsibility of the borrower although we would expect that there would be some provision to recover some contributions proportionally from the third party owned residential and commercial buildings which enjoy a right of way over the road. We also presume that some element of the service charge levied against the tenants could be used towards upkeep of the access road.

3.8.2. Planning Policy

The property is within the High Peak Borough Council Local Planning Authority area. The majority of the site is currently allocated as a 'Primary Employment Zone' within the Local Plan (which was adopted in April 2016), and as such B1, B2, and B8 uses as outlined by the Town & Country Planning (use classes) Amendment Order would be considered appropriate i.e. business, industry and warehouse uses.

We note that the subject site has also been identified by the local authority as a 'Strategic Development Site' under policy DS12 of the Local Plan. Policy DS12 specifically relates to Furness Vale Business Park and states "*Land amounting to 3.1 hectares is allocated for business, tourism and leisure uses and residential development of up to 26 dwellings. Development will be subject to compliance with adopted local plan policies, and:*

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- Preparation of a comprehensive master plan and phasing programme;
- Provision of an improved access;
- Provision of the required proportion of affordable housing (currently 30%). Any reduction in this amount will be subject to financial assessment;
- Contributions towards infrastructure, greenways, services and other community needs as required;
- Provision of a comprehensive landscaping plan, including the retention of mature trees to maintain low visual prominence of the site;
- A site specific Floor Risk Assessment in accordance with the findings of the High Peak Viability Assessment: Level 2 Strategic Flood Risk Assessment;
- Contamination and ground condition survey;
- Archaeological desk-based assessment;
- Buildings appraisal and assessment of non-designated heritage assets and the retention of existing buildings where possible;
- An ecological assessment of the site

The revised Local Plan therefore specifically identifies the Furness Vale Business Park for further development. The Local Plan revision specifically states that:

“The site is adjacent to the Green Belt, and part is designated as Countryside. The existing Estate is currently designated as a Primary Employment Zone in the Local Plan, with the adjacent land to the south-west allocated for new employment use. The Estate largely comprises former mill buildings now unsuited to modern business or industrial uses. It is proposed therefore to relax the existing employment designation as part of a comprehensive redevelopment. Any scheme should retain existing employment, refurbish existing buildings where appropriate and provide new employment units, and improve the existing access to the site, including the provision of footways and street lighting. A comprehensive masterplan is required to reconcile any potential conflict between the housing and employment uses, and to ensure that the canal is central to the design of the development, that the siting, configuration and orientation of buildings optimises views of the water, enables natural surveillance of water space, and encourages and improves access to and from, and along, the water. In addition, it is important that it should consider linkages to the existing footpath and greenway network, including cycling and public transport, and to other heritage assets and other potential developments that are linked by the canal, such as Britannia Mill and Bingswood. To add sufficient value to cross-subsidise the employment development and necessary infrastructure, it is proposed that new residential development of approximately 26 dwellings is provided on 0.7ha, together with tourism and leisure uses in the form of holiday chalets on a further 0.9ha. An agreed masterplan and phasing programme will be required to ensure that the benefits of the development are achieved. Additional housing and / or live/work units may be permitted subject to the submission of an appropriate viability assessment at the time of an application to demonstrate that it is required and that it is sustainable. This would also be subject to the development overall still providing improvements to the industrial estate as originally intended.”

With regards to the proposal to allow (in principal) the development of 26 new dwellings at the subject site, we note that the borrower is hoping for a significantly higher number of residential dwellings to be developed on the western part of the site on land which, in part, is currently occupied by Units 10/26 (Pearwalk Engineering). As such, any proposals in this regard would include the relocation of this business. We have

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had sight of a pre-application masterplan report dated January 2017 prepared by Peak Architects which proposes a higher density development of 158 one and two bedroom apartments on the western part of the site with commercial uses retained to the eastern and northern parts. We are informed by the borrower that pre-application discussions are ongoing with the local authority with a view to submitting a planning application in the short term future. It has been indicated to us that the local authority have been generally supportive towards the higher density housing proposed, although this obviously does not provide any cast iron certainty that planning consent could be obtained, particularly as any such proposals would be subject to consultant from various environmental and local authority bodies.

The property is not a Listed Building nor is it in a Conservation Area. It does however, lie close to open countryside (Green Belt) and is located outside of but close to the Nation Park boundary (Peak District). We would also comment that the undeveloped western part of the site fronting onto the canal appears to be designated as a 'Protected Tree Area' which could potentially have an impact upon any development proposals.

3.8.3. Planning Applications

We are aware of the following recent planning applications made at the subject site:-

Reference	Proposal	Decision
HPK/2010/0409	Erection of platform lift to exterior of the building (Unit 23)	Approved Decision date 15/09/2010
HPK/2010/0202	Single storey industrial building B2	Approved Decision date 22/06/2010
HPK/2010/0082	Replace extant planning permission HPK/2005/0063 in order to extend the time limit to implement single industrial unit	Application invalid
HPK/2009/0194	Change of use to business units to D2 gymnasium club	Application withdrawn
HPK/2005/0063	Single industrial building	Approved Decision date 10/03/2005

We confirm it is our understanding that the subject site has full consent for its existing use and layout and we have assumed this is the case for valuation purposes.

3.8.4. Property Taxation

The property is assessed in the 2017 rating list as follows.

Address	Description	Rateable Value
Unit 1	Workshop and premises	£16,000
Unit 2	Factory and premises	£5,400
Unit 3	Workshop and premises	£9,800

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Unit 3A (aka 3b)	Workshop and premises	£2,650
Unit 3B (aka 3c)	Workshop and premises	£1,700
Unit 4	Warehouse and premises	£9,600
Unit 5	Warehouse and premises	£5,000
Unit 7	Workshop and premises	£4,800
Unit 8	Workshop and premises	£1,950
Unit 9A	Workshop and premises	£6,900
Unit 9B & 9C	Workshop and premises	£9,600
Unit 10/26	Factory and premises	£55,000
Unit 16	Workshop and premises	£7,200
Unit 17	Workshop and premises	£8,600
Unit 22	Offices and premises	£6,600
Unit 22b	Offices and premises	£5,800
Unit 23	Offices and premises	£570
Unit 23b	Offices and premises	£4,350
Unit 24	Offices and premises	£4,200
Unit 25a	Workshop and premises	£1,475
Unit 25b	Workshop and premises	£5,100
Unit 29	Workshop and premises	£5,400
Unit 30	Warehouse and premises	£5,400
GF1 Calico Lane	Offices and premises	£2,025
GF3 Calico Lane	Offices and premises	£1,550
GF5 & GF7 Calico House	Offices and premises	£3,100
Unit GF4 Calico House	Offices and premises	£1,875
GF6 Calico Lane	Offices and premises	£930
GF8 Calico Lane	Offices and premises	£1,675
GF9, GF11 & GF13 Calico Lane	Offices and premises	£3,850
GF10, GF12 & GF14 Calico Lane	Offices and premises	£5,800
Unit MF1 Calico Lane	Offices and premises	£990
Units MF2 & MF4 Calico Lane	Offices and premises	£3,350
Unit MF3 Calico Lane	Offices and premises	£1,250
Unit MF5 Calico Lane	Offices and premises	£1,450
Unit MF6 Calico Lane	Offices and premises	£1,550
Unit MF7 Calico Lane	Offices and premises	£1,100
Units MF 8-14	Offices and premises	£4,950
Units MF 9, MF11 & MF13 Calico House	Offices and premises	£4,100
Unit 31 (known as FF1) Calico House	Offices and premises	£15,000

The National Non-Domestic Rating Multiplier is set at 49.3 pence in the pound for rateable values above £51,000 and 48.0 pence in the pound for rateable values below £51,000 for the rates year 2018/19.

The subject property may be subject to transitional phasing and as such multiplying the Rateable Value by the National Non-Domestic Rating Multiplier may not give a true representation of the rates payable. The business rates liabilities are presumed to be the responsibility of the various tenants and therefore there should be only a nominal empty rates liability (if any).

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3.8.5. Equality Act 2010 & Disability Discrimination

It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

Due to the age and converted nature of the buildings on the site we consider it would be very difficult to be fully compliant with the Equality Act although reasonable adjustments will need to be made to ensure the buildings are as accessible as possible. From our brief inspection of the property there appeared to be no major obvious compliance issues outstanding and our valuations are therefore prepared on the general assumption that there are no adverse issues in this regard.

3.8.6. The Regulatory Reform (Fire Safety) Order 2005

We have not had sight of any Fire Safety Assessment for this property, and we would recommend therefore that the occupiers take this in hand to ensure that they are in compliance with the legislation.

Our valuations are prepared on the assumption that there are no major compliance issues outstanding in this regard which would present a valuation significant issue.

3.9. Environmental Issues

We are not Chartered Environmental Surveyors and we have not been instructed to make any investigations, in relation to the presence or potential presence of contamination or other environmental features in land or buildings or affecting the property. We have not carried out any detailed investigations into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites. In practice, purchasers in the property market do require knowledge about contamination and other environmental factors. 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, or the property is affected by other environmental factors, this might reduce the value now reported.

No indications of present contaminative land uses or other environmental features were noted during our inspection. Our inspection was of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or groundwaters. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the property, further specialist advice should be obtained. You are advised to ensure that your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments. However, we would generally comment that the premises comprise an industrial complex in excess of 100 years old and is understood to have originally been developed and occupied as a calico print works historically prior to being acquired by your customer in 1985. At present, the property is occupied and operated both as offices and for manufacturing purposes as a multi-let business estate. Having regard to the prior use there is potentially an enhanced risk of hot spots of contamination at the subject site and it should be appreciated that we are unable to definitively confirm that there is no ground contamination at the subject site. However, having regard to the current and likely future uses at the subject site we consider that the risk in this regard to be acceptable from a bank lending perspective, although a detailed site investigation report will presumably be required as a

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condition of any planning consent for redevelopment. However, ultimately, the bank will need to take a view on the risks in this regard. For the avoidance of doubt, our valuations assume there is no significant ground contamination present at the subject site which would present a material abnormal cost in this regard.

3.9.1. Asbestos

Our inspection of the property does not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

We have not had sight of any Asbestos Register for this property, although the buildings on site are of an age where there is some potential for asbestos containing materials to be present. We presume that the owner of the property has prepared an asbestos register for the buildings and the subject site and that a management plan is in place for any potential asbestos containing materials identified (if any).

Please note, our valuation assumes the findings of an asbestos survey would not be valuation significant.

3.9.2. Flooding

The Environment Agency flood map indicates that the northern part of the site adjacent to the River Goyt is within a Flood Zone 3, which is rated as having a 1 in 100 or greater annual probability of flooding. However, the majority of the site appears to be classified as being within a Flood Zone 1 with a low probability of flooding.

We would comment that the River Goyt runs along the northern boundary of the site, although we understand there are flood defences in place to the banking along the boundary with the subject site which is at a higher level than the river. The land to the north is also at a substantially lower level than the subject site which would act as an overflow from the river in times of flood.

Consequently, we have prepared our valuations on the assumption that the risk of flooding is acceptable at the subject property. Should a specialist flood risk report suggest otherwise, we would wish to revisit our valuation opinions. Again, a detailed flood investigation report is likely to be a condition as part of a planning consent.

3.9.3. Invasive Plant Species

During our inspection of the property the presence of invasive species was not noted, however our investigations were not exhaustive and we cannot therefore categorically state that none were present. Any potential purchaser should make their own investigations in this respect, especially if redevelopment is considered. If invasive species are found to be present on site, this may reduce the valuations herein reported.

3.9.4. Energy Performance Certificates

Properties within the UK require an Energy Performance Certificate (EPC) when bought, sold, built or rented. An EPC measures the asset rating of a building in relation to its energy performance.

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The 2015 Energy Efficiency Regulations, passed in March 2015, set out minimum energy efficiency standards (MEES) for England and Wales. These regulations will make it unlawful for landlords to grant a new lease of properties that have an energy performance certificate (EPC) rating below E, from 1 April 2018. Furthermore, it is conceivable that in the future, the minimum energy efficiency rating could be more stringent.

It is also proposed that from April 2023 this requirement will extend to all premises, including those where a lease is already in place and a tenant is already in occupation.

It appears that a single Energy Performance Certificate has been prepared for the whole site (dated 25th April 2018) which provides an Energy Performance Asset Rating of 99 (Band D). As such, the subject property is compliant with the minimum requirements of current legislation, as summarised above.

3.10. Tenure & Tenancies

Tenure

The subject property is held on a freehold basis under Land Registry Title DY259844 with the registered proprietor outlined to be Pearwalk Properties Limited. We have outlined our understanding of the freehold title boundaries on the site plan included at Section 3.2 of this report.

As outlined earlier in this report, we understand that adjoining land owners and occupiers of the residential properties along Calico Lane have the benefit of a right of way over the access road owned by the borrower and we further assume that there is provision to recover some road maintenance costs from these occupiers. However, we do not consider this to be an adverse issue in the context of the bank's loan and we confirm that we have assumed that there are no adverse restrictions or covenants affecting the title. We strongly recommend that the bank's solicitors investigate and confirm our title assumptions are correct prior to lending and we would welcome the opportunity to review and comment upon the solicitors report on title.

Tenancies

The units on the estate are currently subject to various occupational agreements and we have been provided with a tenancy schedule by the borrower which we assume to be correct at the date of valuation and this version is included within Appendix IV. We summarise the current tenancy agreements below:-

Unit	Tenant	Basic Rent (psf)	Service Charge	Insurance Rent	Water Charge	Lease Expiry
1	Avanti Conveyors	£17,360pa (£4.00 psf)	£1,736.00	£2,170.00	-	01/05/2019
2	Avanti Conveyors	£6,300pa (£3.50 psf)	£630.00	£900.00	-	01/05/2019
3	Avanti Conveyors	£13,000pa (£4.00 psf)	£1,300.00	£1,625.00	-	01/05/2019

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3B	Pearwalk Properties Stores	Owner Occupied	-	-	-	-
3A	Peak Bean	£2,702pa (£5.87 psf)	£270.20	£386.00	-	01/04/2018
4	Avanti Conveyors	£15,021pa (£4.50 psf)	£1502.10	£1,669.00	-	01/05/2019
4B	Avanti Conveyors	£1,620pa (£4.50 psf)	£162.00	£180.00	-	01/05/2019
4C	Alan Hibbert	£1,956.19pa (£3.94 psf)	£195.62	£248.50	-	01/05/2018
5	Raymond Reynolds Ltd	£4,095pa (£3 psf)	£409.50	£682.50	-	01/01/2019
7	Buxton Pudding Co	£5,362.50pa (£5.50 psf)	£536.25	£487.50	-	01/05/2021
8	Whaley Bridge Brewery	£3,048pa (£4.00 psf)	£304.80	£381.00	-	01/06/2018
9	Vacant	-	-	-	-	-
9B&9C	Nomow Ltd	£7,225pa (£2.25 psf)	£722.50	£1,060.50	-	15/11/2017
10&26	Pearwalk Engineering	£65,795pa (£2.50 psf)	£6,579.50	£13,159.00	-	01/10/2028*
16	Wakefield Fabrications NW	£9,040pa (£4.00 psf)	£904.00	£1,130.00	-	01/10/2018
17	Avanti Conveyors	£11,862pa (£4.50 psf)	£1,186.20	£1,318.00	-	01/12/2017
22	Avanti Conveyors	£13,068pa (£9.00 psf)	£1,306.80	£726.00	-	01/05/2019
22B	Avanti Conveyors	£11,763pa (£9.00 psf)	£1,176.30	£653.50	-	01/05/2019
23	Avanti Conveyors	£1,180pa (£10.00 psf)	£118.00	£59.00	£100.00	01/12/2017
23B	Centro Consulting	£2,583.75pa (£7.49 psf)	£258.38	£172.25	£100.00	01/08/2018
23C	Centro Consulting	£1,188.75pa (£7.48 psf)	£118.88	£79.25	£60.00	01/08/2018
23D	Centro Consulting	£2,977.50pa (£7.50 psf)	£297.75	£198.50	£100.00	01/08/2018
24	Vacant	-	-	-	-	01/09/2020
24B	Vacant	-	-	-	-	01/09/2020
25	Jon Parker Lee Photography	£1,160pa (£1.60 psf)	£116.00	£362.50	£50.00	01/11/2018
25B	Vacant	-	-	-	-	-
29	Hipupolstery	£610.20pa (£0.27 psf)	£61.02	£1,130.00	-	04/11/2017

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30	Vacant	-	-	-	-	-
GF1	Spicetech UK	£1,448pa (£4.00 psf)	£144.80	£181.00	£100.00	01/08/2018
GF3	Content Capture Services	£1,837.50pa (£7.50 psf)	£183.75	£122.50	£100.00	13/03/2018
GF4	Perma Retail	£1,876pa (£7.00 psf)	£187.60	£134.00	£100.00	01/04/2017
GF5&7	Premier Financial Planning	£2,605pa (£5.00 psf)	£260.50	£260.50	£150.00	31/11/2017
GF6	Perma Retail	£688pa (£4.00 psf)	£68.80	£86.00	£100.00	01/05/2018
GF8	Mothax	£1,260pa (£6.00 psf)	£126.00	£105.00	£100.00	01/01/2018
GF9	Perma Retail	£1,624pa (£7.00 psf)	£162.40	£116.00	£100.00	01/08/2018
GF10	Signs Made Here	£1,016.50pa (£4.75 psf)	£101.65	£107.00	£100.00	01/11/2018
GF11&13	Perma Retail	£3,115pa (£7.00 psf)	£311.50	£222.50	£200.00	01/08/2018
GF12&14	Signs Made Here	£2,802.50pa (£4.75 psf)	£280.25	£295.00	£300.00	01/11/2018
MF1	Spicetech	£1,650pa (£10.00 psf)	£165.00	£82.50	£100.00	01/01/2018
MF2&4	Goyt Construction	£3,243.10pa (£5.65 psf)	£324.31	£287.00	£146.00	30/11/2018
MF3	Capital Allowance	£2,520pa (£10.00 psf)	£252.00	£126.00	£100.00	-
MF5	Townsend Board	£2,520pa (£10.00 psf)	£252.00	£126.00	£100.00	10/07/2018
MF6	Spicetech	£331.20pa (£1.20 psf)	£33.12	£138.00	£100.00	01/08/2018
MF7	Roman Design Solutions	£2,540pa (£10 psf)	£254.00	£127.00	£100.00	01/06/2019
MF8	Roman Design Solutions	£2,880pa (£10psf)	£288.00	£144.00	£100.00	01/06/2019
MF9,11 &13	Content Capture Services	£6,030pa (£7.50 psf)	£603.00	£402.00	£300.00	01/11/2016
MF10,12 &14	Cake Nest	£8,400pa (£10.00 psf)	£840.00	£420.00	£300.00	01/09/2020
FF1	Cadtek	£41,808pa (£7.80 psf)	£4,180.80	£2,680.00	-	01/03/2019
TOTAL		£289,112.69pa	£28,911.27	£34,940.00	£3,106.00	

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*We understand that Pearwalk Engineering have recently signed into a new 10 year lease expiring October 2028 at the same annual rent as previously and we have assumed this to be correct.

We also understand that a letting has been agreed for Pyro Gen Limited to take occupation of Units 9, 9B and 9C from October 2018 on a 10 year lease at an initial rent understood to be £26,995pa with current occupier Nomow Ltd vacating prior to the lease term commencing. As such, from October 2018 the annual rent receivable will be enhanced to an equivalent amount equating to £308,882.50 per annum.

We have been provided with copies of the tenancy agreements for the various tenancies outlined above. Whilst we have not had time to undertake a detailed review of all of the agreements within the timescales available to produce this report, we understand that all the tenancy agreements are generally consistent with the standard terms as outlined below:-

Landlord Standard Lease Terms

Landlord:	Pearwalk Properties Limited
Tenant:	To be defined
Demised premises:	To be defined
Term:	To be defined
Rent:	To be defined but payable monthly in advance. Subject to VAT.
Outgoings:	Tenant pays rates and consumables for the unit.
Rent review:	End of every year of lease period.
Insurance:	The landlord is to insure the premises. Premiums can be charged to the tenant.
Repair:	Tenant to keep in good repair the section let. (Internal repairs). The tenant is responsible for internal decoration of section let.
Rates:	The tenant to pay the rates due on the unit occupied.
Services:	There is provision for a service charge of 10% of the annual rent for common areas and estate maintenance.
Alienation:	The tenant may assign the whole with landlords consent subject to an Authorised Guarantee Agreement. Can underlet the whole. Tenant cannot assign or under let part only.

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User: To be defined.

Alterations: Tenant not to alter the property.

As a proportion of the overall rental income generated, approximately 23% of the rent received is from Pearwalk Engineering Limited which is a company connected to the borrower and understood to be effectively under the same control and we note that this lease has recently been renewed and now has an expiry date of October 2028. Although it was indicated to us that the company is trading well, the information that would be available to an investor, comprising the most recent published accounts for the year ending September 2016 indicate that the company has a negative net worth of -£148,307 and stated cash balances of £957 which represents a weak balance sheet. On the basis of this evidence, we consider that the investor market would consider this company to have a generally weak covenant strength.

The other principal tenant is Avanti Conveyors who now occupy a significant proportion of the estate and who account for circa 32% of total rent currently receivable with lease expiry dates predominantly falling in May 2019. Avanti Conveyors Limited are manufacturers of conveyor systems specifically for the corrugated packaging industry and who we understand are longstanding tenants at the subject property. Their most recent published accounts for the year ending September 2016 would seem to indicate that the company has a net worth reported to be £477,276 with a cash balance of £779,759. As such, whilst the company is long established, the balance sheet strength of the company could only be considered to be reasonable at best (in relative terms) from an investor perspective. Another significant occupier at the estate is Cadtek Systems Limited who occupy the top floor of Calico House for office purposes with their lease expiring in March 2019. Our investigations into their financial strength indicate a turnover of £8,466,142 with profit after tax of £737,972 in the most recent published year accounts for the period ending 31 March 2017. It would appear, therefore, that this company is trading well and should have no difficulty in meeting their rental obligations. The remaining tenants at the estate are all understood to be small companies with limited financial strength.

We consider that the market rent of the estate assuming the units are 100% let is in the region of £300,000 pa. However, on an investment property of this nature where there are flexible lease terms it is normal to expect a certain amount of turnover in the occupiers and therefore we consider it unlikely that a 100% occupancy rate could be maintained over a 12 month period. In addition to the current rent roll there are additional charges for building insurance, service charge and VAT. The service charge is calculated at 10% of the rent relevant to the unit and not the actual costs of providing the service. A further charge is made in respect of the tenant's liability for their proportion of the insurance premium and a contribution towards water costs within Calico House. We have not been provided with service charge accounts in relation to the property although we consider it likely that the average annual cost of running the estate and implementing external repairs is likely to be higher than the service charge amount collected.

The tenancy schedule provided to us indicates that the third party leases are let on short term leases or renewable annual leases, most expiring in 2018 or 2019. Under current market conditions we would not anticipate an increase in the rentals at the next review of these short term leases.

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We consider that the leases are appropriate given the location and specification of the property. We would, however, highlight that a flexible approach to the letting of the accommodation is required on a property of this nature, particularly in relation to the length of leases granted. It is common for business units of this nature to be let on “easy-in, easy-out” short term agreements.

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4. The Market

4.1. Market Commentary

We would generally comment that macro-economic conditions have, in recent years, continued to improve following the severe economic turbulence experienced during the 'Credit Crunch' which statistically was the worst recession since the end of World War II. The UK economy has gradually expanded following the exit from recession in Q2 2009. However, it should be appreciated that the economic and political landscape has changed considerably following the referendum held on 23 June 2016 concerning the UK's membership of the EU and the consequential decision taken to exit. The immediate days and weeks following the vote was characterised by significant economic and political uncertainty which initially manifested itself with huge volatility in the value of companies listed on the London Stock Exchange, particularly with regards to property and finance related stocks. As such, in the immediate aftermath of the vote it was very difficult to gauge how property markets would react in the short term and many market commentators took a pessimistic view on future growth prospects.

With the benefit of hindsight it has now become clear that occupier and buyer demand within commercial and residential property markets has remained robust in the circa 23 months following the referendum vote and initial evidence would seem to indicate that property values across most sectors have remained stable. GDP data has also confirmed that the UK economy has defied earlier warnings of an imminent 'Brexit Recession' with continued expansion in GDP for the period September to December 2016 of circa 0.7%, consistent with the GDP growth achieved in the 3 months to the end of April (pre Brexit).

More recent GDP data has indicated a general slowdown and stagnation in GDP growth to 0.5% in Q4 2017 which could potentially be an indicator that the UK economy's resilience in the wake of the Brexit vote is now waning. Many economists now expect the slowdown in growth to continue as higher inflation and slowing wage growth dents consumer spending, which has become a key driver for the UK economy. However, the recent slowdown is still far from the Brexit related slump many commentators (and politicians) had predicted. It should be appreciated that the weakness in pound sterling has played its part in stabilising the UK economy in the last 23 months and there is still enhanced potential for future volatility in the economy and property markets in the medium term future once a clearer picture emerges as to the precise terms of the exit for the EU and the impact upon the UK economy becomes clearer. The political situation in the USA following the election of Donald Trump to the White House and global geo political tensions provides additional uncertainty regarding the future performance of the global economy.

In line with general macro economic conditions, the commercial property market has also recovered well from the recessionary years of 2008 to 2014. The investment market in particular has performed well and remains strong for well let and well-located investments of all lot sizes. Total returns for 2017 have been reported at 10.2% by the MSCI national index, ahead of the IPF consensus forecast of 8.5%. Commercial property investment values have risen by 6% over the year after attracting significant overseas investment.

Continued high employment and low interest rates have supported property values, and demand for both residential and commercial remains strong for freehold properties in particular. The latest IPF Consensus

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Forecast, published on 26 February, predicts average rental and capital value growth rates increasing in virtually all sectors over 2018 to 2022; the total average return prediction for 2018 is 4.6%.

The Q1 RICS UK Property Market Survey illustrates the divergence between the industrial sector where demand for new space is still rising and retail where the fall in demand appears to be accelerating. Retail rents are expected to decline in contrast to industrial rents where both secondary and prime rents are expected to grow over the next 12 months. Online shopping is thought to be a main contributor to these trends.

Over Q1 2018 prime commercial rental values are reportedly up 0.6% and prime yields down 0.05%, both driven by outperformance in the industrial sector. Investment into specialist property (hotels, healthcare, student property, PRS, automotive) is reported to be up by 40% over the same period in 2017, and accounting for some 27% of the UK commercial property investment market.

4.2. Comparable Transactions

There is generally a lack of comparable transactions in the immediate locality and we have therefore had regard to a number of transactions from a wider geographical area which we summarise below:-

Address	Description	Price	Photograph
Raymond Joseph Works, Platt Street, Glossop, SK13 1EB	Comprising a part single/part two storey mill building totaling 49,085 sq ft. Understood to be offered with vacant possession.	Freehold interest available for sale at a quoting price of £900,000 (£18.33 per sq ft)	
Castle Industrial Estate, Failsworth, M35 0HD	Comprising a multi let industrial estate with 11 units totaling 55,979 sq ft of accommodation. Appears to be generally older c1960s/1970s industrial units. Units currently fully let and generating £125,640pa.	Freehold interest sold at auction for £1.1 million in March 2018. Equates to a net initial yield of 10.79% or £19.65 per sq ft.	
Chesterbank Industrial Estate, River Lane, Saltney, Cheshire, CH4 8SL	Comprising a multi let industrial estate comprising of 30 units on a site of 4.43 acres. 29 units currently tenanted with gross rent receivable of £174,050 and full service charge recovery. GIA 72,971 sq ft.	Freehold interest sold for £1.6 million in August 2017. Equates to a gross initial yield of 10.88% against current rent receivable. Price equates to £21.93 psf.	





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Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



<p>Thornsett Trading Estate, Birch Vale, High Peak, SK22 1AH</p>	<p>Comprising circa 130,000 sq ft of early 20th century workshop/warehouse buildings on a site totalling circa 17 acres. Understood to have been part let with rental income of £125kpa at the date of the sale. The subject site is allocated as a primary employment zone although the agents state that they consider there to be medium to long term residential potential (although there is no planning consents currently in place).</p>	<p>Freehold interest sold out of receivership for £1 million in December 2016. Price equates to £7.69 per sq ft. Understood to have been acquired by one of the tenants Amber Compounds UK Limited. We understand that the property was initially offered at an asking price of £2 million.</p>	
<p>Moorland Gate Business Park, Cowling Brow, Chorley, PR6 9DR</p>	<p>A multi let business park covering 10.75 acres and includes development land extending to circa 2 acres. Gross annual rental income of £611,719.76 per annum, which is understood to be inclusive of a service charge of £155,464.76 therefore producing a net rental income of £456,515 per annum. Average passing rent of £3.65 per sq ft.</p>	<p>Freehold interest sold in November 2016 for £4,500,000. Equates to a yield of 10.14% against the net rent receivable. Factoring in purchasers costs the sale price represents a net initial yield of 9.5%.</p>	
<p>Workshop at Ellison Street, Glossop, Derbyshire, SK13 8BY</p>	<p>An industrial unit extending top 17,931 sq ft and set within a sit of 0.95 acres. The workshops appear to be dated.</p>	<p>Freehold interest sold for £250,000 in November 2016. Equates to £13.94 per sq ft and £263,158 per acre.</p>	
<p>Units 1-5 Dane Road Industrial Estate, Sale, M33 7BH</p>	<p>Comprising a freehold multi let industrial investment totaling 27,416 sq ft on a 1.77 acre site. Gross rental income £171,822pa with good quality tenants including NHS.</p>	<p>Freehold interest sold for £1,730,000 in November 2016. Equates to a gross initial yield of 9.99% or £63.10 per sq ft.</p>	



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<p>Former Westwood Yarns Factory, Choppards Lane, Holmfirth, HD9 2RW</p>	<p>Comprising a mill complex sold with vacant possession and totaling 168,551 sq ft on a site of 8.54 acres. Distressed sale completed out of administration within restricted timescales.</p>	<p>Freehold interest sold on an unconditional basis for £1 million in September 2016. Acquired for future residential development (although no planning consent in place at the time of sale). Price equates to £5.93 per sq ft or £117,096 per acre (against gross site area – net potential developable area likely to be circa 4 acres)</p>	
<p>Charlestown Works, Charlestown Road, Glossop, SK13 8LJ</p>	<p>Comprising a development site totaling 12.6 acres (4.98 acres net developable) with various vacant industrial buildings. Sold with outline planning consent for residential development of up to 100 dwellings, including 14 in the conversion of a former office building. We understand that detailed planning consent has subsequently been obtained for 96 dwellings.</p>	<p>Freehold interest sold in September 2016 for £1.5 million. Equates to £301,205 per acre (against the net developable site area) or £15,625 per plot. Acquired by Sherwood Homes for residential development.</p>	

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Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



5. Valuation

5.1. Valuation Considerations

5.1.1. Valuation Methodology

In arriving at our opinion of Market Value we have adopted the investment method of valuation having regard to recent transactions in the locality, as well as our knowledge of the local area.

With regards to our opinion of the market rent for the subject property, it is our opinion that the current rents receivable on the let units are generally consistent with market levels with the various industrial accommodation let at rents between £2.25-5.87 per sq ft depending on size and quality with the office units equating to circa £7-10 per sq ft. By applying similar rates to the vacant units, we consider that the market rent is fairly reported at a rounded figure of £300,000 per annum assuming the units on the estate are fully let on similar IRI terms as existing.

The market value opinion reported on the MV1 basis equates to a gross initial yield of 9.80% (or 9.21% on a net initial yield basis) against our understanding of the current rent receivable which we consider adequately reflects the majority let status of the subject property and the underlying medium to long term potential for redevelopment of part of the site for residential purposes. The gross reversionary yield once the letting to Pyro-Gen takes effect in October 2018 equates to 10.47% (or 9.84% on a net reversionary yield basis). In this regard, it is our opinion that the site would potentially be quite attractive to strategic land buyers and/or property speculators on basis that the property is income producing in the short term with the potential for future enhancement in value if and when the site could be brought forward for residential development. However, it should be appreciated that the quantum of any potential future uplift in value on this basis will be subject to a large number of variables, including the design and number of units for the permitted scheme and density of the development, the nature of any planning conditions attached to the consent and the terms of the Section 106 agreement. There are also likely to be significant costs in upgrading the access road and drainage at the site which would adversely impact upon site value. We note that the initial masterplan designs for the subject site prepared by the architects are for a high density scheme of circa 158 apartments on part of the site. We would generally comment that we would expect a consent including a more traditional family housing scheme to be more marketable in this location (rather than apartments). In any event, we consider it highly likely that any bids forthcoming for the site from housebuilders would be structured on a conditional basis contingent on them achieving a detailed planning consent for their own house type designs and preferred layout. We consider that a reasonable marketing period to achieve the market value reported on the MV1 basis to be circa 12 months assuming an unconditional sale in the open market. Within a six month marketing period, we consider that a fairly significant discount of circa 15% would be required.

With regards to the market value assuming vacant possession, the figure reported at £2,000,000 equates to a gross initial yield of 15% of our opinion of the market value or £23.88 per sq ft against the measured gross internal area of the various units on the estate. We would comment that the valuation reported on this basis is considered to be heavily underpinned by the underlying redevelopment potential of the site having regard to the allocation of part of the site for residential development within the Local Plan and the

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Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



reported value equates to £448,430 per acre against the current developed area of the site (excluding access roads) and £266,666 per acre including the wooded area of the site to the west.

5.1.2. Security Considerations/Lender Action Points

- We consider that the property represents suitable security bearing in mind the Bank is contemplating a loan, subject to the usual prudent lending criteria.
- The subject property has an EPC rating within Band D and therefore the subject property meets the minimum requirements set out within recent legislation
- We do not consider that there is any hope value or synergistic value associated with adjoining buildings.
- It is our opinion that the market value opinions reported will be largely underpinned by the underlying site value, particularly having regard to the evident medium to long term potential for residential development at the subject site. However, it is likely that there would be some potentially significant abnormal costs of development which could ultimately restrict the site value in the event that a residential consent is obtained.
- We consider that the property is marketable and should perform in line with its peers.
- We do not consider that values will rise significantly in the short to medium term unless a favourable residential planning consent could be obtained. In this regard, we are aware that pre-application discussions are ongoing with the local authority with a view to submitting a planning application in due course. As such, we would expect there to be more clarity in the next 12-24 months as to the extent of the development potential at the subject site and how this will impact upon market value and marketability moving forward.
- The buildings on site are considered to have an estimated economic life of circa 15 - 25 years, assuming appropriate maintenance is undertaken.
- The condition of the buildings on site were mixed but generally considered to be reasonable and the majority of the accommodation was considered to be readily lettable.
- For mortgage regulation purposes, we confirm that less than 40% of the property to be held as security is residential in nature.
- We consider that a reasonable marketing period in which to achieve our opinion of Market Value (MV1) to be 12 months assuming an orderly sale by private treaty method.
- We strongly recommend that our title and tenancy assumptions are proved to be correct by the bank's solicitors prior to lending. We would welcome the opportunity to review and comment upon the bank's solicitors report on title in due course.

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Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



5.2. Valuation Opinion

Having regard to the attached report we are of the opinion that the value of the freehold interest on the bases requested is:

Valuation Bases	
MV1 Market Value (MV1) as existing subject to the occupational agreements	£2,950,000 (two million nine hundred and fifty thousand pounds)
MV2 Market Value (MV2) as at MV1 subject to a restricted marketing period of six months	£2,500,000 (two million five hundred thousand pounds)
MV3 Market Value (MV3) assuming vacant possession	£2,000,000 (two million pounds)
MR Market Rent (MR)	£300,000pa (three hundred thousand pounds per annum)

We stress the importance of the valuation date as recent experience has shown that property values may change quite significantly over a relatively short period of time.

Where statements are made upon the prospect of future growth or fall in rental and/or capital values it must be appreciated that such change may not occur and that values can fall as well as rise.

5.3. Insurance Reinstatement Estimate

You have also requested that we provide an estimate of the likely reinstatement cost for fire insurance purposes. This estimate has been arrived at using an instantaneous basis of value, adopted without regard to future inflation and without provision of loss of rent, any consequential loss or VAT. However, the estimate includes allowances for demolition, site clearance and professional fees.

We recommend that a level of cover be effected to the sum of:

£6,900,000 (six million nine hundred thousand pounds)

Our Ref: 181033

Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



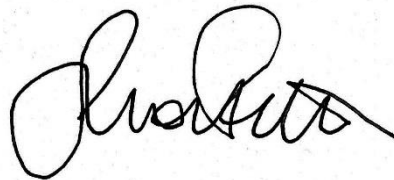
6. Terms of Engagement & Signatures

6.1. Terms of Engagement

This Valuation has been prepared in accordance with Terms of Engagement and Guidance for Clients document which included within Appendix VI.



Nick Heap BSc (Hons) MRICS
Partner, Valuation Services
RICS Registered Valuer
RICS Registration Number 1248432



Simon Heather BSc (Hons) MRICS
Partner, Valuation Services
RICS Registered Valuer
RICS Registration Number 0095461

29th May 2018

Authorised to sign for and on behalf of Sanderson Weatherall LLP

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Pearwalk Properties Limited

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7. Appendices

- I Site Plan**
- II Photographs**
- III Floor Plans**
- IV Tenancy Schedule**
- V Instruction Letter**
- VI Terms of Engagement and Guidance for Clients**

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Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



Appendix I Site Plan

Our Ref: 181033

Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018





Ordnance Survey © Crown Copyright 2018. All rights reserved. Licence number: 100022432. Plotted Scale: 1:2500

Appendix II Photographs

Our Ref: 181033

Pearwalk Properties Limited

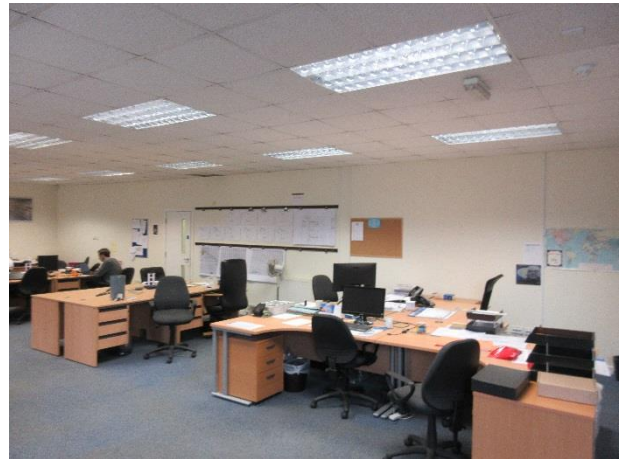
Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

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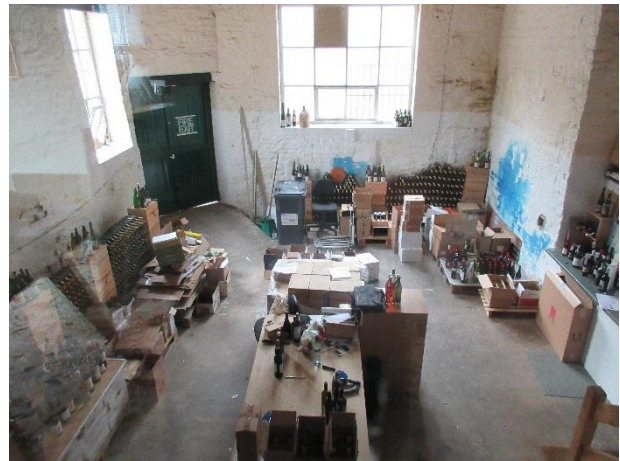
Units 22/23/24



Unit 22



Unit 5



Unit 5



Units 25 and 25B



Unit 3



Unit 9



Calico House



Calico House



Calico House



Calico House



Calico House



Calico House



Unit 10/26



Unit 10/26



Unit 10/26



Unit 10/26



Unit 5



Unit 1

Appendix III Floor Plans

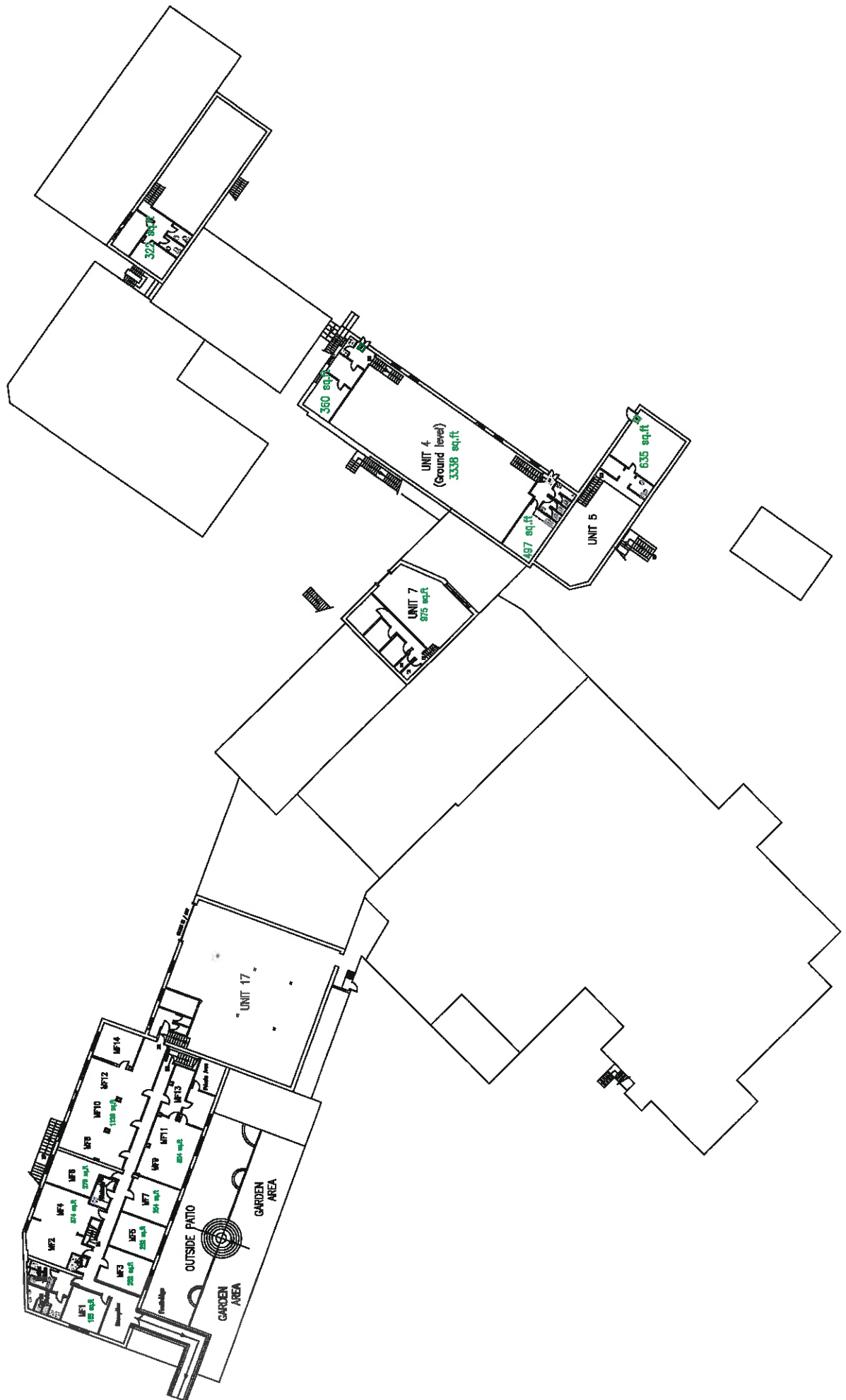
Our Ref: 181033

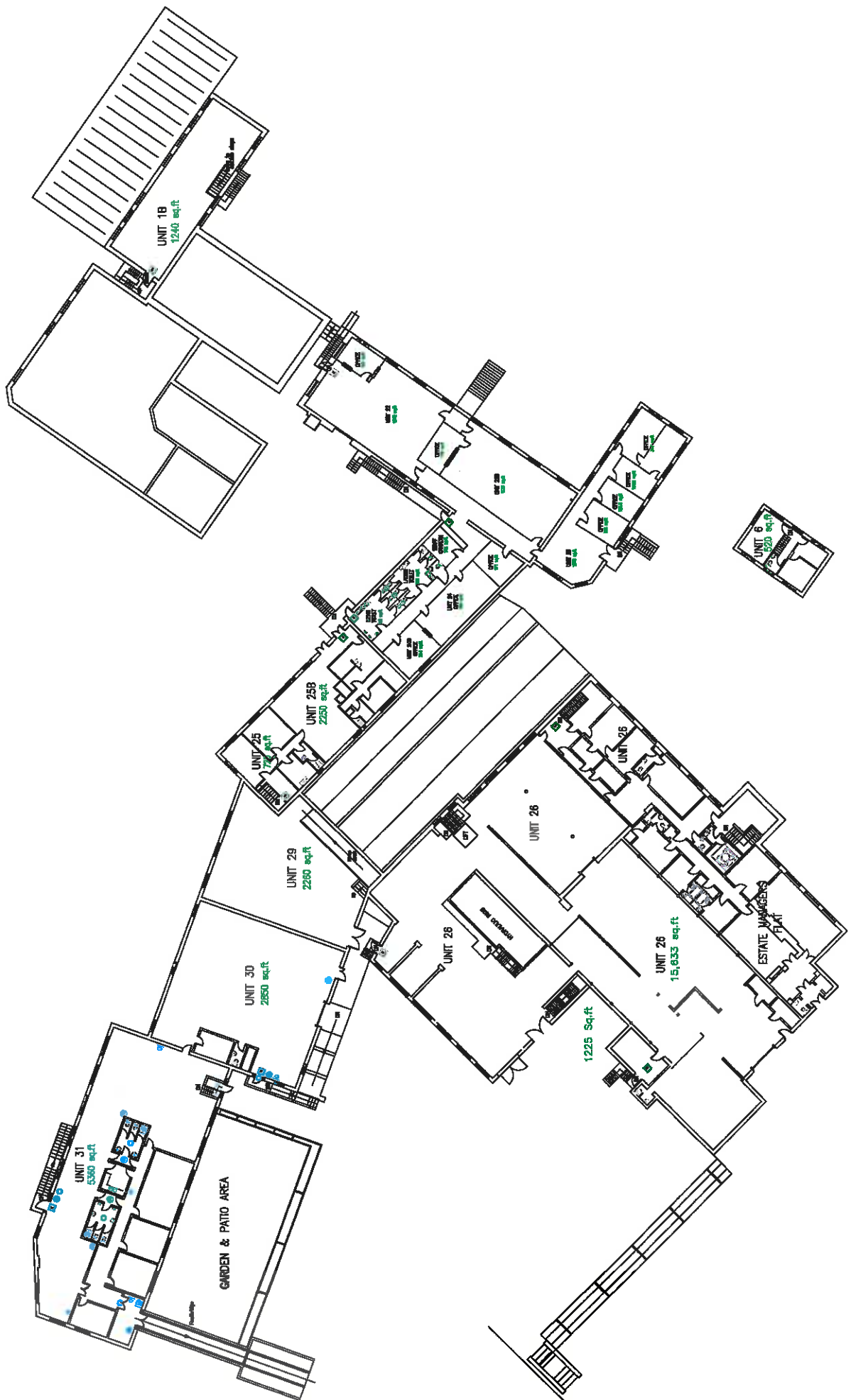
Pearwalk Properties Limited

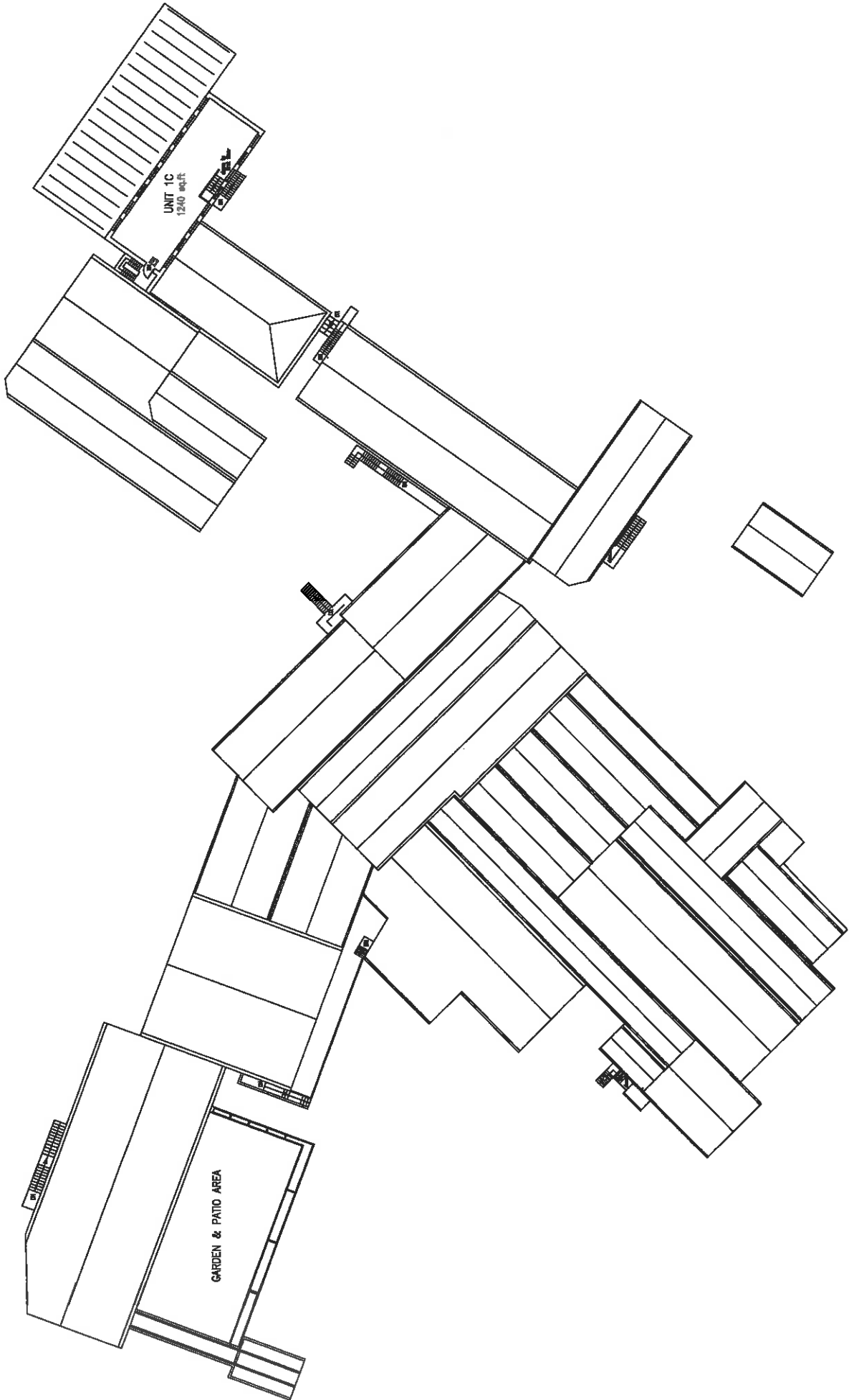
Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

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Appendix IV Tenancy Schedule

Our Ref: 181033

Pearwalk Properties Limited

Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW

May 2018



Property Number	Tenant	Basic Rent	Service Charge	Building Insurance	Water Usage	Total occupied re	Lease Expiry Date	Tenant Since
1	Avanti Conveyors	£ 17,360.00	£ 1,736.00	£ 2,170.00	£ -	£ 21,266.00	01/05/2019/3YRL	2000
2	Avanti Conveyors	£ 6,300.00	£ 630.00	£ 900.00	£ -	£ 7,830.00	01/05/2019/3YRL	2000
3	Avanti Conveyors	£ 13,000.00	£ 1,300.00	£ 1,625.00	£ -	£ 15,925.00	01/05/2019/3YRL	2000
3B	Pearwalk Properties Stores	£ -	£ -	£ 0	£ -	£ 0		
3A	Peak Bean	£ 2,702.00	£ 270.20	£ 386.00	£ -	£ 3,358.20	01/04/2018/1YRL	
4	Avanti Conveyors	£ 15,021.00	£ 1,502.10	£ 1,669.00	£ -	£ 18,192.10	01/05/2019/3YRL	2000
4B	Avanti Conveyors	£ 1,620.00	£ 162.00	£ 180.00	£ -	£ 1,962.00	01/05/2019/3YRL	2000
4C	Alan Hibbert	£ 1,956.19	£ 195.62	£ 248.50	£ -	£ 2,400.31	01/05/2018/1YRL	2011
5	Raymond Reynolds Ltd.	£ 4,095.00	£ 409.50	£ 682.50	£ -	£ 5,187.00	01/01/2019/3YRL	1995
7	Buxton Pudding Company	£ 5,362.50	£ 536.25	£ 487.50	£ -	£ 6,386.25	01-05-213YRL	2011
8	Whaley Bridge Brewery	£ 3,048.00	£ 304.80	£ 381.00	£ -	£ 3,733.80	01/06/2018/1YRL	2014
9	Vacant	£ -	£ -	£ 0	£ -	£ 0		
9B	Nomow Ltd.	£ 7,225.00	£ 722.50	£ 1,060.50	£ -	£ 9,008.00	15/11/2017/1MRL	2016
9C	Nomow Ltd.	£ -	£ -	£ -	£ -	£ -	15/11/2017/1MRL	
10&26	Pearwalk Engineering	£ 65,795.00	£ 6,579.50	£ 13,159.00	£ -	£ 85,533.50	01/10/2018/8YRL	1995
16	Wakefield Fabrications Northwest Ltd.	£ 9,040.00	£ 904.00	£ 1,130.00	£ -	£ 11,074.00	01/10/2018/1YRL	2015
17	Avanti Conveyors	£ 11,862.00	£ 1,186.20	£ 1,318.00	£ -	£ 14,366.20	01/12/2017/3MRA	2000
22	Avanti Conveyors	£ 13,068.00	£ 1,306.80	£ 726.00	£ -	£ 15,100.80	01/05/2019/3YRL	2000
22B	Avanti Conveyors	£ 11,763.00	£ 1,176.30	£ 653.50	£ -	£ 13,592.80	01/05/2019/3YRL	2000
23	Avanti Conveyors	£ 1,180.00	£ 118.00	£ 59.00	£ 100.00	£ 1,457.00	01/12/2017/1MRA	2000
23B	Centro Consulting	£ 2,583.75	£ 258.38	£ 172.25	£ 100.00	£ 3,114.38	01/08/2018/1YRL	2011
23C	Centro Consulting	£ 1,188.75	£ 118.88	£ 79.25	£ 60.00	£ 1,446.88	01/08/2018/1YRL	2011
23D	Centro Consulting	£ 2,977.50	£ 297.75	£ 198.50	£ 100.00	£ 3,573.75	01/08/2018/1YRL	2011
24	Vacant	£ -	£ -	£ 0	£ -	£ 0	01/09/2020/3YRL	
24B	Vacant	£ -	£ -	£ 0	£ -	£ 0	01/09/2020/3YRL	
25	Jon Parker Lee Photography	£ 1,160.00	£ 116.00	£ 362.50	£ 50.00	£ 1,688.50	01/11/2018/1YRL	2012
25B	Vacant	£ -	£ -	£ 0	£ -	£ 0		
29	Hipupolstery	£ 610.20	£ 61.02	£ 1,130.00	£ -	£ 1,801.22	04/11/2017 3MRL	2017
30	Vacant	£ -	£ -	£ 0	£ -	£ 0		
GF1	Spicetech UK Ltd/G J P & Sons.	£ 1,448.00	£ 144.80	£ 181.00	£ 100.00	£ 1,873.80	01/08/2018/1YRL	2015
GF3	Content Capture Services	£ 1,837.50	£ 183.75	£ 122.50	£ 100.00	£ 2,243.75	13/03/2018/6MA	2011
GF4	Perma Retail/Taylor Fort Ltd.	£ 1,876.00	£ 187.60	£ 134.00	£ 100.00	£ 2,297.60	01/04/2017/1YRL	2015
GF5&7	Premier Financial Planning	£ 2,605.00	£ 260.50	£ 260.50	£ 150.00	£ 3,276.00	31/11/2017/6MA	2009
GF6	Perma Retail	£ 688.00	£ 68.80	£ 86.00	£ 100.00	£ 942.80	01/05/2018/1YRL	2015
GF8	Mothax	£ 1,260.00	£ 126.00	£ 105.00	£ 100.00	£ 1,591.00	01/01/2018/1YRL	2012
GF9	Perma Retail	£ 1,624.00	£ 162.40	£ 116.00	£ 100.00	£ 2,002.40	01/08/2018/1YRL	2015
GF10	Signs Made Here	£ 1,016.50	£ 101.65	£ 107.00	£ 100.00	£ 1,325.15	01/11/2018/1YRL	2010
GF11&13	Perma Retail	£ 3,115.00	£ 311.50	£ 222.50	£ 200.00	£ 3,849.00	01/08/2018/1YRL	2015
GF12&14	Signs Made Here	£ 2,802.50	£ 280.25	£ 295.00	£ 300.00	£ 3,677.75	01/11/2018/1YRL	2010
MF1	Spicetech	£ 1,650.00	£ 165.00	£ 82.50	£ 100.00	£ 1,997.50	01/01/2018/3MA	2015
MF2&4	Goyt Construction	£ 3,243.10	£ 324.31	£ 287.00	£ 146.00	£ 4,000.41	30/11/2018/2YRL	2009
MF3	Capital Allowance	£ 2,520.00	£ 252.00	£ 126.00	£ 100.00	£ 2,998.00		1995
MF5	Townsend Board Ltd.	£ 2,520.00	£ 252.00	£ 126.00	£ 100.00	£ 2,998.00	10/07/2018/1YRL	2017
MF6	Spicetech UK Ltd	£ 331.20	£ 33.12	£ 138.00	£ 100.00	£ 602.32	01/08/2018/1YRL	2015
MF7	Vacant	£ -	£ -	£ 0	£ -	£ 0	01/06/2016/R	
MF8	Vacant	£ -	£ -	£ 0	£ -	£ 0	01/06/2016/R	
MF9&11&13	Content Capture Services	£ 6,030.00	£ 603.00	£ 402.00	£ 300.00	£ 7,335.00	01/11/2016/R	2011
MF10&12&14	Cake Nest	£ 8,400.00	£ 840.00	£ 420.00	£ 300.00	£ 9,960.00	01/09/2020/3YRL	2015
FF1	Cadtek	£ 41,808.00	£ 4,180.80	£ 2,680.00	£ -	£ 48,668.80	01/03/2015	1995
Present Total		£ 283,692.69	£ 28,369.27	£ 34,669.00	£ 2,906.00	£ 349,636.96	2019	

Pyro Gen.
+ 10 year lease.

+ 10 year lease.

TEMP

TEMP

Appendix V Instruction Letter

Our Ref: 181033
Pearwalk Properties Limited
Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW
May 2018



Ref: Pearwalk Properties Limited

Sanderson Weatherall LLP,
The Chancery,
58 Spring Gardens,
Manchester,
M2 1EW

Dear Sir,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited shall rely. The valuation may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. Please notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Pearwalk Properties Limited
Properties:	Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW
Tenure:	Freehold
Use:	Business Park
Tenancies:	Approximately 20 tenancies, one of which is associated company, Pearwalk Engineering.
Access:	via Simon Pickup, 01663 748205.

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
5. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
6. Please provide an estimated reinstatement cost of the buildings for insurance purposes.

7. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
8. Please certify that the Property is acceptable for secured lending purposes.

Report on Title

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

Fees

You have quoted and the Borrower has agreed to pay a fee of £2000 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Philip Gould or Stewart Bruce on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report as a PDF in the first instance by email to borrower@proplend.com, with hard a copy to; 15 Little Green, Richmond TW9 1QH.

Yours Sincerely,

Stewart Bruce

Proplend Security Ltd

Appendix VI

Terms of Engagement and Guidance for Clients



Our Ref: 181033
Pearwalk Properties Limited
Furness Vale Industrial Estate, Calico Lane, Furness Vale, High Peak, Derbyshire, SK23 7SW
May 2018



VALUATION PROCEDURES AND ASSUMPTIONS – PROPERTY APPRAISAL AND VALUATION

TERMS OF ENGAGEMENT AND GUIDANCE FOR CLIENTS

Our valuation work is carried out on the basis set out below unless specifically varied by our initial letter confirming our instructions (“our initial letter”), or our subsequent report, of which this document will form an integral part.

1 Reports and Valuations

- 1.1 Will be prepared in accordance with the current edition of the RICS Valuation – Global Standards, July 2017, published by the Royal Institution of Chartered Surveyors (“RICS”) (“the Red Book”). Any departure from the Red Book will be recorded in our initial letter and confirmed in our report.
- 1.2 The valuers to be responsible for the work are external valuers as defined by the Red Book.

2 Disclosure

- 2.1 Our valuation will be provided for the stated purpose and will be for the use of the addressee only. No liability will be accepted to any other party without our specific prior written approval.
- 2.2 Publication of our report, or any reference thereto, in whole or part, in any document, circular or statement, in either hard copy or electronically (including any web site) will be permitted only with our prior approval, this to include the form and context in which it will appear.

3 Liability

- 3.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party except on the basis of written and agreed instructions; this will include an additional fee. Except as set out in 3.2 below, the terms of the agreement between Sanderson Weatherall LLP and the client are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999.
- 3.2 No claim arising out of or in connection with this agreement may be brought against any member, employee, partner or consultant of Sanderson Weatherall LLP (each called a “SW person”). Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Sanderson Weatherall LLP. Any SW person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but the terms of our agreement may be varied by agreement between the client and Sanderson Weatherall LLP at any time without the need for any SW person to consent.
- 3.3 We do not accept liability for any indirect or consequential loss (such of loss of profits). Nothing in these terms of business (or in our initial letter) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such a liability may not be excluded or limited as a matter of law.
- 3.4 Subject to the provisions in this clause 3, if you suffer loss as a result of our breach of contract or negligence, our liability shall be limited to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. 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.

4 The Inspection and Subsequent Enquiries

- 4.1 Will be carried out by RICS Registered Valuers and general practice surveyors making appropriate investigations having regard to the purpose of the valuation and to any restrictions recorded within our initial letter and confirmed in our report.
- 4.2 No parts of the structure which are covered, unexposed or inaccessible will be opened up for inspection. The exterior will be inspected from ground floor level only, ie without the benefit of access equipment. We cannot express an opinion about or advise upon the condition of uninspected parts and the report should not be taken as making any implied representation or statement about such parts. Furthermore the various services have not been tested. We are therefore unable to report that any such parts of the property are free from defect or that the services are in full working order.
- 4.3 Unless specifically agreed with you in writing, we shall have no responsibility for the identification of hydrochlorofluorocarbons (HCFCs) in refrigeration, air-conditioning, heat pump or other equipment at the property. We shall also, unless specifically notified, be entitled to assume that all equipment at the property complies with obligations under the EU ODS Regulation (Regulation (EC) No. 1005/2009) and other legal obligations.

5 Condition, Repair and Pollution Hazards

- 5.1 Unless specifically instructed to carry out a structural survey, test of service installations, site investigation or to facilitate an environmental survey, our valuations will assume:
- i) That except for any defects specifically noted in our report, the property is in good condition;
 - ii) That no materials have been used in the construction of the buildings which are deleterious, hazardous or likely to give rise to structural defects, including inter alia high alumina cement or calcium chloride additive, asbestos or any other hazardous or deleterious material or permanent woodwool shuttering
 - iii) That no hazardous materials are present on site.
 - iv) That all relevant statutory requirements relating to use or construction have been complied with.
 - v) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in site clearance or providing foundations and infrastructure.
 - vi) That the property is not adversely affected by any form of pollution, current or historic, either on or off site.
 - vii) That there are no archaeological remains on or under the land which could adversely impact on value.
 - viii) That there is no abnormal risk of flooding.
 - ix) That any building services are fully functioning to include any which incorporate essential electronic devices and the software which operates such devices.
- 5.2 We will, however, reflect the general condition of the premises as evident from our superficial inspection and any defects of which we are made aware as summarised in our report.

6 Statutory Matters

6.1 Equality Act 2010

- 6.1.1 Under the Equality Act 2010 all service providers to the general public are obliged to ensure that all disabled customers are treated, as far as it is reasonable to do so, the same as non disabled customers. The legislation was operative from 1 October 2010 as amended. This legislation also extends to employees of Companies.
- 6.1.2 It should be noted that our inspection of the premises does not constitute an accessibility audit for Equality Act purposes.

6.2 **The Regulatory Reform (Fire Safety) Order 2005**

6.2.1 The Regulatory Reform (Fire Safety) Order affecting all non domestic premises in England and Wales came into force on 1 October 2006. This legislation has removed the requirement of Fire Certificates for non domestic property. Now the person responsible for the premises will be required to carry out their own risk assessment to identify the fire precautions which are required to be in place. To accompany the legislation the Government has developed specific information guides for each type of premises which sets out the guidance on the requirements and carrying out a Fire Risk Assessment.

6.2.2 Our inspection of the property does not constitute a Fire Risk Assessment.

6.3 **Control of Asbestos Regulations 2012**

6.3.1 Under the Control of Asbestos Regulations 2012 all commercial property owners/occupiers are obliged by law to have completed a Register of all materials containing asbestos within their premises and either remove them or have a programme for managing them so that they do not become a danger to health.

6.3.2 Our inspection of the property does not constitute a survey in compliance with Government Directives and as such we will not comment in detail on any potential asbestos containing materials believed to be present in the property.

6.4 **Invasive Plant Species**

6.4.1 The three main non-native invasive plant species in the UK are Japanese knotweed, Himalayan (Indian) or purple stinky balsam and New Zealand pygmyweed. Other notifiable plants and weeds include inter alia giant hogweed, ragwort and azolla.

6.4.2 Japanese knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. Under s. 14(2) of the Countryside and Wildlife Act 1981 it is an offence to cause this plant to grow in the wild. Failure to dispose of any material containing Japanese knotweed may also result in prosecution under this Act and under the Environmental Protection Act 1990.

6.4.3 The likely costs of eradication and removal of plants such as these can be high and time consuming and may impact on the ability to enjoy/develop/redevelop the site and consequently diminish the values reported.

6.5 **The Energy Performance of Buildings Directive (England and Wales) Regulations 2007**

6.5.1 The Energy Performance of Buildings Directive (England and Wales) Regulations 2007 affecting all non domestic premises in England and Wales came into force on 6 April 2008. This legislation introduced new statutory requirements for commercial buildings offered for sale or to let to have an Energy Performance Certificate (EPC) and for certain buildings to have Display Energy Certificates (DEC). EPCs are required for any commercial building greater than 50m² (538 sq ft).

6.5.2 Our inspection of the property does not constitute an Energy Assessment of the property.

7 **Tenure and Tenancies**

7.1 We will rely upon information supplied as to the property, tenure, tenancies, permitted uses and related matters. We will assume such information to be accurate, up-to-date and complete. We will assume that your solicitors are able to confirm the accuracy of these details as set out in our report, and that the interest being valued is in all respects good and marketable. We would welcome the opportunity to consider your solicitor's report on title and to advise whether or not this affects our valuation.

7.2 We will not examine title documents and, therefore, assume that apart from any matters mentioned in our report, the interest is not subject to any onerous restrictions, to the payment of any unusual outgoing or to any charges, easements or rights of way. We will assume that any outstanding requirements of repairing covenants will be met.

8 Planning, Highway and Other Enquiries

- 8.1 We will make only informal, oral enquiries of the local planning, highway and other relevant authorities and the information obtained is assumed to be correct. No formal searches will be instigated. Except where stated to the contrary, we will have assumed that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.
- 8.2 Where limited only responses have been received to our enquiries which are material to our valuations, this will be confirmed in our report.

9 Floor, Site Areas and Plans

- 9.1 All measurements will be in accordance with RICS Property Measurement (1st Ed). Unless stated to be otherwise, floor areas will be derived from measurements taken on site or scaled from drawings supplied and checked by sample measurements on site. Site areas will be computed from Ordnance Survey data and not from physical survey. Dimensions and areas should be regarded as being approximate only.
- 9.2 Where plans are included in our report, these are for identification purposes only.

10 Tenant Status

- 10.1 We will not make any specific enquiries as to the financial standing of actual or prospective tenants other than those a competent valuer would make when appraising and valuing the property. We will, however, reflect our general understanding of the tenants' financial status in our valuation and will have assumed, unless informed to the contrary, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

11 Plant and Machinery

- 11.1 We will include in our valuations only those items of plant and machinery normally considered to be part of the building service installations and which would pass with the property on a sale or letting. We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, furniture and furnishings, vehicles, stock and loose tools, and tenant's fixtures and fittings.

12 Capital Allowances

- 12.1 Under the Capital Allowances Act 2001, certain allowances (which may have the effect of providing a relief from corporation tax) may be claimed by a person where that person incurs 'qualifying expenditure' on particular pieces of 'plant' which are fixtures within a building, and which are used by that person for the purposes of a 'qualifying activity'. Relevant fixtures included within 'plant' may include, for example, furniture, machinery, lifts, air conditioning and so on.
- 12.2 Certain conditions must be satisfied in order to be eligible to claim these allowances. Changes to these conditions were introduced with effect from 1 April 2012, with further changes becoming effective from 1 April 2014. As a result of these changes, anyone contemplating the acquisition of a property must take action, before the acquisition, to preserve any right to claim available allowances, as well as to obtain sufficient information to put them in a position to make such a claim in the future. Failure to do so may mean that the ability to claim capital allowances, or the ability to put a future purchaser in the position to claim allowances, is lost. A seller of property may also wish to consider the position, before disposal, so that it can decide whether the purchase price of the property may be adjusted to reflect any steps it may take to preserve a buyer's entitlement to claim such allowances.
- 12.3 We have not made any investigations into the Capital Allowance position of the property in the preparation of our valuation.