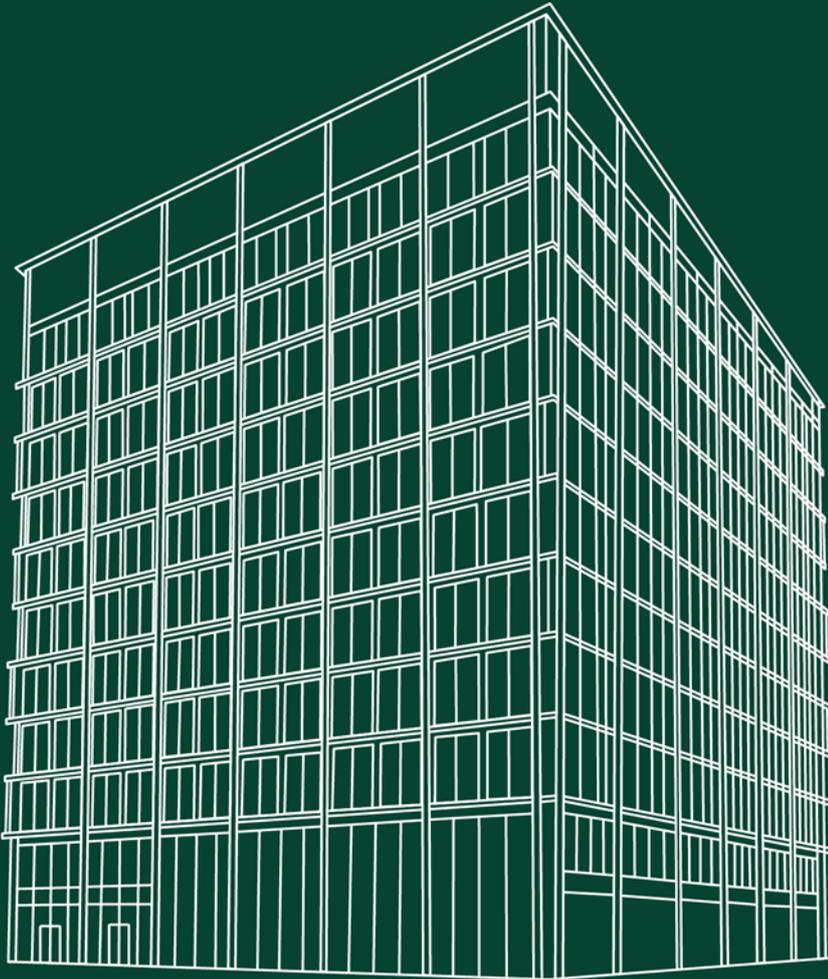




**BNP PARIBAS
REAL ESTATE**



VALUATION REPORT

PROPLEND SECURITY LIMITED

**BRIDGE HOUSE, 47-55 BRIDGE
STREET, WALSALL, WEST
MIDLANDS, WS1 1JQ**

SEPTEMBER 2021

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Front Elevation



Rear Elevation

EXECUTIVE SUMMARY

VALUATION DATE

- 14 September 2021

DESCRIPTION

- The subject Property comprises a mixed use retail and office building built in the early 1900s of traditional masonry construction with brick elevations featuring decorative stonework, surmounted by flat and pitched tiled roofs. The building was formerly occupied by the Co-Operative until the 1980s. The accommodation is arranged over basement, ground and three upper floors. The Property provides a total Net Internal Area of 75,660 sq ft (7,028.87 sq m).

LOCATION

- The Property is well located in the town centre, close to the Saddlers Shopping Centre and the A4148 ring road. Whilst Walsall train station is only a 7-minute walk. The surrounding area is predominantly commercial and nearby occupiers include The Refugee and Migrant Centre (Walsall Branch), Allsopp and Associates Dental Practice, Connells Estate Agents, JD Wetherspoon and independent takeaways.

TENURE

- Freehold

TENANCIES

- Retail Unit 1 and 4&5 are let on long leasehold interests, Unit 2 is vacant and Unit 3 is let to MV Leisure (UK) Limited. The offices are let to Secretary of State and Citizens Advice. The remaining office space is vacant. The Property provides a WAULT of 1.28 years.

GROSS/NET INCOME

Gross £202,143 per annum
Net £202,143 per annum

RENTAL VALUE

£359,784 per annum

TENANT STATUS

- Secretary of State for the Environment (Walsall County & Family Court) forms part of the UK Government and provides undoubted covenant strength.

- Citizens Advice Sandwell and Walsall Ltd are marked by Dun & Bradstreet as "A 1" risk.
- MV Leisure (UK) Limited are marked by Dun & Bradstreet as "N 4" risk.

VALUATIONS

Market Value	£2,550,000
Market Value subject to:	
Special Assumption 1	£2,550,000
Special Assumption 2	£2,350,000

YIELD PROFILE FOR MARKET VALUE

Net Initial Yield	7.45%
Reversionary Yield	13.26%
Equivalent Yield (nominal)	11.01%
Equivalent Yield (true)	11.68%

SPECIAL ASSUMPTIONS

- Restricted marketing period of 90 days.
- Vacant possession.

SWOT ANALYSIS

Strengths and Weaknesses

- Freehold;
- Situated in Walsall town centre however Walsall is not a recognised office location;
- Offices are capable of subdivision, available as individual suites or on a floor-by-floor basis;
- The Property would benefit from modernisation / refurbishment however, the cost of extensive refurbishment is unlikely to be recuperated through rental income;
- Short WAULT of 1.28 years;
- Highly reversionary investment with circa 39% of the total building area vacant.

Opportunities and Threats

- Further economic uncertainty caused by Brexit and COVID-19;
- Turbulent retail sector has witnessed a shift in consumer spending habits in recent years turning to online retailing which has resulted in a growing number of vacant retail units;
- Medium term redevelopment potential (subject to Planning).

SUITABILITY AS SECURITY

- Subject to our valuation, our comments and advice in this report, and having regard to the terms of the loan proposed, we confirm that we consider the Property represents a suitable security for mortgage purposes.

Private & Confidential

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

For the attention of: Stewart Bruce

Valuation

Sophie Borrowdale MRICS
Senior Surveyor
BNP Paribas Real Estate
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Birmingham
B3 2BJ

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E-mail: Sophie.Borrowdale@bnpparibas.com

Our Ref: SLB/kn/236034

14 September 2021

Dear Sir,

CLIENT: PROPLEND SECURITY LIMITED

BORROWER: CHARLES JORDAN (BRIDGE ST) LTD

**PROPERTY: BRIDGE HOUSE, 47-55 BRIDGE STREET, WALSALL, WEST MIDLANDS,
WS1 1JQ**

1. TERMS OF REFERENCE

1.1 INSTRUCTIONS

In accordance with your instructions of 1 September 2021, our Terms of Engagement dated 2 September 2021 and the Valuation Procedures and Assumptions enclosed within that letter, we have undertaken the valuation of Bridge House, 47-55 Bridge Street, Walsall, West Midlands, WS1 1JQ, ("The Property") for secured lending purposes.

Copies of your Instruction Letter, our Terms of Engagement and Valuation Procedures and Assumptions are enclosed within **Appendix 1**.

It is important that you have read and understood our Valuation Procedures and Assumptions and Terms of Engagement letter as they record the assumptions and special assumptions upon which our valuation has been based.

The Borrower owns the Property as an investment.

1.2 BASES OF VALUE

The Royal Institution of Chartered Surveyors Valuations Standards sets out the following definitions of Market Value and Market Rent:

Market Value

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

Market Rent

“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.”

In accordance with your instructions, the Property is to be valued on the following basis:

- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date and subject to the existing tenancies.
- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date, subject to the existing tenancies and on the Special Assumption of a restricted marketing period of 90 days.
- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date and on the Special Assumption of vacant possession.

In the event that any of our Special Assumptions or Assumptions are found to be incorrect, no reliance should be placed upon the valuation until it has been reviewed by BNP Paribas Real Estate in the light of that additional information.

1.3 PURPOSE OF VALUATION

This valuation is required for loan security purposes.

1.4 DATE OF VALUATION

The valuation date is 14 September 2021.

The importance of the valuation date must be stressed as property values may change over a relatively short period.

1.5 LOAN TERMS

We have not been advised of the loan terms.

1.6 ESTIMATE OF VALUE

We have been advised that the Borrower purchased the Property for £2,400,000 in Q2 2021.

1.7 STANDARDS

This valuation report and the opinions contained herein are intended to be fully compliant with the RICS Valuation – Global Standards, 2020 (Red Book), to include the International Valuation Standards, and the RICS Valuation – Global Standards, 2017: UK National Supplement. Accordingly, we are providing our advice as External Valuers.

1.8 INDEPENDENCE AND OBJECTIVITY

As you are aware, we have previously provided valuation advice to the Borrower in relation to another property. However, we are satisfied that we are able to act objectively and that this report represents our independent opinion.

We are therefore acting in the capacity of External Valuer as defined by the Red Book.

1.9 VALUER DETAILS

This report and valuation has been prepared by Sophie Borrowdale MRICS, BSc (Hons) and reviewed by Richard Gill MRICS, BSc (Hons), MA, MSc.

We confirm that they are both members of the RICS Registered Valuer Scheme have the knowledge, skills and understanding to undertake this valuation competently.

1.10 INDEMNITY

We have sufficient professional indemnity cover for this instruction and our overall workload.

2. EXTENT OF DUE DILIGENCE & INFORMATION SOURCES

2.1 INSPECTION

The Property was inspected on 14 September 2021 by Sophie Borrowdale MRICS. The weather at the time of the inspection was overcast with light rain.

Our site inspection consisted of an internal and external inspection of the Property and its environs. Our inspection has been limited to the subject premises. We were not able to obtain clear views of all of the main roof coverings of the building and nor were we able to gain access to any roof void or the roofs themselves. Our inspection was limited by the presence of fixtures, fittings, furniture and floor coverings.

We assume such unseen areas are free from defects that would have a material impact on value.

We were unable to gain access to Units 1, 3 and 4-5, and certain areas occupied by Walsall County Court. We have therefore assumed that the condition of these elements is similar to the visible areas of the building, however, we reserve the right to amend our valuation report if further information comes to light differing from our assumption.

Photographs of the Property were taken during the inspection and are contained in **Section 3.2**.

2.2 FLOOR AREAS

As instructed we have relied, without verification, upon floor areas provided by the Borrower as stated in the Allsop marketing particulars for the commercial auction dated 6 May 2021.

2.3 CONDITION

We have not been provided with a building survey.

2.4 ENVIRONMENTAL INVESTIGATION

We have not been provided with any environmental reports.

2.5 TENURE, TITLE AND TENANCIES

We have not been provided with a Report on Title.

The commentary provided in this report is based on our understanding of the title and tenancy situation and this should be verified by your solicitors.

2.6 TOWN PLANNING

We have made informal enquiries with Walsall Council planning department.

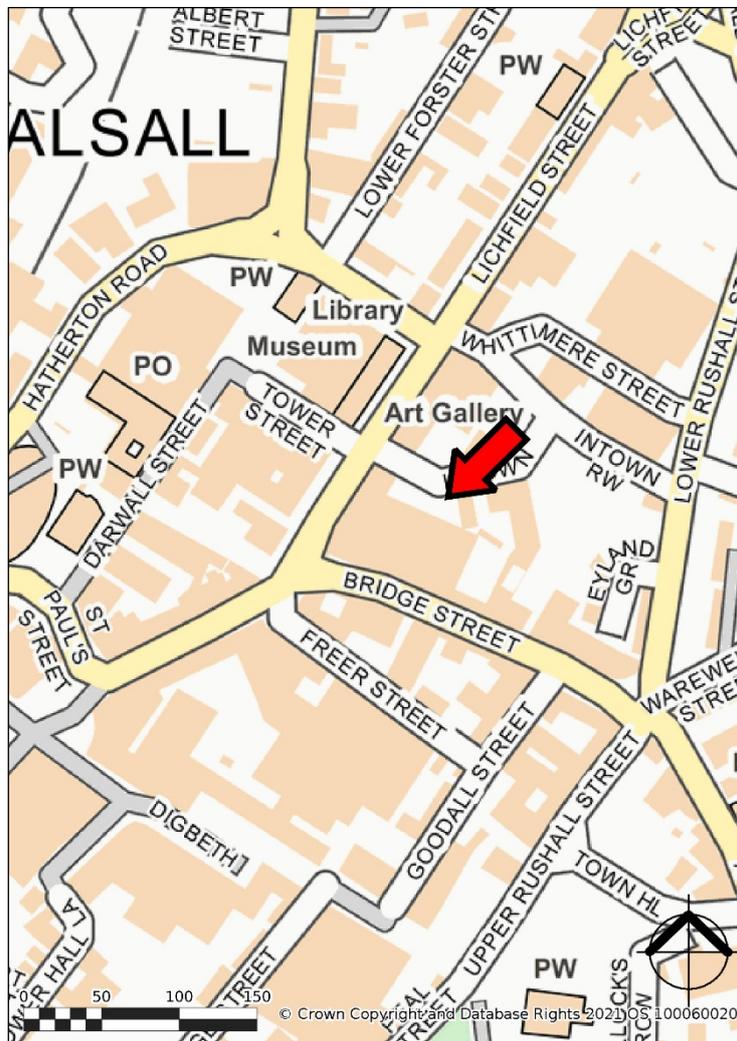
3. PROPERTY INFORMATION

3.1 LOCATION

Walsall is a large market town and is the administrative centre of the wider Metropolitan Borough of Walsall in the West Midlands. Walsall is located approximately 6 miles east of Wolverhampton, 8 miles north west of Birmingham, 10 miles north east of Lichfield and 16 miles south east of Stafford. Walsall has a population of 67,594 (2011 census).

Walsall town centre is situated directly to the east of Junctions 9 and 10 of the M6 motorway therefore offering excellent motorway connectivity to the wider Midlands region. The M5 motorway is also situated only 2 miles to the south of the town. Walsall train station benefits from four direct rail services per hour to Birmingham New Street with a travel time of approximately 22 minutes.

Below is a map showing the location of the Property in the context of Walsall:



The Property is well located in the town centre, close to the Saddlers Shopping Centre and the A4148 ring road. Whilst Walsall train station is only a 7-minute walk. The surrounding area is predominantly commercial and nearby occupiers include a range of regional and local operators including The Refugee and Migrant Centre (Walsall Branch), Allsopp and Associates Dental Practice, Connells Estate Agents, JD Wetherspoon and various independent takeaways.

3.2 DESCRIPTION

Below is an extract from the Ordnance Survey on which we show our understanding of the boundary of the Property edged in red. The site area extends to approximately 0.995 acres (0.403 hectares).



The subject Property comprises a mixed-use retail and office building built in the early 1900s of traditional masonry construction with brick elevations featuring decorative stonework, surmounted by flat and pitched tiled roofs. The building was formerly occupied by the Co-Operative until the 1980s. The accommodation is arranged over basement, ground and three upper floors. The Property provides a total Net Internal Area of 75,660 sq ft (7,028.87 sq m).

At ground floor level are five retail units and two communal entrance lobbies off Bridge Street, which provide access via staircases and passenger lifts to the office suites on the upper floors. The office suites are positioned around communal corridors, off which are shared kitchenettes and WC facilities. The basement is largely vacant but has previously been used for storage.

The specification generally comprises solid and suspended ceilings, a combination of fluorescent strip and recessed box panel lighting, plastered and painted walls, carpet floor covering, wall-mounted electric heaters, single glazed timber framed windows (secondary glazing in part), double glazed uPVC framed windows, two passenger lifts, one goods lift and CCTV. Some office suites also benefit from ceiling mounted cassette air conditioning units.

Externally, there is a tarmac surfaced car park and loading area to the rear providing approximately 38 parking spaces and is accessed through a gated entrance off Intake. There is also a canopy covered dock level loading bay stretching the rear elevation of the building.

Below are a selection of photographs of the Property:



Front Elevation



Front Elevation



Basement Storage



Unit 2 - Ground Floor Retail



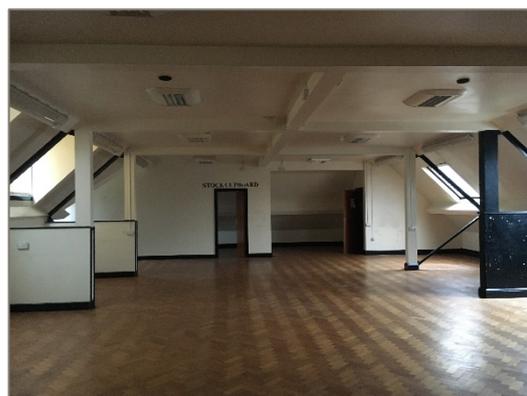
First Floor - County Court Offices



Second Floor - Citizens Advice Offices



Second Floor - Vacant Offices



Third Floor - Vacant Offices

3.3 ACCOMMODATION

As instructed we have relied, without verification, upon floor areas provided by the Borrower as stated in Allsop's marketing particulars for the commercial auction dated 6 May 2021.

We assume that the Property has been measured in accordance with the Code of Measuring Practice incorporated within the *RICS Professional Statement RICS Property Measurement, 1st Edition* and calculated on a net internal floor area basis as follows:

Unit	Floor	Description	Sq Ft	Sq M
Unit 1	Ground	Retail	7,174	666.46
Unit 2	Ground	Retail	2,766	257.00
Unit 3	Ground	Retail	3,766	349.85
Unit 4 & 5	Ground	Retail	8,071	749.80
Office Suites 1 & 2	First	Office	6,787	630.50
Office Suites 3, 4, 5 & 9	First & Second	Office	26,051	2,420.18
Office Suite 6	Second	Office	938	87.15
Office Suite 6a & 7a	Second	Office	3,208	298.00
Office Suite 7b	Second	Office	1,251	116.22
Office Suite 7c	Second	Office	413	38.37
Office Suite 8	Second	Office	5,615	521.63
Office Suite 10.1	Second	Office	344	32.00
Office Suite 10.2	Second	Office	110	10.20
Office Suite 10.3	Second	Office	137	12.73
Office Suite 10.4	Second	Office	132	12.26
Office Suite 10.6	Second	Office	115	10.68
Office Suite 10.9	Second	Office	424	39.39
Office Suite 10.5	Second	Office	126	11.70
Office Suite 10.7	Second	Office	87	8.08
Office Suite 10.11	Second	Office	448	41.62
Office Suite 10.12 & 10.13	Second	Office	593	55.09
Office Suite 10.14	Second	Office	270	25.08
Office Suite 10	Second	Office	1,084	100.70
Office Suite 11, 12 & 14	Third	Office	3,444	319.95
Office Suite 13	Third	Office	1,404	130.43
Basement Store	Basement	Store	902	83.80
Total			75,660	7,028.87

The relevant standard of measurement for the Property is the RICS Property Measurement (2nd Edition, January 2018), incorporating the International Property Measurement Standards (IPMS) for office buildings and replaces the former standards of the Code of Measuring Practice (6th Edition, May 2015) (COMP). The aim and benefit of IPMS is to provide transparency through a consistent measurement of property, on a global scale. The adoption of IPMS is currently in transition within the industry and will eventually apply to all property assets in the future. However, the RICS recognises that the IPMS are not yet considered a suitable basis of measurement in all circumstances and we are bound to state our departure from these Standards, where it is deemed reasonable to do so.

As at the date of writing, the Standards are not yet considered to form an industry-wide basis of measurement, particularly for valuation and estate agency purposes, with the majority of comparable transactions continuing to be measured on a Net Internal Area basis, in accordance with the former bases of measurement stated within the COMP. For the specific purposes of valuing the subject Property, we have therefore assumed that our departure from the new Standards is suitably justified and have carried out our measurements on the basis of the recognised core definitions contained within COMP, which are considered to be fit for purpose. We assume that the floor areas stated have been calculated on a Net Internal Area basis.

3.4 CONSTRUCTION

We summarise the construction of the Property as follows:

Element	Description
Frame	▪ Traditional masonry.
External elevations	▪ Brick with decorative stone features.
Windows	▪ Largely single glazed timber framed with some secondary glazing in parts and double glazed uPVC framed.
Roof	▪ Flat and pitched and tiled.
Floors	▪ Suspended and solid.

Our valuation excludes those items of process plant and machinery and equipment, together with special foundations and supports, fixtures and chattels specifically related to the business being conducted at the Property.

3.5 SERVICES & AMENITIES

Element	Description
Heating	▪ Wall-mounted electric heaters and ceiling mounted cassette air-conditioning units (in part only).
Hot Water	▪ We have assumed that hot water is provided by either conventional hot water storage tanks or electric combi-boiler.
Sprinkler System	▪ System visible in parts of the basement.
Air Conditioning	▪ Ceiling mounted cassette air conditioning units (in part only).
External Works	▪ Tarmacadam surfaced car park and loading area to the rear.
Lighting	▪ A combination of fluorescent strip and recessed box panel lighting.
Lifts	▪ Two passenger lifts and one goods lift.
WCs	▪ Adequate WC facilities provided throughout.
Loadings	▪ Canopy covered dock level loading bay in the rear yard.

We assume that mains gas, electricity, water and drainage services are connected to the Property but as written confirmation has not been obtained from the service providers we are unable to report on condition or offer any warranties.

We have not tested these services and assume that there are no material defects that would cause us to alter our valuation. We further assume that any necessary guarantees and warranties will be available to a purchaser in respect of services and appliances.

3.6 REPAIR & CONDITION

We have not undertaken a building condition survey and it should not be inferred that, in the absence of any commentary to the contrary, either the buildings or services are in good condition or free from defect.

We have not investigated whether any deleterious or potentially harmful materials have been used in the construction. We have assumed that no such substances are present, or, if they are, their presence neither threatens structural integrity nor has a material effect on value.

3.7 USEFUL ECONOMIC LIFE

Providing adequate routine maintenance is undertaken, we consider that the building has a remaining economic life in excess of 25 years.

3.8 GROUND CONDITIONS

We have not carried out detailed investigations into ground conditions. Accordingly, we have made the assumptions that ground conditions are suitable for the current buildings and structures or for any redevelopment.

Since our normal enquiries and inspection did not suggest that there are likely to be archaeological remains present in or on the Property, we have assumed that no abnormal constraints or costs would be imposed on any future development at the Property by the need to investigate or preserve historic features.

3.9 RIGHTS OF ACCESS & PUBLIC RIGHTS OF WAY

We understand that Bridge Street is a publically adopted highway, maintained by the Local Authority and that full rights of access are available to the Property from the public highway.

We are not aware of any onerous or unusual easements or rights of way affecting the Property and have valued on this basis. Should this be incorrect we reserve the right to review the value reported.

3.10 ENVIRONMENTAL ISSUES

CONTAMINATION

Part IIa of the Environmental Protection Act 1990 highlights requirements and obligations to consider potential contaminative uses on land and buildings. During our site inspection we did not note any particular issues of concern. As provided in our terms of engagement, we have not made detailed enquiries into the previous uses or to establish whether or not contamination is present.

Our normal inspection and other enquiries in connection with this valuation did not indicate that there was an abnormal risk of contamination. Accordingly, our valuation assumes that there is no latent contamination that could adversely affect the Property. If a detailed environmental investigation reveals actual or potential contamination, our valuation may be adversely affected.

FLOODING

From inspection of the Environment Agency's website, it appears that the Property is in an area that has a very low risk of flooding from rivers or the sea, which means that each year this area has a chance of flooding of less than 0.1%.

The Property is located in an area that has a medium risk of flooding from surface water. This means that each year, this area has a chance of flooding of between 1% and 3.3%.

This information is suitable for identifying which parts of streets or parcels of land are at risk, or have the most risk; the extent, depth and approximate velocity of flooding. It is very likely to be reliable for identifying the risk to local areas of land; individual properties - though not whether they will flood internally.

Surface water flooding, sometimes known as flash flooding happens when heavy rain cannot drain away and it is difficult to predict as it depends on rainfall volume and location. It can happen up hills and away from rivers and other bodies of water is more widespread in areas with harder surfaces like concrete.

Lead local flood authorities (LLFA) are responsible for managing the flood risk from surface water and may hold more detailed information.

We have assumed that appropriate building insurance cover can be obtained at a cost that would not materially affect the Market Value.

ENVIRONMENTAL REPORTS

We have not been provided with any environmental reports.

HIGH VOLTAGE ELECTRICAL SUPPLY EQUIPMENT

Our inspection did not identify the existence of any high voltage overhead cables or large electrical supply equipment at or close to the Property.

RADON

We have established from the Public Health England website that the Property is in a radon affected area. This is usual for this part of the country and, if levels are abnormally high, would be managed through ventilation or the incorporation of radon protection measures into ground floor construction. In the absence of any further information we have assumed that the market would regard the risk as minimal and our valuation has accordingly not been affected.

ASBESTOS

We have not undertaken an asbestos survey. We are not qualified to give assurances on asbestos. Should more information be required, we recommend that an asbestos audit is carried out by suitably qualified personnel to identify the nature and location of asbestos carrying materials.

3.11 SUSTAINABILITY

Legislative changes under the Energy Act 2011 have made it unlawful to rent out and re-let premises with an EPC rating below a minimum level of E from 2018. This applies to any property let on a tenancy which is 6 months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation now covers existing lettings for residential properties and will extend to cover commercial buildings in 2023.

Property	EPC Rating	Certificate Valid Until
Unit 1-2, Bridge House, Bridge Street, Walsall, WS1 1JQ	C (69)	28 November 2024
Unit 2, Bridge House, Bridge Street, Walsall, WS1 1JQ	D (97)	2 April 2022
Unit 3, Bridge House, Walsall, WS1 1JQ	D (76)	26 April 2031
Units 4-5, Bridge House, Bridge Street, Walsall, WS1 1JQ	E (119)	29 November 2026
Unit 8, Bridge House, Bridge Street, Walsall, WS1 1JQ	F (141)	28 November 2021

Property	EPC Rating	Certificate Valid Until
Suites 7B & 7C, Bridge House, Bridge Street, Walsall, WS1 1JQ	F (143)	15 May 2022
Her Majesty's Courts & Tribunals Service, Walsall County Court, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	B (45)	29 April 2022
Walsall County Court, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	D (78)	26 April 2031

The existing EPC certificates above for Units 1-2, 3, 4-5 and Walsall County Court indicate that the Property falls within the acceptable energy performance range for the purposes of the Act. Although there is no market intelligence to suggest that legislation is due for further review in the short term, the method of assessment may have changed since the EPC certificate was issued. It is therefore advisable to obtain an expert's opinion on whether the building would still comply with the minimum standard if the building was re-certified under the current methodology.

The existing EPC certificates above for Unit 8 and Suites 7B & 7C indicate that the Property may not meet the minimum acceptable energy performance standard for the purposes of this Act. Unless the Property qualifies as exempt, capital expenditure may be required in order to upgrade the Property to an acceptable EPC rating standard. Failure to do this may result in renting the Property being unlawful, with an associated impact on marketability and value. It is therefore advisable to obtain an expert's opinion on the status of the Property.

Our valuation does not currently reflect the costs of any necessary remedial works and any impact on value that this may have and because of this you may then wish that we review the valuation.

It is important to keep EPC issues under review and to consider the potential impact on property value of any additional government initiatives pending the legislative changes to ensure that the security of any loan does not come under threat should the Property fail to meet the minimum EPC requirements

3.12 TENURE

The Property is held freehold under Title Number WM427681.

We are instructed to value the freehold interest in the Property subject to leases, the terms of which are summarised under Tenancy below.

We have not been provided with a report on title and have assumed that the interest is good and marketable.

We **recommend** your solicitor verifies our understanding of the Property tenure.

3.13 TENANCY

OCCUPATIONAL LEASES

We are instructed to value the freehold interest in the Property subject to leases. We have been provided with a tenancy schedule and summarise the principal terms below:

Demise	Tenant	Lease Terms	Rent Review (Breaks)	Rent (Per Annum)
Unit 1 (Ground)	Bond Wolfe Assets Limited	999 years from 21 May 2021 to 20 May 3020	-	Peppercorn (if demanded)
Unit 2 (Ground)	Vacant	-	-	-
Unit 3 (Ground)	MV Leisure (UK) Limited	8 years from 2 April 2015 to 1 April 2023	-	£25,000

Demise	Tenant	Lease Terms	Rent Review (Breaks)	Rent (Per Annum)
Unit 4 & 5 (Ground)	Brookmead Properties Ltd	99 years from 29 September 2001	-	£1.00
Office Suites 1 & 2 (First)	Vacant	-	-	-
Office Suites 3, 4, 5 & 9 plus 19 car parking spaces (First & Second)	Secretary of State for Environment (Walsall County & Family Court)	3 years, 11 months, 10 days from 15 January 2020 to 24 December 2023	(24 December 2021) (24 December 2022)	£171,892
Office Suites 6, 6a & 7a, 7b, 7c & 8 (Second)	Vacant	-	-	-
Office Suites 10.1, 10.2, 10.3, 10.4, 10.6, 10.9 plus 2 car parking spaces (Second)	Citizens Advice Sandwell	1 year from 1 October 2020 to 30 September 2021	-	£5,250
Office Suites 10.5, 10.7, 10.11, 10.12, 10.13, 10.14 Remaining Suite 10, 11, 12 & 14 plus 13 Basement Store (Second, Third & Basement)	Vacant	-	-	-
Total				£202,143 per annum

We have not been advised of any Tenant Improvements that would fall to be disregarded in assessing the rent at either rent review or lease renewal.

We recommend your solicitor verifies our understanding of the tenancy at the Property.

INCOME

Gross Income	£202,143 per annum
Net Income	£202,143 per annum

We **recommend** your solicitor verifies our understanding of the tenancy at the Property.

TENANT STATUS

Secretary of State for the Environment (Walsall County & Family Court) forms part of the UK Government and provides undoubted covenant strength.

Citizens Advice Sandwell and Walsall Ltd are marked by Dun & Bradstreet as “A 1” risk. Representing a tangible net worth of £550,666 and minimum risk of business failure.

MV Leisure (UK) Limited are marked by Dun & Bradstreet as “N 4” risk. Representing a negative net worth of -£13,969 and high risk of business failure.

The investment market would perceive the Secretary of State for the Environment and Citizens Advice as being of strong covenant strengths and capable of fulfilling the obligations of their respective leases. However, MV Leisure (UK) Limited provides weak covenant strength and risk of fulfilling the obligations of their lease. Although we do not consider this tenant line up wholly unusual for an asset of this type and in this location.

3.14 LOCAL TAXATION

The Property is described in the 2017 Rating List as follows.

Address	Description	Rateable Value
Basement, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Basement Office	£940
Former Suite 10 Office 2 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£620
Former Suite 10 Office 6 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£1,650
Former Suite 10 Offices 4-5 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£3,100
Former Suite 10 Store Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Store Room & Premises	£355
Suite 6a-7a 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£16,750
Suite 7c Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices & Premises	£2,325
Suite 8 on 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices & Premises	£27,500
Suite 10 Shared Area 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£780
Suite 10.1 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£1,900
Suite 10.2 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£610
Suite 10.3 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£760
Suite 10.4 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£730
Suite 10.5 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£700

Address	Description	Rateable Value
Suite 10.6 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£630
Suite 10.7 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£480
Suite 10.9 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£2,350
Suite 10.11 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£2,475
Suite 10.12-13 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£3,250
Suite 10.14 2 nd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£1,500
Suite 11-14 3 rd Floor Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£23,000
Unit 1 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Wine Bar & Premises	£51,500
Unit 2 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Shop & Premises	£22,750
Unit 3 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Shop & Premises	£31,500
Units 4-5 Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Wine Bar & Premises	£60,000
Walsall Crown Court Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Office & Premises	£126,000
Total		£534,905

The National Non-Domestic Rate for the financial year 2021/22 is £0.512. The actual business rates payable may be affected by Regulations.

3.15 PLANNING

We have made enquiries with Walsall Council planning department and the information obtained is assumed to be correct.

The Development Plan Documents (DPDs) for Walsall incorporate Walsall Site Allocations Document (2019), Walsall Town Centre Area Action Plan (2019) and The Black Country Core Strategy (2011). In accordance with the Local Plan Policies Map, the Property is designated within Walsall Town Centre Area Action Plan Boundary, a mineral safeguarding area and Bridge Street Conservation area.

We summarise below the relevant planning history of the Property.

Planning Reference	Date	Application Details	Status
17/1421	29 November 2017	Aluminium cladding over existing top fascia with blue LED trough lighting above, use of acrylic and vinyl lettering applied to fascias	Advertisement Consent: Approve for 5 Years

Planning Reference	Date	Application Details	Status
		and further LED down lighting and light boxes under canopy	
17/1420	29 November 2017	Revised shopfront (re-submission of 17/0724)	Grant Permission Subject to Conditions
17/0725	31 October 2017	Installation of 1 x externally illuminated fascia sign, 1 x hanging sign and 1 x externally illuminated hoarding sign	Withdrawn
17/0724	13 October 2017	New Shopfront	Grant Permission Subject to Conditions
14/1839/AD	23 January 2015	Replacement fascia	Advertisement Consent: Approve for 5 Years
14/1838/FL	22 January 2015	Change of use from A2 betting office to A4 drinking establishment and alterations to shop front	Grant Permission Subject to Conditions
11/0827/AD	8 September 2011	1 No. internally illuminated fascia sign.	Advertisement Consent: Approve for 5 Years
11/0302/AD	4 November 2011	Display of adverts to new bar shopfront	Advertisement Consent: Approve for 5 Years
11/0301/FL	4 November 2011	Change of use from betting shop (Use Class A2) to bar/drinking establishment (Use Class A4).	Grant Permission Subject to Conditions
09/0429/FL	14 July 2009	Change of Use to takeaway and restaurant, and alterations to shop front.	Refuse
04/1470/FL/W3	3 September 2004	Removal of Condition 2 of Planning Application 03/0408/FL/W3. To allow opening the office 24 hours a day.	Grant Permission Subject to Conditions
04/0670/AD/W4	9 June 2004	Display of Illuminated Fascia Sign	Advertisement Consent: Approve for 5 Years
02/0524/FL/W5	16 May 2002	Change of use to A3 (Coffee shop and takeaway)	Grant Permission Subject to Conditions

The Property is not listed as a building of special architectural or historical interest.

The Property is in Bridge Street conservation area.

We have assumed that the current use of the Property, Class E, is lawful.

We do not consider there to be an alternative use for which a planning consent would be forthcoming which would generate a value higher than that now reported.

We **recommend** your solicitor verifies the planning status of the Property.

3.16 VAT, TAXATION AND COSTS

We have not made any adjustments to reflect any liability for taxation that may arise on disposal, or for any costs associated with disposal incurred by the owner. No allowance has been made to collect any liability or repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

If calculating the Market Value as an investment, we have made deductions to reflect purchaser's normal acquisition costs.

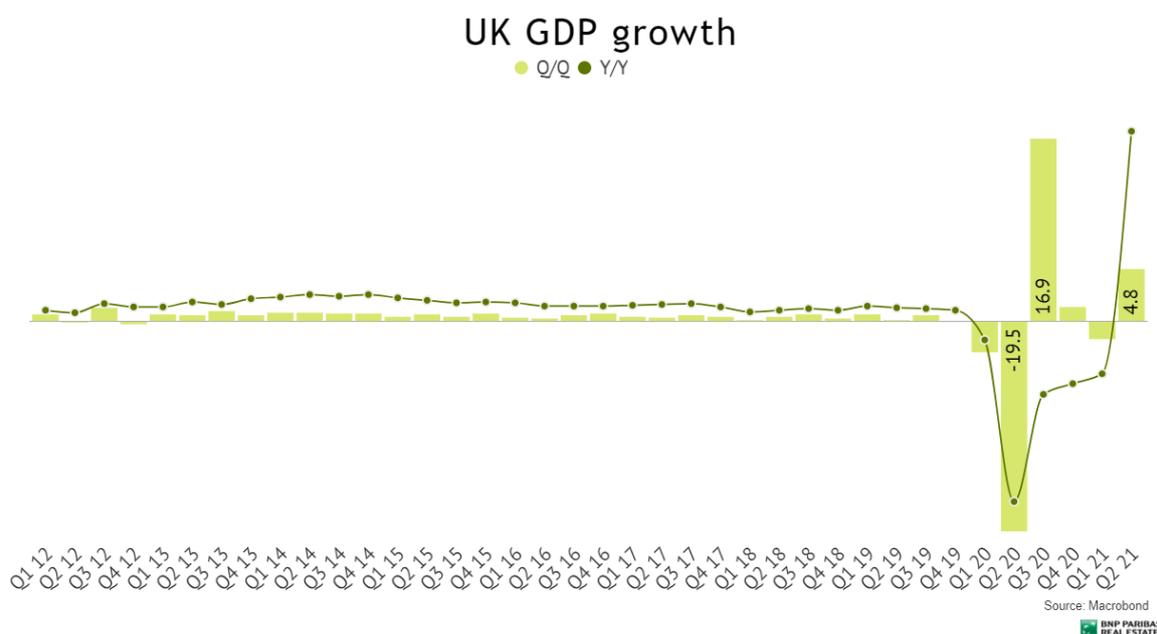
We are advised that the option to tax has been exercised and that VAT is accordingly payable on the capital and rental values now reported.

4. MARKET CONDITIONS AND TRENDS

4.1 UK ECONOMIC & PROPERTY MARKET COMMENTARY

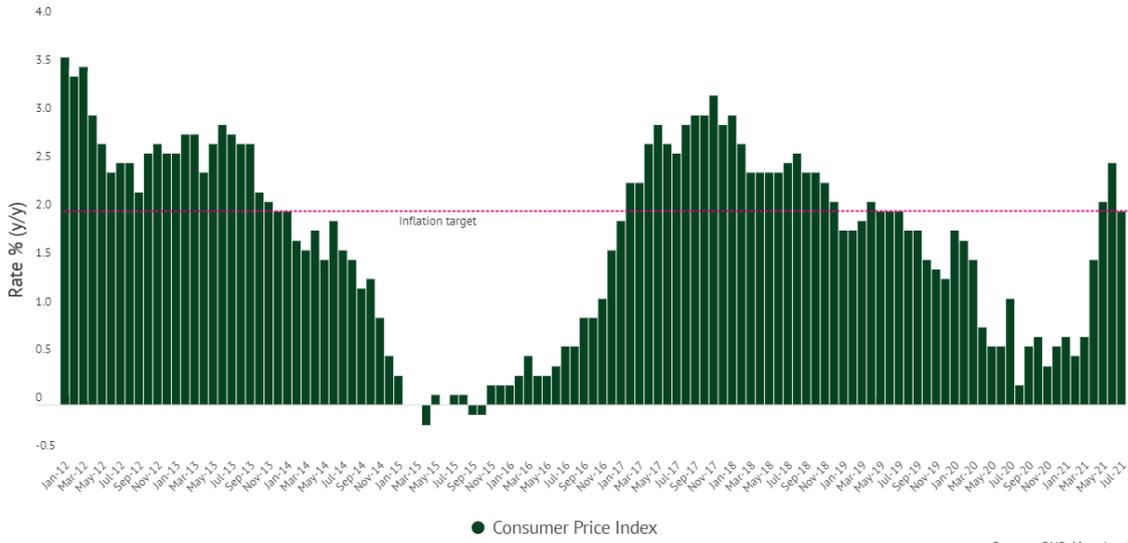
UK ECONOMIC OVERVIEW

UK GDP growth came in slightly lower than anticipated in Q2. Latest figures reveal the UK economy grew by 4.8% q-o-q, compared with the expected growth of 5.7%. In comparison to its peers, the UK enjoyed the strongest second quarter growth by far (France's economy grew by 0.9%, Germany 1.5% and the US 1.6%), partly due to the difference in easing of restrictions in the first half of this year. However, the US has recuperated all losses in output in Q2, while Eurozone output is 3.0% below pre-pandemic levels. The current level of GDP means the UK economy is still 4.4% below pre-pandemic levels. Further breakdown of the figures reveals services, production and construction output increased over the quarter. The largest contributor to growth was from the wholesale and retail trade, accommodation and food service activities, and education sectors. Despite the widening of supply constraints and the 'pingdemic' crippling a large chunk of the workforce we still expect GDP growth to remain on track to achieve 7.8% this year.



The recovery is strengthening, with many aspects of the economy returning to, if not well above, pre-pandemic levels, in particular retail sales, the housing market and the labour market. Consumer spending was strong in Q2, growing by 7.3% q-o-q. This suggests households are unleashing the GBP200bn accumulated excess savings as expected. Conversely, investment remains lower than its pre-pandemic level. Business investment increased by a moderate 2.4% q-o-q in Q2. Although over 2% growth in business investment is positive, y-o-y comparison paints a dire picture where business investment increased by 0.9% while household consumption grew by 20%. The lack of recovery in business investment may in fact be due to supply constraints as well as the impact of Brexit. UK inflation surprised to the downside with the rate falling from 2.5% to 2.0% y-o-y in July. This was largely driven by the fall in the core rate, which fell from 2.3% to 1.8% y-o-y. The largest downward contributions to inflation were clothing and recreation goods, partly reflecting base effects as July last year was particularly strong after the first lockdown. The July figures reflect a 'normal' level of inflation, particularly as the fall in restaurant price inflation points to the reopening effect warning.

UK Inflation rate

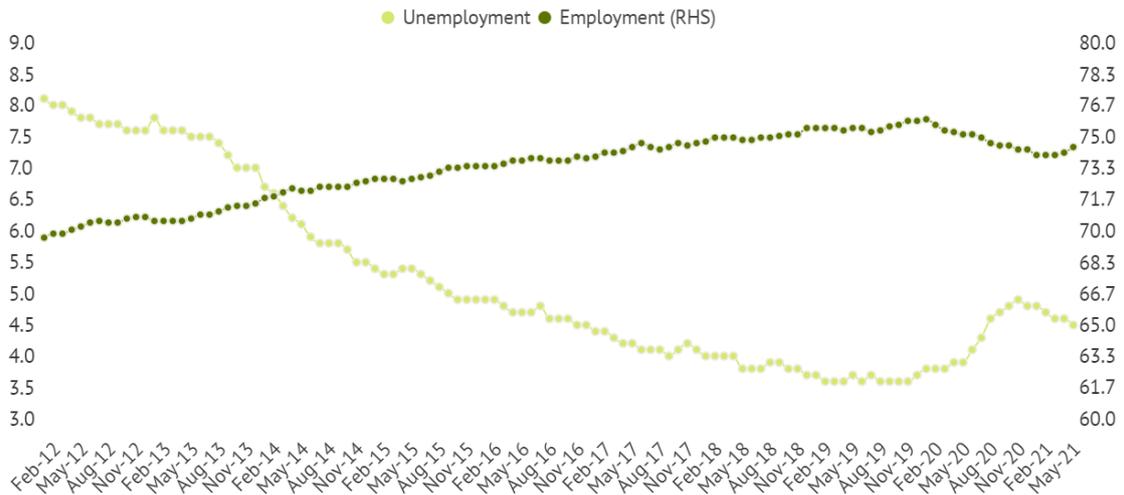


Sources: ONS, Macrobond



Despite the lower than expected growth in the second quarter, growth remains on track for this year. There are likely to be revisions to growth, particularly in the final quarter when the economy should be back at full capacity. However, there are headwinds towards the end of the year that could impact growth. These include withdrawal of government support, widening of supply constraints and a potential winter wave of COVID-19.

UK Employment & Unemployment rate



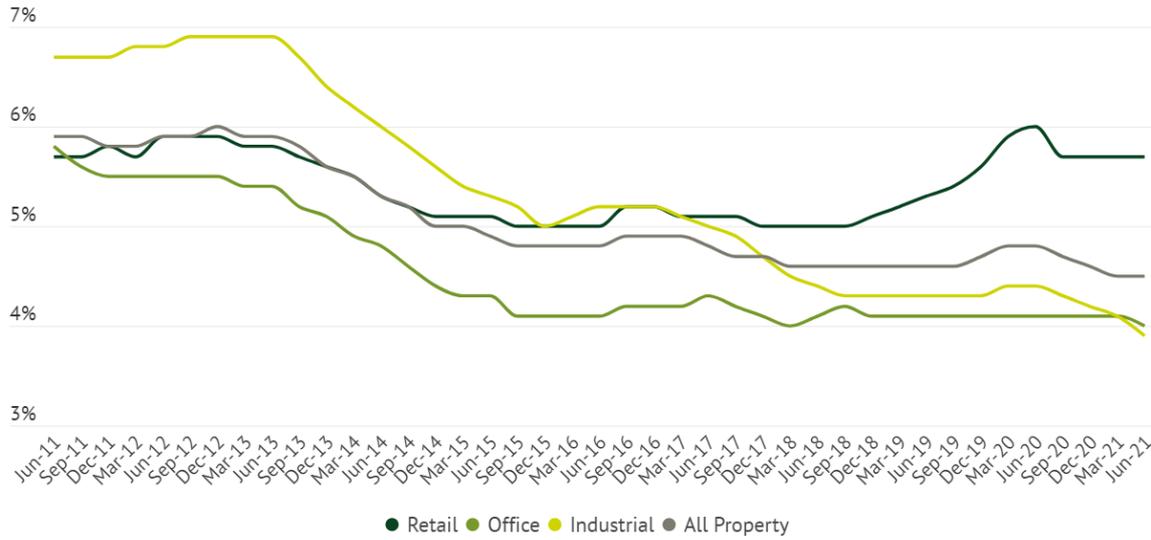
Source: Macrobond



UK REAL ESTATE OVERVIEW

Yield compression is now in full swing across the UK real estate market. Nowhere is this more evident than the logistics sector. The latest MSCI quarterly index shows average industrial net initial yields are now at 3.9%, dipping below 4% for the first time on record. The sector is on track for another very strong year, with volume this year to date already on par with the volume recorded for the whole of 2020. The sector has accounted for 30% of total UK volume so far this year, far surpassing the record 22% market share recorded last year.

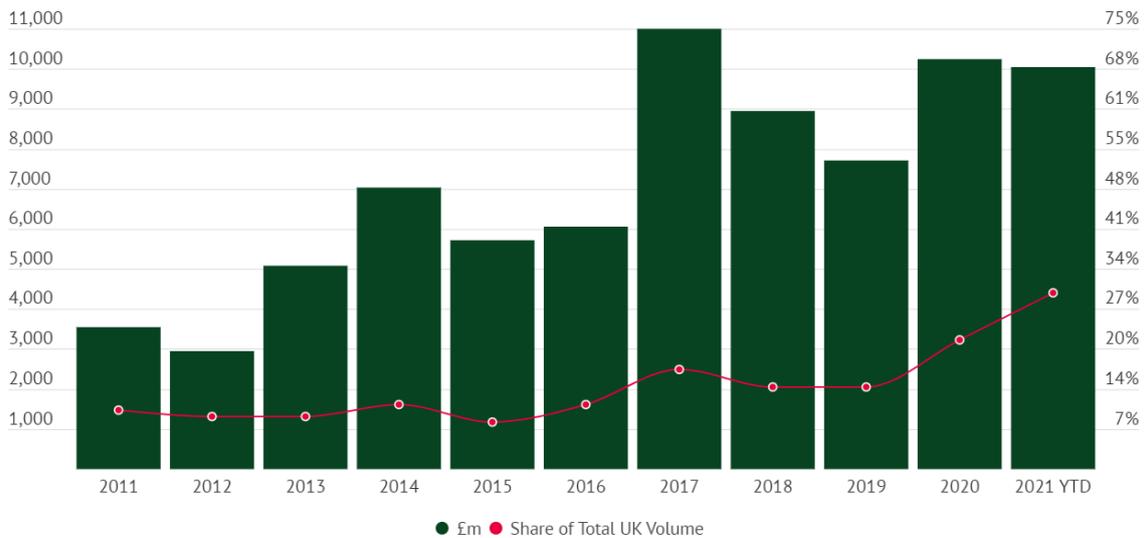
MSCI Sector Net Initial Yields



Source: MSCI UK Quarterly Index



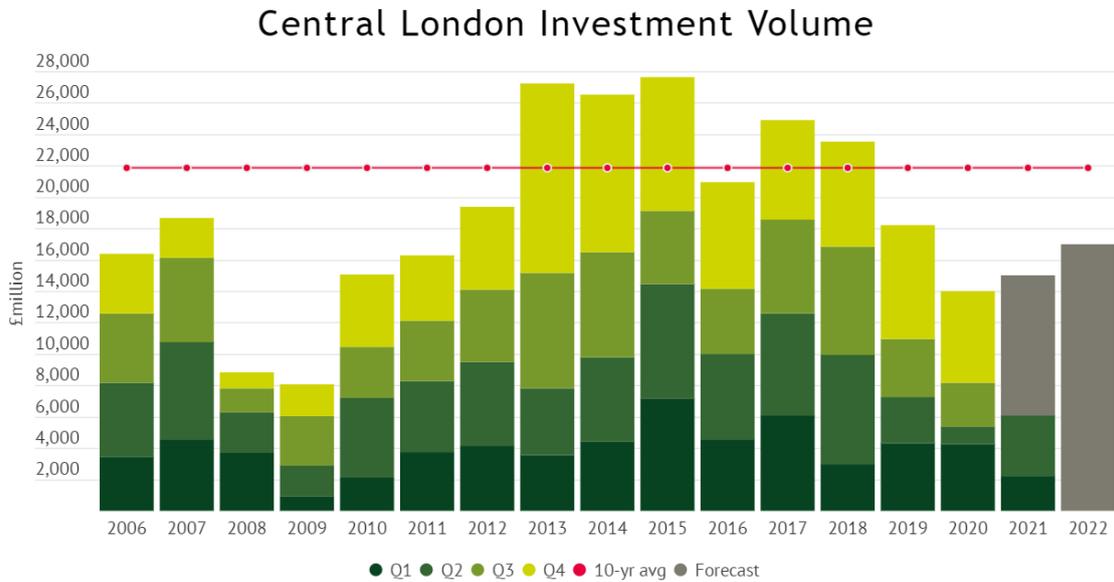
UK Industrial Investment Volume



Source: Property Data & BNPPRE, data as at 26.08.2021



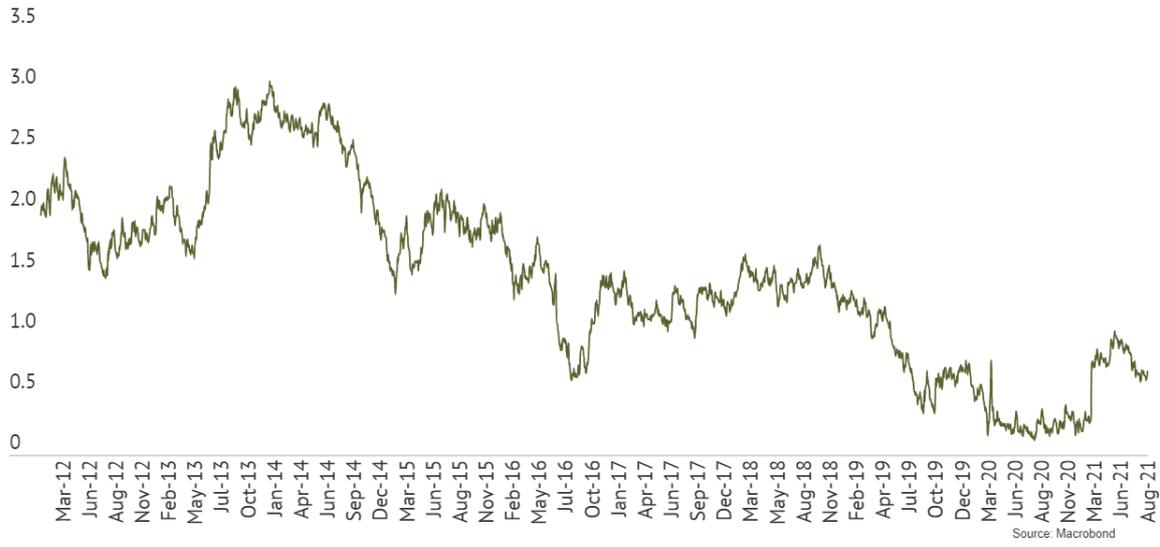
Momentum also continues to build in Central London. Our proprietary investment data currently shows almost £8bn of office assets are currently for sale or under offer across Central London. Approximately £6.5bn of Central London offices have transacted so far this year, with almost £3.5bn changing hands in Q2 alone, in line with the 5-yr Q2 average. This suggests the Central London market is on course to outperform 2020 and reach our forecast of £15bn total volume by the end of the year.



Evidence of hardening prime office yields continues to emerge. Derwent London's recent acquisition of 250 Euston Road (let to University College Hospital until 2039 with fixed 2.5% annual increases) from Lazari reflects a net initial yield of 2.5%, while Great Portland Estates is reportedly considering a sale of 50 Finsbury Square. The freehold block, which is set to be GPE's first development to be certified as net zero, is expected to be worth around £215m, reflecting a yield of 3.75%. Moreover, the growing prominence of the UK's life sciences sector is beginning to narrow the gap between London and Regional office yields. Cambridge is a particularly focal point. Following Brockton Everlast's purchase of five buildings at Cambridge Science Park earlier this year for a sub-4.5% yield, British Land made its first Life Science purchases last month, one of which was LaSalle's Peterhouse Technology Park. The c. £75m deal represented a yield in the region of 4.15%. This post-pandemic rebound bodes well for a return to the average annual investment volume levels next year, but going forward all eyes are fixed on the potential tightening of monetary policy next year in response to higher inflation.

Rising inflation in itself is indicative of strong GDP growth and is a generally beneficiary for commercial property. That said, the recent hawkish rhetoric from the Bank of England regarding tapering of bond purchases suggests we should be mindful of the risk of tightening monetary policy earlier than anticipated. The ensuing impact on bond yields, financing costs and asset prices should be watched closely.

10YR Government Bond yield

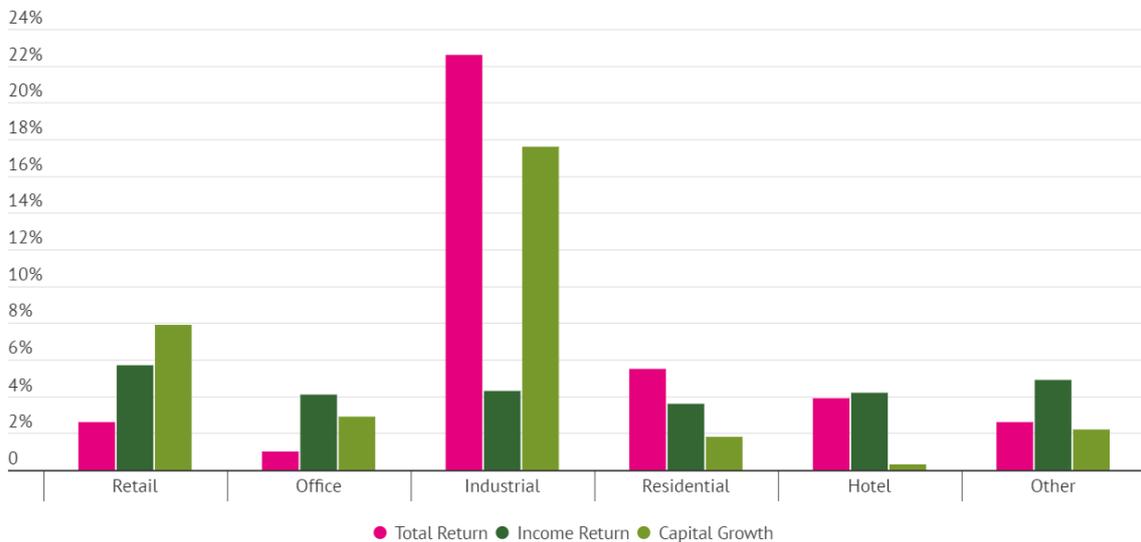


Source: Macrobond



Economic recovery is strengthening, with many aspects of the economy returning to, if not well above, pre-pandemic levels. There are headwinds we need to be mindful of especially labour shortages and the prospect of above-target inflation, but the UK's world-beating economic growth is a major boost for our real estate markets. Recent prime yield compression shows that investors are increasingly turning to inflation hedging assets with resilient or outperforming rental growth forecasts. This is funnelling more and more global capital towards sustainable Grade A offices and logistics warehouses let to e-commerce operations, both sectors where the UK market continues to offer good value. With strong liquidity and a healthy pipeline of investment product coming forward, we are well-placed to end 2021 on a high.

MSCI Sector Returns, 12 months to end-Q2 2021



Source: MSCI UK Quarterly Index



4.2 WALSALL RETAIL SUBMARKET

OVERVIEW

Retail vacancies in Walsall were slightly elevated relative to the five-year average during the third quarter, and they trended upwards in the past year. The rate also sits above the overall market's average. Meanwhile, rents have collapsed in the past year, tumbling 3.3%. That is the weakest performance observed over the past five years.

As for construction, Walsall does not appear to face a burgeoning wave of supply pressure, and the pipeline is pretty empty. Retail properties trade with regularity in Walsall, but deal flow fell short of the historical average in the past year. At £146 per sq ft, market pricing is considerably lower than the region's average pricing.

However, the coronavirus outbreak has led to considerable uncertainty in commercial real estate. The effects of the pandemic will likely continue having a profound impact on demand, rent growth, and investment trends, and the retail sector, in particular, could face significant headwinds.

KEY INDICATORS

Current Quarter	NIA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Shopping Centre	699,837	28.7%	£20.74	20.2%	(56,532)	0	0
Retail Park	411,385	3.0%	£15.51	3.9%	(10,152)	0	0
General Retail	4,883,962	2.5%	£15.06	3.7%	7,636	0	0
Submarket	5,995,184	5.6%	£15.76	5.6%	(59,048)	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.3%	4.1%	6.3%	10.7%	2012 Q2	1.8%	2009 Q1
Net Absorption SF	(136K)	27,161	(4,691)	341,882	2013 Q2	(203,014)	2011 Q2
Deliveries SF	0	44,504	21,490	246,122	2012 Q1	0	2021 Q2
Rent Growth	-3.3%	0.3%	0.7%	2.0%	2020 Q3	-3.4%	2021 Q3
Sales Volume	£9.7M	£13.4M	N/A	£47.9M	2017 Q4	£708.5K	2011 Q3

4.3 WALSALL OFFICE SUBMARKET

OVERVIEW

The Walsall Submarket in Birmingham is a midsized submarket that contains around 1.9 million sq ft of office space. The vacancy rate has been essentially unchanged over the past year, but at 2.6%, the rate was below the 10-year average as of 2021Q3.

Net absorption was flat over the past year. Over a slightly longer timeframe, the demand trend is bleak: On average, the submarket has posted negative net absorption of -4,500 sq ft per year over the past five years. Rents increased by 2.6% over the past 12 months, a solid result and somewhat in excess of the 1.7% average annual gain over the past decade. There are no supply-side pressures on vacancy or rent in the near term, as nothing is under construction. Moreover, the inventory has actually contracted over the past 10 years, as demolition activity has outpaced new construction.

The Walsall Submarket has seen about two sales over the past year, which is slightly below the typical deal activity in a given year. The coronavirus remains a major disrupter to the economy at large and creates profound uncertainty in Birmingham. The effect of the pandemic has the potential to redefine the use of office space, as employers re-evaluate the safety and health of workers.

KEY INDICATORS

Current Quarter	NIA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	21,669	1.6%	£18.34	1.6%	0	0	0
3 Star	1,204,322	3.5%	£12.39	6.5%	(167)	0	0
1 & 2 Star	710,161	1.3%	£10.20	6.9%	(1,342)	0	0
Submarket	1,936,152	2.6%	£11.65	6.6%	(1,509)	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.1%	6.0%	2.1%	11.0%	2008 Q2	0.4%	2019 Q1
Net Absorption SF	3.5K	4,261	(596)	106,595	2015 Q1	(125,598)	2008 Q2
Deliveries SF	2.1K	6,833	3,675	40,000	2015 Q4	0	2020 Q2
Rent Growth	2.6%	0.9%	2.6%	8.4%	2018 Q1	-8.7%	2009 Q1
Sales Volume	£1.1M	£2.5M	N/A	£25.2M	2018 Q2	£0	2020 Q2

5. VALUATION APPROACH

5.1 VALUATION APPROACH

We have adopted the market approach by capitalising the present and future rental income streams adopting rents and yields derived by comparing the Property with similar assets for which rental and investment information is available. This is often referred to as the income or investment approach.

In arriving at our opinion of Market Value we have considered the following characteristics of the Property:

- The Property is held freehold;
- Situated in Walsall town centre however Walsall is not a recognised office location;
- Offices are capable of subdivision, available as individual suites or on a floor-by-floor basis;
- The Property would benefit from modernisation / refurbishment however, the cost of extensive refurbishment is unlikely to be recuperated through rental income;
- WAULT of 1.28 years;
- The Property is highly reversionary with a vacancy rate of circa 39% of the total building area;
- Turbulent retail sector has witnessed a shift in consumer spending habits in recent years turning to online retailing which has resulted in a growing number of vacant retail units;
- Medium term redevelopment potential (subject to Planning).

5.2 MARKET RENT COMPARABLES

5.2.1 RETAIL COMPARABLES

We have considered the following comparable transactions.

Unit 6, The Quarter, High Street, Walsall, WS1 1RH

Transaction date

September 2020

Headline Rent

£70,000 per annum

Rent Analysis

£8.24 per sq ft



Transaction Summary

In July 2020, B&M Retail Ltd took 8,500 sq ft of retail accommodation on a 7 year lease at a rent of £70,000 per annum, equating to £8.24 per sq ft.

The comparable comprises a modern retail unit with glazed frontage. B&M were already occupying Unit 5 adjacent totalling their premises to 19,188 sq ft.

The comparable offers a superior specification and is situated on a superior retail pitch to that of the subject Property. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

19-20 Bradford Street, Walsall, WS1 1PB

Transaction date

September 2020

Headline Rent

£40,000 per annum

Rent Analysis

£4.87 per sq ft



Transaction Summary

In September 2020, an undisclosed tenant took 8,215 sq ft (10,380 sq ft overall) of retail accommodation on a 5 year lease at a rent of £40,000 per annum, equating to £4.87 per sq ft (£3.85 per sq ft overall).

The comparable comprises a two storey retail unit with glazed frontage. The comparable also benefits from a mezzanine sales area of 1,145 sq ft and rear warehouse of 1,020 sq ft.

The comparable offers a similar specification and is situated on a similar retail pitch to that of the subject Property. The comparable is larger than the subject Property would therefore attract a capital discount on a per sq ft basis due to quantum. We would therefore expect the subject Property to achieve a marginally higher rental value on a per sq ft basis when compared to this transaction.

Units 2&3, 7-19 Leicester Street, Walsall, WS1 1PT

Transaction date

July 2020

Headline Rent

£38,000 per annum

Rent Analysis

£9.33 per sq ft



Transaction Summary

In July 2020, Kiondo Limited took 4,073 sq ft of retail accommodation on a 5 year lease at a rent of £38,000 per annum, equating to £9.33 per sq ft.

The comparable comprises the former Hogshead public house which is a Grade II Listed building built in the late 1800s of traditional masonry construction. The building has been refurbished and converted into separate retail units.

The comparable offers a superior specification but is situated in close proximity to the subject Property although positioned between JD Wetherspoon and Yates, on a pedestrianised street, offering a marginally superior pitch. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

37-39 Park Street, Walsall, WS1 1LY

Transaction date

June 2020

Headline Rent

£18,000 per annum

Rent Analysis

£10.51 per sq ft


Transaction Summary

In June 2020, Mobile Zone Retail Ltd took 1,713 sq ft of retail accommodation for an undisclosed lease term at a rent of £18,000 per annum, equating to £10.51 per sq ft.

The comparable comprises a ground floor retail unit within a three storey building with a glazed frontage. Park Street is a pedestrianised high street in Walsall town centre.

The comparable offers a superior specification and is situated on a superior pitch to that of the subject Property. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

133-133A Lichfield Street, Walsall, WS1 1SL

Transaction date

March 2020

Headline Rent

£20,000 per annum

Rent Analysis

£4.39 per sq ft


Transaction Summary

In March 2020, Manhattan's took 4,561 sq ft of retail accommodation on a 13 year lease at a rent of £20,000 per annum, equating to £4.39 per sq ft. The lease is subject to five yearly open market rent reviews and a tenant break option in 2025.

The comparable comprises a Grade II Listed building built of traditional masonry construction providing ground floor retail accommodation with office accommodation on the first and second floors.

The comparable offers an inferior specification but is situated in close proximity to the subject Property, offering a marginally inferior pitch. We would therefore expect the subject Property to achieve a marginally higher rental value on a per sq ft basis when compared to this transaction.

5.2.2 OFFICE COMPARABLES

There is a scarcity of recent comparable office rental transactions in the Walsall. The subject Property provides a similar standard of accommodation to many other office suites in the town centre, which are largely dated purpose built or converted period buildings. Although, there is a new development on the northern side of the A4148 including Hatherton Court, which comprises a recently completed office development providing modern high quality office accommodation with units ranging 1,900 – 7,100 sq ft. From speaking to the agents marketing the scheme, we understand that three units have sold and three are under offer on a sales basis.

We have considered the following comparable transactions.

37-39 Park Street, Walsall, WS1 1LY

Transaction date

On the market

Headline Rent

£8,500 per annum

Rent Analysis

£6.29 per sq ft



Transaction Summary

The first and second floors comprising 1,352 sq ft of office space are currently on the market available to rent at £8,500 per annum, equating to £6.29 per sq ft.

The comparable comprises self-contained first and second floor offices with separate ground floor entrance and are situated above a retail unit. Park Street is a pedestrianised high street in Walsall town centre.

The comparable offers a similar specification but is situated in close proximity to the subject Property offering a similar location. We would therefore expect the subject Property to achieve a similar rental value on a per sq ft basis when compared to this transaction.

Permanent House, Leicester Street, Walsall, WS1 1PT

Transaction date

On the market

Headline Rent

£6,000 per annum

Rent Analysis

£8.57 per sq ft



Transaction Summary

The ground, first and second floors comprising 700 - 1,400 sq ft of office space are currently on the market available to rent at £6,000 per annum per floor, equating to £8.57 per sq ft.

The comparable comprises refurbished offices with suspended ceilings featuring Cat II light boxes, three compartment dado perimeter trunking, wood effect floor coverings, aluminium double glazed windows and electric storage heaters.

The comparable offers a marginally superior specification but is situated in close proximity to the subject Property offering a similar location. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this asking rent.

Glebe House, Glebe Street / Wednesbury Road, Walsall, WS1 3RU

Transaction date

On the market

Headline Rent

£146,826 per annum

Rent Analysis

£6.00 per sq ft



Transaction Summary

The ground, first, second and third floors comprising 5,750 to 24,471 sq ft of office space are currently on the market available to rent at £146,826 per annum, equating to £6.00 per sq ft.

The comparable comprises a four storey office building offering open plan accommodation, main reception, two lifts, gas fired central heating, WCs on each floor, carpeted floors, suspended ceilings incorporating strip lighting, perimeter trunking and secure car parking with 52 spaces.

The comparable offers a similar specification but is situated in close proximity to the subject Property offering a similar location. We would therefore expect the subject Property to achieve a similar rental value on a per sq ft basis when compared to this transaction.

Second Floor, Bridge House, Bridge Street, Walsall, WS1 1JQ (The Subject Property)

Transaction date

October 2020

Headline Rent

£5,250 per annum

Rent Analysis

£4.16 per sq ft



Transaction Summary

In October 2020, Citizens Advice took 1,262 sq ft of office accommodation at the subject Property on a 1 year lease at a rent of £5,250 per annum, equating to £4.16 per sq ft.

Given this is a recent transaction, it provides a good indication of the rental level achievable at the subject Property.

Hatherton House, Hatherton Street, Walsall, WS131 1YB

Transaction date

February 2020

Headline Rent

£48,000 per annum

Rent Analysis

£12.35 per sq ft



Transaction Summary

In February 2020, an undisclosed tenant took 3,888 sq ft of office accommodation on a 5 year lease at a rent of £48,000 per annum, equating to £12.35 per sq ft. The lease is subject to a rent review and break option in the third year.

The comparable comprises a self-contained two storey office building which was recently refurbished and provides 14 car parking spaces.

The comparable offers a superior specification but is situated in close proximity to the subject Property offering a similar location. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

First & Second Floors, Bridge House, Bridge Street, Walsall, WS1 1JQ (The Subject Property)

Transaction date

January 2020

Headline Rent

£171,892 per annum

Rent Analysis

£6.60 per sq ft



Transaction Summary

In January 2020, Secretary of State for the Environment (Walsall County & Family Court) took 26,051 sq ft of office accommodation at the subject Property on a 3 years, 11 months and 10 day lease at a rent of £171,892 per annum, equating to £6.60 per sq ft. The lease is subject to tenant break options on 24 December 2021 and 24 December 2022.

Given this is a recent transaction, it provides a good indication of the rental level achievable at the subject Property.

130C Lichfield Street, Walsall, WS1 1SY

Transaction date

May 2019

Headline Rent

£7,000 per annum

Rent Analysis

£7.26 per sq ft



Transaction Summary

In May 2019, Hodson Riley Ltd took 964 sq ft of office accommodation on a 3 year lease at a rent of £7,000 per annum, equating to £7.26 per sq ft.

The comparable comprises a self-contained first floor office within a detached three storey period building with open plan offices, kitchen and WC facilities.

The comparable offers a superior specification but is situated in close proximity to the subject Property offering a similar location. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

International House, 20 Hatherton Street, Walsall, WS1 2LA

Transaction date

December 2018

Headline Rent

£45,311 per annum

Rent Analysis

£12.24 per sq ft



Transaction Summary

In December 2018, Baldwins took 3,701 sq ft of office accommodation on a 10 year lease at an average rent of £45,311 per annum, equating to £12.24 per sq ft. The lease is subject to a rent review and tenant break option in the fifth year.

The stepped rent comprises £30,666 per annum in year one, £46,000 per annum in year two, £49,963 per annum in years three to five.

The comparable comprises a first floor office within a modern office building built in 2015. The accommodation provides open plan space with a series of small meeting rooms and a kitchenette. Minimal car parking is available and spaces can be rented locally by separate negotiation.

The comparable offers a superior modern specification but is situated in close proximity to the subject Property offering a similar location. We would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

Churchill House, 59 Lichfield Street, Walsall, WS4 2BX

Transaction date

December 2018

Headline Rent

£32,625 per annum

Rent Analysis

£14.60 per sq ft



Transaction Summary

In December 2018, Azets took 2,235 sq ft of office accommodation on a 15 year lease at a rent of £32,625 per annum, equating to £14.60 per sq ft.

The comparable comprises a converted period building dating back to the late 1800s offering office accommodation with parking to the rear.

The comparable offers a superior specification but is situated further from Walsall town centre offering a marginally inferior location. On balance, we would therefore expect the subject Property to achieve a lower rental value on a per sq ft basis when compared to this transaction.

5.3 MARKET RENT

Below is our assessment of the Market Rent.

Accommodation			Floor Areas		Rental Value £		Rental Value £
			Sq ft	Sq m	Sq ft	Sq m	
Unit 1	Ground	Retail	7,174	666.46	Long leasehold		£0
Unit 2	Ground	Retail	2,766	257.00	£6.00	£64.58	£16,596
Unit 3	Ground	Retail	3,766	349.85	£6.00	£64.59	£22,596
Unit 4 & 5	Ground	Retail	8,071	749.80	Long leasehold		£0
Office Suites 1 & 2	First	Office	6,787	630.50	£6.00	£64.59	£40,722
Office Suites 3, 4, 5 & 9	First & Second	Office	26,051	2,420.18	£6.00	£64.58	£156,306

Accommodation			Floor Areas		Rental Value £		Rental Value £
			Sq ft	Sq m	Sq ft	Sq m	
Office Suite 6	Second	Office	938	87.15	£6.00	£64.58	£5,628
Office Suite 6a & 7a	Second	Office	3,208	298.00	£6.00	£64.59	£19,248
Office Suite 7b	Second	Office	1,251	116.22	£6.00	£64.58	£7,506
Office Suite 7c	Second	Office	413	38.37	£6.00	£64.58	£2,478
Office Suite 8	Second	Office	5,615	521.63	£6.00	£64.59	£33,690
Office Suite 10.1	Second	Office	344	32.00	£6.00	£64.50	£2,064
Office Suite 10.2	Second	Office	110	10.20	£6.00	£64.71	£660
Office Suite 10.3	Second	Office	137	12.73	£6.00	£64.57	£822
Office Suite 10.4	Second	Office	132	12.26	£6.00	£64.60	£792
Office Suite 10.6	Second	Office	115	10.68	£6.00	£64.61	£690
Office Suite 10.9	Second	Office	424	39.39	£6.00	£64.58	£2,544
Office Suite 10.5	Second	Office	126	11.70	£6.00	£64.62	£756
Office Suite 10.7	Second	Office	87	8.08	£6.00	£64.60	£522
Office Suite 10.11	Second	Office	448	41.62	£6.00	£64.58	£2,688
Office Suite 10.12 & 10.13	Second	Office	593	55.09	£6.00	£64.59	£3,558
Office Suite 10.14	Second	Office	270	25.08	£6.00	£64.59	£1,620
Office Suite 10	Second	Office	1,084	100.70	£6.00	£64.59	£6,504
Office Suite 11, 12 & 14	Third	Office	3,444	319.95	£6.00	£64.59	£20,664
Office Suite 13	Third	Office	1,404	130.43	£6.00	£64.59	£8,424
Basement Store	Basement	Store	902	83.80	£3.00	£32.29	£2,706
TOTAL			75,660	7,028.87			£359,784 per annum

Market Rent is an internationally recognised definition and is defined as:

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

We consider that the appropriate lease terms in this case would be a term of 5 years on tenant full repairing and insuring terms with 9 months' rent free.

5.4 INVESTMENT VALUE COMPARABLES

Forster House, Hatherton Road, Walsall, WS1 1XZ

Transaction date

On the market

Price

£850,000

Price Analysis

NIY 10.81% and £87.55 per sq ft



Transaction Summary

The freehold interest in the 9,709 sq ft office building is for sale by auction at a guide price of £850,000, reflecting a NIY of 10.81% and £87.55 per sq ft. Let to Extra Personnel Limited and a private individual (trading as a tanning salon) producing a combined rent of £97,000 per annum with a WAULT of 3.8 years.

The comparable comprises a detached four storey office building built in the 1950s with part ground floor utilised as a small retail unit. The office accommodation benefits from perimeter trunking, air conditioning and 35 car parking spaces.

The comparable offers a marginally superior specification but is situated within close proximity to the subject Property therefore offering a similar location. The comparable offers a smaller lot size and is fully let with a longer WAULT. We would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

94-100 (even) High Street, Erdington, B23 6RS

Transaction date

July 2021

Price

£872,000

Price Analysis

8.31% NIY and £93.82 per sq ft



Transaction Summary

In July 2021, the freehold interest in 9,294 sq ft of retail accommodation sold at auction for £872,000, reflecting a net initial yield of 8.31% and £93.82 per sq ft. The comparable is let to Superdrug Stores Plc, Greggs Plc, All Sorts WM Limited and J & H Limited at a rent of £76,500 per annum and provided a WAULT of approximately 4.5 years at the time of transaction.

The comparable comprises a reasonably modern parade of three retail units with a large car park to the rear and is situated on the pedestrianised part of High Street, the area's main thoroughfare.

The comparable provides a superior specification and is situated in a similar regional location although the retail pitch is superior. The comparable is let to two strong covenants and offers a longer WAULT. We would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

Bradfield House, Popes Lane, Oldbury, B69 4PA

Transaction date

June 2021

Price

£762,000

Price Analysis

10.23% NIY and £37.90 per sq ft



Transaction Summary

In June 2021, the freehold interest in 20,107 sq ft of retail accommodation sold at auction for £762,000, reflecting a net initial yield of 10.23% and £37.90 per sq ft. The comparable has one vacant unit and is let to five local tenants on short term licences, Cornerstone Telecommunications Infrastructure Limited and Wester Power Distribution (West Midlands) plc at a rent of £82,166.24 per annum and provided a WAULT of approximately 2.17 years at the time of transaction.

The comparable comprises a five storey building with on-site car parking which benefitted from some internal refurbishment in 2018-2019. There are 11 parking spaces on the forecourt at front and a 24 space car park across the road.

The comparable provides a similar specification but is situated in a marginally inferior location to that of the subject Property. The comparable is let to weak covenants on licences, a telecoms mast situated on the roof and a substation, and offers a similar WAULT. On balance, we would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

Christchurch House, High Street, West Bromwich, B70 8RD

Transaction date

November 2020

Capital Value

£2,545,000

Capital Value Analysis

8.50% NIY and £99.51 per sq ft



Transaction Summary

In November 2020, the above 25,576 sq ft office building sold for £2,545,000, reflecting a net initial yield of 8.50% and £99.51 per sq ft. The comparable is single let to the Secretary of State with a term certain of 10 years as at the transaction date.

The comparable comprises a detached three storey office building of masonry construction originally developed in the 1980's and provides largely open plan office space with raised and carpet tiled floors and approximately 70 car parking spaces. The comparable is situated on West Bromwich High Street in the centre of West Bromwich in a mixed use location of offices, retail and residential. The A41 is within 1 mile to the north of the comparable which provides direct access to Junction 1 of the M5 to the east.

The comparable provides a superior specification and is situated in a superior location to that of the subject Property. The comparable is let to a similar strong covenant but offers a far longer unexpired lease term. We would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

65 New Road, Lansdowne Gate, Solihull, B91 3DL

Transaction date

August 2020

Capital Value

£18,953,000

Capital Value Analysis

6.46% NIY and £310.71 per sq ft



Transaction Summary

In August 2020, the above 60,999 sq ft office building sold for £18,953,000, reflecting a net initial yield of 6.46 and £310.71 per sq ft. The comparable is 75% let to National Grid Gas, 19% let to Phoebus Software and 6% being vacant. The comparable has a WAULT of 6 years.

The comparable comprises a steel framed office building with a facing brick exterior. Lansdowne Gate offers a prime headquarters office building arranged over lower ground, ground and three upper floors. The comparable is situated in the centre of Solihull, in close proximity of junctions 4 & 5 of the M42. Birmingham International Airport, Birmingham International Train Station and the NEC are all within close proximity. The comparable is situated 9 miles south east of Birmingham and 13 miles west of Coventry.

The comparable provides a superior specification and is situated in a far superior location to that of the subject Property. The comparable is let to strong covenants with a longer unexpired lease term. We would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

48-50 Park Street, Walsall, WS1 1NL

Transaction date

May 2020

Price

£470,000

Price Analysis

9.93% NIY and £85.21 per sq ft



Transaction Summary

In May 2020, a private investor purchased the freehold interest in 5,516 sq ft of retail accommodation for £470,000, reflecting a net initial yield of 9.93% and £85.21 per sq ft. The comparable is let to WH Smith Retail Holdings Ltd at a rent of £48,800 per annum and provided an unexpired term of 2.44 years to break option at the time of transaction.

The comparable comprises a three-storey building of masonry construction, providing retail space to the ground and first floors, with ancillary accommodation to the second floor. Further storage is additionally provided at basement level. Internally, the comparable is fitted out in line with the tenant's corporate specification. The comparable is situated on a pedestrianised street in Walsall town centre, opposite Saddlers Shopping Centre and within close proximity of Walsall railway station.

The comparable provides a superior specification and is situated on a superior retail pitch in Walsall town centre. The comparable is let to a strong covenant with a longer unexpired lease term. We would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

52 Park Street, Walsall, WS1 1NL

Transaction date

May 2020

Price

£927,500

Price Analysis

7.14% NIY and £195.63 per sq ft



Transaction Summary

In May 2020, a private investor purchased the freehold interest in 4,741 sq ft of retail accommodation for £927,500, reflecting a net initial yield of 7.14% and £195.63 per sq ft. The comparable is let to Kentucky Fried Chicken (Great Britain) Limited at a rent of £70,000 per annum and provided an unexpired term of 9.7 years to break option at the time of transaction.

The comparable comprises a four storey building of masonry construction, providing retail space to the ground and first floors, with ancillary accommodation above. Internally, the comparable is fitted out in line with the tenant's corporate specification. The comparable is situated on a pedestrianised street in Walsall town centre, opposite Saddlers Shopping Centre and within close proximity of Walsall railway station.

The comparable provides a superior specification and is situated on a superior retail pitch in Walsall town centre. The comparable is let to a strong covenant with a long unexpired lease term. We would therefore expect the subject Property to achieve a weaker yield when compared to this transaction.

168 Parade, Leamington Spa, CV32 4AE

Transaction date

February 2019

Price

£1,475,000

Price Analysis

6.19% NIY and £213.06 per sq ft



Transaction Summary

In February 2019, Djp Investments LLP purchased the freehold interest in 6,923 sq ft of office and retail accommodation from Kinwell Property Investments (Leamington Spa) Ltd for £1,475,000, reflecting a net initial yield of 6.19% and £213.06 per sq ft. The comparable is let to Pizza Express (Restaurants) Ltd, Pebble Bay and Rickett Architects at a combined rent of £96,900 per annum with a WAULT of 5.61 years at the time of sale.

The comparable comprises a Grade II Listed five storey building with a restaurant at ground and basement levels and offices on the upper floors, built of traditional masonry construction with stone façade to the elevations surmounted by a pitched tiled roof. The comparable was rebuilt in the mid-1990s behind the original façade. The comparable is situated in Leamington Spa town centre, in a very prominent position at the corner of The Parade and Dormer Place, overlooking the Pump Room Gardens.

The comparable offers a far superior specification when compared to the subject Property and is situated in a far superior location to that of the subject Property.

The comparable is let to good covenants with a longer term certain. We would therefore expect the subject Property to achieve a substantially weaker yield when compared to this transaction.

5.5 CURRENT SALE AGREEMENT

We have been advised that the Borrower purchased the Property for £2,400,000 in Q2 2021.

This has been accepted as good evidence of Market Value.

5.6 VALUATION CALCULATIONS

5.6.1 MARKET VALUE

In arriving at our opinion of Market Value we have had regard to the recent comparable transactions and also taken into account the investment attributes of the Property as aforementioned in section 5.1 of this report. We have considered the Property's value on the basis of Market Value.

We have adopted a passing rent of £202,143 per annum, and a Market Rent of £359,784 per annum. We have utilised the investment method of valuation and have targeted an equivalent yield of 11.00%. Where tenancies have a term certain of less than 5 years, we have incorporated an expiry void of 24 months' comprising 12 months marketing period followed by 12 months' rent free period. We have also incorporated current income voids on the vacant accommodation comprising 24 months'. This reflects a value of £2,548,542, which we have rounded accordingly to **£2,550,000**.

A copy of our valuation calculation is included at Appendix 2.

The resulting yield profile is as follows:

Net initial yield	7.45%
Reversionary yield	13.26%
Equivalent yield (nominal)	11.01%
Equivalent yield (true)	11.68%

The Market Value reflects a capital value rate of £42.19 per sq ft across the total floor area excluding the long leasehold interests.

5.6.2 MARKET VALUE – 90-DAY RESTRICTED MARKETING PERIOD

Given the type of asset and location, the Property is most likely to be sold by auction, where it would be fully marketed and exposed to a wide range of purchasers. We are therefore of the opinion that the Property could be sold within a restricted marketing period by this method.

5.6.1 MARKET VALUE – VACANT

For our opinion of Market Value on the Special Assumption of vacant possession, we have adopted a Market Rent of £359,784 per annum. We have utilised the investment method of valuation and have targeted an equivalent yield of 11.50%. We have incorporated current income voids on all units except the long leasehold interests, comprising 24 months' including 12 months marketing period followed by 12 months' rent free period. This reflects a value of £2,363,340, which we have rounded accordingly to **£2,350,000**.

6. VALUATION

6.1 MARKET VALUE

We are of the opinion that the Market Value of the freehold interest in the Property as at 14 September 2021, subject to the existing tenancies, is in the region of:

£2,550,000
(TWO MILLION FIVE HUNDRED AND FIFTY THOUSAND POUNDS)

6.2 MARKET VALUE – 90-DAY RESTRICTED MARKETING

We are of the further opinion that the Market Value of the freehold interest in the Property as at 14 September 2021, subject to the existing tenancies and on the Special Assumption of a restricted marketing period of 90 days, is in the region of:

£2,550,000
(TWO MILLION FIVE HUNDRED AND FIFTY THOUSAND POUNDS)

6.3 MARKET VALUE – VACANT

We are of the further opinion that the Market Value of the freehold interest in the Property as at 14 September 2021, on the Special Assumption that the Property is vacant, is in the region of:

£2,350,000
(TWO MILLION THREE HUNDRED AND FIFTY THOUSAND POUNDS)

MARKET VALUE DEFINITION

Market Value is an internationally recognised basis and is defined 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”.

The Market Value is our estimate of the price that would be agreed, with no adjustment made for the costs that would be incurred by the parties in any transaction, including any liability for VAT, stamp duty or other taxes. It is also gross of any mortgage or similar financial encumbrance.

6.4 INSURANCE REINSTATEMENT COST ESTIMATE

You have additionally asked for advice on the cost of reinstating the building for insurance purposes. We have not undertaken a detailed building survey and therefore have provided only an approximate estimate to enable you to judge whether your interest as prospective mortgagee is adequately covered in the policy arranged by the Borrower. An accurate cost assessment will require much more detailed consideration of the construction by a building or quantity surveyor.

We estimate that the approximate cost of reinstating the building described in this report is in the region of £14,750,000.

This figure is based on current cost information and includes an allowance for professional fees, demolition and debris removal, but excludes VAT. It does not include any allowance for inflation during the period of insurance nor during any further period required for reinstatement following a substantial loss. Neither does it include for loss of rent or consequential losses arising from a loss of the building.

7. LENDING CONSIDERATIONS

7.1 PROPOSED LOAN

We have not been advised of the loan terms.

7.2 CASH FLOW ANALYSIS AND INCOME SECURITY

The Property is let to Secretary of State for the Environment and Citizens Advice who offer excellent covenant strength. However, MV Leisure (UK) Limited offer very weak covenant strength and limited income security. The investment is highly reversionary with a vacancy rate of approximately 39% and provides a WAULT of approximately 1.28 years therefore offering short term income.

However, the investment market would not deem the tenant line up to be unusual for a mixed-use asset such as the subject Property, given its type and location, being on the fringe of the of Walsall town centre.

7.3 SUITABILITY AS SECURITY

MARKETABILITY

The Property will be of interest to local and regional property investment companies and developers.

We would anticipate a marketing period of 3-6 months to realise the value now reported, most likely for sale by auction, where it would be fully marketed and exposed to a wide range of purchasers.

Occupationally, it is likely to take up to 12 months to attract incoming tenants and given the nature of flexible office space, it is likely that vacancy levels will fluctuate over the asset hold period. The Property is expected to appeal to local and regional occupiers.

FUTURE PERFORMANCE

The Property should perform in line with its peers, provided that the economic climate does not deteriorate over the coming months and years as a result of COVID-19 or Brexit.

ACTIVE MANAGEMENT

We recommend that the Borrower ensures that the Property is kept in good repair to protect the asset's value.

DUE DILIGENCE RECOMMENDATIONS

We **recommend** your solicitor confirm the following:

- Verify our understanding of the title, planning status and tenancies.

SWOT ANALYSIS

Strengths and Weaknesses

- The Property is held freehold;
- Situated in Walsall town centre however Walsall is not a recognised office location;
- Offices are capable of subdivision, available as individual suites or on a floor-by-floor basis;
- The Property would benefit from modernisation / refurbishment however, the cost of extensive refurbishment is unlikely to be recuperated through rental income;
- Short WAULT of 1.28 years;
- The Property is highly reversionary with a vacancy rate of circa 39% of the total building area.

Opportunities and Threats

- Further economic uncertainty caused by Brexit and COVID-19;
- Turbulent retail sector has witnessed a shift in consumer spending habits in recent years turning to online retailing which has resulted in a growing number of vacant retail units;
- Medium term redevelopment potential (subject to Planning).

RECOMMENDATION

Subject to our valuation, our comments and advice in this report, but without knowing the terms of the loan proposed, we confirm that we consider the Property represents a suitable security for mortgage purposes. We reserve the right to review this recommendation when we have been advised of the terms of the loan

8. LIABILITY & PUBLICATION

This report and valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation.

This report is provided for the stated purpose and only for the use of the party to whom it is addressed. It is confidential to Proplend Security Limited and may not be disclosed to any other third party without our prior written consent. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.

Should you wish to syndicate the loan you must inform us in order that we may make arrangements to supply members of the syndicate with a copy of this report which will then be directly addressed to them.

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

Yours faithfully



Sophie Borrowdale BSc (Hons), MRICS
RICS Registered Valuer
Senior Surveyor

For and on behalf of BNP Paribas Real Estate

This report has been reviewed by



Richard Gill BSc (Hons), MA, MSc, MRICS
RICS Registered Valuer
Senior Director

APPENDIX 1: TERMS OF ENGAGEMENT



**BNP PARIBAS
REAL ESTATE**

Private & Confidential

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

For the attention of: Stewart Bruce

Valuation

Sophie Borrowdale MRICS
Senior Surveyor - Valuation
BNP Paribas Real Estate
9 Colmore Row
Birmingham
B3 2BJ

Tel: +44 (0) 121 237 1245

Mobile: +44 (0) 7900 705 999

E-mail: Sophie.Borrowdale@realestate.bnpparibas

Our Ref: SLB/kn/Bridge House
Your Ref: SB Charles Jordan (Bridge St) Ltd

2 September 2021

Dear Sir,

CLIENT: PROPLEND SECURITY LIMITED

BORROWER: CHARLES JORDAN (BRIDGE ST) LTD 11583526

PROPERTY: BRIDGE HOUSE, 47-55 BRIDGE STREET, WALSALL, WEST MIDLANDS, WS1 1JQ

INSTRUCTIONS

Thank you for your letter of 1 September 2021 in respect of the valuation of the above Property.

We understand that the Borrower owns the Property for investment purposes.

PURPOSE OF THIS LETTER

In accordance with the requirements of RICS Valuation – Global Standards 2020, incorporating the International Valuation Standards 2017, we are writing to confirm our understanding of your instructions to us.

These Terms of Engagement, the Valuation Procedures and Assumptions and the Terms and Conditions of Business, copies of which are attached, together contain all the terms of the contract between you and us for these instructions (the "Agreement"). Please read this letter and the enclosures carefully to ensure they accord with your instructions.

SCOPE OF WORK

We acknowledge and confirm the following:

- | | |
|------------------------------|--|
| Purpose of Valuation | ▪ The valuation is for secured lending purposes and must not be relied upon for any other purpose. |
| Interest to be Valued | ▪ Freehold |

BNP Paribas Real Estate Advisory & Property Management UK Limited

Registered office: 5 Aldermanbury Square, London EC2V 7BP

Registered in England No. 4176965

www.realestate.bnpparibas.co.uk

Bases of Valuation

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

Assumptions & Special Assumptions

- Market Value on the Special Assumption of a restricted marketing period of 90 days.
- Market Value on the Special Assumption of vacant possession.

Departures from the Valuation Procedures & Assumptions:

- We shall rely without verification upon floor areas to be provided to us.

Valuation Date

- Date of Inspection.

Identification of Valuer

- The valuation will be carried out by Sophie Borrowdale MRICS who is a member of the RICS' Registered Valuer Scheme.
- We confirm that the valuer has the relevant experience and knowledge in valuing properties of a comparable nature, complexity and value to the property.

Fee

- Our fee for undertaking this work will be £3,950 plus VAT and is payable by the Borrower prior to issuing our report.
- If you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, (with a minimum charge of 50% following inspection of the Property).

Conflicts of Interest

- We can advise that we have previously provided valuation advice to the Borrower in respect of another property. However, following our discussion, we confirm that we do not believe that this creates a conflict with our duty to provide you with an objective and independent valuation.
- We will therefore be acting as an external valuer.

Professional Indemnity Insurance

- We can confirm that we hold professional indemnity insurance in respect of the service to be provided.

Nature of Work

- We will undertake an internal and external inspection of the Property as soon as is reasonably possible, and assuming access can be provided.
- Our valuation report will include a description of the Property, including factors that impact on its value together with an overview of the relevant market and a rationale for our valuation.
- The enclosed Valuation Procedures and Assumptions document describes the work that we would normally undertake, the sources of information upon which we would normally rely and the assumptions and limitations that would normally apply to our investigations and report.

-
- Sources of Information**
- We may rely on information supplied by the client, owner, local authorities and other relevant sources and there may be limitations/restrictions placed on some of the information provided.
 - However, we will provide details on what information we have been provided with and what we have relied upon within our report.
 - As agreed with the Client, we will not measure the Property and we shall rely without verification upon floor areas to be provided to us.
- Reliance & Publication**
- Our valuation is provided for the stated purpose and sole use of Proplend Security Limited. It is confidential to it, and we accept no responsibility whatsoever to any other party.
 - Neither the whole nor any part of our valuation report or any reference thereto will be allowed to be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear
- Company Compliance**
- We are required to obtain evidence of the identity and proof of address of our clients. This requirement is absolute. You shall provide (or procure the provision), free of charge, and within any specified time limits, all information as may be necessary or reasonably requested by us at such time as shall enable us to comply with our internal anti-money laundering procedures, outlined in clause 12 of the Terms and Conditions of Business.
 - Please note that if either the report is to be addressed to or the fee is to be paid by another party, that any such party/parties may also be subject to the same compliance checks and such party/parties should be identified as soon as possible.
- RICS Compliance**
- We confirm that the valuation will be undertaken in accordance with the current RICS Valuation - Global Standards 2020, (the "Red Book"), to include the International Valuation Standards, and the RICS Valuation – Global Standards 2017 – UK National Supplement.
 - It is intended that our valuation report will be fully compliant with VPS 3 of the RICS Valuation – Global Standards, 2020.
 - **Departures**
As agreed with the Client, we will not measure the Property and we shall rely without verification upon floor areas to be provided to us. The floor areas provided by the Borrower are assumed to have been calculated on a Net Internal Area basis.
 - The relevant standard of measurement for the Property is the RICS Property Measurement (2nd Edition, January 2018), incorporating the International Property Measurement Standards (IPMS) which replaces the former standards of the Code of Measuring Practice (6th Edition, May 2015) (COMP). The aim and benefit of IPMS is to provide transparency through a consistent measurement of property, on a global scale. The adoption of IPMS is currently in transition within the industry and will eventually apply to all property assets in the future. However, the RICS recognises that the IPMS are not yet considered a suitable basis of measurement in all circumstances and we are bound to state our departure from these Standards, where it is deemed reasonable to do so.
-

- As at the date of writing, the Standards are not yet considered to form an industry-wide basis of measurement, particularly for valuation and estate agency purposes, with the majority of comparable transactions continuing to be measured on a Gross or Net Internal Area basis, in accordance with the former bases of measurement stated within the COMP. For the specific purposes of valuing the subject Property, we have therefore assumed that our departure from the new Standards is suitably justified and have carried out our measurements on the basis of the recognised core definitions contained within COMP, which are considered to be fit for purpose.

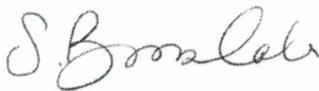
Complaints Handling Procedures

- A copy of the firm's complaints handling procedure is available on request. The valuation may be subject to monitoring under the conduct and disciplinary regulations of the RICS.

We do not believe that any of these conditions conflict with your requirements but if you believe they do, please do not hesitate to contact us.

Otherwise, we would be grateful if you could sign and return a copy of this letter as confirmation that you wish us to proceed on this basis. If we do not hear from you to the contrary, prior to the issue of our report, we shall assume that these conditions are agreed.

Yours faithfully,



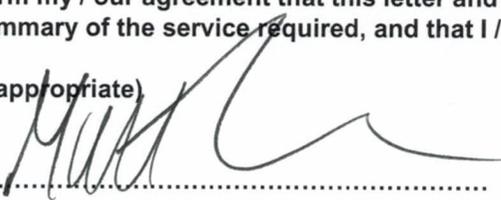
Sophie Borrowdale BSc (Hons), MRICS
Senior Surveyor
RICS Registered Valuer

For and on behalf of BNP Paribas Real Estate

Enc. – Terms & Conditions of Business, Valuation Procedures & Assumptions

I / We* confirm my / our agreement that this letter and the accompanying documents it refers to are an accurate summary of the service required, and that I / we* accept for the provision of these services.

(* delete as appropriate)

Signed:.....

Printed name:..... **Matt Carson**

Position:..... **C.O.O.**

Date:..... **2/9/21**

APPENDIX 2: VALUATION CALCULATIONS

REPORT Property Valuation

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Total Current Rent £202,143
 Total Rental Value £359,784
 Number of Tenants 9
 Description/notes

Assumptions

Valuation Tables Annually in Arrears

Valuation

Gross Valuation £2,714,519
 Capital Costs £0
 Net Value Before Fees £2,714,519

Less Stamp Duty @4.59% of Net Value -£117,000
 Agents Fee @1.00% of Net Value -£30,600
 Legal Fee @0.50% of Net Value -£15,300

Fees include non recoverable VAT @ 20.00 %

Net Valuation £2,551,619
 Say £2,550,000

Equivalent Yield 11.0064% True Equivalent Yield 11.6831%
 Initial Yield (Deemed) 7.4512% Initial Yield (Contracted) 7.4512%
 Reversion Yield 13.2620%

Total Contracted Rent £202,143 Total Current Rent £202,143
 Total Rental Value £359,784 No. Tenants 9
 Capital value per ft² £42.21

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
14-Sep-2021	£202,143	£202,143	7.4512 %	7.8115 %
01-Oct-2021	£196,893	£196,893	7.2577 %	7.5992 %
24-Dec-2022	£25,001	£25,001	0.9216 %	0.9269 %
02-Apr-2023	£1	£1	0.0000 %	0.0000 %
14-Sep-2023	£173,311	£173,311	6.3884 %	6.6519 %
01-Oct-2023	£180,883	£180,883	6.6675 %	6.9549 %
24-Dec-2024	£337,189	£337,189	12.4291 %	13.4580 %
02-Apr-2025	£359,785	£359,785	13.2620 %	14.4386 %
29-Sep-2100	£359,784	£359,784	13.2620 %	14.4386 %

Yields based on £2,712,900

REPORT **Property Valuation**

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Freehold TenureTenant - Vacant

Description Unit 2 (Retail)
Status Occupied and Let
Lease 5 years from 14-Sep-2023
Expiring 13-Sep-2028
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £0
Rental Value £16,596 from Areas (Unrounded)
Valuation Method Hardcore (11.000 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Unit 2 (Retail)	£6.00	2,766	100.00 %	0.00	£16,596
					£16,596
*Rental Value using UnRounded ERV					£16,596

Lease History

Date	Years	Months	Days	Event	Rent Paid
14-Sep-2021	2	0	0	Pre Void	£0
14-Sep-2023	5	0	0	Review	£16,596
14-Sep-2028	0	0	0	Reversion	£16,596

Component Valuation

14-Sep-2023					
Gross rent (Current)			£16,596		
Valuation rent				£16,596	
YP perp			@ 11.00%	9.0909 yp	
PV 2 Yrs @ 11.00%				x 0.8116	
				7.3784 yp	
					<u>£122,452</u>
Gross Value					<u>£122,452</u>

REPORT Property Valuation

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Tenant - Vacant

Description Office Suites 1 & 2
Status Occupied and Let
Lease 5 years from 14-Sep-2023
 Expiring 13-Sep-2028
 Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £0
Rental Value £40,722 from Areas (Unrounded)
Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Office Suites 1&2	£6.00	6,787	100.00 %	0.00	£40,722
					£40,722
*Rental Value using UnRounded ERV					£40,722

Lease History

Date	Years	Months	Days	Event	Rent Paid
14-Sep-2021	2	0	0	Pre Void	£0
14-Sep-2023	5	0	0	Review	£40,722
14-Sep-2028	0	0	0	Reversion	£40,722

Component Valuation

14-Sep-2023					
Gross rent (Current)			£40,722		
Valuation rent				£40,722	
YP perp			@ 11.00%	9.0909 yp	
PV 2 Yrs @ 11.00%				x 0.8116	
				7.3784 yp	
					<u>£300,463</u>
Gross Value					<u>£300,463</u>

REPORT **Property Valuation**

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ**Report Date** 21 September 2021
Valuation Date 14 September 2021**Tenant - Vacant**

Description Office Suites 6 6a 7a 7b 7c & 8
Status Occupied and Let
Lease 5 years from 14-Sep-2023
Expiring 13-Sep-2028
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £0
Rental Value £68,550 from Areas (Unrounded)
Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Office Suite 6	£6.00	938	100.00 %	0.00	£5,628
Office Suite 6a & 7a	£6.00	3,208	100.00 %	0.00	£19,248
Office Suite 7b	£6.00	1,251	100.00 %	0.00	£7,506
Office Suite 7c	£6.00	413	100.00 %	0.00	£2,478
Office Suite 8	£6.00	5,615	100.00 %	0.00	£33,690
					£68,550

*Rental Value using UnRounded ERV £68,550

Lease History

Date	Years	Months	Days	Event	Rent Paid
14-Sep-2021	2	0	0	Pre Void	£0
14-Sep-2023	5	0	0	Review	£68,550
14-Sep-2028	0	0	0	Reversion	£68,550

Component Valuation

14-Sep-2023					
Gross rent (Current)			£68,550		
Valuation rent				£68,550	
YP perp			@ 11.00%	9.0909 yp	
PV 2 Yrs @ 11.00%				x 0.8116	
				7.3784 yp	
					£505,788
Gross Value					£505,788

REPORT Property Valuation

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
 Valuation Date 14 September 2021

Tenant - Vacant

Description Office Suites 10.5 10.7 10.11 10.12 10.13 10.14 10 11 12 14
 Status Occupied and Let
 Lease 5 years from 14-Sep-2023
 Expiring 13-Sep-2028
 Rent Reviews every 5 years Upward only
 Parent Tenure Freehold
 Current Rent £0
 Rental Value £47,442 from Areas (Unrounded)
 Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Second F Suite 10.5	£6.00	126	100.00 %	0.00	£756
Second F Suite 10.7	£6.00	87	100.00 %	0.00	£522
Second F Suite 10.11	£6.00	448	100.00 %	0.00	£2,688
Second F Suite 10.12	£6.00	593	100.00 %	0.00	£3,558
Second F Suite 10.14	£6.00	270	100.00 %	0.00	£1,620
Second F Suite 10	£6.00	1,084	100.00 %	0.00	£6,504
Third F Sui 11 12 14	£6.00	3,444	100.00 %	0.00	£20,664
Third Floor Suite 13	£6.00	1,404	100.00 %	0.00	£8,424
Basement Store	£3.00	902	100.00 %	0.00	£2,706
					£47,442

*Rental Value using UnRounded ERV

£47,442

Lease History

Date	Years	Months	Days	Event	Rent Paid
14-Sep-2021	2	0	0	Pre Void	£0
14-Sep-2023	5	0	0	Review	£47,442
14-Sep-2028	0	0	0	Reversion	£47,442

Component Valuation

14-Sep-2023					
Gross rent (Current)			£47,442		
Valuation rent				£47,442	
YP perp			@ 11.00%	9.0909 yp	
PV 2 Yrs @ 11.00%				x 0.8116	
				7.3784 yp	
					£350,045
Gross Value					£350,045

REPORT Property Valuation

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Tenant - Secretary of State for the Environment

Description Office Suites 3, 4, 5, & 9 plus 19 CPS
Status Occupied and Let
Lease 3 years from 15-Jan-2020
 Expiring 24-Dec-2023
 Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £171,892
Rental Value £156,306 from Areas (Unrounded)
Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Office Suites3 4 5 9	£6.00	26,051	100.00 %	0.00	£156,306
					£156,306
*Rental Value using UnRounded ERV					£156,306

Lease History

Date	Years	Months	Days	Event	Rent Paid
15-Jan-2020	2	11	9	Review	£171,892
24-Dec-2022	2	0	0	Post Void	£0
24-Dec-2024	0	0	0	Reversion	£156,306

Component Valuation

14-Sep-2021					
Gross rent (Current over-rented)				£171,892	
Rental Value				£156,306	
Net rent				£171,892	
Less Froth Ded.				-£15,586	
Valuation rent				£156,306	
YP perp			@ 11.00%	9.0909 yp	
					<u>£1,420,964</u>
24-Dec-2022					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£156,306	
YP 2 Yrs 0 Mths			@ 11.00%	1.7125 yp	
PV 1 Year 3 Mths @ 11.00%				x 0.8752	
				1.4988 yp	
					<u>-£234,270</u>
14-Sep-2021					
Gross rent			(Froth)	£15,586	
Valuation rent				£15,586	
YP 1 Year 3 Mths			@ 12.00%	1.1231 yp	
					<u>£17,505</u>
Gross Value					<u>£1,204,199</u>

REPORT **Property Valuation**

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Tenant - MV Lesiure (UK) Limited

Description Unit 3 (Retail)
 Status Occupied and Let
 Lease 8 years from 02-Apr-2015
 Expiring 01-Apr-2023
 Rent Reviews every 5 years Upward only
 Parent Tenure Freehold
 Current Rent £25,000
 Rental Value £22,596 from Areas (Unrounded)
 Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Unit 3 (Retail)	£6.00	3,766	100.00 %	0.00	£22,596
					£22,596
*Rental Value using UnRounded ERV					£22,596

Lease History

Date	Years	Months	Days	Event	Rent Paid
02-Apr-2020	3	0	0	Review	£25,000
02-Apr-2023	2	0	0	Post Void	£0
02-Apr-2025	0	0	0	Reversion	£22,596

Component Valuation

14-Sep-2021					
Gross rent (Current over-rented)			£25,000		
Rental Value			£22,596		
Net rent			£25,000		
Less Froth Ded.			-£2,404		
Valuation rent			£22,596		
YP perp			@ 11.00%	9.0909 yp	
					<u>£205,418</u>
02-Apr-2023					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£22,596	
YP 2 Yrs 0 Mths			@ 11.00%	1.7125 yp	
PV 1 Year 6 Mths @ 11.00%				x 0.8505	
				1.4564 yp	
					<u>-£32,910</u>
14-Sep-2021					
Gross rent			(Froth)	£2,404	
Valuation rent				£2,404	
YP 1 Year 6 Mths			@ 12.00%	1.3419 yp	
					<u>£3,226</u>
Gross Value					<u>£175,734</u>

REPORT Property Valuation

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Tenant - Citizens Advice Sandwell

Description Office Suites 10.1, 10.2, 10.3, 10.4, 10.6, 10.9 plus 2 CPS
Status Occupied and Let
Lease 1 years from 01-Oct-2020
Expiring 30-Sep-2021
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £5,250
Rental Value £7,572 from Areas (Unrounded)
Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Second F Suite 10.1	£6.00	344	100.00 %	0.00	£2,064
Second F Suite 10.2	£6.00	110	100.00 %	0.00	£660
Second F Suite 10.3	£6.00	137	100.00 %	0.00	£822
Second F Suite 10.4	£6.00	132	100.00 %	0.00	£792
Second F Suite 10.6	£6.00	115	100.00 %	0.00	£690
Second F Suite 10.9	£6.00	424	100.00 %	0.00	£2,544
					<u>£7,572</u>
*Rental Value using UnRounded ERV					£7,572

Lease History

Date	Years	Months	Days	Event	Rent Paid
01-Oct-2020	1	0	0	Review	£5,250
01-Oct-2021	2	0	0	Post Void	£0
01-Oct-2023	0	0	0	Reversion	£7,572

Component Valuation

14-Sep-2021					
Gross rent (Current)			£5,250		
Valuation rent			£5,250		
YP perp		@ 11.00%	9.0909 yp		
					<u>£47,727</u>
01-Oct-2021					
Gross rent		(Re-letting Void)	£0		
Valuation rent			-£5,250		
YP 2 Yrs 0 Mths		@ 11.00%	1.7125 yp		
PV @ 11.00%			x 0.9952		
			1.7042 yp		
					<u>-£8,947</u>
01-Oct-2023					
Gross rent		(Reversion)	£7,572		
Valuation rent			£2,322		
YP perp		@ 11.00%	9.0909 yp		
PV 2 Yrs @ 11.00%			x 0.8077		
			7.3426 yp		
					<u>£17,050</u>
Gross Value					<u>£55,830</u>

REPORT Property Valuation

BNP Paribas Real Estate

Bridge House,47-55,Bridge Street,Walsall,WS1 1JQ

Report Date 21 September 2021
Valuation Date 14 September 2021

Tenant - Brookmead Properties Ltd

Description Units 4 & 5 (Retail LL)
Status Occupied and Let
Lease 99 years from 29-Sep-2001
 Expiring 28-Sep-2100
 Rent Reviews every 0 years Upward only
Parent Tenure Freehold
Current Rent £1
Rental Value £0 from Areas (Unrounded)
Valuation Method Hardcore (11.000 %)

Notes**Areas**

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
Units 4 & 5	£0.00	0	100.00 %	0.00	£0
					£0
*Rental Value using UnRounded ERV					£0

Lease History

Date	Years	Months	Days	Event	Rent Paid
29-Sep-2001	99	0	0	Review	£1
29-Sep-2100	0	0	0	Reversion	£0

Component Valuation

14-Sep-2021
Gross rent (Current over-rented) £1
Rental Value £0
Valuation rent £1
YP 79 Yrs 0 Mths @ 12.00% 8.3323 yp £8

Gross Value £8

