

# #LSHKNOWS VALUATION

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## VALUATION REPORT

ON

21 OXFORD STREET, SWANSEA, SA1 3AQ

PREPARED BY R W HARLOW

PROPLEND SECURITY LTD

DATE: 29 AUGUST 2018



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### APPENDICES

APPENDIX 1: LETTER OF INSTRUCTION, LETTER OF ACKNOWLEDGEMENT AND LSH TERMS OF ENGAGEMENT

APPENDIX 2: COPY CREDIT REPORT

APPENDIX 3: ECONOMIC AND MACRO PROPERTY MARKET COMMENTARY

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## 1. EXECUTIVE SUMMARY



Street Map

Property Address	21 Oxford Street, Swansea, SA1 3AQ	
Valuation Date	29 August 2018	
Location	The property lies in a secondary/edge of prime retail pitch in Swansea City Centre	
Description	Type:	Retail Investment
	Floor Area:	1373.0 sq m (14,778 sq ft) NIA
	Condition:	Good
Tenure	Freehold	
Number of Tenants	One	
Weighted Average Unexpired Term	3.5 years	
Rental Profile	Passing Rent:	£75,000 per annum (net)
	Market Rent (headline):	£70,000 per annum (net)
Valuations/Yield Profile	Market Value (MV):	£775,000
	Net initial yield:	9.2 %
	Equivalent yield:	8.7 %
	MV SA VP:	£625,000
Asset Management Issues	None	
Valuation Issues	Declining term of lease	
Key Issues	External inspection only, valuation relies on historic internal inspection	
Suitable as Mortgage Security	Yes - Subject to the specific assumptions, comments and recommendations detailed within this Report.	

## 2. TERMS OF INSTRUCTION

29 August 2018

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www.lsh.co.uk

The Directors  
Proplend Security Limited  
15 Little Green  
Richmond  
TW9 1QH

Lambert Smith Hampton  
Axis 17, Axis Court  
Mallard Way  
Swansea Vale  
Swansea  
SA7 0AJ

For the attention of: R Berkley

Our Ref: 0136279-SW-0000/P2834/ROH/JID

**APPLICANT**                    **ALEXWARD LTD**  
**PROPERTY**                    **21 OXFORD STREET, SWANSEA, SA1 3AQ (THE "PROPERTY")**

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Appointment                    We refer to your instruction letter dated 23 August 2018, acknowledged on 24 August 2018 (copies at Appendix 1), to provide you with a Valuation Report in respect of the Freehold Interest in the above Retail Investment Property, for Loan Security purposes. We have reviewed the Property, made relevant enquiries and now have pleasure in reporting to you.

The basis upon which we usually prepare our Valuations and Reports is set out in the Terms of Engagement (copy at Appendix 1). Unless and except where here specifically stated otherwise, this Report has been prepared in accordance with these Terms of Engagement.

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RICS Compliance                    We confirm that this Report and Valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK (the 'Red Book').

Lambert Smith Hampton acts in the capacity of External Valuer in connection with this instruction.

We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management System which complies with BD EN ISO 9001:2015.

Lambert Smith Hampton holds appropriate professional indemnity insurance for this valuation instruction.

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Valuation Date                    The Valuation Date is 29 August 2018

We have provided you with details of the following involvement:

- Conflict of Interest
- We have provided valuations to the Applicant's current funder for secured lending purposes within the last 12 months
  - We are instructed by the Applicant to sell the investment and the property is presently being marketed through our offices in Swansea, Cardiff and Bristol

You have confirmed that you, as is Lambert Smith Hampton, are satisfied with the steps we have taken to manage this conflict, namely having the report checked by a director who is not involved in the disposal or has previously valued the property, such that it does not compromise our ability to report to you with independence and objectivity.

In accordance with Valuation Practice Statements 2 and 3 of the RICS Valuation – Professional Standards UK, we have agreed that the scope of our instruction is restricted as follows:

- Due to time constraints, you have requested that we do not undertake an internal inspection of the Property.

Reporting Restrictions

Accordingly, we have made the following assumptions:

- The property is unchanged from the physical condition evidenced at our last internal inspection

If this assumption is correct then the valuation will not be adversely impacted.

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We have previously agreed that we shall rely upon the following information for the purpose of reporting to you:

Reliance upon  
Provided Information

- A copy of the lease supplied by the Applicant
- The Applicant’s confirmation of the title by which the property is held

We have assumed that all material information has been fully disclosed to us and our Valuations are prepared on the basis that there is no further information available.

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Valuer

This Report and Valuation has been prepared by R W Harlow, MRICS, a member of the RICS Valuer Registration Scheme, Director, who has acted with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular market as well as appropriate skills, qualifications, experience and understanding for the purposes of this instruction.

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Inspection

As agreed the property has not been inspected internally in preparing this report, but was inspected externally on 18 August 2018 by R W Harlow, MRICS, Director

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Basis of Valuation

Market Value and Market Rent

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VAT

Our Valuations are exclusive of VAT unless otherwise stated.

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Purchaser’s Costs

Our Valuations, unless otherwise stated, are produced net of Purchaser’s costs at the appropriate rate, plus VAT.

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Special Assumption  
Valuations

A Special Assumption valuation is one that either assumes facts that differ from the actual facts existing at the Valuation Date, or that would not be made by a typical market participant in a transaction on the Valuation Date.

You have also requested an additional valuation on the basis of the Market Value with the following Special Assumption:

- That the Property in its entirety is vacant and unlet

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We draw your attention to the Assumptions, Limitations and Regulatory information set out within this Report to which our advice is subject and our Terms of Engagement agreed between us.

Limitation and  
Liability

This Valuation Report is provided for the stated purpose and for the sole use of the named Client. It is confidential to the Client and his professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole, not any part of this Valuation Report, nor any reference hereto may be included in any published document, circular or statement, or published in any way, without the Valuer’s written approval of the form and context in which it may appear.

Such publication of, or reference to, this Valuation Report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions set out herein or Departures from the RICS Valuation – Professional Standards UK.

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Valuer:

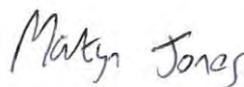


R W Harlow, MRICS  
RICS Registered Valuer  
Director

**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

Date: 29 August 2018

Checked by:



M V Jones, MRICS  
RICS Registered Valuer  
Director

**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

### 3. PROPERTY DETAILS

## Location

### Macro Location

The subject property is located in Swansea, which is situated approximately 64 km west of Cardiff and 300 km west of London. Swansea is the second largest city in Wales. The M4 junctions 42-47 lie a short distance to the north of the city. Main routes into the city from the M4 include the A483 from junction 42, the A4067 from junction 45 to the north and the A483 from junction 47 to the north west. The M4 continues a further 19 km west of Swansea. Major retail facilities include the Quadrant Shopping Centre and the Morfa Road Shopping Park.

Swansea's prosperity was based on heavy industry, and this is reflected in its Socio Economic Classifications. Those published by Mosaic UK record below average "Symbols of Success" (5.79% against a GB average of 10.53%), but above average "Ties of Community" (23.3% against 16.33%), "Municipal Dependency" (12.31% against 6.40%) and "Blue Collar Enterprise" (15.01% against 11.56%).

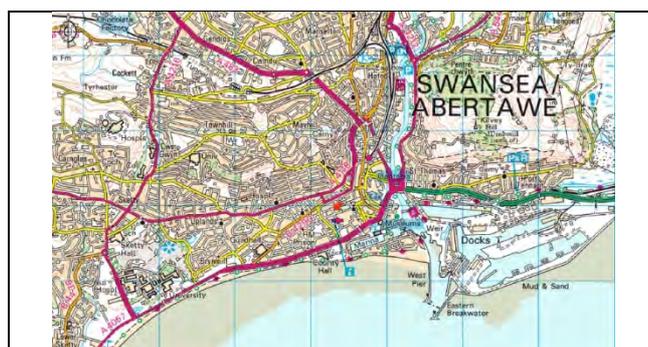
### Micro Location

The property lies on the South side of Oxford Street in a secondary/edge of prime retail position within Swansea City Centre. Oxford Street forms part of the city centre retail core and the property lies within an area which is pedestrianised.

The property has direct access from Oxford Street into two lobbies, one serving the ground floor shop and the other, the basement. Vehicular and pedestrian access are given to the rear of the site off a yard opening from Plymouth Street.

### Situation

The location is made up both of small shops and department stores. Neighbouring occupiers include Greggs, Waterstones and Poundworld, as well as local and regional traders.



Location Extract



Site Plan

The boundaries of the Property, as we understand them to be, are outlined in red on the copy extract from the Ordnance Survey Plan shown above.

#### Approximate dimensions and area, as scaled from the Ordnance Survey Plan

Frontage to Oxford Street:	12.0 m	(40 ft )
Site Depth:	36.0 m	(119 ft)
Site Area:	0.04 hectares	(0.11 acres)

The site is 'L' shaped, with the upright fronting Oxford Street being covered by the building and the horizontal leg being set to a loading yard. This yard is wide enough for small vans or as a trucking access. Rights of way are given over it to 22 Oxford Street and 57A Plymouth Street.

## 4. DESCRIPTION AND CONSTRUCTION

### Description

The property is a mid terrace 3 storey building with basement, built as a department store and still in retail use.

### Age and Construction

The building dates from the late 19<sup>th</sup> or early 20<sup>th</sup> Century. It is of solid masonry elevations of face brick with stone adornment to the frontage and render to the remainder, beneath a pitched slate roof. Timber frame windows and doors are provided.



### Internal Finishes and Specification

The ground floor is fitted to the tenant's house style. The basement was in retail use, but this has ceased. The other floors are used for ancillary storage and staff accommodation and have emulsion finished walls and ceilings.

### Improvements

No tenant's improvements have been made.

### Services

We understand that all mains services are connected to the property. Limited heating is supplied as part of the tenant's fit out.

### Accommodation

You have instructed us to measure the Property in accordance with the RICS Professional Statement – RICS Property Measurement, 2<sup>nd</sup> Edition, May 2018.

From measurements taken on site, we calculate that the Property provides the following approximate accommodation:

Floor	Use	Sq Metres	Sq Feet
Basement	Former retail arcade	345.5	3,719
Ground	Retail sales	344.9	3,713
First	Ancillary	369.2	3,973
Second	Disused ancillary	313.4	3,373
Total Net Internal Floor Area		1,373.0	14,778

We calculate the retail area of the subject to extend to 1270 units in terms of Zone A.

## Repair and Condition

The Property appeared to be in generally good condition considering its age, specification and use, with no major defects noted. However, some attention was required to removal of vegetation growth to the frontage of the building. The tenant is responsible for this repair.

We estimate the building has a remaining economic life of at least 30 years, provided an adequate and suitable programme of maintenance and repair is followed.

## Sustainability

In undertaking this Valuation, we have not been provided with a copy of an Energy Performance Certificate (EPC) for the premises by the Applicant.

However, we have searched the web based register of EPCs managed by Landmark and this includes a copy EPC which rates the property as D-80

## Accessibility

During the course of our inspection, no features were noted to suggest the Property does not meet the requirements of current accessibility and disability legislation, in its capacity as a provider of services, taking into account the Act's requirements for reasonable adjustments to be made.

## Hazardous and Deleterious Materials

### Asbestos

For the purpose of this report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject in circumstances where it is likely to have an effect on health or safety.

Confirmation should be sought from the conveyancer that an asbestos survey has been obtained and that any management plan required has been implemented.

The Property is of an age where materials such as asbestos may have been incorporated into the structure. However, at the time of our last internal inspection, no such materials were noted from our limited visual inspection. This matter is noted for your information.

## 5. CONTAMINATION AND ENVIRONMENTAL MATTERS

### Contamination

Were any obvious contaminative uses noted above ground upon inspection which would be likely to result in contamination? No

Did any of the immediately surrounding property appear to be put to a current use which would be likely to result in contamination? No

### Masts and Lines

Does the subject include telecommunications base stations, masts or high voltage overhead transmission lines? No

Is the subject adjacent to telecommunications base stations, masts or high voltage overhead transmission lines? No

### Flood Risk

The NRW website identifies the subject as being within an area classed as having a **'very low'** risk of flooding from rivers or the sea and a **'very low'** chance of flooding from surface water.

### Drainage

For the purpose of this Report, we have assumed that, unless indicated to the contrary, enquiries would not disclose any evidence of historic pluvial flooding, relating to the drainage of surface water or groundwater flooding.

### Fire, Health & Safety

We were unable to ascertain whether a Risk Assessment has been undertaken, hence without evidence to the contrary, we have assumed that it has and that the Property complies with current regulations and that there are no outstanding issues.

We have assumed that this assessment will continue to be reviewed and updated if there are any alterations to the premises or changes to work practices or use of the premises. We recommend that your Solicitors be instructed to verify the position.

## 6. TENURE AND TENANCY

### Tenure

Freehold

### Tenancy and Other Agreements

We have been provided with a copy of the lease, and consider that the pertinent clauses of this are as follows:

**Demise**

21 Oxford Street as described in this report

<b>Current Landlord</b>	Alexward Ltd
<b>Current Tenant</b>	Bonmarche Ltd
<b>Term</b>	10 years from 25 March 2012
<b>Rent £ pa</b>	£ 75,000 pa exclusive
<b>Rent Review</b>	None remaining
<b>Basis of Review</b>	Market Rent
<b>Permitted User</b>	A1 retail
<b>Insurance Liabilities</b>	Tenant responsible for placing insurance
<b>Repairing Liabilities</b>	Tenant responsible for all repairs, but liability limited by schedule of condition
<b>Alienation</b>	Whole: assign or underlet Part: prohibited

## Contracted Rental Income

**£ 75,000 per annum net**

## Comments on Lease

The lease is drawn on commercially appropriate terms for the building and location.

## Tenant's Status

We have made brief status enquiries of the Tenant Company by sourcing a credit which details the Company as having a credit rating of 1A – excellent as at the date of this report

The last published accounts for the year ended 1 April 2017 detail the Company as having a total turnover of £190 million, operating profits of £5.9 million and net assets of £35.9 million.

## Non Recoverable Expenditure

None at present.

# 7. STATUTORY ENQUIRIES

## Town Planning

The Property lies within an area administered by the Council for the City and County of Swansea whose Unitary Development Plan (UDP) provides the framework for guiding, controlling and facilitating development. The Local Development Plan is expected to be adopted before the end of this year.

The Proposals Map annexed to the UDP identifies the subject as lying within the city centre retail core.

We understand from planning history obtained from the Council's website that the following pertinent applications have been decided:

Reference	Date of Consent	Decision	Detail
97/1115	-	Allowed on appeal	Change of use from A1 to A3 – never implemented
2017/1687/PRE	29/09/2017	Negative	Change of use of first and second floors from retail A1 to 17 no flats

We understand the Property is not Listed, and is within the Union Street/Oxford Street/Nelson Street Conservation Area.

We are not aware of any outstanding Enforcement Notices.

## Business Rates

We have made informal enquiries only and are informed that the entry in the 2017 Rating List of the Council of the City and County of Swansea is as follows:

Address	Description	Rateable Value
21 Oxford Street Swansea	Shop and premises	£70,000

## Regulated Mortgages

We confirm that none of the total of the land to be given as security is used as, or in connection with, a dwelling.

## 8. MARKET CONDITIONS

### Micro Market Commentary

#### Occupational Market Commentary

In general terms, the retail sector has suffered over the last 10 years and in particular over the last 12-24 months with the failure of a number of national long-established chains. One of the most recent high profile failures has been the House of Frazer, who have a store in Cardiff, but not Swansea. However, the company has been acquired by Sports Direct, and continues to trade.

The market for retail property in Swansea City Centre has been affected by out of town development undertaken over the last 25 years. This has greatly enlarged the supply of property and as demand has not risen, this has adversely affected values. Over the last decade the recession and subsequent period of austerity have both impacted the retail market, reducing consumer spending. The retail sector has also come under pressure from the internet.

However, there remains demand in the city centre from start up businesses and from speciality retailers. The city centre also caters for those without access to the internet or private transport.

### Rental Comparables Analysis

In assessing the rental value of the property, we have had regard to the following recent transaction evidence:

- **22 Oxford Street** - let in the open market in Q3 2017 on a 5 year FRI lease at a rent of £22,000 pa. No rent free period was given. The rent equates to £32.00 per sq ft ITZA
- **3-4 Portland Street** – let in the open market in Q4 2017 on a 20 year FRI lease at a rent of £36,000 pa. The lease contains breaks after 10 and 15 years. 12 months rent free. The rent equates to £47.00 per sq ft ITZA.

- **Unit 1 23 Oxford Street** – lease renewal in Q3 2016 on a 5 year FRI lease at a rent of £25,800 pa. No rent free period was given. The rent equates to £55.00 per sq ft ITZA
- **Unit 2/3 23 Oxford Street** - let in the open market in Q3 2016 on a 5 year FRI lease at a rent of £27,600 pa. No rent free period was given. The rent equates to £40.00 per sq ft ITZA

All the above shops lie in the immediate vicinity of the subject, but the rental evidence fails to paint a consistent picture. The rent agreed in the renewal of the lease of Unit 1 23 Oxford Street is above the market tone, as the trader knew its profit margins and was able to pay a higher rent as a result. The open market letting of Unit 2/3 relates to a better configured unit than 22 Oxford Street, which is long and narrow. 3-4 Portland Street lies in a marginally better retail pitch. Even the most recent of the evidence is some 12 months out of date, but there has been no more relevant evidence, so we must rely on what is available.

## Yield and Capital Value Analysis

In assessing the value of the property we have had regard to the following transaction evidence:

- **127/129 High Street, Poole** – high street retail premises let to Bonmarche on a lease expiring in December 2022 at a rent of £75,000 pa. The investment sold in Q3 2018 for £650,000, an initial yield of 11%. However, the property was over-rented, with the Market Rent being circa £60,000 pa, meaning that the equivalent yield is 9.5%.
- **17/21 High Street, Rhyl** – high street retail premises let to Bonmarche on a lease expiring in March 2022 at a rent of £30,000 pa. The investment sold in Q1 2017 for £305,000, an initial yield of 9.4%. However, the property was market rented, meaning that the equivalent yield is also 9.4%. Rhyl is a more secondary retail location than Swansea
- **7 Union Street, Swansea** – high street retail premises let to local trader on a lease expiring in December 2026 at a rent of £35,000 pa. The investment sold in Q4 2016 for £440,000, an initial yield of 7.6%. However, the lease incorporated a fixed minimum rental uplift to £42,000 pa in 2021, meaning that the equivalent yield is 8.5%

We have drawn evidence from sales of investments let to Bonmarche and from an investment sale in Swansea City Centre. The Bonmarche evidence appears inconsistent until the transactions are reviewed by considering whether the passing rents are in line with or above market level. These two transactions show that for investments let to Bon Marche with 4 to 5 years of the lease remaining an equivalent yield of 9.4% to 9.5% is achievable in the current market in small/secondary urban centres. Despite the woes of the retail sector, this has not changed in the last 12 months.

The more historic sale from Union Street shows the strength of Swansea as a retail sector compared to the other locations in which the Bonmarche properties have been sold.

In Swansea City Centre there have been no other more recent investment sales of this category of property. The unit shops surrounding Swansea Market in Oxford Street were sold last year, but the investment had a much larger lot size. The sale price reflected a 9.5% initial yield reflecting the mix of tenants and the fact that some shops are still over rented. Another sale relating to a larger lot size was in Castle Street, where a multi-let investment was sold in 2017 at 9%. The tenants were a mix of local and national traders, occupying on leases with under 5 years WAULT. The location is more secondary than Oxford Street.

As noted hereunder Lambert Smith Hampton have been marketing the investment for sale and that marketing also drives our opinion of value.

## 9. VALUATION COMMENTARY

### Location

The property lies in a good secondary trading position within Swansea City Centre. The neighbouring shops are occupied by a mix of national, regional and local traders and comprise units from standard size to department stores. This reflects the general nature of the location which has always tended to attract value retailers in the national sector and specialist local traders.

Swansea City Centre has endured turbulent times even before the recent retail crisis. Over development of out of town estates during the 1990s and the early part of this Millennium has reduced demand for shops in the City Centre and rental levels fell quite substantially between 2006 and 2016. However, they now seem to have reached a level, which is partly because occupancy is high in the secondary/fringe prime locations. There is still an above average level of void units within the prime retail centre.

Despite being Wales' second city, Swansea's central retail offer is below par for the size of the city, having a large number of bulk retailers and few high end fashion or speciality retailers. This reflects the demographics of those who shop in the City Centre, with many of the higher earners choosing to shop in Cardiff or in speciality towns such as Cowbridge and Mumbles. We do not see this situation changing in the short to medium term.

The rise of internet shopping has had an impact on the City Centre, but given the general nature of the retail offer, that impact has not been as marked as it has been in other locations.

### Property

The building has been let to Bonmarche for some years, however for many years the basement was underlet and set to a variety of retail uses. That use ceased whilst the Applicant was pursuing redevelopment opportunities which would have seen the basement being used by Bonmarche as their ancillary accommodation and the upper floors to the building converted to residential use. However, negative feedback from the planning authority has put paid to these aspirations.

Any purchaser acquiring the property has the opportunity to negotiate with Bonmarche for the return of the basement and to let the same to another retailer. The location is one set to a variety of specialist local traders to whom the opportunity to take cheap space would be attractive.

This type of development is most likely to be pursued either because Bonmarche wish to vacate or as a means of persuading them to extend their lease in return for the rent being reduced. An investor would concentrate on renewing the lease with Bonmarche or extending the existing lease as a means of enhancing asset value.

The opportunity to split the building therefore assists the asset value.

### Lease Terms

The property is let to a well constituted multiple retailer on a lease which expires in March 2022. It therefore has approximately 3.5 years to run at date of valuation.

Whilst the income is perceived to be secure in the short term, investors will be concerned about whether Bonmarche renew their lease because of the potential void at the end of the current term. Thus the value of the property will reduce in the short term as the period of secure income declines.

The valuation is prepared on the basis that the property has been marketed in the past and sold at the date of valuation. Therefore the purchaser is acquiring 3.5 years secure income. However, if the property were put on the market today it may take 6 months to sell and thus the purchaser acquires 6 months' less secure income. Consequently, a sale in the future is likely to generate a lower value - all other matters being equal.

This is an aspect which will need to be taken into consideration in the funding of the subject property.

## Asset Management Initiatives

The prudent investor would be seeking to open discussions with Bonmarche to ascertain whether they would be prepared to extend their existing lease. If they are not prepared to do so at this stage then the property would be held but the negotiations would be reopened on a regular basis.

If it appears Bonmarche are unlikely to renew their lease then early marketing would commence on a break-up basis.

These options do provide a degree in more flexibility for a purchaser which makes the investment slightly less “dry” than it might otherwise be.

## Marketing Programme

LSH are marketing the property.

The property was put on the market in Q1 2018 at £825,000, but the asking price was reduced to £795,000 in Q2 2018, and is to be reduced to £775,000 if this re-finance does not proceed. There has been good interest throughout the marketing campaign and an offer of £725,000 was made last month, but the purchaser withdrew before substantive negotiations were undertaken.

## Proposed Purchase Price

No sale price is available in this case as we understand the property to be subject to refinance.

## Asset Scoring

Macro Location	3 - Average
Micro Location	3 - Average
Build Quality	3 - Average
WAULT	3 - Average
Tenant Quality	4 - Good
Liquidity	4 - Good

Total - 20

The score detailed is based on 1 being very poor and 5 being very good. An average score would be 18.

## SWOT

We consider strengths, weaknesses, opportunities and threats of the property at the date of valuation to be:

<b>Strengths</b>	Let to good quality tenant Opportunities to increase income
<b>Weaknesses</b>	Lease expires in March 2022 Retail market is weak
<b>Opportunities</b>	Regear lease
<b>Threats</b>	Further decline in retail sector Value falls as lease term shortens Failure of tenant

## 10. VALUATIONS AND VALUATION METHODOLOGY

### Market Rent

**£70,000 Per Annum**  
**(Seventy Thousand Pounds Per Annum)**

This part of Oxford Street is made up of a mix of different size shops, so although the retail area of the subject is larger than that of a standard size shop, it is not out of place in this location. However, the ancillary accommodation on the upper floors is excessive. The basement is capable of being let separately from the remainder and has been let historically.

Therefore if Bonmarche do not renew their lease an investor could split up the building or let to a single tenant.

Taking this into consideration we have valued the property as if let to a single tenant by adopting a rent of £37 per sq ft ITZA in respect of the ground floor, with £3 per sq ft to the basement and first floor. Nil rent has been attributed to the second floor. This produces a rent of £70,000 pa.

However, if the basement were let separately then it would command a higher rent of £5 per sq ft, meaning that the rent roll rises to £78,500 pa, namely £18,500 pa to the basement and £60,000 pa to the remainder.

Our opinion of Market Rent is stated as a headline rent and to achieve this, standard market letting incentives may be required. It assumes the terms of an institutional lease granted on effectively full repairing and insuring terms for a minimum term of five years without unduly onerous or beneficial covenants inferred on either party to it.

### Market Value

Taking into account the transactions set out within this report, for valuation purposes we have adopted the market approach or comparable method of valuation which provides an indication of value by comparing the Property with other similar properties for which price information is available. We have adjusted these comparables to reflect differences in age, size, condition, location and any other relevant factors.

Our valuation adopts a yield of 8.5% against the passing rent, rising to 8.75% against our opinion of Market Rent on reversion. This reflects the fact that Swansea is a stronger retail centre than Poole or Rhyl, with more demand for larger shop units – hence the yield shift against the other Bonmarche sales - and has regard to the sale of 7 Union Street. There is also the opportunity for the rent roll to rise in the event that terms can be agreed with Bonmarche to take back the basement and the fact that there are some asset management opportunities.

The valuation prepared is between the asking price of the investment and the offer made within the last three months. However we feel that the offer was somewhat speculative in nature. The valuation is in line with the revised asking price. The revision of the asking price reflects an element of forcing of sale by the Applicant's current funder and we consider that the definition of Market Value is properly reflected in our analysis of value.

The yields adopted reflect the fact that the tenant is in occupation and allows for a reasonable prospect or renewal at Market Rent. If that situation were to change then there would be an adverse impact on the value of the investment.

We are of the opinion that the **Market Value** of the **freehold** interest of 21 Oxford Street Swansea SA1 3AQ, as at 29 August 2018, subject to the lease detailed herein, for loan security purposes, is:

**£775,000**  
**(Seven Hundred and Seventy Five Thousand Pounds)**

Our valuation reflects the following yield profile:

<b>Net Initial Yield</b>	9.2 %
<b>Equivalent Yield</b>	8.7 %

We consider 6 months to exchange of contracts is a realistic period required to achieve this value

## Special Assumption Valuation

We are of the opinion that the **Market Value** of the **freehold** interest in 21 Oxford Street Swansea SA1 3AQ, as at 29 August 2018, with the **Special Assumption** of full and effective **Vacant Possession and that the subject is unlet**, for loan security purposes, is:

**£625,000**  
**(Six Hundred and Twenty Five Thousand Pounds)**

In assessing our valuation of the property on the basis that it is vacant, we have allowed for a 12 month total void but assume that the property will let to separate tenants for the basement and the remainder of the property to produce an income of £78,500 pa. Tenants are likely to be regional rather than national companies and hence we have adjusted the yield to 11% for the basement and 10% for the remainder to accommodate the risk that the tenant status may not match that of the existing occupier.

## Estimate of Reinstatement Cost

We estimate the reinstatement cost on an informal basis of the premises in the sum of:

**£2,200,000**  
**(Two Million Two Hundred Thousand Pounds)**

If a formal valuation for fire insurance purposes is required our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

## Suitability as Mortgage Security

We are of the opinion that, subject to comment within this report, the property offers security suited to a loan at commercial rates of loan to value and serviceability.

## 11. ASSUMPTIONS, LIMITATIONS AND REGULATORY INFORMATION

### Information

Any third party information supplied by the client, professional advisors, investigation agencies, Local Authorities, statutory bodies and other stated sources is accepted as being correct unless otherwise specified.

### Services

Unless otherwise stated we understand that all mains services are available to the property, including electricity, gas, water and mains drainage, although we have not made any enquiries of the respective service supply companies. We further assume that any of the services or associated controls or software are in working order and free from defect.

### Condition

We have not carried out a building survey of the property as this was not within the scope of our instructions, nor have we inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.

The property has been valued with due regard to its appropriate existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We believe we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

It is assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

### Plant and Machinery

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments (if provided), including:-

Fixed space heating, domestic hot water systems, lighting and main services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial premises, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant or machinery.

Unless otherwise specified the following items are excluded:-

All items of processed plant and machinery, tooling and other equipment not primarily serving the building, cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery, sewerage plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam, and compressed air supplies and circuits serving industrial and commercial processes.

Unless otherwise specified, no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant and machinery, fixtures and fittings.

In the case of petrol filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

### Defective Premises Act 1972

Liabilities or obligations or any rights there under, whether prospective or accrued are not reflected in valuations unless actually specified.

### Asbestos and Deleterious Materials

This material was regularly used from 1960s to 1980s. The cost of maintenance, alteration and repair of any building where asbestos is present can be significantly increased because of the need to take appropriate precautions under The Control of Asbestos Regulations 2012 (amended February 2016). This in turn may impact value.

Under the terms of these Regulations a Dutyholder is required to manage asbestos in nondomestic premises. Typically, this encompasses a positive obligation to assess the likelihood of asbestos containing materials (ACMs) being present at the premises. This can be achieved either by reference to bone fide statements confirming that ACMs were not incorporated into the construction of the building, or by commissioning an asbestos survey. The results of that survey would then be interpreted, acted upon and recorded in an Asbestos Management Plan. For the purpose of our report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject, in circumstances where it is likely to have an effect on health or safety.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious materials have been used in the construction of the property, or have since been incorporated and we are, therefore, unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

### **Contamination**

Unless otherwise stated herein, we have not been instructed to commission a formal audit in respect of the subject site in relation to the potential presence of contamination. Furthermore, our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation.

We have not carried out, nor are we qualified to carry out an Environmental Audit. Our comments herein are therefore merely a guide and should not be relied upon. If you require confirmation of the position, we strongly recommend that an initial Environmental Audit is carried out.

If we have been provided with third party reports we have accepted them as being correct.

We have assumed that any/all necessary decontamination works have been undertaken at the subject in its current and/or permitted use to be legally undertaken without contravention of any existing contamination related statute.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If those further investigations were to reveal contamination then this might reduce the value/s now reported.

Where property has been redeveloped we have assumed that any necessary de-contamination works required for the proposed redevelopment of the subject have been undertaken.

### **Contaminative Invasive Species**

Unless otherwise informed we have assumed that there is no presence of any contaminative invasive species.

### **Ground Conditions**

Unless otherwise stated, we have not been provided with a site investigation or geographical or geophysical survey. We have therefore assumed the ground has sufficient load bearing strength to support the existing structures (and/or any other structure which may be erected in the future) without exorbitant or excessive costs. It is further assumed that there are no underground minerals, archaeological remains etc which may have a detrimental impact on value.

For the purpose of this advice we have assumed that the ground conditions are satisfactory for a traditional method of construction. We have also assumed that there are no contaminating or other deleterious materials present which may prevent the development of the site in a traditional method or at normal cost levels. Furthermore, we have assumed that the site is capable of being serviced at a reasonable cost level, and that there would be no exorbitant or excessive off site costs relating to matters such as drainage, infrastructural adaptations etc.

If we have confirmed herein that the subject is located in an area of past mining activity, we recommend your solicitors instigate a mining search to comment upon the incidence of mining related settlement and location of mine shafts.

### **Flooding**

**Flood Risk** - the Natural Resources Wales website uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

The information relating to the likelihood of flooding is Natural Resources Wales' assessment of the likelihood of flooding from rivers and the sea at any particular location, based on the presence and effect of all flood defences, predicted floor levels, and ground levels. The probability or likelihood of flooding is described as the chance that a location will flood in any one year.

**Drainage** – surface water run off flooding, known as 'pluvial' flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

### **Town Planning**

We have made informal enquiries of the local planning and highway authorities and the information provided is assumed to be correct.

Unless otherwise stated, all planning information has been given via web based enquiries of the Local Planning Authority. In the absence of further information, we have assumed that the uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission.

No formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position is correctly stated in our report, that the property is not adversely affected by local authority proposals or requirements and that there are no outstanding statutory notices.

We have assumed that the properties and their value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their condition nor their present or intended uses are or will be unlawful.

We trust that your solicitors will check this information by taking out a local search and again, we would be pleased to advise further upon receipt of the confirmation of these details.

We have assumed that each property has full unconditional consent for the stated use and development described within.

For reference, following the Planning and Compulsory Purchase Act 2004, the old plan-making system is to be replaced by Local Development Frameworks (LDF). The LDF is not a single document or plan; rather, it is a suite of documents that combine to form the development plan for the area. The principal document is the Core Strategy, which sets the overall planning policy approach, which is supported by various Development Plan Documents (DPDs) for specific issues, such as site allocation.

### **Rating**

For reference the empty property rates for vacant commercial premises are 100% of the basic occupied business rate, after initial void periods have elapsed. For most properties, excluding industrial, the void period is 3 months. For industrial properties, the void period is 6 months.

Unless otherwise stated we have not investigated whether the property is subject to any transitional relief or phasing and are unable to comment in this respect.

### **Health and Safety Legislation**

Our valuation assumes that, in so far as is relevant to the subject, the property complies with the requirements of the Office Shops and Railway Premises Act 1963 as well as any superseding statute. The Act provides for securing the health, safety and welfare of persons employed to work in office or shop premises and those employed to work in certain railway premises.

### **Fire Legislation**

As from 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force in England and Wales. Under this Order, Fire Certificates are no longer issued and existing certificates have been superseded by Risk Assessments. A Risk Assessment is required for all non-domestic properties, as well as as tenanted domestic properties, and is to be carried out by a 'Responsible Person' as defined within the Order. The findings of any risk assessment must be recorded in writing where more than five or more persons are employed or the premises are licensed or there is an alterations notice.

The smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into effect from 1 October 2015 requiring that landlords of residential property must provide (a) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (b) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. A landlord has a responsibility to insure that the detectors are checked and in proper working order. It is assumed that the property is compliant in regard to the above regulations.

### **General Legislation**

For the purpose of this report, we have assumed that the property complies with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

### **Discrimination**

The Equality Act 2010 and subsequent updates, makes it unlawful for service providers to treat disabled people less favourably because they are disabled (unless there is a clear and fair reason) in relation to their access to their place of employment or education; their access to goods, services and facilities (although note that where private clubs are concerned, only those with 25 or more members are required to be compliant with the Act) and their access to the functions of public bodies.

Employers, educators and service providers must all make *reasonable* adjustments for disabled people to be able to access and use property they have a right or need to visit; this is not restricted to physical access.

Where a temporary or permanent physical feature makes it impossible, or unreasonably difficult, for disabled customers to make use of a service or place of education or work, the provider has to take reasonable measures to remove the feature; alter it so that it no longer has that effect; provide a reasonable means of avoiding the feature; or, provide a reasonable alternative method of making the service available to disabled people.

The test of reasonableness is about what is practical in the service provider's individual situation; what resources they might have (and the amount of any resources already spent on making adjustments); whether taking any particular measures would be effective in overcoming a particular difficulty; the extent to which it is practicable for the service provider to take the measures; the extent of any disruption which taking the measures would cause.

For the purpose of this report and valuation we have assumed that the property complies with the relevant requirements of the Equality Act 2010 ('the Act').

### **Sustainability**

Investor and occupational decisions are increasingly being informed by a range of sustainability related metrics that are beginning to be developed and that can provide measures of some aspects of a property's sustainability characteristics, for example Energy Performance Certificates (EPCs) and BREEAM. Furthermore industry benchmarking of sustainability performance is becoming more common place.

Characteristics that may be considered are land use, design and configuration, construction materials and services, location and accessibility, fiscal and legislative considerations and management and leasing issues. If, at the date of valuation, the market does not differentiate (in terms of demand), between a building that displays strong sustainability credentials and one that does not, there will be no impact on value.

### **Energy Performance Certificates**

EPCs contain information about the energy performance of a building.

To meet the EU Energy Performance of Buildings Directive, EPCs must be produced by the 'relevant person' prior to marketing for property transactions including the sale, rent or construction of all buildings, whether residential or commercial, with the exception of places of worship, buildings less than 50 sq m, industrial sites, workshops and non-residential agricultural buildings that do not use a lot of energy, and temporary buildings.

The 'relevant person' will be the vendor or prospective landlord as appropriate; where a tenant wishes to assign or sub-let its interest and the premises have common heating or air-conditioning services, the landlord of those constituent parts becomes the 'relevant person'.

Local Authority Trading Standards Officers have powers to levy fines for non-compliance. EPCs are valid for 10 years from the date of production and can be reused as many times as required within that period, provided that changes have not occurred to the property relating to, for example, layout or refurbishment.

DECs (Display Energy Certificates) - Since 9 July 2015 public buildings in the UK over 250m<sup>2</sup> must display a Display Energy Certificate (DEC) prominently at all times. The aim of the Energy Performance of Buildings Directive is for the public to receive energy information about a building they are visiting. The Certificate provides information of a similar nature to an EPC but is an advisory document and thus not registered in the same way as an EPC.

**Rental properties** – when renting a property (including sub-letting and assignment, but excluding lease renewals, extensions or surrenders) to a new tenant, landlords are required to produce an EPC to the tenant and a tenant cannot legally move into the property until an EPC has been produced. Landlords are not required to produce an EPC to an existing tenant or if an existing lease is renewed or for dwellings in multiple occupation.

**Properties for sale** - sellers must obtain an EPC prior to marketing and provide a hard copy to the purchaser on completion.

Any commercial building over 50 sq m, marketed before 1 October 2008 but remaining on the market, needs a Commercial EPC. If it has been sold or rented out since 1 October 2008, a CEPC must have been commissioned and then handed over as soon as was practicable.

Our valuations assume that EPCs would be provided on sale in accordance with the aforementioned legislation however **we recommend that this is clarified by your legal advisors.**

### **Tenure**

Unless otherwise stated, we have not inspected any documents of title and for the purposes of this valuation we have assumed that the subject interest is unencumbered and free from any unduly onerous or unusual easements, restrictions, outgoings, covenants or rights of way and that it is not affected by any local authority proposals. We recommend that your solicitors be instructed to verify the position.

### **Tenant Status**

Unless otherwise stated, we have assumed that there are no arrears of rent, service charge or other relevant payments, or undisclosed breaches of covenant.

Furthermore, unless otherwise confirmed herein, we have not made status enquiries of the tenant company/ies and have assumed that all financially sound and capable of meeting their rental and other responsibilities under the lease terms.

### **Taxation and Grants**

Value Added tax, taxation, grants and allowances, are not included in capital and rental values as, unless otherwise specified in the report, they are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Lambert Smith Hampton will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of grants or capital allowances, available to a purchaser of the property.

### **Market Value (MV)**

We have prepared our valuation on the basis of **Market Value (MV)** which is defined in the RICS Valuation – Professional Standards UK January 2014 (revised April 2015), as:

“The estimated amount for which an asset or liability should exchange on the *Valuation Date* between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

### **Market Rent**

We have prepared an additional valuation on the basis of **Market Rent (MR)** which is defined in the RICS Valuation – Professional Standards UK January 2014 (revised April 2015), as:

“The estimated amount for which an interest in *real property* should be leased on the *Valuation Date* between a willing lessor and willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Further, no allowance is made for any costs of sale or any liability for taxation, including VAT, which may arise on disposal.

### **Insurance**

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate. Therefore, in situations where advice is provided for insurance purposes, our methodology will be on a Reinstatement Cost Assessment basis.

### **Reinstatement Cost Assessment**

The replacement figure stated for fire insurance purposes is a ‘Day One’ valuation and is given solely as a guide which may have to be varied and should not therefore be regarded as a formal valuation for insurance purposes. If a formal valuation for fire insurance purposes is required our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

It is assumed that the policy is on an indemnity basis with a fully operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building costs subsequent to the date of our estimate. No provision is included for trade fixtures and fittings, occupiers fit out items, Value Added Tax, nor for loss of rent, extra costs of working or other consequential loss, local authority requirements and party wall works. Further, the figure excludes any land remediation and special contaminated waste costs. However, the figure is inclusive of professional fees, demolition and site clearance.

Following the outcome of the legal case *Bartoline v Royal and Sun Alliance Insurance plc* and another 2006, our assessment will not include for cost liabilities arising from any environmental consequences, contamination or pollution. We recommend that you consult your Insurers in respect of any specialist cover required.

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, on the basis that:-

- a. The accommodation provided will be similar in construction, design and area to the existing buildings;
- b. The works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;
- c. Unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hard standing, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated the reinstatement cost does not include any allowances for:-

- a. Any loss of rent incurred during rebuilding;
- b. Planning restrictions which a planning authority might impose;
- c. Special foundations required for plant and machinery or due to adverse ground conditions;
- d. Any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading “Plant, Machinery, Fixtures and Fittings” for details of items normally included);
- e. Any effect of inflation on building costs occurring after the valuation date;
- f. VAT (except on professional fees) which normally be payable in addition.

### **Future Useful Economic Life**

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

#### **Compliance with Valuation Standards**

Where applicable our valuations are in accordance with RICS Valuation – Professional Standards UK January 2014 (revised April 2015), published by the Royal Institution of Chartered Surveyors (“RICS”), the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) “Listing Rules” (“Source Book”) and “City Code on Takeovers and Mergers” (“Blue Book”) as amended and revised from time to time. Copies are available for inspection.

#### **Limitations and Liabilities**

This Valuation Report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and their professional advisors and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Valuation Report nor any reference hereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

Such publication of, or reference to this valuation report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions or departure(s) from the RICS Valuation – Professional Standards UK.

# APPENDICES

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**APPENDIX 1: LETTER OF INSTRUCTION, LETTER OF ACKNOWLEDGEMENT  
AND LSH TERMS OF ENGAGEMENT**

23rd August 2018

Lambert Smith Hampton  
FAO Robert Harlow  
Axis 17  
Axis Court  
Mallard Way  
Swansea Vale  
Swansea  
SA7 0AJ

Dear Sirs,

**Re: 21 Oxford Street, Swansea, SA1 3AQ**

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: Alexdraft Limited  
Contact Name: Peter Rees  
Phone Number: 07880342120  
Email: jjharris9@hotmail.co.uk  
Properties: 21 Oxford Street, Swansea, SA1 3AQ  
Tenure: Freehold  
Use: Retail  
Tenancies: Lease to Bon Marche  
Access: Through Peter Rees

#### **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 £700 + 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 Richard Berkley on 07768 512079 if you have any queries regarding this instruction.

Please send the Valuation Report to [rberkley@proplend.com](mailto:rberkley@proplend.com), with hard copy to 15 Little Green, Richmond TW9. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,



Brian Bartaby  
Director

Proplend Security Limited

24 August 2018

T +44 (0)1792 702800  
www.lsh.co.uk

**THE DIRECTORS**

Proplend Security Limited  
15 Little Green  
Richmond  
TW9

Lambert Smith Hampton  
Axis 17  
Axis Court  
Mallard Way  
Swansea Vale  
Swansea  
SA7 0AJ

For the attention of: Richard Berkley

Our Ref: 0136279-SW-0000/P2834/ROH/JID

Dear Sirs

**Client:** Proplend Security Limited  
**Subject of Valuation:** 21 Oxford Street, Swansea SA1 3AQ  
**Applicant:** Alexward Limited

Thank you for your instruction letter dated 23 August 2018 to provide valuation advice in respect of the above retail investment property. Our valuation will be undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK (the 'Red Book').

We set out the basis of our instruction as follows:

1. You have instructed us to value the property for loan security purposes.
2. We must draw to your attention our enclosed Terms of Engagement for Valuation Services which, together with this Engagement Letter, form the Agreement between us regarding the work we are to undertake, the circumstances in which fees and expenses will be payable and details of our respective duties.
3. We maintain adequate insurance cover for the purpose of this instruction.
4. The valuation is to be of the freehold interest and on the bases of Market Value and Market Rent (the definitions of which are attached). You have also requested that we provide an informal estimate of reinstatement cost. All values will be stated in £GBP.
5. You require a valuation on the basis that the property is subject to existing tenancy.
6. You have requested an additional valuation on the basis of Market Value with the Special Assumptions that:-
  - The subject has the benefit of full vacant possession.This assumption will be stated in our valuation report and will be assumed to exist at the valuation date.
7. We have agreed that we shall rely upon the following information for the purpose of reporting to you:
  - A copy of the lease as supplied by the Applicant
  - The Applicant's confirmation of the title by which the property is held

8. The valuation is required by 31 August 2018. The valuation date will be the date of our report. The Valuation will be carried out by R W Harlow, MRICS, Director, a RICS Registered Valuer who will be acting as an External Valuer. We confirm this Valuer will act with independence, integrity and objectivity, and has sufficient current local and national knowledge of the particular asset type at its particular market as well as the skills, qualifications, experience and understanding necessary to undertake the valuation competently. He will sign the report on behalf of Lambert Smith Hampton.
9. We set out below our involvement over the last two years with the property, the borrower or a prospective borrower or with any party connected with a transaction for which lending is required:-
  - We have provided valuations to the Applicant's current funder for secured lending purposes within the last 12 months
  - We are instructed by the Applicant to sell the investment and the property is presently being marketed through our offices in Swansea, Cardiff and Bristol

We have advised you of this prior involvement and you have confirmed that you are satisfied that any potential conflict of interest can be managed by the report being countersigned by a director of Lambert Smith Hampton who has not previously carried out the valuation or been involved in the marketing. The valuation report author has had no involvement in the marketing being undertaken but he did value the property for Handelsbanken, the Applicant's current funder.

10. In accordance with the Royal Institution of Chartered Surveyors Valuation – Professional Standards UK (the 'Red Book'), we have agreed that we shall depart from the Standards as follows:
  - VPS 2 Inspections and Investigations: in accordance with your instructions, we will not undertake an inspection of, or measure, the subject; our valuation will be undertaken on a 'desktop' basis reflecting the circumstances of the property at the time of our last inspection of the property.

In accordance with the Red Book, our valuation report will confirm the nature of the restrictions, any resulting assumptions and the impact on the accuracy of the valuation.

11. Our agreed fee for providing you with our valuation report is £700, plus VAT and will be paid by the Applicant. We confirm that this arrangement has no effect on the contractual obligations between ourselves. We shall charge VAT at the statutory rate on all fees. VAT will be calculated with reference to the level prevailing at the date of our invoice.

Our valuation report will be released on receipt of cleared funds.

12. In the event that your bank intends to syndicate the whole or any part of the loan we draw to your attention clause 9 of the attached 'Terms of Engagement for Valuation Services' which operate to the exclusion of any other terms or conditions which you may seek to apply to this instruction.
13. Please note that any reproduction or public reference to the valuation or report will require our prior written consent.
14. We must draw to your attention that our compliance with the RICS Valuation - Professional Standards may be subject to monitoring under the Royal Institution of Chartered Surveyors conduct and disciplinary regulations.
15. We confirm that the Valuation Division of Lambert Smith Hampton has a Quality Management

System which complies with ISO 9001:2015.

16. In the event of any ambiguity or conflict between any of the documents comprising the Agreement, this Engagement Letter shall take precedence over any of the other Terms.
17. We are happy to consider your Solicitor's Report on Title prepared in connection with the proposed facility as part of this instruction. If however the Report on Title is delayed and is received in excess of 3 months from the date of our valuation report we will charge an additional fee on a time spent basis.
18. Our Valuation Report will be provided for the above-stated purpose and for the sole use of the named Client. It will remain confidential to the Client and his professional advisers and the Valuer accepts no responsibility whatsoever to any other person. Neither the whole nor any part of the Valuation Report nor any reference thereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear. Such publication of, or reference to the valuation report may not be made unless it contains a sufficient contemporaneous reference to any Special Assumptions or departures from the Red Book confirmed therein. We refer you to Condition 9 of the attached Terms of Engagement for Valuation Services.
19. This instruction may be terminated by either party upon 30 days notice to the other. If the instruction is terminated by either party we will be entitled to fees and expenses on the basis set out in the Terms of Engagement.
20. We are committed to providing a high level of service. In the event that you have any concerns about any aspect of our work please do not hesitate to contact me. Details of our complaints procedure are available on request.

If this letter does not correctly set out your instructions to us please advise me by return. Please note that in the event either party notifies in writing of any subsequent amendments to these instructions, the other party's continued involvement will be deemed as having accepted those amendments.

Yours faithfully



R W Harlow MRICS  
**RICS Registered Valuer**  
**Director**  
**For and on behalf of**  
**LAMBERT SMITH HAMPTON**

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encl. Terms of Engagement for Valuation Services

**Royal Institution of Chartered Surveyors Valuation – Professional Standards Global  
and UK Edition**

**Incorporating the IVSC International Valuation Standards**

**Bases of Value**

**Market Value (MV)**

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

**Market Rent (MR)**

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

# Terms of Engagement for Valuation Services

## 1 INTERPRETATION

### i) In these Terms:

"Agreement" means the agreement between the Client and LSH for carrying out the Service, incorporating the Terms and the Engagement Letter.

"Valuation Standards" means the RICS Valuation Professional Standards UK January 2014 (or later edition if superseded prior to the date of issue of the LSH Report) published by the RICS.

"Client" means the person to whom LSH is to provide services in accordance with the Terms and includes the person to whom the Engagement Letter is addressed.

"Director" means any person whose title includes the word 'director' whether or not a statutory director.

"Engagement Letter" means the letter or proposal document sent out by LSH to the Client setting out the basis on which it will carry out the Service.

"Expert Witness Terms" means the terms and conditions which, in addition to the Terms of Engagement letter, govern the provision of the Expert Witness Services (as defined within the Expert Witness Terms of Engagement).

"Force Majeure" means any circumstances beyond the reasonable control of LSH including, without limitation, war or threat of war, actual or threatened terrorist activity, any form of industrial action, disaster, adverse weather, act of God or act of governmental or other regulatory bodies.

"LSH" means Lambert Smith Hampton Group Limited whose registered office is at United Kingdom House, 180 Oxford Street, London W1D 1NN and any company which is in the same group of companies as that company.

"LSH Report" means the written advice and report(s) provided to the Client by LSH under this Agreement.

"Property" means the property identified in the Engagement Letter and any agreed variation to the Engagement Letter.

"RICS" means the Royal Institution of Chartered Surveyors.

"Service" means the service to be performed or procured by LSH under the Agreement including, where applicable, any Expert Witness Services (as defined in the Expert Witness Terms).

"Terms" means the terms and conditions set out in this document and includes the Expert Witness Terms and any other terms and conditions set out in the Engagement Letter or any other letter or document from LSH accompanying, supplementing or varying the Terms.

### ii) In these Terms:

- (a) A reference to "writing" includes electronic mail;
- (b) A reference to any provision of a statute or regulation shall be construed as a reference to that provision as it is in force at the relevant time taking account of any amendment, re-enactment, extension or repeal.
- (c) Except where the context otherwise requires, words denoting the singular include the plural and vice versa, words denoting any gender include all genders and any reference to a "person" includes an individual, firm, corporation and/or other legal entity.
- (d) References to a numbered condition are to that condition in these Terms.
- (e) The headings are for convenience only and shall not affect the interpretation of these Terms.

## 2 GENERAL

- i) The Agreement shall be made when the Client receives a copy of the Terms or gives instructions to LSH, whichever shall be the later, and shall be subject to the Terms, which shall also apply to all or any part of the Service carried out prior to such date.
- ii) LSH shall perform all Services on the basis of the Terms only, which shall apply to the exclusion of any other terms and conditions which the Client may seek to impose.
- iii) No variation of the Terms or the Engagement Letter shall be binding unless previously agreed in writing by a Director of LSH and in entering into the Agreement the Client acknowledges that it has not relied on any statement, promise or representation which has not been confirmed in writing by a Director of LSH.
- iv) In the event of any ambiguity or conflict between any of the documents comprising the Agreement, the Engagement Letter shall take precedence over any of the other Terms.
- v) Nothing in the Agreement shall confer or purport to confer on any third party any benefit or right to enforce any terms of the Agreement. No term of the Agreement shall be enforceable under the Contracts (Rights of Third

Parties) Act 1999 by a person who is not a party to the Agreement, although this shall not affect any right or remedy of any third party which exists or is available other than under such Act.

- vi) LSH's duties under the Agreement shall be limited to those set out in the Terms.
- vii) LSH shall be entitled to accept and act on any instruction given to LSH by any person who is an employee of, or advisor, to the Client.
- viii) If any provision of the Terms shall become or be declared illegal, invalid or unenforceable for any reason such provision shall be divisible, and shall be deemed to be deleted, from the Terms.
- ix) Nothing in this condition 2 shall exclude or limit LSH's liability for fraud or fraudulent misrepresentation.
- x) The Client shall provide its authority, instructions or information required to LSH promptly.
- xi) It is a condition of the Client's agreement with LSH that (save where LSH instructs independent experts, consultants or other third parties on the Client's behalf) the duties and responsibilities owed to the Client are solely and exclusively those of LSH and that no employee of LSH shall owe the Client any personal duty of care or be liable to the Client for any loss or damage howsoever arising as a consequence of the acts or omissions of such employee (including negligent acts or omissions) save and to the extent that such loss or damage is caused by the fraud, dishonesty, wilful misconduct or unauthorised conduct on the part of such employee.

## 3 SERVICE

LSH shall seek to provide a service such as would be expected of a national firm of consultant surveyors in a proper professional manner and shall perform the Service with reasonable care and skill.

The Service shall, however, be provided on the basis that:

- i) LSH reserves the right to carry out instructions in accordance with such procedures, principles or methodologies as LSH deems to be appropriate. Where appropriate, LSH shall comply with the relevant Practice Statements and Guidance Notes published by the RICS and measurements shall be undertaken in accordance with the relevant Code of Measuring Practice published by the RICS.
- ii) estimates of times for performance of all or any part of the Service have been made upon the basis of information available to LSH at the time and are approximate only so that LSH shall not be bound by any such estimate.
- iii) LSH may, if it considers it appropriate, secure performance of any or all Services by instructing one or more other persons (whether as sub-contractor or in any other capacity) upon such terms as LSH considers appropriate. In circumstances where LSH secures the performance of another person, no additional fee shall be payable by the Client in the absence of prior agreement to such additional fee but the Client shall be liable to pay all fees and other sums payable to LSH as if all Services had been performed by LSH.
- iv) The Client shall provide LSH (or ensure that LSH is provided) with details of any other consultants or contractors appointed or to be appointed by the Client relevant to the Service.
- v) If LSH are instructed to act as an Independent Valuer then the meaning and understanding of the term Independent Valuer shall be that LSH will exercise independence, integrity and objectivity when undertaking the Service in accordance with the Valuation Standards but LSH shall not be under any obligation to conform to any statutory or regulatory description given to the term Independent Valuer or the Client's definition or understanding of Independent Valuer unless LSH agrees with the client in writing prior to the instruction that any such other meaning shall apply.

## 4 THE PROPERTY

### i) Information

The Client warrants, represents and undertakes to LSH that (save as specifically notified to LSH by the Client in writing):

- (a) LSH shall be entitled to rely upon information and documents provided by or on behalf of the Client including those relating to matters such as Health & Safety, the Asbestos Register and details of tenure, tenancies, use, contamination, building costs, costs of development, town planning consents and building regulation consents, historic or projected future trading accounts and the like as being, to the best of the Client's knowledge, information and belief, accurate and not misleading (either on their face or by inference or omission) and the Client shall advise LSH and shall instruct any advisor to inform LSH in the event that the Client and/or any advisor receives notice or becomes in any other way aware that any information given to LSH is or may be misleading or inaccurate.
- (b) It shall provide legible true copies of any relevant documents reasonably required by LSH.
- (c) It shall make arrangements for the inspection of or attendance at the Property by LSH on reasonable notice in order to carry out the Service.
- (d) If the Client instructs LSH to re-value the Property without inspection LSH will assume that no material changes to the physical attributes of

the Property and the area in which it is situated have occurred and the Client has provided information of changes in rental income from investment properties and any other material changes to the non-physical attributes of each property such as lease terms, planning consents, statutory notices etc.

- (e) if the Client instructs LSH to undertake a critical review of a valuation prepared by another valuer and if LSH agrees in writing to do so then the Client shall undertake to provide LSH with full details of the first valuer's instructions so that LSH is in possession of all of the facts and information including the terms of instruction, circumstances and reasons for the first instruction so that LSH are able to undertake a critical review and the Client shall not publicise, discuss with third parties or refer to any critical review carried out by LSH in any documents or circular or otherwise without the express authority from LSH in writing.

## ii) Assumptions

Except where disclosed to LSH in writing, LSH shall be entitled to assume the following as appropriate:

- (a) Opinions of value shall be provided on the basis of "Market Value" or "Market Rent" as defined in the Practice Statements and Guidance Notes published by the RICS and in accordance with the Valuation Standards unless otherwise agreed in writing between LSH and the Client and, unless specifically notified by the Client to LSH and agreed in writing by LSH, LSH shall not be under any obligation to identify or take into account any marketing constraint such as if the Property cannot be freely or adequately exposed to the market or if the Property is subject to an inherent defect or constraint whether or not such circumstance or constraint is actual, anticipated or hypothetical and LSH shall not be required to take into account any time limit for disposal without adequate explanation from the client of the reasons for such a constraint.
- (b) There are no tenant's improvements which would materially affect LSH's opinion of the value of the Property unless otherwise advised. LSH shall not take account of any item in the nature of the tenant's fixtures and fittings, improvements, plant equipment, and machinery and LSH may (without any obligation to do so) make any reasonable assumptions to identify if any fixtures and fittings are part of the Property and which would pass, with the Property, on reversion, back to the landlord or on any sale and that all such tenant's improvements or fixtures and fittings have all necessary consents and are not subject to any onerous conditions.
- (c) There are no restrictive covenants or encumbrances or unduly onerous or unusual easements, covenants, restrictions, outgoing or conditions attaching to the Property or unusual terms in any relevant documentation or notices or procedures (including compulsory purchase orders) served, issued or threatened or any other matters whatsoever full information about which have not been supplied and brought to LSH's attention in writing and which would materially affect LSH's opinion of the value of the Property and that the Property has good marketable title.
- (d) The Property has the benefit of full planning consent or established use rights and building regulations approval.
- (e) The Property is not contaminated or potentially contaminated and, unless specifically instructed, LSH shall not undertake any investigation into the past or present uses of either the Property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and shall assume that none exists.
- (f) LSH may rely on all data provided to it, or stated on any publicly available websites, in respect of any EPC affecting the property. LSH shall be under no obligation to establish if any EPC is accurate or current. In the event that no EPC is available LSH shall assume that the Property meets the minimum requirements of the legislation and that there will be no adverse impact on value and marketability.
- (g) The Property (including, without limitation, all means of access and egress, which shall be assumed to be freely available, to and from the same and all plant and/or machinery or substances located in or at the Property and provided for the use of any person) has been properly maintained and is in good repair and condition and that any obligation concerning repair, maintenance, decoration or reinstatement have been complied with in accordance with all and any necessary statutory or other regulations and requirements and, without prejudice to the generality of the foregoing, is safe and without risks to health. LSH may at its discretion reflect any readily apparent defects or items of disrepair noted during its inspection in valuations but the Client shall not rely on this to assume either that the Property is free from defect or that LSH have in any way quantified the extent of any repair;
- (h) The Property complies with all relevant statutory requirements including Fire Regulations.
- (i) LSH's valuations shall reflect the state reached in construction and the company's costs at the date of valuation, having regard to the obligations of parties involved in the development only to the extent that any costs or estimates which have been prepared by the Client's

professional advisors are made available to LSH and LSH shall not be liable for any error or inaccuracy arising directly or indirectly from such information and shall not be under any duty to advise concerning the accuracy or relevance of such information:

- (1) Except where specifically stated otherwise, LSH shall assume that the Property is subject to normal outgoing and that where relevant any tenant(s) are responsible for repairs, the cost of insurance and payment of rates and other usual outgoing, either directly or by means of service charge provisions.
- (2) Unless specifically requested, LSH shall not make enquiries as to the financial standing of actual or prospective tenants although LSH shall reflect the general market's perception of a tenant's status in its valuation. LSH shall assume, unless advised in writing, that tenants are capable of meeting their financial obligations under the lease terms and that there are no arrears of rent, service charge or other relevant payments or undisclosed breaches of covenants.
- (3) In the valuation of portfolios LSH shall value each Property separately and not as part of the portfolio. Accordingly, LSH shall make no allowance, either positive or negative, in the aggregate value reported to reflect the possibility of the whole of the portfolio being put on the market at any one time.
- (4) LSH shall be entitled to make such special assumptions ("Special Assumptions") as are necessary to provide the Client with the opinions of value requested by the Client. Any Special Assumptions made shall be agreed with the Client and set out in the Engagement Letter and shall be stated in the valuation report prepared by LSH.

## iii) Other matters

Unless otherwise stated in the Engagement Letter:

- (a) LSH shall not be responsible for making any local search or other enquiries of local or any other authorities, including town planning enquiries or investigation of title regarding the Property, which shall be the Client's sole responsibility, and LSH may rely on any such information provided by the Client or the Client's advisors without further enquiry. If LSH shall make oral or other enquiries regarding the Property to third parties, the results of such enquiries shall not be relied on by the Client.
- (b) Subject to agreement of the terms of any subsequent instruction, LSH shall not be responsible for making any structural or site survey or audit of the Property such as may be required under the Equality Act 2010 or Control of Asbestos Regulations 2012 or for testing any services to or on the Property, including the availability of broadband or other communications or information technology infrastructures.
- (c) Any advice, approval or representation made by LSH or any person on behalf of LSH regarding the legal meaning or effect of any lease or contract shall not be relied on by the Client and such advice shall be limited to matters upon which it is suitable for a Chartered Surveyor to advise and shall not constitute advice regarding legal interpretation or drafting issues. Unless otherwise agreed in writing between the Client and LSH, LSH shall not be obliged to advise upon the interpretation or drafting of any draft agreements, leases or other legal or technical documents.
- (d) LSH shall not be responsible for advising in respect of, or effecting the service of, any notice required to be given under statute or under the provisions of any contract or lease or otherwise and shall not be liable for advice, interpretation or compliance with any time periods or other provisions under statute, regulation (including the Civil Procedure Rules for the time being) or provided for in any contract or lease including any notice of appeal or for making payments or carrying out any other actions in accordance with such time periods.
- (e) There are no facts known to the Client which ought to be brought to the attention of LSH to enable it to ensure that access to the Property by any person is safe and without risks to health.
- (f) LSH shall exclude and shall not be required to take into account any work in progress stock in trade and shall not be required to take into account or be responsible for the interpretation of accounts, turnover figures or other financial or information relating to trade.
- (g) No allowance shall be made for any liability for payment of Corporation Tax, Capital Gains Tax, Stamp Duty Land Tax or any other property related tax whether existing or which may arise on development or disposal, deemed or otherwise. Valuations shall be deemed to be exclusive of Value Added Tax.
- (h) LSH shall not be under any duty to carry out conflict checks in relation to any third party (such as related companies) other than the Client or any other relevant party notified in writing by the Client to LSH.
- (i) Valuations shall not reflect any element of marriage value or special purchaser value which could possibly be realised by a merger of interests or by sale to an owner or occupier of an adjoining property, other than in so far as this would be reflected in offers made in the open market by prospective purchasers other than the purchaser with a

special interest unless LSH shall make a Special Assumption in this regard.

- (j) All valuations are given without adjustment for capital based government grants received, or potentially receivable, at the date of valuation or at some future date.
- (k) LSH's valuations shall be reported in pounds GBP. Overseas properties shall be reported in the appropriate local currency and represent LSH's opinion of the realisable value in the country of origin computed in accordance with local practice, with no allowance made for the transfer of funds in the UK.
- (l) Unless the Client shall specifically commission a formal survey with relevant obligations and LSH accept such instruction on terms to be agreed, LSH shall not be under any obligation to take into account any aspect arising from the condition of the Property including any benefit or liability in respect of dilapidations and no advice or representation concerning the condition of the Property shall be relied on by the Client or any third party.
- (m) Unless the Client shall specifically commission a formal management arrangement with relevant obligations and LSH accept such instruction on terms to be agreed, the Client shall remain responsible for the insurance of the Property and for notifying its insurers should the Property become vacant. LSH shall not be responsible for the management, security or deterioration of the Property or, except in respect of death or personal injury caused by the negligence of LSH or its employees or agents, for any other like matter or loss however caused. If the keys for the Property are held by LSH then the Client shall be deemed to have given authority to LSH to supply keys to any persons who wish to inspect the Property or carry out works or inspections at the Property and LSH shall accept no responsibility for the action of such persons. The Client shall effect and maintain full insurance cover against any claim that may be made by LSH or any representative or employee of LSH or by any third party in respect of any loss, damage or injury however caused arising directly or indirectly under or in respect of the Agreement.
- (n) whilst LSH shall endeavour to treat all information which is relevant to the Client's instruction as confidential, LSH may at its sole discretion provide any information to other professionals or third parties as is usual practice and, in any event, LSH may be required to provide such information to a court or tribunal or to the other party in any proceedings.
- (o) LSH shall not be under any obligation to arrange for any investigations to be carried out to determine whether or not any deleterious or hazardous materials have been used in construction of the buildings or have since been incorporated and LSH shall not therefore, be in a position to report that the Property is free from risk in this respect. Unless LSH are advised by the Client in writing, and subject to LSH's sole discretion, LSH's valuations shall be made on the assumption that such investigations would not disclose the presence of any such materials to any significant extent but this shall not be relied on by the Client as any indication that the Property is free from risk.
- (p) LSH shall not be under any obligation to carry out or commission a site investigation or geographical or geophysical survey in order to determine the suitability of ground conditions and services, nor shall LSH undertake archaeological, ecological or environmental surveys. Unless otherwise advised LSH assume, but can give no assurances, that the ground has sufficient load bearing strength for the existing structures or any structures proposed or considered. Where development is contemplated, LSH assume that no extraordinary expenses or delays will be incurred during the construction period, due to any adverse ground conditions or archaeological matters.

## 5 TERMS OF PAYMENT

- i) Unless otherwise stated in the Engagement Letter the Client shall be liable to pay LSH its remuneration or a due proportion of its remuneration at intervals to be determined by LSH or in the absence of such determination or on completion of the Service at LSH's discretion. Payments are due on issue of the invoice and the final dates for payment by the Client shall be 30 days' from the date of issue of the invoice.
- ii) LSH shall be entitled to submit accounts for expenses at the time when incurred or ordered by LSH and such accounts shall be payable by the Client whether or not the Client withdraws its instructions. Accounts for expenses are due for settlement on presentation. Alternatively LSH may arrange for the suppliers to invoice the Client directly for services supplied.
- iii) VAT will be payable where applicable at the prevailing rate on all fees and expenses.
- iv) LSH reserves the right to charge the Client interest (both before and after any judgement) on any unpaid invoice at the rate of 3% per annum above the base lending rate of the Bank of Scotland calculated on a daily basis from 30 days after the date of its invoice up to and including the date of settlement in full.
- v) If any sum due to LSH from the Client remains unpaid for more than 30 days after the date of the invoice LSH shall be entitled to suspend all further

work for the Client until the outstanding sum is paid to LSH in full. In these circumstances LSH shall not be liable for any delays, losses or expenses resulting from such suspension.

- vi) The Client shall not withhold any payment after the final date for payment of any sum due unless notice is provided to LSH in writing by the Client not less than seven days before the final date specifying the amounts to be withheld and the reasonable grounds for withholding payment or if there is more than one ground, each ground and the amount attributable to it.
- vii) Where there are two or more clients in the case of a joint or multiple instruction by multiple parties invoices for an appropriate share of any fees or expenses as determined in LSH's sole discretion shall be issued to all or any client simultaneously or otherwise and each client shall be jointly and severally liable for the full amount of LSH's fees or expenses in the event that payment is not received from one or more clients.

## 6 FEES AND EXPENSES

- i) Fees shall be charged at the rate set out in the Engagement Letter or as otherwise agreed in writing between LSH and the Client. In the event of a change in the scope of the Service or LSH being required to carry out additional Services, LSH reserves the right to charge an additional fee.
- ii) In addition to the fees referred to in Condition 7i) the Client shall be responsible for all fees and expenses incurred or ordered in respect of the Property, which may include without limitation advertising, brochure production, printing of particulars, photography, mailing, digital marketing expenses, administration, Anti-Money Laundering checks, on site representation, sign boards, travelling, mileage, messenger delivery and copying of documents and plans. Expenses shall be passed on to the Client at gross cost unless otherwise stated in the Engagement Letter. LSH shall be entitled to retain any discounts or commissions which are available or paid to LSH in order to offset administrative expenses. A copy of LSH's fee rates where applicable shall be made available upon request, such rates being subject to amendment from time to time by LSH on written notice.
- iii) If, in connection with the service, the resolution of a dispute with a third party is referred to an adjudicator, arbitrator, expert, mediator, court or tribunal, all costs in connection with such referral shall be the sole liability of the Client and shall either be paid directly by the Client or be recharged to the Client as an expense and the Client shall indemnify LSH in respect of any liability or loss in such matters.
- iv) Unless specifically provided for in the Terms or accompanying letter or as otherwise agreed in writing between LSH and the Client the fees do not include remuneration for acting as an expert witness for which service a separate fee shall be required.

## 7 INTELLECTUAL PROPERTY

- i) Ownership in any information, documents or other material provided by the Client to LSH in relation to the Property or Services shall remain the property of the Client ("Client Material") and LSH is granted a perpetual royalty free licence to use, copy, adapt and modify such Client Material for the purposes of performing the Services and for the purposes of advertising or promoting LSH and its business.
- ii) Ownership of all materials, know-how, developments, reports, forecasts, drawings, accounts and other documents originated by LSH in relation to or arising out of the Service shall belong to LSH.
- iii) LSH shall grant the Client a perpetual royalty free licence to use the LSH Report. The Client may not use the whole, or any part of the LSH Report, or any reference to it in any published document, circular or statement, without LSH's written approval of the form and context in which it shall appear. Such approval is required whether or not LSH is referred to by name and whether or not the reports are combined with others.
- iv) If at any time the Client is in default of payment of fees or other amounts properly due under this Agreement, LSH may suspend the Client's licence to the LSH Report. At LSH's discretion, the licence may be resumed on receipt of all outstanding amounts.

## 8 INDEMNITY

The Client shall indemnify and keep indemnified LSH from and against all and any liability, losses, damages, penalties, fines, costs and expenses (including legal costs and expenses) suffered or incurred by LSH arising out of or by virtue of:

- i) The breach by the Client of any of its obligations under the Terms, or;
- ii) The Client's instructions to LSH other than any losses, damages, costs and expenses arising by virtue of the wilful default of LSH or its employees or agents.

## 9 LIMITATION AND LIABILITY

- i) Except where LSH has entered into a specific agreement with a third party, the LSH Report is provided solely for the purpose of the Service and to the Client. Should the Client disclose any part of the LSH Report to any third party the Client shall notify such third party in advance of the disclosure and in writing that LSH does not owe a duty of care to such third party. The Client shall indemnify LSH and hold LSH harmless against all liabilities,

costs, expenses, damages and losses suffered or incurred by LSH arising out of or in connection with such disclosure by the Client.

- ii) In the event of a proposal to place any loan secured over the Property in a syndicate, the Client must (i) notify LSH of such proposal, ii) disclose the identity of the parties participating in the syndicate to LSH, and iii) obtain LSH's written consent (which may be subject to the inclusion of alternative or additional terms) for such parties to rely on any of LSH's valuations, reports and any other advice or information resulting from the Client's instruction.
- iii) Nothing in this Agreement shall limit LSH's liability for death and/or personal injury caused by LSH.
- iv) Subject to clause 9iii) above, the aggregate liability of LSH to the Client whether arising from negligence, tort, breach of contract or other obligation or duty or otherwise shall be limited to five million pounds sterling (£5,000,000.00).
- v) Subject to clause 9iii) above, LSH shall not be liable for any claim to the extent that such claim is or can be characterised as a claim for (or arising from):
  - (a) Loss of revenue or profits;
  - (b) Loss of business opportunity or loss of contracts;
  - (c) Loss of goodwill or injury to reputation;
  - (d) Indirect, consequential or special loss or damage; or
  - (e) Anticipated savings.
- vi) All risks and/or liabilities in relation to toxic mould, deleterious materials, contamination, radon gas, HAC or calcium chloride shall remain with the Client and the Client shall take such steps as it deems necessary to insure against or otherwise address such risks and liabilities.
- vii) LSH is not qualified to and will not provide any advice or services in connection with asbestos. The Client acknowledges that all risks relating to asbestos howsoever arising remain with the Client who shall take such steps as it deems necessary to address such risks. If appropriate the Client will arrange for the appointment by the Client of specialist asbestos consultants.
- viii) In the event of the Client engaging LSH together with other advisers, service providers and/or suppliers engaged by the Client or any other third party in relation to the Property, LSH's liability shall, in addition to the limitations contained in this clause 9 above, be limited to that proportion of any loss or damage suffered by the Client as it would be just and equitable for LSH to bear having regard to LSH's responsibility for it and on the basis that all other advisers, service providers and/or suppliers shall be deemed to have paid such proportion of the relevant loss or damage suffered by the Client which is just and equitable for them to have paid having regard to the extent of their respective responsibilities.
- ix) LSH will not advise on capital allowances in performance of the Services and will not be liable for any liability, losses, damages, penalties, fines, costs and expenses suffered or incurred by the Client or any other Third Party in respect of capital allowances. Insofar as LSH are liable for any capital allowances incurred as a result of the performance of the Services the indemnity set out in clause 8 shall apply.

## 10 REINSTATEMENT COST ESTIMATES

In the event that the Client requires an estimate of the cost of reinstating any building or structure, for insurance purposes the following terms shall apply:

- i) The Reinstatement Cost assessment is an estimate provided on an informal basis only and should not be relied upon for the purposes of placing insurance cover on the property. Should a Reinstatement Cost Assessment be required to enable an insurance policy to be placed, LSH Building Consultancy Division must be separately instructed to undertake such an assessment.
- ii) The Reinstatement Cost assessed for insurance purposes shall be a "Day One" valuation and shall not include an allowance for inflation and or design/procurement periods etc.
- iii) LSH shall assume that the policy is on an indemnity basis with a fully operative reinstatement clause, no special conditions, an instantaneous basis of value and shall have no regard to any variation in building costs subsequent to the date of LSH's informal assessment. LSH's assessment will be based on the assumption that the reconstruction of any premises, to provide similar or new accommodation, will be permitted by the appropriate authorities with no undue restrictions.
- iv) LSH will exclude tenant fit-out and or fixtures and fittings, Value Added Tax, loss of rent, extra costs of working or other consequential losses, local authority requirements and party wall works. Further, LSH's assessment shall exclude any land remediation and special contaminated waste costs. However, the figure will be inclusive of professional fees, demolition and site clearance.
- v) LSH shall assume that VAT is chargeable on professional fees and building works to new and existing premises.
- vi) LSH will not carry out a structural survey and LSH's assessment will be prepared on the assumption that ground conditions will not give rise to the

need for any specialist or unduly expensive constructional techniques (specialist foundations etc) unless LSH is otherwise advised by the Client. In addition, the removal of hazardous materials, if any, shall be excluded from the informal assessment.

## 11 TERMINATION OF INSTRUCTIONS

- i) The instruction from the Client to LSH may be terminated by the Client by giving not less than 30 days' notice to LSH in writing to LSH whereupon LSH shall be entitled to charge (at LSH's option):
  - (a) A fair and reasonable proportion of the full fee which would have been payable if the work had been carried through to a conclusion and as if LSH had become entitled to payment in accordance with conditions 5 and 6 above, or
  - (b) A reasonable sum for all the work undertaken up to and including the date of termination based on quantum meruit; or
  - (c) The fee as LSH are entitled to under conditions 5 and 6 together in each case with any expenses already incurred.
- ii) The instruction from the Client to LSH may be terminated by LSH on the following terms by giving not less than 30 days' notice in writing:
  - (a) If, as a result of circumstances outside the control of both parties, it becomes impossible to perform the Services within a reasonable period. In these circumstances the Client shall pay to LSH a fee for all work which has been done up to and including the date of termination on a quantum meruit basis; or
  - (b) If the Client has made it impossible to complete the instruction within a reasonable period or has not made payment by the due date of any sum payable by the Client to LSH. In these circumstances the Client shall pay to LSH the full fee which would have been charged as if the work had been carried through to a conclusion (plus any expenses already incurred); or
  - (c) The fee as LSH are entitled to under conditions 5 and 6 together in each case with any expenses already incurred.
- iii) Any outstanding fees and expenses due to LSH shall be paid in full by the Client on or before the expiry of the notice period for termination of instructions. For the avoidance of doubt in the event of termination of instructions, whether by LSH or by the Client, LSH shall not be liable to repay the Client any fees and expenses previously paid by the Client to LSH.
- iv) Where any fees are to be charged on a quantum meruit basis such fees shall be calculated by reference to LSH's hourly charges from time to time, details of which are available from LSH on request.

## 12 COMPLAINTS

- i) LSH aims to carry out any instructions received from the Client in an efficient and professional manner. LSH, therefore, hopes that the Client will not find cause for complaint but recognises that in an isolated circumstance there may be complaints. These should be addressed initially to the Head of LSH office dealing with the instruction.
- ii) LSH adopts the complaints handling procedures that are required by the RICS, a copy of which is available from LSH on request.

## 13 ASSIGNMENT

- i) LSH may assign the Agreement without the consent of the Client.
- ii) The Agreement is not assignable by the Client without the prior written consent of LSH.

## 14 DATA PROTECTION

- i) We collect and process your personal information. All information will be processed in accordance with the applicable data protection laws in the United Kingdom including the laws and regulations of the European Union such as the General Data Protection Regulation (GDPR), the European Economic Area and their member states, applicable to the processing of Personal Data and the interception of communications in place from time to time (**Data Protection Laws**).
- ii) Full details of how we process your information can be found on our website <http://www.lsh.co.uk/privacy-policy>. Printed copies of our privacy notice are available on request.
- i) You may change your communication preferences or withdraw from any further communications from us by contacting us at [privacy@lsh.co.uk](mailto:privacy@lsh.co.uk)
- ii) Where we receive personal data from any prospective purchaser or tenant of the Property, we shall only use that data for the purposes of your instructions and shall comply with Data Protection Laws.

## 15 MONEY LAUNDERING REGULATIONS

- i) **Client identification**  
As with other professional service firms, LSH is under stringent requirements to identify its clients for the purposes of the anti-money laundering legislation. LSH is likely to request from you, and retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If satisfactory evidence of your identity is not

provided within a reasonable time, there may be circumstances in which LSH is not able to proceed with the required services.

**ii) Money laundering reporting**

- (a) Much of LSH's work falls into the regulated sector under the Proceeds of Crime Act 2002 and, as such, we are required to report all knowledge or suspicion (or reasonable grounds for knowledge or suspicion) that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed. Failure to report such knowledge or suspicion would be a criminal offence. This duty to report exists regardless of whether the suspected offence has been, or is about to be, committed by a client or by a third party.
- (b) If as part of our normal work LSH obtain knowledge or suspicion (or reasonable grounds for knowledge or suspicion) that such offences have been committed we are required to make a report to the National Crime Agency. It is not our practice to discuss the existence or otherwise of any reports with you or with anyone else, because of the restrictions imposed on us by the tipping off provisions of the anti-money laundering legislation.
- (c) LSH shall not be liable for any liabilities of the Client or third parties arising out of its regulatory obligations to report.

**16 BRIBERY ACT 2010**

We undertake that we will not engage in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, and that we have, and will maintain in place, adequate procedures designed to prevent any Associated Person (as defined in the Bribery Act 2010) from undertaking any conduct that would give rise to an offence under the Bribery Act 2010.

**17 GOVERNING LAW AND JURISDICTION**

The Terms, and the Agreement of which they form part, shall be governed by and construed in all respects in accordance with English Law and the parties irrevocably and unconditionally submit to the exclusive jurisdiction of the English Courts in relation to any dispute or proceedings arising out of, or in connection with, the Terms or any such Agreement but without prejudice to LSH's right to take proceedings in any other jurisdiction in order to enforce payment of any sums owed to LSH.

4 June 2018

APPENDIX 2: COPY CREDIT REPORT



## 1 Report Details

Supplied on  
 Subject Reported on  
 Registration Number  
 Reporter Verification

29 August 2018  
 BONMARCHE LIMITED  
 07909526

IN ORDER TO ENSURE THE ACCURACY OF THIS REPORT, CERTAIN INFORMATION HAS BEEN VERIFIED.

## 2 Dashboard





## 3 Company Identification Details

Subject	BONMARCHE LIMITED
Registration Number	07909526
VAT	GB123383729
Address	JUBILEE WAY, GRANGE MOOR, WAKEFIELD, WEST YORKSHIRE, WF4 4SJ.
Telephone	0330 026 2728
Email	shop@bonmarche.co.uk
Web Address	www.bonmarche.co.uk

## 4 Creditline Recommendations

Graydon Rating	<b>1A</b>
	GBP 50m plus financial strength rating based on net worth plus net current assets/liabilities
Monthly Credit Guide	<b>GBP 1,115,000</b>
	<b>Note</b> Single credit applications up to and including this amount are considered by Graydon to be an acceptable credit risk.
Maximum Credit Guide	<b>GBP 3,902,500</b>
	<b>Note</b> The most Graydon would recommend that our client could have outstanding on a particular customer's account at any one time subject to repayment terms.
Risk Category	 <b>LOW RISK</b>
	<b>Note</b> Full justification for entering into a credit relationship.
Odds of Financial Stress (next 12 months)	<b>116.50 / 1</b>
	<b>Note</b> The definition of 'Financial Stress' is either Dissolution, Liquidation, Receivership, Petition for Winding-up, Resolution for Winding-up, Winding-up Order, Creditors Meeting or Administration.

## 5 Official Company Data

Subject Status	 <b>TRADING</b>
Date of Incorporation	 <b>13/01/2012 ( ddmccyy )</b>
Legal Form	<b>PRIVATE LIMITED</b>
Registered Office	<b>JUBILEE WAY GRANGE MOOR, WAKEFIELD, WEST YORKSHIRE, WF4 4SJ.</b>



Registration Number 07909526  
 VAT GB123383729

### ▼ History

#### Event 1

1/02/2012 : Change of name from BLUEBIRD UK BIDCO LIMITED.

#### Event 2

23/01/2012 : The Registered Office address changed from 2 PARK STREET, 1ST FLOOR,LONDON,WIMBLEDON, LO.

### ▼ Key Dates

13/01/2018 ( ddmmccyy )

Date of last annual return to Registry.

01/04/2017 ( ddmmccyy )

Date of last filed accounts at Companies House.

31/03 ( ddmm )

Date of last Accounting Reference.

## 6 XSection

### ▼ Summary

#### XSections



**Note** An 'XSection' is only recorded when unusual patterns of behaviour or financial results have been identified.

## 7 Operations

#### Activities

A MULTI-CHANNEL RETAILER OF WOMENSWEAR & ACCESSORIES.

#### Nace Code

5242

#### Premises

OWNED,OFFICES,HEAD OFFICE

#### Staff Employed





## ▼ Bankers

**Bank 1** BARCLAYS BANK PLC  
 Address 3RD FLOOR, WINDSOR COURT, 3 WINDSOR PLACE, CARDIFF, CF10 3ZL.  
 Sort Code 208870

## ▼ Auditors

**Name** PRICEWATERHOUSECOOPERS LLP

## ▼ Branches

### Summary



**Branch 1** 264 BRANCHES WITHIN THE UK.

## ▼ Subsidiaries

### Summary



**Subsidiaries 1** BLUEBIRD UK BIDCO 2 LIMITED

**Subsidiaries 2** BOSTON BID LIMITED

## 8 Historical Graydon Rating

Rating Date		29/08/2018	29/05/2018	28/02/2018	28/11/2017	28/08/2017
Rating Date Format		( dd/mm/ccyy )				
Currency		GBP	GBP	GBP	GBP	GBP
Graydon Rating		1A	1A	1A	1A	1A
Monthly Credit Guide	(0.9) %▼	1 115 000	1 125 000	1 125 000	1 120 000	1 117 000
Risk Category		LOW RISK				

## 9 Previous Searches



▼ Enquiries

**Note** Search History Summary

### Summary



**Note** Search History Details of the most recent 40 searches

Date	Industry Description
28/08/2018	Miscellaneous
26/08/2018	Miscellaneous
24/08/2018	Miscellaneous
23/08/2018	Miscellaneous
22/08/2018	Miscellaneous
21/08/2018	Miscellaneous
21/08/2018	Miscellaneous
20/08/2018	Miscellaneous
19/08/2018	Miscellaneous
17/08/2018	Miscellaneous
16/08/2018	Miscellaneous
15/08/2018	Miscellaneous
14/08/2018	Miscellaneous
13/08/2018	Miscellaneous
09/08/2018	Miscellaneous
07/08/2018	Miscellaneous
06/08/2018	Miscellaneous
02/08/2018	Miscellaneous
02/08/2018	Miscellaneous
02/08/2018	Miscellaneous
31/07/2018	Miscellaneous
30/07/2018	Miscellaneous
29/07/2018	Miscellaneous



## ▼ Enquiries

Date	Industry Description
27/07/2018	Miscellaneous
26/07/2018	Miscellaneous
25/07/2018	Miscellaneous
24/07/2018	Miscellaneous
23/07/2018	Miscellaneous
20/07/2018	Miscellaneous
19/07/2018	Miscellaneous
16/07/2018	Miscellaneous
13/07/2018	Miscellaneous
12/07/2018	Miscellaneous
11/07/2018	Miscellaneous
10/07/2018	Miscellaneous
09/07/2018	Miscellaneous
06/07/2018	Miscellaneous

**10**

## Public Record Information

### ▼ Summary

**Note** Summary of CCJ's/Scottish Decrees

( No CCJs/Scottish Decrees are recorded in our file )

## Mortgages, Charges and Satisfactions

### ▼ Summary

**Note** Summary of Mortgages, Charges and Satisfactions

<b>Total Number of Mortgages/Charges Registered</b>	5
<b>Number Outstanding</b>	4
<b>Number Partially Satisfied</b>	0
<b>Number Satisfied</b>	1



Date of Latest Mortgage Created ( ddmccyy )	26/09/2012
Date of Latest Satisfaction ( ddmccyy )	21/08/2013

## ▼ Details

**Note** Details of most recent Mortgages, Charges and Satisfaction

Date Fully Satisfied ( ddmccyy )	Date Registered ( ddmccyy )	Date Created ( ddmccyy )	Charge Description	Form Type	Lender
	02/10/2012	26/09/2012	Debenture	MG01	Barclays Bank Plc
	09/05/2012	01/05/2012	Deed Of Charge Over Credit Balances	MG01	Barclays Bank Plc
	21/04/2012	17/04/2012	Deed Of Charge Over Credit Balances	MG01	Barclays Bank Plc
	21/04/2012	17/04/2012	Deed Of Charge Over Credit Balances	MG01	Barclays Bank Plc
21/08/2013	20/02/2012	08/02/2012	Debenture	MG01	Bluebird Uk Holdco Limited

**Note** It should be noted that there is no legal requirement to file satisfaction details of mortgages/charges at Companies House.

## Other Filings and Notices

Date ( ddmccyy )	Source	Description
29/01/2018	Companies House Gazette	Confirmation Statement
08/09/2017	Companies House Gazette	All documents required to be delivered to the registrar under section 441 (annual accounts and reports)
25/01/2017	Companies House Gazette	Confirmation Statement
16/08/2016	Companies House Gazette	Notification of any change among the company's directors
14/07/2016	Companies House Gazette	All documents required to be delivered to the registrar under section 441 (annual accounts and reports)
20/07/2015	Companies House Gazette	All documents required to be delivered to the registrar under section 441 (annual accounts and reports)
26/06/2014	Companies House Gazette	All documents required to be delivered to the registrar under section 441 (annual accounts and reports)
25/11/2013	Companies House Gazette	Any amendment to company's articles (including every resolution or agreement required to be embodied in or annexed to copies of the company's articles issued by
19/11/2013	Companies House Gazette	Any amendment to company's articles (including every resolution or agreement required to be embodied in or annexed to copies of the company's articles issued by
14/06/2013	Companies House Gazette	All documents required to be delivered to the registrar under section 441 (annual accounts and reports)
01/02/2012	Companies House Gazette	Change of name
23/01/2012	Companies House Gazette	Notification of any change of the company's registered office



Date ( ddmccyy )	Source	Description
23/01/2012	Companies House Gazette	Notification of any change among the company's directors
13/01/2012	Companies House Gazette	Certificates of new Incorporation

## 11 Known Directors

### ▼ Director

**Name** MR STEPHEN ALEXANDER ALLDRIDGE  
**Service Address** JUBILEE WAY GRANGE MOOR, WAKEFIELD, WEST YORKSHIRE, WF4 4SJ.  
**Country of Origin** ENGLISH  
**Key Dates** Date of Birth 01/06/1966 ( ddmccyy )      Date of Appointment 20/01/2012 ( ddmccyy )



**Other Directorships** ( 1 ) BLUEBIRD UK TOPCO LIMITED, ( 2 ) BLUEBIRD UK HOLDCO LIMITED, ( 3 ) BONMARCHE HOLDINGS PLC

### ▼ Director

**Name** HELEN CONNOLLY  
**Service Address** BONMARCHIE JUBILEE WAY, GRANGE MOOR, WAKEFIELD, WEST YORKSHIRE, WF4 4SJ.  
**Country of Origin** BRITISH  
**Key Dates** Date of Birth 12/1972 ( mmccyy )      Date of Appointment 12/08/2016 ( ddmccyy )



**Other Directorships** ( 1 ) BLUEBIRD UK TOPCO LIMITED, ( 2 ) BLUEBIRD UK HOLDCO LIMITED, ( 3 ) BONMARCHE HOLDINGS PLC

## 12 Share Capital

<b>Shares</b>	Ordinary GBP 1.00
<b>Issued Number</b>	132,059



**Principal Shareholder** 132,059 BLUEBIRD UK HOLDCO LIMITED

**Note** The above reflects the principle shareholder(s) by number of shares held, irrespective of share classification type.

**Holding Company** BLUEBIRD UK HOLDCO LIMITED

**Ultimate Parent** SUN CAPITAL PARTNERS INC, a company incorporated in USA

## 13 Payment Behaviour

### ▼ Payment Summary

	Company	Industry
Current Days Beyond Terms	56	23

#### Latest Pattern

This company pays beyond its terms.

#### Industry Pattern

This company pays slower than the industry average.

#### Payment Pattern

There is a consistent payment pattern.

#### Supplier Pattern

This company appears to pay its main suppliers accounts faster than its small creditors.

#### Industry Sector

Retail Distribution

### ▼ Payment Trend

**Note** All figures refer to days beyond terms (DBT) from 1291 experiences(s)

	Jul-18	Jun-18	May-18	Apr-18	Mar-18	Feb-18	Jan-18	Dec-17	Nov-17	Oct-17	Sep-17	Aug-17	Jul-17
Company	56	53	48	47	57	78	105	109	126	119	127	120	127

### ▼ Payment Averages

**Note** All figures refer to days beyond terms (DBT).



	Current	Last 3 Months	Last 6 Months	Last 12 Months
Company	56	52	61	108
Industry	23	23	22	23

## ▼ Payment Breakdown

**Note** Last Full Month Payment Performance (DBT) By Size of Account

	£1 - £1,000	£1,001 - £10,000	£10,001 - £100,000	£100,000+
Company	56	83	30	0

## ▼ Payment Unpaid Accounts

**Note** No payments received for corresponding period

	1 months	2 months	3 months	4 months	5 months	6 months	12 months
Company	1	1	0	0	0	0	2

## ▼ Additional Payment Information

**Note** Based on the information supplied from our sources.

### Number of Cash First Accounts

Number of accounts on cash/pro forma terms: 0.

### Number of Accounts Placed For Collection

Number of accounts placed for collection: 0.

### Value of Accounts Placed For Collection

Value of accounts placed for collection: £0.



## Financial Data – Statutory Accounts

### ▼ Profit and Loss

**Note** The following figures are shown in units of 1000



Number of Weeks		53	52	52	52
Accounts Date		01/04/2017	26/03/2016	28/03/2015	29/03/2014
Accounts Date Format		( ddmmccyy )	( ddmmccyy )	( ddmmccyy )	( ddmmccyy )
Currency		GBP	GBP	GBP	GBP
<b>SALES</b>	1.1 %▲	<b>190 068</b>	<b>187 963</b>	<b>178 575</b>	<b>164 294</b>
UK sales				178 575	164 294
Cost of goods sold	2.3 %▲	146 302	143 033	135 378	124 516
<b>GROSS PROFIT</b>	(2.6) %▼	<b>43 766</b>	<b>44 930</b>	<b>43 197</b>	<b>39 778</b>
Wages and Salaries	5 %▲	40 783	38 847	35 491	33 949
Auditors Fees	0 %▲	30	30	20	20
Trading Profit	(34.1) %▼	9 108	13 819	15 457	11 603
Depreciation	2.7 %▲	3 232	3 147	2 617	1 905
<b>OPERATING PROFIT</b>	(44.9) %▼	<b>5 876</b>	<b>10 672</b>	<b>12 840</b>	<b>9 698</b>
Non Trading Income	(32.7) %▼	33	49	18	
Interest Payable	3.3 %▲	190	184	232	231
<b>PRE TAX PROFIT</b>	(45.7) %▼	<b>5 719</b>	<b>10 537</b>	<b>12 626</b>	<b>9 467</b>
Taxation	(25.1) %▼	1 325	1 770	2 579	2 479
<b>PROFIT AFTER TAX</b>	(49.9) %▼	<b>4 394</b>	<b>8 767</b>	<b>10 047</b>	<b>6 988</b>
Dividends Payable	(0.6) %▼	3 413	3 435	2 170	
<b>RETAINED PROFITS</b>	(49.9) %▼	<b>4 394</b>	<b>8 767</b>	<b>7 877</b>	<b>6 988</b>

## ▼ Balance Sheet

**Note** The following figures are shown in units of 1000

Number of Weeks		53	52	52	52
Accounts Date		01/04/2017	26/03/2016	28/03/2015	29/03/2014
Accounts Date Format		( ddmmccyy )	( ddmmccyy )	( ddmmccyy )	( ddmmccyy )
Currency		GBP	GBP	GBP	GBP
<b>TOTAL FIXED ASSETS</b>	29 %▲	<b>22 927</b>	<b>17 769</b>	<b>13 768</b>	<b>10 069</b>
Tangible Assets	17.4 %▲	17 145	14 606	13 768	10 069



# Level 3 - Comprehensive Report

Note Balance Sheet (continued...)

Fixed Assets	17.6 %▲	17 042	14 488	13 768	10 069
Other Tangible Fixed	(12.7) %▼	103	118		
Intangible Assets	82.8 %▲	5 782	3 163		
<b>TOTAL CURRENT ASSETS</b>	0.6 %▲	<b>65 702</b>	<b>65 331</b>	<b>54 655</b>	<b>45 129</b>
Trade debtors	35.5 %▲	145	107	137	1 466
Stocks	3.3 %▲	25 087	24 295	24 794	22 131
Other Current Assets	(1.1) %▼	40 470	40 929	29 724	21 532
Misc Current Assets	11 %▲	21 539	19 410	14 685	12 086
Due From Group	40.7 %▲	11 985	8 518	3 980	1 224
Cash	(46.6) %▼	6 946	13 001	11 059	8 222
<b>TOTAL ASSETS</b>	6.7 %▲	<b>88 629</b>	<b>83 100</b>	<b>68 423</b>	<b>55 198</b>
<b>TOTAL CURRENT LIABILITIES</b>	3.8 %▲	<b>48 395</b>	<b>46 619</b>	<b>42 819</b>	<b>37 050</b>
Trade creditors	(0.9) %▼	24 931	25 167	25 697	21 162
Short Term Loans	5261 %▲	11 258	210	3 900	641
Other Finance	102.9 %▲	426	210	202	
Due To Group		10 832		3 698	641
Other Liabilities	(42.5) %▼	12 206	21 242	13 222	15 247
<b>WORKING CAPITAL</b>	(7.5) %▼	<b>17 307</b>	<b>18 712</b>	<b>11 836</b>	<b>8 079</b>
<b>TOTAL LONG TERM LIABS</b>	36.3 %▲	<b>4 375</b>	<b>3 209</b>	<b>3 076</b>	<b>3 497</b>
Long Term Loans	47.2 %▲	2 846	1 933	617	322
Other Finance	47.2 %▲	2 846	1 933	617	322
Other Liabilities	19.8 %▲	1 529	1 276	2 459	3 175
<b>NET ASSETS/(LIABILITIES)</b>	7.8 %▲	<b>35 859</b>	<b>33 272</b>	<b>22 528</b>	<b>14 651</b>
<b>SHARE CAPITAL + RESERVES</b>	7.8 %▲	<b>35 859</b>	<b>33 272</b>	<b>22 528</b>	<b>14 651</b>
Share Cap + Sundry Res	40.6 %▲	5 562	3 956	132	132
Issued Share Capital	0 %▲	132	132	132	132
Sundry Reserves	42 %▲	5 430	3 824		
Profit and Loss account	3.3 %▲	30 297	29 316	22 396	14 519


**Note** Balance Sheet (continued...)

SHAREHOLDERS FUNDS	7.8 %▲	35 859	33 272	22 528	14 651
CAPITAL EMPLOYED	10.3 %▲	40 234	36 481	25 604	18 148

**▼ Financial Comparison**
**Note** The following figures are shown in units of 1000

		53	52	52	52
Number of Weeks					
Accounts Date		01/04/2017	26/03/2016	28/03/2015	29/03/2014
Accounts Date Format		( ddmmccyy )	( ddmmccyy )	( ddmmccyy )	( ddmmccyy )
Currency		GBP	GBP	GBP	GBP
Net Cashflow from Oper.	(28.5) %▼	7 520	10 511		
Increase in Cash		(6 055)	1 942		
Auditors Remuneration	0 %▲	30	30	20	20
Liquid Assets	(45.9) %▼	7 091	13 108	11 196	9 688
Net Working Capital	(7.5) %▼	17 307	18 712	11 836	8 079
Long Term Debt(>12 Months)	47.2 %▲	2 846	1 933	617	322
Other Deferred Liabs	19.8 %▲	1 529	1 276	2 459	3 175
Tangible Net Worth(T.N.W)	(0.1) %▼	30 077	30 109	22 528	14 651
Equity	7.8 %▲	35 859	33 272	22 528	14 651
Number of Years Trading	25 %▲	5	4	3	2
Number of Employees	(2.3) %▼	1 955	2 000	1 865	2 803
Profit per Employee	(44.5) %▼	2925.3	5268.5	6770	3377.5
Sales per Employee	3.4 %▲	97221.5	93981.5	95750.7	58613.6

**▼ Key Credit Ratios**
**Note** The following figures are shown as Ratios or Percentages

		53	52	52	52
Number of Weeks					
Accounts Date		01/04/2017	26/03/2016	28/03/2015	29/03/2014
Accounts Date Format		( ddmmccyy )	( ddmmccyy )	( ddmmccyy )	( ddmmccyy )



Current Ratio	1.4	1.4	1.3	1.2
Long Term Debt/T.N.W	0.1	0.1		
Pre Tax Profit Margin %	3	5.6	7.1	5.8
Gross Profit %	23	23.9	24.2	24.2
Debtors Days (D.S.O)				3
Creditors Days (D.P.O)	48	49	53	47
Quick Ratio	0.8	0.9	0.7	0.6
W.I.P/Inventory Days	62.6	62	66.8	64.9
Return on Investment %	11.5	29.2	43.6	51.6
Return on Assets %	6.5	12.7	18.5	17.2
T.N.W/Total Assets %	33.9	36.2	32.9	26.5
Return on Capital %	14.2	28.9	49.3	52.2
Rtn on Shareholders Funds %	15.9	31.7	56	64.6
Working Capital/Sales %	9.1	10	6.6	4.9
Borrowing Ratio %	46.9	7.1	20.1	6.6
Equity Gearing %	68	66.8	49.1	36.1
Stock Turnover	7.6	7.7	7.2	7.4
Days Purchases Outstanding	62.2	64.2	69.3	62
Sales/Fixed Assets	11.2	13	13	16.3
Debt Gearing	9.5	6.4	2.7	2.2

## ▼ Key Industry Sector Trends

Year	2018	2017	2016	2015
Sample Size	3582	43165	48572	46875
Pre-Tax Profit Margin	1.1	2	1.6	2.4
Current Ratio	1.8	1.4	1.4	1.4
Borrowing Ratio	56.1	24.9	25.1	25.2
Return on Capital	46.1	31.2	30.7	29.9
Creditors Days	32	37	57	50



**Note** Above figures relate to companies in 2003 Standard Industry Classification (Nace) sector : Other retail sale of new goods in specialised stores

## ▼ Financial Summary

### Auditors Qualification

The Reporting Accountants have expressed a clean opinion (i.e. unqualified with no referrals) on the accounts for the period ended 1/04/2017.

### Operating Profit

Totalled GBP 5,876,000. In the year prior a Profit of GBP 10,672,000 was achieved.

### Pre Tax Profit

The subject's profit decreased by 45 % over the previous year.

### Working Capital

The company's working capital remains positive but reduced by 8 % in the period.

### Net Worth

Net worth has increased by 8 % and now stands at GBP 35,859,000.

### Fixed Assets

The subject's fixed assets increased during the year by GBP 5,158,000 to GBP 22,927,000 and are now 25 % of total assets compared with 21 % in the previous year.

### Long Term Liabilities

The company's long term liabilities increased during the period by 36% and are now 12 % of net worth compared with 10 % in the previous period.

### Long Term Liabilities

Long term liabilities are now 5 % of total liabilities compared with 4 % in the previous period.

### Long Term Liabilities

Long term liabilities are 11 % of capital employed, an increase of 2 % over the previous period.



## 15 Customer Support

### ▼ Contact Information

#### Customer Services



+44 (0) 20 8515 1420



mail@graydon.co.uk

#### Technical Support



+44 (0) 20 8515 1450



technicalhelpdesk@graydon.co.uk

Please quote us your customer number **042981** when placing a query or asking for support on your report for 'BONMARCHE LIMITED' - '07909526'.

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APPENDIX 3: ECONOMIC AND MACRO PROPERTY MARKET COMMENTARY

## ECONOMIC UPDATE Q2 2018

<b>Inflation and the fall in the pound</b>	<p>Inflation is currently above the 2% target, owing in part to the fall in the pound following the Brexit vote. The lower pound has meant that imported goods cost more. Those increased costs have been passed onto the consumer, resulting in higher prices in the shops.</p> <p>The fall in the pound occurred 18 months ago and the effect on inflation will not last forever, and it is likely that over the next 6 months the figure will fall back towards target.</p>
<b>The Bank of England's Monetary Policy Committee (MPC) increase Bank Rate</b>	<p>The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At the meeting on 21 March 2018, the MPC voted by a majority of 7-2 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.</p>
<b>UK Economy compared to European and non-European Countries</b>	<p>All international comparisons witnessed positive growth in Quarter 4 (Oct to Dec) 2017. However, most areas experienced downward movements in the rate of growth in Quarter 4, when compared with their respective Quarter 3 (July to Sept) 2017 growth. Only France experienced an increased rate of growth in Quarter 4 when compared with Quarter 3, with growth in the latest quarter at 0.6%.</p> <p>The European Union (EU28) economy grew by 0.6%, which meant that positive growth has now been seen in the area for 19 consecutive quarters. G7 countries saw a 0.5% growth in Quarter 4. All G7 countries are above pre-economic downturn peaks except for Italy whose GDP remains 5.7% below the pre-downturn peak (Quarter 1 (Jan to Mar) 2008). UK GDP is now 10.6% above the level recorded in Quarter 1 2008. The weakest growth in the latest quarter was in Japan at 0.1%.</p>
<b>Employment Rate</b>	<p>The employment rate (the proportion of people aged from 16 to 64 who were in work) was 75.4% for December to February 2018, up from 74.6% for a year earlier. There were 32.26 million people in work, 55,000 more than for September to November 2017 and 427,000 more than for a year earlier.</p> <p>The unemployment rate was 4.2% in December to February 2018, down from 4.7% for a year earlier. There were 1.42 million unemployed people, 16,000 fewer than for September to November 2017 and 136,000 fewer than for a year earlier.</p>
<b>Small Downward Revision GDP Growth</b>	<p>UK gross domestic product (GDP) in volume terms was estimated to have increased by 0.4% between Quarter 3 (July to Sept) and Quarter 4 (Oct to Dec) 2017; this is a 0.1 percentage point revision down from the preliminary estimate of GDP, in part reflecting a small downward revision to the estimated output of the production industries.</p> <p>Growth in the latest quarter was driven by business services and finance within the services sector, there was, though, a small downward revision to services since the preliminary estimate of GDP, but this does not impact on services quarterly growth to one decimal place. GDP was estimated to have increased by 1.7% between 2016 and 2017, a downward revision of 0.1 percentage points from the preliminary estimate and slightly lower than the 1.9% growth seen between 2015 and 2016.</p>

<b>Consumer Price Index Rises</b>	<p>The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.3% in March 2018, down from 2.5% in February 2018. Since reaching a recent high of 2.8% towards the end of 2017, the rate has fallen back to its lowest since March 2017.</p> <p>The largest downward contribution to the change in the rate between February 2018 and March 2018 came from prices for clothing and footwear rising by less than they did a year ago, with the effect coming mainly from a range of items of women's clothing. Price movements for alcoholic drinks and tobacco also made a downward contribution to the change in the rate; this in part reflects changes to the Budget cycle that were introduced in 2017, with tax changes for tobacco being announced in November 2017 instead of March 2018. The Consumer Prices Index (CPI) 12-month rate was 2.5% in March 2018, down from 2.7% in February 2018.</p>
<b>Brexit Weighs Heavily</b>	<p>Developments regarding the United Kingdom's withdrawal from the European Union – and in particular the reaction of households, businesses and asset prices to them – remain the most significant influence on, and source of uncertainty about, the economic outlook.</p>
<b>Value of Sterling</b>	<p>In March 2018, the sterling Exchange rate index (ERI) fell a further 1.5% from the end of February 2017 and was 10.5% lower compared with the end of March 2016.</p>
<b>Trade in Goods and Services</b>	<p>The total UK trade (goods and services) deficit widened by £3.4 billion to £8.7 billion in the three months to January 2018; excluding erratic commodities, the deficit widened by £2.6 billion to £8.9 billion. The £3.4 billion widening of the total trade (goods and services) deficit was due to a £3.2 billion widening of the trade in goods deficit and a £0.2 billion narrowing of the trade in services surplus. The widening of the trade in goods deficit was mainly due to a £1.3 billion increase in imports (particularly fuels) from non-EU countries, combined with a £1.2 billion decrease in exports (including fuels) to non-EU countries, in the three months to January 2018.</p>
<b>Household Spending</b>	<p>Household spending grew by 1.8% between 2016 and 2017, its slowest rate of annual growth since 2012, in part reflecting the increased prices faced by consumers.</p>
<b>Retail Sales Index</b>	<p>In the three months to March 2018 (Quarter 1), the quantity bought in retail sales fell by 0.5% when compared with Quarter 4 (Oct to Dec) 2017, with declines in all sectors except for department stores and non-store retailing. Changes in retail sales could indicate changes in consumer confidence post-referendum. But other factors also influence retail sales such as prices, weather, and the overall financial position of households.</p>
<b>Construction Output</b>	<p>The underlying pattern to February 2018 as suggested by the three-month on three-month movement shows construction output fell by 0.8%.</p>
<b>Business Investment</b>	<p>Business investment growth was flat between Quarter 3 (July to Sept) and Quarter 4 (Oct to Dec) 2017, but when compared with the same quarter a year ago business investment grew by 2.1%.</p>
<b>Public Sector Finances</b>	<p>Public sector net borrowing (excluding public sector banks) decreased by £3.5 billion to £42.6 billion in the latest financial year (April 2017 to March 2018), compared with the previous financial year; this is the lowest net borrowing since the financial year ending March 2007. Public sector net borrowing (excluding public sector banks) decreased by £0.8 billion to £1.3 billion in March 2018, compared with March 2017; this is the lowest March net borrowing since 2004.</p>

## RETAIL SECTOR UPDATE Q1 2018

<b>Consumer Confidence and Retail Sales</b>	Growth in retail sales has slowed in Q1 2018 and was reflected in weaker spending on white goods and homewares. This may have been a consequence of the slowdown in the housing market, however may also reflect a change in seasonality with consumers spending more on big ticket items on the Black Friday sales at the expense of January sales. Demand for new cars has continued to decrease however spending on consumer services as remained relatively consistent. Areas of slowdown within this sector include casual dining where the market has seen a number of companies including Jamie's Italian, Prezzo and Byron enter company voluntary arrangements within the last three months. Contrastingly to this, spending on holidays by way of flights and cruises has remained steady. (Bank of England, 2018).
<b>Q1 Volume</b>	Momentum has slowed in Q1 2018 following a strong end to 2017 with the biggest quarter on quarter fall since the financial crisis, according to Costar Group. Approximately £12bn was invested across the board. Regional retail was one of the weakest performers along with London offices. Spending over the last 12 months on retail was down 14% and the wave of retailer administrations over Q1 has further weakened investor's outlook. Yield decompression has consequently been driven by UK retail.
<b>Total Footfall</b>	According to the British Retail Consortium, total footfall fell by 3.0% compared to the same period last year. There was an annual decline of 6.00% over the month of March when analysing the shopper pool compared with the same period last year showing there is reduced shopper activity. This arises from the low consumer confidence resultant of continuing economic constraints which is exacerbated by the underlying shift in consumer behaviour from purely transactional activity towards more of a leisure focus. However, looking at the particular month of March, average footfall was 2.3% higher, which may have been resultant of deferred shopper trips taking place following bad weather deterring shoppers in earlier months and also accounted for the Easter bank holiday weekend.
<b>Vacant Shops</b>	Availability across the UK remains relatively high with some towns exceeding 20% of units (PROMIS). Although the number of retailers closing stores is ever increasing across the UK in 2018, since 2016 58% of space left vacant has been filled by new occupiers covering 5 million sq ft over 241 deals (EGi). Approximately 650 shops and restaurants have shut since the beginning of the year, many of these occupiers being major chains. The collapse of Toys R Us and Maplin has accounted for half of that number, according to the BBC, and landlords are forced to look for alternative uses for these large units to attract smaller occupiers who are able to pick up the more affordable rents. As everyday brings a new crisis for the retail industry it is more important than ever that Landlords are open to diversifying their portfolios to attract leisure occupiers amongst other users.
<b>Prime Rental Growth</b>	Retail rental values have increased by 0.2% over Q1 2018 following the relatively stagnant H2 2017. There was sign of prime rental growth in some major cities including Leeds, Edinburgh and Glasgow as well as centres in Plymouth, Eastbourne and Bracknell in the second half of 2017.
<b>Shopping Centres</b>	Within Q1, investment in UK shopping centres reached £337m across 11 deals. Of these 11 deals, 5 included council buyers and they accounted for £155m of acquisitions. Capital values of shopping centres fell -1.7% over the quarter. March 2018 saw the opening of Westfield London's £600m extension 6 months early, which now makes the destination the largest shopping centre in Europe at 2.6 million sq ft of accommodation.

<b>High Street</b>	The ONS reported that there was a small fall in retail sales in Q1, by 0.5% when comparing with Q4 2017. There were declines in all sectors except for department stores and non-store retailing. The ONS suggested this positive growth for department stores may be due to online offers for Mothering Sunday and Easter which boosted internet sales during the adverse weather.
<b>Retail Warehouses</b>	Over Q1 retail warehouse capital values fell by -0.1%. In terms of rents, these have remained stagnant during the last 12 months. Going forward, weak trading performance of big box occupiers is expected to negatively impact retail park occupation in the coming months. It should however be noted that new retail park developments are ongoing across the country from Plymouth to Leeds, with 13 new parks opened since the start of 2017.
<b>Company Voluntary Agreements</b>	Although numbers of CVAs remain in line with previous years on average so far for 2018, it seems as though many analysts are calling 2018 'the year of the CVA'. Closures have been seen across the sector from a number of large casual dining chains including Prezzo, Byron and Carluccio, to retailers such as Bargain Booze and New Look. A number of other retailers including department store House of Fraser are reported to be struggling and Landlord's are likely to find themselves being faced with rent reduction requests and granting rent free periods to allow trading to continue across many UK high streets.

