Carter Jonas

Valuation Report

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Prepared on:

Wright Business Park
Carr Hill
Balby
Doncaster
DN4 8DE

E: bruce.allan@carterjonas.co.uk
M: 07768006740

Your ref:

Our Ref: J0045774

On behalf of: Proplend Security Limited

Proplend™

Borrower: Maridian Limited

Valuation Date: 8th May 2021. Report Date: 17th June 2021.

Source: Google Maps – CJ annotated approximate boundary

Carter Jonas LLP is a limited liability partnership registered in England and Wales no. OC304417. Reg office One Chapel Place, London W1G 0BG. Regulated by RICS.

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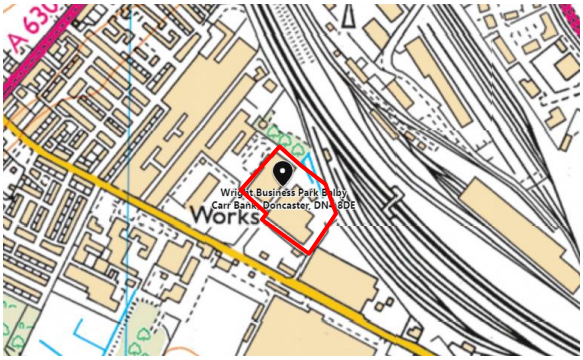
1 EXECUTIVE SUMMARY

Wright Business Park, Carr Hill, Balby, Doncaster DN4 8DE (the 'Property')

The following provides a brief synopsis only and should be read in conjunction with the main body of the Report, the Assumptions and Recommendations contained therein.



Wright Business Park *Aireal photo*

Summary Description	The Property is an industrial complex that comprises two buildings that have been multi-let and a two-storey office building that is vacant.
Buildings Area	9,929 sq m (106,874 sq ft)
Site Area	4.88 acres (1.97 hectares)
Proposed Development	None
Tenure	Freehold

Principal Valuation Considerations / SWOT Analysis

Strengths	Weaknesses
• The Property was bought in 2017 and been 96% let since then although c.15% of this is to Borrower owned companies • Relatively long leases in the current market	• The buildings are older industrial units that are in average to poor condition. All the leases have schedules of condition, so repairs are the landlords liability. Whilst the buildings are let this may not be an issue but future capital expenditure may be required to attract future tenants (dependant on what their requirements are • We do not have cost estimates for improvements at the estate rather we have reflected the condition in the yields applied – this introduces a degree of uncertainty • There are no EPCs on the buildings. This could hinder future lettings or lead to costs
Opportunities	**Threats**
• The buildings on the estate can be upgraded / improved on a piecemeal basis to modernise the estate	• If all the tenants vacate at a similar time (lease determination) • The industrial / warehouse investment market is currently strong – if sentiment in the market shifts the values could fall

Recommendations

- We recommend your solicitors review the leases.
- We have not been informed of the loan to value ratio. If this is high, you might want to obtain some cost estimates for future maintenance and repairs works that are the landlords (Borrowers) liability. If roof or elevations repair or replacement works are required then the capital expenditure could be significant.
- EPCs should be obtained on all the units being let.
- The access rights should be checked by your solicitors.
- We recommend you review accounts to confirm the gross rents being received.
- You should satisfy yourself regarding the relationship between the Landlord / Borrower and those tenants that have joint directorships. If the income from these tenants changes this would impact on the values we have reported.

Valuations as at 8th May 2021

Market Value 1 (MV1) - in its current condition subject to, and with the benefit of, any existing leases or tenancies;

We are of the opinion that subject to the Assumptions in this Report the Market Value as at the valuation date was **£2,680,000 (Two Million Six Hundred and Eighty Thousand Pounds)** exclusive of VAT.

Market Value 2 (MV2) - in its current condition subject to, and with the benefit of, any existing leases or tenancies on the Special Assumption of assuming a sale to be completed within 90 days;

We are of the opinion that subject to the Assumptions and Special Assumption(s) in this Report the Market Value as at the valuation date was **£2,480,000 (Two Million Four Hundred and Eighty Thousand Pounds)** exclusive of VAT.

This valuation assumes the businesses with common directors remain in occupation and paying rent. If they were to default, then this would affect the valuation figures.

Market Value 3 (MV3) – on the Special Assumption of Vacant Possession

We are of the opinion that subject to the Assumptions and Special Assumption(s) in this Report the Market Value as at the valuation date was **£1,700,000 (One Million Seven Hundred Thousand Pounds)** exclusive of VAT.

Market Rent 1 (MR1)

We are of the opinion that subject to the Assumptions in this Report the Market Rent as at the valuation date was **£305,000 (Three Hundred and Five Thousand Pounds)** pa exclusive of VAT.

Summary of Values	Valuation
Market Value 1 (MV1) - in its current condition subject to, and with the benefit of, any existing leases or tenancies	£2,680,000
Market Value 2 (MV2) - in its current condition subject to, and with the benefit of, any existing leases or tenancies on the Special Assumption of assuming a sale to be completed within 90 days	£2,480,000
Market Value 3 (MV3) – on the Special Assumption of Vacant Possession	£1,700,000
Market Rent 1 (MR1)	£305,000

Suitability for Loan Security

Subject to all of the comments and observations in the main report body, we are of the opinion that the Property is acceptable for loan purposes.

Valuation prepared as at 8th May 2021 for loan security purposes.
Valuer: Bruce Allan MRICS (RICS No: 1127361), RICS Registered Valuer.
Peer Reviewed by: Peter Hague MRICS (RICS No: 0082600) Partner, RICS Registered Valuer.
Carter Jonas LLP Reference: J0045774

2 INSTRUCTION AND RICS COMPLIANCE

3 Client (the 'Client')

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

FAO: Brian Bartaby & Stewart Bruce

The 'Borrower': Maridian Limited FAO: Colin Wright

4 Instructions

In accordance with your written instructions, (Appendix 1) we now submit our report (the 'Report') required for loan security purposes. Our Report is submitted on the basis of our Letter of Engagement agreed with you (Appendix 2).

Our Valuation Report is prepared in accordance with the appropriate sections of the current RICS Valuation – Global Standards (the 'Red Book').

This Report may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

This Report is provided for the stated purpose and for the sole use of the named client. It will be confidential to the client and its professional advisors. The Valuer accepts responsibility to the client alone that the Report has been prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the Report at their own risk.

We shall rely upon information provided by the Client and / or the Client's legal or other professional advisors relating to tenure, leases and all other relevant matters.

Information relied on:		
Information / data	Source	Comment / verification / assumptions
Title plan	Land Registry	Confirmed with the Borrower
Tenancy schedule	Borrower	
Leases	Borrower	We recommend these are reviewed by your solicitors

Neither the whole nor any parts of the Report nor any reference to it may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and content in which it may appear.

5 Identification and Status of the Valuer ('Valuer')

This valuation has been undertaken by Bruce Allan MRICS (RICS No: 1127361) for and on behalf of Carter Jonas LLP.

We confirm that the Valuer has no known material connection or involvement with the subject of the valuation.

We have however prepared other valuations, for other lenders, on other properties owned or being bought by the Borrower (under different company names).

The Valuer is an RICS Registered Valuer and is in a position to provide an objective and unbiased valuation. The Valuer has sufficient current local and regional knowledge of the particular market together with the skills and understanding required and is competent to undertake the valuation.

6 The Subject of the Valuation (the 'Property')

Wright Business Park, Carr Hill, Balby, Doncaster DN4 8DE

The Property is a multi-let industrial estate.

7 Basis of Value

Market Value (MV) as defined in VPS4 of the 'Red Book' being:

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

Market Rent (MR) as defined in VPS4 of the 'Red Book' being:

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

8 Valuation Date

Our valuation is as at 8th May 2021.

It should be noted that values change over time and a valuation given on a particular date may not be valid on an earlier or later date.

9 Inspection

The Property was inspected on 8th May 2021.

We were able to gain access to most of the buildings on site, but not all the land to the rear.

We were accompanied by the Borrower. The weather conditions were dry.

We have assumed there have been no changes in the physical characteristics of the Property between the date of inspection and the publication of the Report.

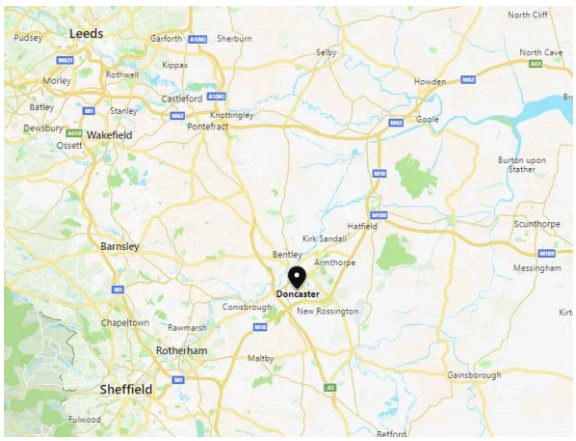
10 PROPERTY REPORT

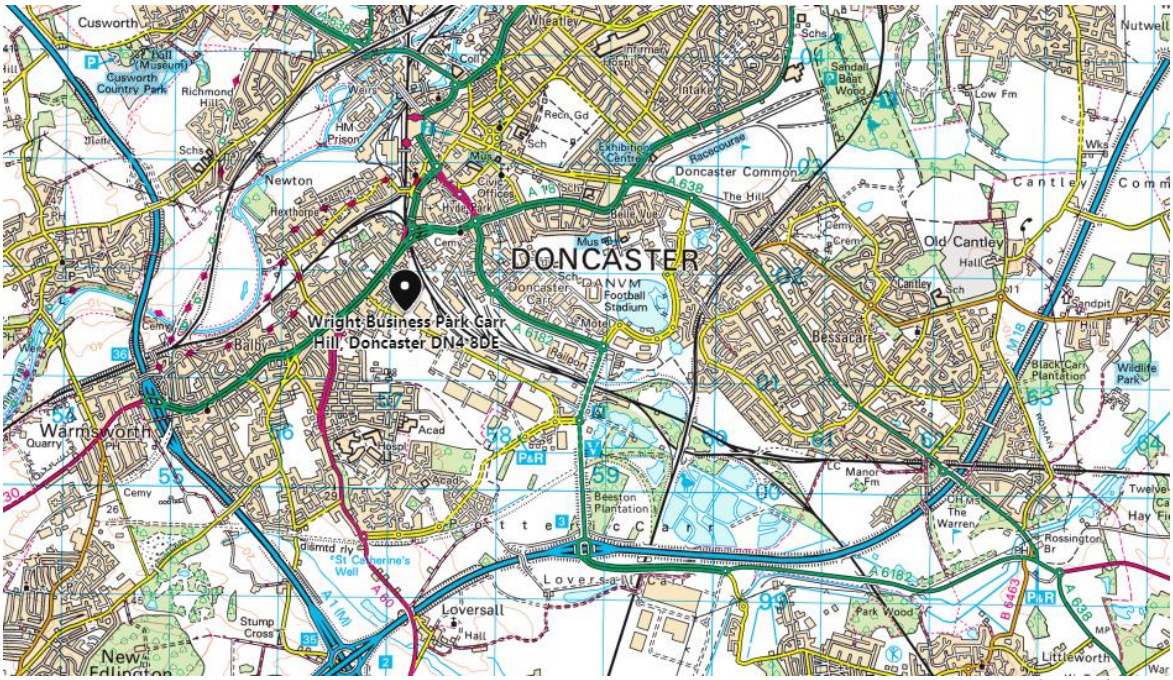
11 Location

The Property is located on the north side of Balby Carr Bank, approximately 2 miles south of Doncaster centre, in the county of South Yorkshire. Balby Carr Bank is a long-established industrial location. It connects to White Rose Way, 1¼ miles to the south east, which then connects to J3 of the M18, 2 miles to the south. To the north, it connects to the A630 Balby Road which then connects to J26 of the A1(M) 1¾ to the west. Its motorway connections are therefore reasonably good.

Regionally, Sheffield is 22 miles to the south west, Leeds 34 miles to the north west, Hull 50 miles to the north east and Manchester 59 miles to the east.

The immediate area is an established industrial area, surrounded by residential suburbs dominated by Victorian terraces. To the north is Doncaster Carr, an outlet shopping centre, Keepmoat Stadium and Lakeside (a man-made leisure lake) surrounded by housing and offices.





Source: Bing Maps

12 Description

The Property is a 4.88 acres (1.97 hectares) industrial complex that comprises two buildings that have been multi-let and a two-storey office building that is vacant. The buildings sit either side of a central access road that leads to rear yard areas. We have outlined the site in red below.

Source: Ordnance Survey

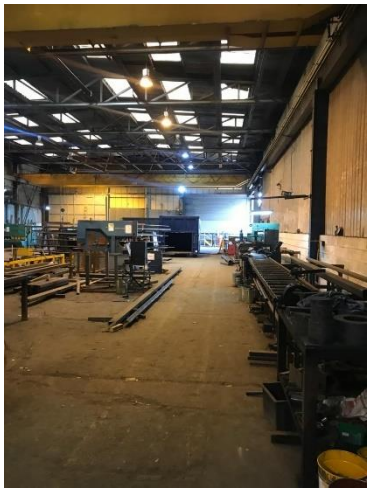
We have coloured the different units on an estate plan below, provided by the borrower:

Unit 1 is split in two. The larger section is of steel frame construction beneath a lattice roof, with 9m eaves height. The smaller section is a steel frame north lit building with a 5m eaves. Both buildings have concrete floors and have part block, part brick masonry, steel and asbestos sheet elevations and roofs with rooflights. There is a 10 tonne crane in the larger building and hoists in the smaller building. There are loading doors to the front and rear. There is a yard area to the front, west side and rear.

The unit is used for steel fabrication.

Unit 1

Unit 1 – front access



Larger Unit 1

North lit area of Unit 1

Buildings 5 & 6 are at the rear of building 2, but are occupied by the tenant of unit 1. These are of brick construction beneath a mono pitch and flat roof. The accommodation comprises offices and canteen and toilets.

Units 5 & 6

Interior

Unit 2 is a central rectangular unit of north lit steel frame construction with concrete floors, part block, part brick masonry, steel and asbestos sheet elevations and roofs with rooflights. A single loading door has been inserted on the south east elevation to the central access road.

The unit is used for storage.

Unit 2

Interior

Unit 3 and 4 are the two-end units. The units are of steel truss frame construction with concrete floors, brick masonry and corrugated asbestos sheet elevations, with 9m eaves, beneath asbestos sheet roofs with rooflights. Each unit has a 10 tonne travelling crane set on the building frame.

Each unit has a works office, toilets and staff canteen to the side. There is a loading door at each end of the building.

Unit 3 is used for storage and fabrication of steel skips.

Unit 4 is used for steel fabrication of steel tanks.

Units 3 & 4

North elevation

Interior Unit 3

Interior Unit 4

Units 7, 8, 9a, 9b and Area 4 comprises four bays let as one unit. The white roofed bays are of steel frame construction beneath steel truss roofs, with brick and corrugated asbestos elevations and asbestos sheet roofs. The grey roof section of the building (unit 4) is open ended. The concrete floors are of varying standards with some areas having deteriorated / broken. There is loading to the side and rear and into Unit 4. The yard to the south (front of Unit 4) is unsurfaced and part has been used for tipping of what appears to be inert waste materials.

The unit is used for the storage and compression of tyres into bales.

With division works the bays could be multi-let.

Units 7, 8, 9a & Area 4

Area 4 yard area

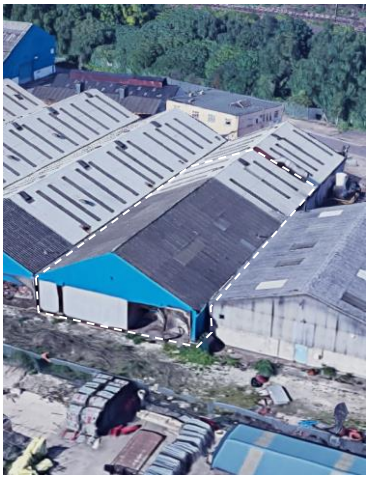
Units 7, 8 & 9

Interior

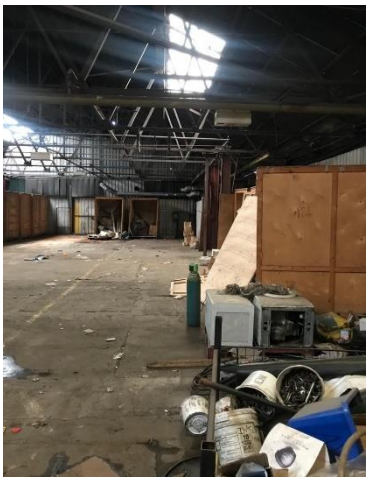
10a & b is effectively one unit. The building is of steel frame construction with a steel truss roof covered with asbestos sheeting. The elevations are a mix of brick and asbestos sheet cladding.

Loading is through units 7, 8 & 9 or through Area 4, although there inert material has been tipped at the end of the unit in part of Area 4.

It is used for storage.



Unit 10a & b



Interior of Unit 10b

Unit 12 is a lean-to between buildings 7 & 8 and 13. We were unable to access this building on site.

We understand the building is currently not in use and it is dilapidated.

Unit 10c is of similar construction to 10a & b. There is a single loading door to the rear of the unit into the yard area.

It is used for storage.

Unit 11a is a steel portal frame building with block and corrugated asbestos sheet elevations and roof, with an eaves height of 4m. There are two loading doors, one to the front and one to the side. The unit has yard areas to the front and side.

The unit is used as a car maintenance workshop, with rolling road and internal office.

Unit 11b is the rear part of 11a and is of similar construction. It has a loading door to the side and a yard area.

Building 14 - Offices is a two storey building of brick (and probably block) construction, part rendered, beneath a flat roof. The windows have been replaced with double glazed uPVC units. There are 5 offices and a reception area on the ground floor. Part of the building has been divided to provide toilets that are used by the remainder of the estate, accessed externally. A staircase leads to the first floor where there is a general office, 5 offices, toilets and a kitchen.

The building is currently vacant.

The accommodation is dated and in need of some refurbishment. New carpets and decoration would put the offices back into reasonable order.

North elevation

South elevation

Ground floor office

First floor general office

Unit 13 is a two-bay building of steel frame construction with brick elevations beneath a steel truss roof. The internal accommodation is divided in to four workshop / storage areas.

Area 2 – was being used by a car wash company

The buildings are surrounded by access road and yard areas that are surfaced with concrete or macadam. Some areas have deteriorated.

The access road to site is from Balby Carr Bank, which we understand is a private road. We have coloured and outlined this private road in yellow. This leads to the estate road (between buildings 1, 2 & 3 and 7) that we have coloured in orange.

13 Accommodation

We measured the majority buildings in accordance with the RICS Property Measurement (incorporating International Property Measurement Standards) 2nd Edition January 2018. The basis of measurement is industrial / warehouse premises is gross internal area (GIA). We were unable to measure buildings 7, 8, 9 & 10. Colin Wright provided us measurements for these buildings and we checked them on Promap / Ordnance Survey plans. Building 12 was inaccessible.

The accommodation available at the Property is as follows:

	sq m	sq ft
1	1,137	12,239
5 offices & 6 canteen	78	845
Total 1, 5 & 6	**1,215**	**13,083**
2	2,273	24,467
3	437	4,703
4	382	4,107
7	1,045	11,251
8	1,017	10,949
9 a & b	899	9,674
Total 7, 8, 9 a & b	**2,961**	**31,874**
Open sided	571	6,145
Total 7, 8, 9a & b inc open sided	**3,532**	**38,020**
10a & b	621	6,683
10c	329	3,536
11a	196	2,107
11b	289	3,111
12	165	1,776
13	404	4,348
14 Office - ground floor	128	1,380
14 Office - first floor	123	1,329
14 Office Total (NIA)	**252**	**2,709**
TOTAL	**9,929**	**106,874**

14 Services

Electricity	Connected
Water	Connected
Foul Drainage	Connected
Gas	Connected
Broadband / Telephone	Connected

We understand that the landlord pays for all services and charges the individual tenants for their use. We have not allowed for any shortfall in utility costs. If this transpires not to be correct we recommend we reserve the right to amend our valuation figures.

Written confirmation has not been obtained from the service providers and we are unable to report on condition or offer any warranty.

15 Apparent State of Repair

From old maps it appears that there were no buildings on site to 1914. Maps then show the buildings from between 1937 and 1961. We are not sure of their exact date of construction. We understand they formed part of the larger British Rope complex. The buildings are therefore at least 60 years old.

The condition of the buildings is commensurate with their age and heavy industrial use. There are numerous cracks within masonry walls, damage to asbestos sheeting, peeling of steel sheeting, defective valley gutters and breaking up of some areas of concrete and macadam internal floor and yard areas. Many internal areas are typical of heavy industrial use, being 'well used' and being subject to minimum maintenance and repair. The condition is not unusual for buildings of this age and nature that have been subject to full use. Having stood for 60+ years the building structures are not going to fall down, but would they benefit from re-cladding, re-roofing and cleaning. In their current state of condition they appear suitable for many tenants who want basic relatively cheap accommodation suitable for their particular businesses (e.g. tyre storage, heavy metal fabrication and basic storage).

Some pictures of condition are as follows:

Peeling plastisol sheeting

Cracking

Cracking and peeling

Cracking and retaining bars

Broken asbestos sheeting

Deteriorating yard areas

Deteriorating yard areas

Stained brick walls – leaks from valley gutters / defective fall pipes and hoppers

Offices require new carpets, possibly ceilings and decoration

Water ingress in offices causing plaster damage

Water ingress in toilets

Basic state of offices

Deteriorating timber window

Tired staff accommodation

Peeling cladding

A major potential issue (and potential cost) for industrial buildings of this age is the condition of the roofs and elevation cladding. Buildings 7 -1 occupied but were dark and poorly lit, however, it was apparent the valley gutters were deteriorating and subsequently there was water within the units. Without a more detailed inspection it is difficult to comment on the standard of the roofs. The other units appeared dry internally. We were told by Colin Wright that repairs are undertaken to the roofs when and where required. It is difficult to comment on their remaining useful economic life but it is likely that there will be ongoing landlord repairs and therefore cost.

The office building is currently vacant and appears not to have been occupied for some time. There are certain works such as broken windows, some damp repairs and a deep clean that is required before occupation. The extent of works to the offices would be to the tenant's requirements. We do experience fairly basic offices being occupied, but to bring them to a good / reasonable standard new carpets and full decoration would be required. Colin Wright indicated he intend to spend approximately £30,000 to put the offices into an occupiable condition, which does not appear unreasonable.

We have not allowed for specific repairs to the buildings as this would require a detailed building survey and costing exercise. Rather we have allowed for the risk of landlord repair liabilities within the all risk yield that we have applied. A diligent and particular purchaser could severely discount any offer to reflect the condition of the buildings. A purchaser accepting of the dated and tired condition of the buildings would continue to operate the estate in its current nature.

This Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services. Our valuation has taken account of the general condition of the Property as observed from the valuation inspection.

Due regard has been paid to the apparent state of repair and condition of the Property, but a building survey has not been undertaken. We have not inspected the roofs or those parts of the Property which are covered, unexposed or inaccessible. Therefore, we are unable to Report that the Property is structurally sound or is free from any defects. We have reflected as best as practical the condition of the buildings in the valuation approach.

16 Contamination / Environmental Issues

16.1 Contamination

We have not been provided with any environmental reports.

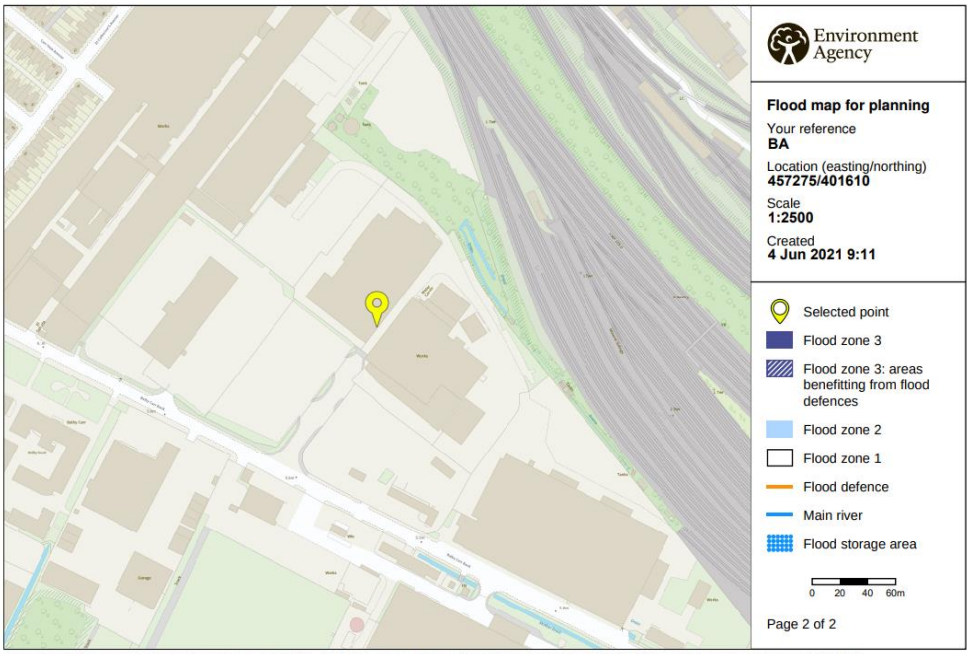
We understand that the buildings originally formed part of the wider British Rope complex, which included a foundry, but not, we understand, on the subject Property. Unit 2 remains in use storing pattern moulds.

There were no indications of past or present contaminative land uses were noted during the inspection. One unit is used as a garage workshop where there could be localised spillages. We were informed that there were no over or underground fuel tanks. The whole site has however been in heavy industrial uses for over 60 years, so we cannot rule out some contamination.

Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or ground waters. In the event of contamination being discovered, further specialist advice should be obtained and we reserve the right to review our valuations.

16.2 Other Environmental Factors

The Property is shown by the Environment Agency (flood-warning-information.service.gov.uk) 'Long Term Flood Risk Assessment' to be outside of the indicative floodplain.



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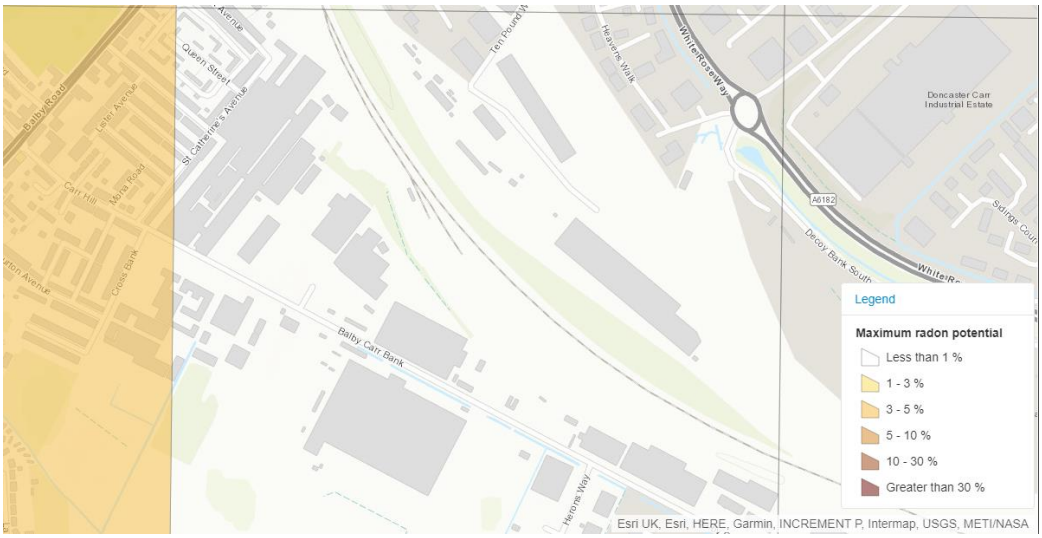
Radon gas is a naturally occurring radioactive gas which is normally associated with areas based upon granite rock subsoils. The area in which the subject Property is situated has been identified by Public Health England of having less than 1% radon potential.



Noting the limits to our inspection no Japanese Knotweed or Giant Hogweed was evident within the boundary of the Property.

17 Hazardous and Deleterious Materials

Many building components contain asbestos but these can be difficult to identify particularly if encapsulated. There is certainly corrugated asbestos sheeting on many of the buildings. There are significant health hazards associated when ingesting dust containing asbestos fibres. Once asbestos based materials have been identified, care should be taken to avoid their disturbance or removal. Such work should only be undertaken by a licensed asbestos contractor and this can be a significant cost.

The Control of Asbestos Regulations 2012 requires asbestos to be managed in non-domestic premises. The practical effect of this is the imposition of a legal duty on every employer in non-domestic premises to make an assessment (the Asbestos Survey) as to whether asbestos is present or is liable to be present and if so to prepare a plan and for managing the health risks arising (the Management Plan) and keep this up to date as necessary.

During our inspection we asked for but were not provided with an Asbestos Survey or Management Plan. We are unable to confirm whether the Property complies with the requirements of the Regulations. It was apparent that some of the asbestos sheeting was cracked or broken in areas. We were unable to inspect the roofs. Long term if the building's cladding deteriorates further they may have to be re-clad / re-roofed at which time the asbestos sheeting will have to be removed or over-clad. The presence of asbestos will increase the costs.

The valuation given in this Report assumes that no specialist removal of asbestos material is required in the foreseeable future. If this proves not to be the case this could affect the value now reported.

We have assumed that no other deleterious or hazardous materials have been used in the construction of the Property or subsequently incorporated.

18 Statutory Enquiries

18.1 Fire Risk Assessment

The Regulatory Reform (Fire Safety) Order 2005 (SI 2005 No. 1541) came into effect on 1 October 2006. This requires the responsible persons for all non-domestic properties to prepare a Fire Risk Assessment (FRA).

During our inspection we were not provided with an FRA and we are unable to confirm whether the use of Property complies with the requirements. Given the majority of the accommodation is on the ground floor and there were numerous doors around the buildings (both access, loading and fire exits) we reasonably anticipate the buildings will be compliant.

18.2 Equality Act 2010

The Equality Act 2010 has replaced Part 3 of the Disability Act 2005. It imposes a duty on employers and businesses offering a service to the public to make reasonable changes to practices and procedures to enable disabled people to do their jobs, or remove or alter any feature that makes it impossible or unreasonably difficult for a disabled person to make use of the service provided. The duty of compliance rests with the occupier.

During our inspection we were not provided with a Disability Discrimination Audit and we are unable to confirm whether the use of Property complies with the requirements of the Acts. From a practical perspective the majority of the accommodation is at ground floor level, with level access points.

18.3 Energy Performance Certificate

In England and Wales the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates (EPC) to be made available for all properties (with limited exceptions), residential and commercial, when bought, sold or rented. The Certificate is valid for ten years and includes an Energy Efficiency Rating between A (most efficient) and G.

We have not been able to find any EPC's for the Property on the Governments website. The buildings that have let in recent years ought to have EPC's.

We have checked online for an EPC and we have not found any for the Property. We therefore are unable to confirm whether the use of Property complies with the requirements of the Directive. We recommend EPC's are obtained.

On 26 March 2015, The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 brought into force the minimum energy efficiency standard (MEES), introduced by the UK government to meet its obligations under the Energy Act 2011. The minimum standard applies to both domestic and non-domestic property from 1 April 2018. From that date, a landlord will be unable to let an F or G Energy Performance Certificate (EPC) rated commercial property (known as a sub-standard property). The regulations not only apply to lease renewals (where an EPC exists), but also to sub-lettings, capturing tenants who wish to dispose of unwanted space.

From 1 April 2020, the regulations become more onerous by applying to all property leases (where an EPC exists). Initially, the regulations apply to landlords of domestic properties and from 2023, landlords of non-domestic properties must also comply. The government proposes to review MEES in 2020 and so the standard may tighten.

Some F and G rated properties fall outside of the scope of MEES, including those that are not required to have an EPC under the Energy Performance of Buildings Regulations 2012 for example, properties with a short lease (defined as less than six months) or with a long lease (greater than 99 years). Certain other exemptions also apply e.g. once all cost-effective improvements (defined as a 7 year payback period) have been undertaken or a landlord is unable to obtain third party consent for the improvement works, for example from the planning authority, lender, superior landlords, etc.

If a sub-standard property is sold, the new owner / landlord has only 6 months to comply with the regulations; an important due diligence consideration for prospective purchasers and occupiers.

Exemptions last for 5 years, and to qualify a landlord must register the property on the public Private Rented Sector (PRS) Exemptions Register, stating the reasons in the entry.

The penalties for non-compliance are significant, ranging from £2,000 to £150,000, based on the rateable value of property.

In the absence of any further information, we have not allowed for any costs to obtain EPCs, potential costs for recommendations nor penalties. This is a matter of valuation uncertainty.

19 Local Authority

Doncaster Council
Civic Office
Waterdale
Doncaster
South Yorkshire
DN1 3BU

https://www.doncaster.gov.uk/services/planning

20 Planning

20.1 Planning Enquiries

We have made online enquiries of the Local Planning Authority and in so doing have assumed that all information obtained is correct and accurate.

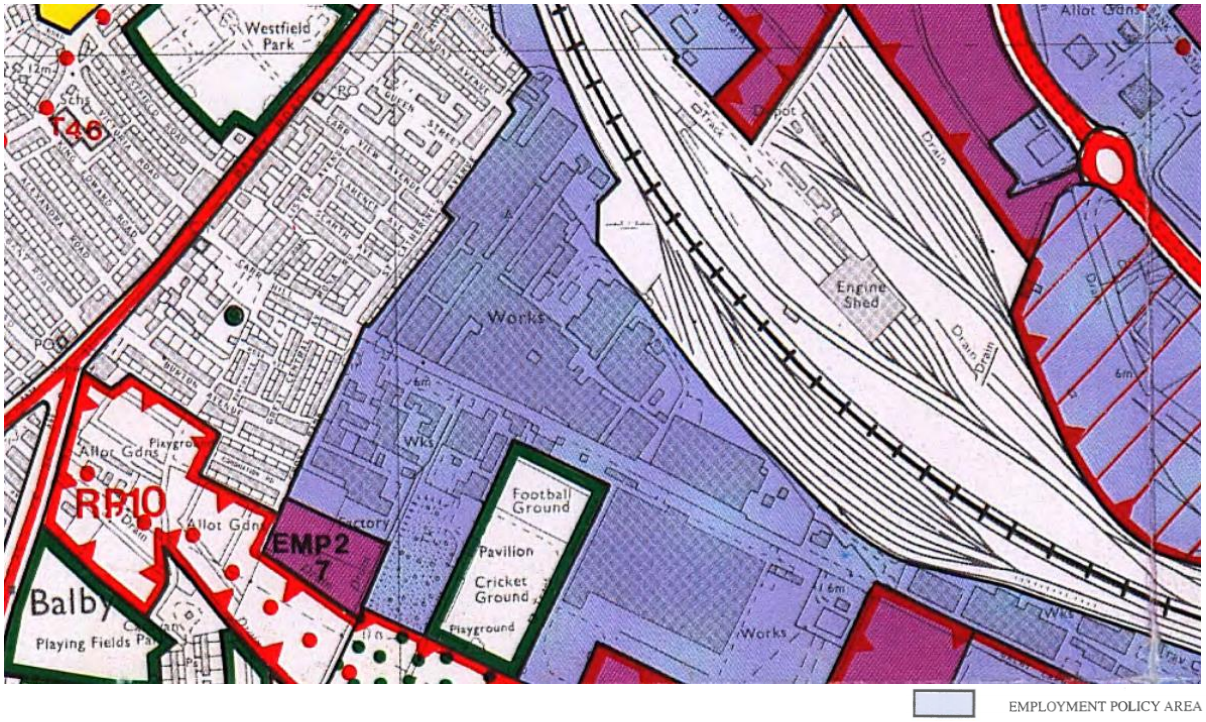
20.2 Local Planning Policy

Doncaster Council currently rely on the 1998 Unitary Development Plan (UDP) and the 2012 Core Strategy. The Council are in the process of development a new Local Plan that will replace the UPD and the Core Strategy. The plan will be used to decide planning applications and guide investment into the Borough.

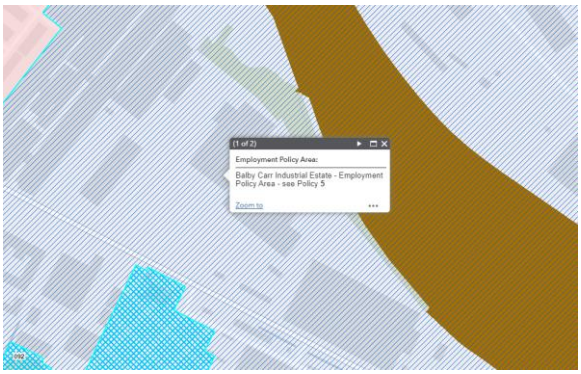
On 4 March 2020 the Council submitted the Local Plan to the Government for independent examination. A number of hearing sessions, guided by a Government appointed Planning Inspector, were held in October / December 2020 to discuss representations submitted to the Publication Draft Plan.

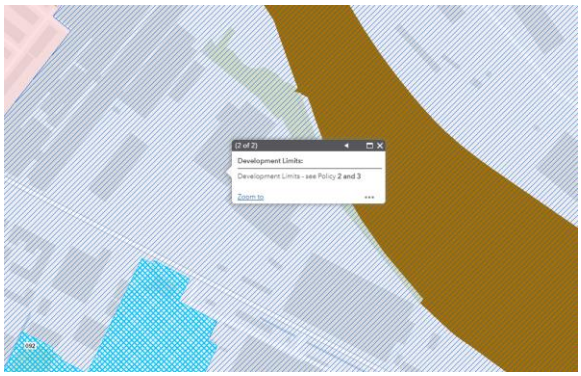
As a result, the Council is now inviting responses to a number of proposed Main Modifications to the Plan which are considered necessary to make the Plan legally compliant and sound. The consultation only relates to the Main Modifications, and relevant supporting documents and Policies Map changes as outlined in a consultation notice. The consultation ran for six weeks from Monday 6 February to the end of Sunday 21 March 2021. The inspectors report is due June 2021 (not released at the date of this report) and adoption proposed in Summer 2021.

The Property is shown within the UDP to be allocated as an EMP1 (3) area. EMP1 areas will generally permit B1, B2 and B8 uses and proposals for other industrial business or commercial uses will be considered on their merits, in accordance with relevant plan policies.



Under the proposed Local Plan it has two allocations:

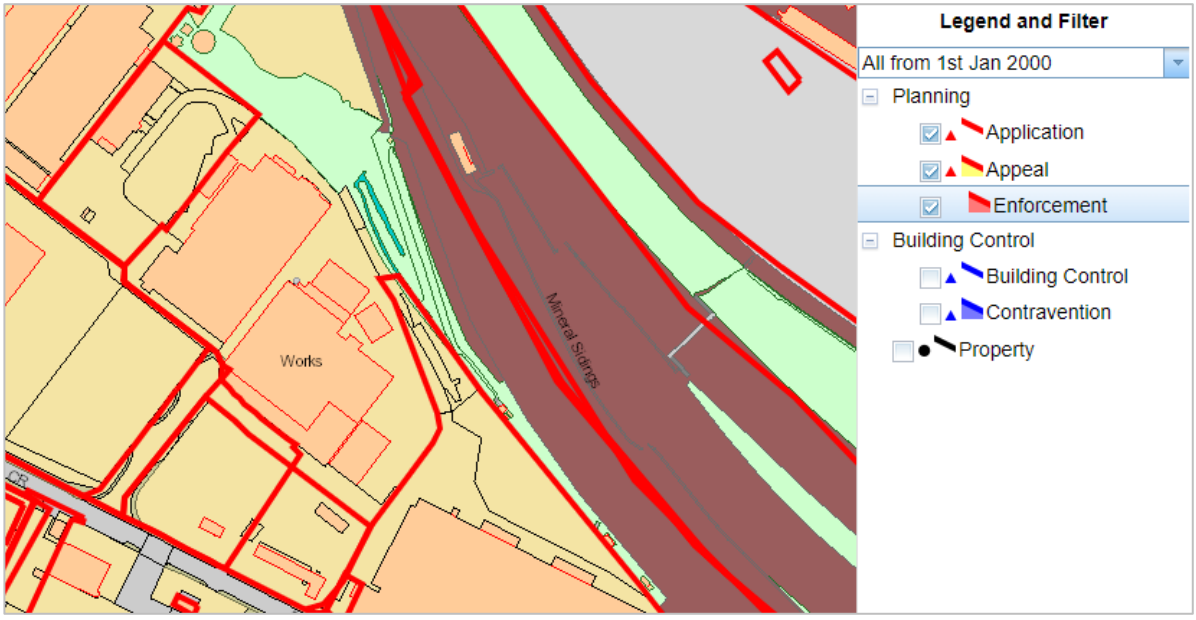




There are no policies directly affecting the Property that would adversely affect the value now reported.

20.3 Planning Permissions / Listings

There have been no planning applications or permissions on the majority of subject Property since 2000.



It does appear an application on the property to the south extended over the yard area of the subject Property. The application was for proposed museum, offices, canteen and gymnasium within the existing Bridon Ropery building and was granted in 2017. We are not aware if any negotiations took place to purchase this land.

20.4 Listed Buildings / Conservation Area

Historic England do not identify any buildings on site as being listed.

20.5 Highways

The Property has access to Balby Carr Road, an adopted highway. The access is over a road in third party ownership, identified in yellow on the plan at Paragraph 12 (Page 13). This is the only access to the Property. We have assumed that there are full uninterrupted access rights. This should be confirmed by your solicitors. Colin Wright informed us that they are liable for a fair proportion of maintenance and repair, but have actually never been asked to contribute.

20.6 Potential for Change of Use

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.

21 Local Taxation

Within the postcode for the Property there are some 460 listings, including adjoining properties, with the vast majority having been removed from the list. We have been unable to identify rateable values for all the buildings. Diane Write has confirmed the following rateable values:

- Unit 3 has an RV of £12,250
- Unit 4 has an RV of £12,250
- Unit 11b has a n RV of £9,800
- The car wash has an RV of £9,600

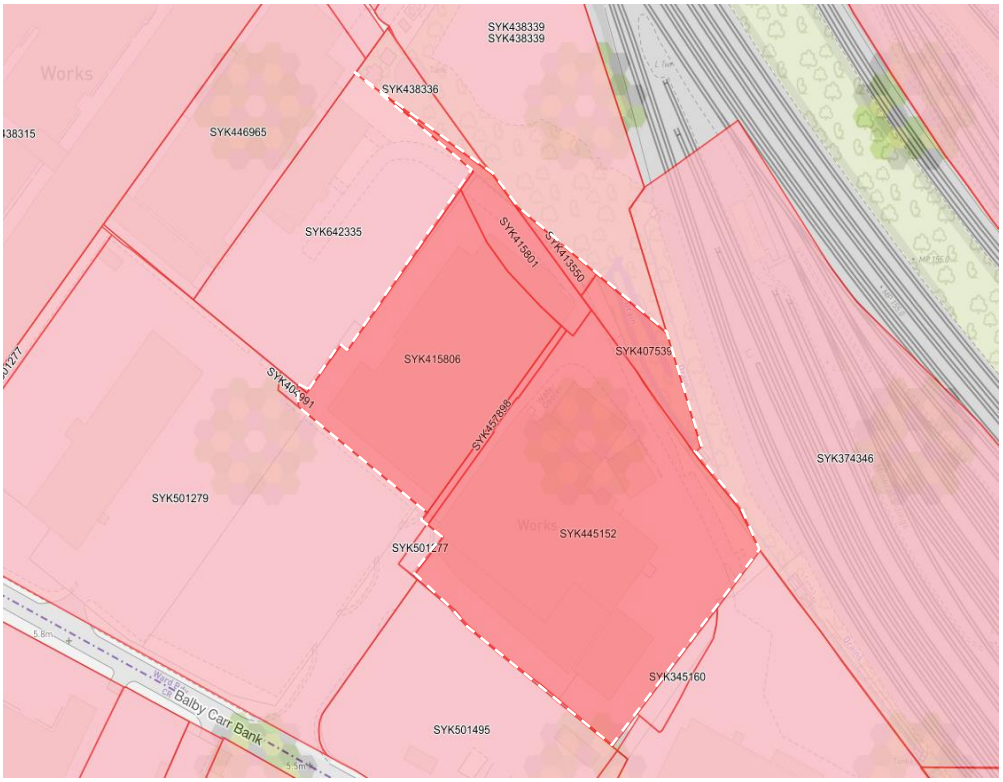
Diane Wright has also confirmed that Maridian Ltd do not pay empty rates on the vacant buildings. Also she confirms that all the tenants pay their own rates.

The current multiplier, for the financial year 2021, is £0.51.2 (standard) and £0.49.9 (small business). The rates payable may be subject to relief and / or phasing provisions.

The Rating (Empty Properties) Act 2007 introduced legislation resulting in the owners of vacant premises becoming liable for business rates after an initial void relief period of six months for industrial premises or three months for other property types. There are some exceptions to include listed buildings and premises with a very low rateable value.

22 Tenure

A copy of the online (www.landregistry.gov.uk) Title Plans are shown below. We have annotated the titles we understand that form the Property in a darker red, outlined in a white line.



We are instructed to value the freehold interest in the Property subject to occupational leases.

We have not inspected the deeds of the Property and for the purposes of our valuation have assumed that they contain no onerous terms, restrictions, covenants, encumbrances or outgoings that would adversely affect the usual value and that good title can be shown.

We have assumed that the Property and its value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the Property nor its condition, nor its use, nor its intended use is or will be unlawful.

Whilst on site we did not note:

- any access ways and staircases which lead on to or overhang the Property from neighbouring land;
- any windows overlooking the Property from neighbouring premises;
- anyone using or occupying the Property who is not accounted for in this Report;
- any tracks or accessways over the Property, not specifically mentioned in this Report;
- drains or pipes running under or over the Property, from neighbouring land (where visible);
- telecommunication apparatus or other equipment, eaves or any items situated on neighbouring land, but which overhang the Property;
- any party walls and or fences which could be affected by the Borrower's plans for the Property;
- anything blocking a proposed visibility splay, or a visibility splay to be provided on land owned by a third party;
- any potential interference with rights to light or air in connection with the Development.

23 Tenancies

We have been provided with the following tenancy information by Diane and Colin Wright:

Tenant	Unit Numbers	Occupation Date	Lease Term	Annual Rent
Doncaster Steel Fabrications LTD	Units 1, 5, 6 & Area 1	01/07/2018	10yrs	£50,000
Norton Cast Products Ltd	Unit 2	01/01/2018	10yrs	£50,724
D & H Fabrications LTD	Unit 3	01/07/2018	5yrs	£13,200
Wright Engineering LTD	Unit 4	01/05/2018	10yrs	£14,000
Equalityre	7, 8, 9a, 9b & Area 4	01/03/2020	10yrs	£89,600
Simplex Supplies Limited	10 a & b	01/09/2020	10yrs	£18,500
Kitchen Factory Shop	Unit 10c	01/05/2021	3yrs	£12,000
ET Developments LTD	Units 11a & Area 9	01/08/2019	10yrs	£9,765
Compass Vehicle Solutions LTD	Unit 11b (Foundry Garage)	01/05/2018	10yrs	£9,600
Vacant	Unit 12			
Wrights Removals and Storage Ltd	Unit 13	01/03/2021	10yrs	£14,000
Vacant	Unit 14			
Selami Himillari (Best Hand Car Wash)	Area 2	01/06/2018	10yrs	£9,600
				£290,989

Classification L2 - Business Data

The total passing gross rent is therefore £290,989 pa. We have not been provided with accounts (management or audited) that confirm this rent. We recommend you have sight of accounts that confirm the rent.

If Unit 14 is let at say £5.00 psf (£13,545 pa) the total income increases to £304,534 pa.

We are not convinced that Unit 12 is lettable in its current condition.

We have been provided with copies of leases. We will provide copies of these to you electronically. It appears that a same template has been used for all the leases with the principal terms varied and the remainder being the same. The common lease terms include:

Landlord:	Meridian Limited
Lease Lengths	All are 10 years with the exception of D&H Fabrications Ltd.
Break Clause:	None.
Rent Review:	At year 3 and 6 (including the 5 year leases) mostly subject to RPI uplifts 1 year after the rent commencement date.
Repairs:	Full repairing subject to schedules of condition
Service Charge:	Each lease states a fair proportion but also states 5% contribution. Given there are 10 leases this would suggest a 50% contribution, however, we are told that there is no service charge shortfall. We have not been provided with service charge accounts.
Insurance:	Each lease states a fair proportion but also states 2.14% contribution. Given there are 10 leases this would suggest a 21.4% contribution, however, we are told that there is no shortfall. We have not been provided with full details of insurance to comment.
Rates	The tenants are liable for rates payments.
Utilities	The tenants shall pay all costs in connection with the supply and removal of electricity, gas, water, sewage, telecommunications, data and other services and utilities to or from the Property.
User:	All leases stage B2 Storage or B2 Steel Fabrication
Alienation:	All state not to assign or underlet the whole without consent of the landlord, not to be unreasonably withheld. All state the tenant shall not underlet part of the Property.

In the current market we do consider it is somewhat unusual that all the tenants have signed 10 year leases subject to both rent reviews and RPI uplifts, with breaks. Leases of this length are not common in the current market, especially for older buildings in, at best, average condition. It also unusual that the insurance and service charge reclaim percentages do not total 100% and that we are told there is no shortfall. There are RICS management guidelines and legal requirements not to overcharge tenants. The leases only allow for 50% service charge recovery and 21.4% insurance recover and therefore there ought to be a shortfall, but we are told there is none. This may however be over-ridden by the wording within the leases that enables the landlord to ‘reclaim a fair proportion’.

Whilst many multi-let estates have a standard leases, many tenants still have their own representative surveyors or solicitors review these, which then leads to some minor differences in most leases. It is unusual that in this instance all the leases are identical, apart from the principal terms.

Classification L2 - Business Data

We would recommend you have your solicitors review the lease documents. For this valuation we assume the leases are all correct and engrossed. In the event this differs we reserve the right to amend our valuation figures.

24 Covenant Status

The Property is let to 10 tenants. We summarise the Creditsafe scores below:

Tenant	Unit Numbers	Creditsafe Rating
Doncaster Steel Fabrications LTD	Units 1, 5, 6 & Area 1	45
Norton Cast Products Ltd	Unit 2	60
D & H Fabrications LTD	Unit 3	80
Wright Engineering LTD	Unit 4	62
Equalityre	7, 8, 9a, 9b & Area 4	2
Simplex Supplies Limited	Unit 10a & b and 12	51
The Kitchen Factory Shop Ltd	Unit 10c	86
ET Developments LTD	Units 11a & Area 9	64
Compass Vehicle Solutions LTD	Unit 11b (Foundry Garage)	56
Wrights Removals and Storage Ltd	Unit 13	43
Selami Himillari (Best Hand Car Wash)	Area 2	Individual

We consider investors would consider the investment to be a mixed industrial estate with various tenants of varying covenant strength. Many of the financial reports do not list actual financial information so whilst the credit ratings mostly appear reasonable it is difficult to gauge the actual tenant covenant strengths. There is insufficient information to comment on Equalityre who appear to have a poor covenant strength.

Although we reflect our general understanding of the status of the tenants, we are not qualified to advise you on the financial standing of the tenant(s). Based on the information available to use, we have formed the following view with regard to the covenant status of the tenant.

25 VAT and Taxation

We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

We have not been able to ascertain the VAT status of the Property and have accordingly assumed that VAT would not be payable on the values now reported.

26 Current Reinstatement Cost

We have been requested to provide an indication for insurance purposes of the reinstatement cost. We recommend that a suitable Report should be commissioned from a Chartered Building or Quantity Surveyor. We would be pleased to provide a quotation for such an estimate.

For guidance purposes only we have made an assessment of the reinstatement costs based on Building Cost Information Services (BCIS) average costs, which comprise the building cost plus preliminaries but not external works. We have therefore allowed for external works immediately around the building in the event the building is damaged and for perimeter walls and fencing, should they be damaged. We have applied average prices to the gross internal area of the building. We have also allowed for demolition and professional fees.

Based on this we assess the minimum reinstatement cost of £9,900,000 for the building, excluding fixtures, fittings and contents, in present form including the costs of clearance and professional fees but excluding:

- VAT (except on fees)
- Loss of rent and / or
- The cost of alternative accommodation during the reinstatement period.
- The specialist removal / disposal of asbestos components or other contaminants that may be present in the building.

The reinstatement figure may appear high compared to the Market Values. However, it must be remembered that the replacement is of new buildings of the same size. The Market Value reflects the fact the existing buildings are older building in, at best, average condition. It is not possible to apply a reinstatement figure to replace old buildings of this nature. If they were destroyed, they could only be replaced by modern equivalents.

27 VALUATION SECTION

28 Instruction

We have been instructed to provide:

- Market Value in its current condition subject to, and with the benefit of, any existing leases or tenancies;

- Estimated rental value for the subject Property(s).

You have asked for the following Special Assumption(s) valuations:

- Market Value in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days;

- Market Value of the Property assuming Vacant Possession;

We are required under the RICS Red Book to comment on any matters of uncertainty within a valuation. Where you have asked for, and we have provided, restricted marketing or sale period Market Valuations, we comment that we have no specific evidence of restricted marketing period sales from which to draw direct comparison. Therefore, given the lack of evidence, the amount, or percentage, that we have adjusted the Market Value by in order to assess the Market Values subject to a restricted marketing or sale period, is a matter of uncertain. Furthermore, if a potential purchaser gets to know that the sale has to be completed within a restricted timescale, they then have (or consider themselves to have) the negotiating advantage and may well take the opportunity to 'chip' on their offer. This adds to the uncertainty of achieving figures in a restricted period.

29 Basis of Valuation

The Property is an income producing investment let to 11 tenants and we therefore adopt the investment method of valuation. The investment method capitalises the passing rent at an appropriate yield having regard to Market Rent, the nature of the building, the strength of the tenant covenant, comparable evidence and general market conditions.

For the Market Value assuming vacant possession we adopt is the comparable method, whereby we consider comparable evidence in order to apply an appropriate capital value per square foot ('psf') (per square metre ('psm')) to the floor area, or we apply an appropriate Market Rent that we capitalise at an appropriate all risks yield. We may also consider the potential for the Property to be bought by a speculative investor who would assess the Market Rent and capitalise it an appropriate investment yield, less an allowance for potential voids, incentive periods, empty rates, letting legal and agency fees. We also value the vacant possession value capitalising the Market Rent at an all risk yield.

In order to prepare these valuations we have considered comparable market evidence and general market conditions.

30 Market Conditions

30.1 National Market Overview

The Q1 2021 RICS UK Commercial Property Survey results show perceptions on the current stage of the real estate cycle shifting in a more positive direction, with a growing share of respondents viewing the market as in the early stages of an upturn. That said, the industrial/logistics sector, as well as some alternative asset classes, appear to be driving the bulk of this improvement, while activity remains subdued across the retail and office sectors.

On the occupier side of the market, the headline tenant demand indicator posted a net balance reading of -5%. This is up from -27% in the previous quarter and is now consistent with a broadly steady trend in occupier demand at the aggregate level. Looking into the sector specific details, a net balance of +57% of respondents reported an increase in tenant demand for industrial space (the strongest reading since 2015). At the same time, the tenant demand net balances came in at -34% and -55% for the office and retail sectors respectively (slightly less negative than -63% and -78% last quarter).

Meanwhile, availability remains on the rise across the retail sector, albeit this quarter's increase appears slightly more modest compared to Q4, with the latest net balance moving to +63% from +73% previously. Although the regional figures point to London seeing the strongest increase in retail vacancies over the quarter, there was still a widespread pick-up in availability across all other parts of the UK.

In response to the announcement by government of new rules extending Permitted Development Rights (PDR) to allow commercial premises, including retail, to be converted into residential, respondents were asked for their views around critical features of the policy. Two areas came through has being particularly important. Around three-quarters of survey participants felt the extension of PDR needed to be supported by minimum standards of quality and space for the housing units produced. In addition, an equal share of respondents felt some local authority oversight is essential to ensure healthy high streets are maintained. Crucially, only 6% felt an accompanying regulatory framework would not be needed.

The availability of leasable office space also continues to rise, evidenced by a net balance of +54% of respondents noting an increase (identical to the reading posted in each of the last three reports). Going forward, propelled by the increase in remote working during the pandemic, 95% of survey participants expect businesses to scale back their office footprint to some extent over the next two years (93% took this view 6 months ago). The largest share of contributors (30%) feel this will come in the form of a 5-10% reduction, although one-fifth sense office space requirements could be trimmed by between 10% and 15%.

By way of contrast, the supply of industrial space continues to tighten, with a net balance of -39% of contributors noting a further decline in availability during Q1. Given these dynamics, industrial rental growth expectations strengthened over the quarter, with respondents now anticipating a 4% rise over the coming twelve months (up from 3% growth envisaged in Q4). Alongside this, projections remain steeped in negative territory across the office and retail sectors, with respondents foreseeing rents declining by 5% in the former and 10% in the latter over the next twelve months (slightly less negative than -6% and -12% forecast previously).

In terms of investment market trends, the headline net balance for investment enquiries rose to +4% in Q1, following a reading of -12% last time out. As such, this marks the first occasion since Q3 2018 in which this indicator has been in positive territory. Nevertheless, with the industrial sector posting a net balance of +59%, against readings of -18% and -44% for the office and retail sectors respectively, investment demand conditions remain highly divergent across different portions of the market.

For the coming twelve months, capital value expectations remain firmly negative for office and retail properties (prime and secondary). Even so, projections have at least turned a little less downbeat relative to where they stood at the end of last year. For the industrial sector, respondents envisage a further acceleration in capital value growth, although gains across prime assets are still expected to outstrip those for secondary. For the alternative sectors covered in the survey, capital value expectations moved further into positive territory for multifamily residential, data centres, and aged care facilities. At the other end of the spectrum, capital values are still anticipated to decline across hotels and student housing.

Across the UK as a whole, 32% of respondents now view overall market conditions to be consistent with the early stages of an upturn (a significant increase on 12% taking this stance last quarter). Nonetheless, 38% of contributors still consider the market to be turning down, although this is a much smaller share compared to the 63% who were of this opinion last quarter.

30.2 Local Market Overview

From Costar we research that there have been 61 lettings of industal / warehouse premises within the last 5 years within 5 miles of Doncaster. The rents ranged from £2.25 to £7.20 psf with a reported average of £5.14 psf. The averge time on the market was 22 months.

From Costar we research that there have been 31 industrial / warehouse sales within 5 miles of Doncaster in the last 5 years (excluding portfolios). The units range from 2,580 sq ft to 685,829 sq ft and the sales rates from £8.56 to £127 psf with an average sales rate of £60.20 psf.

30.3 Rental Evidence and Considerations

To an extent the subject Property is self-evidencing as most of the units have let in the last 2-3 years. The rents are as follows:

Tenant	Unit	Sq M	Sq Ft	Passing Rent Pa	Passing Psf
Doncaster Steel Fabrications LTD	1	1,137	12,239		
	5 offices & 6 canteen	78	845		
	Total 1, 5 & 6	1,215	13,083	£50,000	£3.82
Norton Cast Products Ltd	2	2,273	24,467	£50,724	£2.07
D & H Fabrications LTD	3	437	4,703	£13,200	£2.81
Wright Engineering LTD	4	382	4,107	£14,000	£3.41
Equalityre	7	1,045	11,251		
	8	1,017	10,949		
	9 a & b	899	9,674		
	Total 7, 8, 9 a & b	2,961	31,874		
	Open sided	571	6,145		
	Total 7, 8, 9a & b inc open sided	3,532	38,020	£89,600	£2.36
Simplex Supplies LTD	10a & b	621	6,683	£18,500	£2.77
Kitchen Factory Shop	10c	329	3,536	£12,000	£3.39
ET Developments LTD	11a	196	2,107	£9,765	£4.63
Compass Vehicle Solutions LTD	11b	289	3,111	£9,600	£3.09
Simplex Supplies Limited	12	165	1,776		
Wrights Removals and Storgae Ltd	13	404	4,348	£14,000	£3.22

The rents range from £2.07 to £4.63 psf which vary depending on size and quality of the buildings. The buildings do vary in size and quality and so it is only normal that the rents vary. We do comment that we consider some of the rents appear full for the nature of the buildings. That said, in recent years many older industrial complexes have been sold for residential development so there now remain fewer secondary basic industrial estates.

Regionally some comparable letting evidence of older properties include:

Milethorne Works, Milethorne Lane, Doncaster DN1 2SU
This 18,543 sq ft older industrial unit let in October 2020 at a rent of £3.23 psf on a 10 year lease.

Unit 29, Wheatley Hall Business Park, Doncaster DN2 4LP
In Oct 2020 this 6,214 sq ft older industrial unit let at £35,000 pa on a 5 year lease, with 2 months rent free. The rents equates to £5.63psf.

Units 1 & 2, Bentley Moor Lane, Doncaster DN6 7BH
In September 2020 this 52,457 sq ft unit let at a rent equating to £3.62 psf.

Unit 4 at Wheatley Hall Road, Doncaster DN2 4LT
In October 2019 this 81,471 sq ft industrial unit let at a rent equating to £3.50 psf.

Suite 11G, Carcroft Enterprise Park, Doncaster DN6 8DD
In Jan 2017 this 7,404 sq ft unit let a rent of £3.00 psf.

Elsewhere in the region:

Unit 19, Ollerton Road, Newark
Griffin Freight Services have taken a 29,519 sq ft industrial unit for a term of 10 years from October 2020. The rent equates to a headline of £2.71 per sq. ft. although we have not been provided with details of any incentives. The building dates from the 1980s and is located close to the A1.

Unit 3, Strawsons Buildings, Gainsborough
An unnamed tenant has taken a 33,212 sq ft industrial unit for a term of 7 years from October 2019. The rent equates to a headline of £2.75 psf. although we have not been provided with details of any incentives. The building dates from the 1980s and has limited yard area.

Unit A, Deacon Road, Lincoln
Turnbull and Company took a 20,716 sq ft industrial unit for a term of 15 years from October 2019. The rent equates to a headline of £2.77 psf. It is unclear if the lease term incorporates any break options, which we would expect. The building dates from the 1980s.

Hangar 2, Walsh Way, Gainsborough
Sports Direct took a 44,212 sq ft former hangar building for a term of 5 years from November 2018 at an effective rent of £1.31 psf. The building is of the same age, size and construction as those at the Property. One month later the tenant took another identical hangar let at £1.26 psf.

Hangar 3, Forest Lane, Newark
Deanestor took a 32,991 sq ft former hangar building for a term of 5 years from August 2018 at an effective rent of £1.50 psf. The building is slightly smaller than those at the Property.

Terminal 1 Warehouse, North Moss Lane, Grimsby
Origin Fertilisers Limited have taken a 101,424 sq ft warehouse building for a term of 10 years from August 2018 with a tenant break at 5. The rent equates to a headline of £2.71 per sq. ft. and a net effective figure of £2.25 psf. This building is situated within close proximity to the port.

The buidlings at the Property are in varying conditions. Generally they suit the engineering and basic storage requirements. In our opinon the achieved rents are good rents for the buildings, but given they are recent lettings we have adopted the passing rents as Market Rents.

30.4 Investment Evidence

We have researched multi-let industrial estates across the north of England, as follows:

Tokenspire Business Park, Hull Road, Beverley HU17 0TB

In Jun-2019 Regional REIT sold the freehold interest in Tokenspire Business Park located in Beverley for £11.1m reflecting a net initial yield of 7.43% to Sanne Group. The estate extends to 24.43 acres and comprises of 313,246 sq ft of commercial space. The property is let to 33 tenants and provides a total rental income of £825,800 per annum with a WAULT of 1.24 years to break and 2.13 years to expiry. Rents for the industrial units on the estate are ranging from £1.05 per sq ft to £6.65 per sq ft.

Towngate Business Park, Widnes

In Mar-2021 this business park was acquired by Harworth for £12.7m (£48 psf). The park is a multi-let industrial estate and former Golden Wonder food factory and comprises a total of 262,000 sq ft of industrial space, which has been divided into nine warehouse units ranging from 4,000 sq ft to 77,000 sq ft, and 3.8 acres of open storage. The asset is fully let and generates a rental income of £958,000 per annum with a WAULT of 4.3 years. This reflects a net initial yield of 7.1% and a reversionary yield of c. 9.4%.

Mandale Business Park, Belmont Industrial Estate, Durham DN1 1TN

In Nov-2020 this light industrial estate sold for £11.2m equating to a NIY of 7.08%. The estate comprised 37 units totalling 136,000 sq ft, almost fully let to 31 tenants with a current passing rent of £793,374 pa (average £5.83 psf).

Kingston Way Factory Estate, Stockholm Road, Hull HU7 0XW

In Oct-2020 A multi-let estate comprising 12 units producing £102,130 pa, with 1 vacant and 2 under offer. It sold at auction for £1.362m representing a net initial yield of 7.07% and an anticipated reversion to 9.21%.

Hunter Drive, Airfield Business Park, Elvington, York YO41 4AU

In February 2020 In-Site Property Solutions Ltd purchased the freehold interest in the Bowker Group site at Airfield Business Park, Elvington, from GICO Ltd for £2.1m for investment purposes producing a Net Initial Yield of 7.62%. The property went on the market in Q3 2019 for £2.1m. The property extends to 36,525 sq. ft. (3,393 sq. m.) of industrial, high bay warehouse accommodation of steel portal frame construction with office space on the first floor.

Humber Enterprise Park, Brough HU15 1EQ

In December 2019 Citivale concluded an £18.5m refinancing deal in a joint venture with real estate investor Westcore Europe.The annual rental income of the Humber Enterprise Park is £1.8m, with a net initial yield of 9.29%. Humber Enterprise Park incorporates one million sq ft of office and industrial space plus 20 acres of development land.

Unit 3-7 Hambleton Grove, Knaresborough HG5 0DB

A freehold estate of 8 units let producing an income of £218,306 pa sold in June 2021 for £2,860,000 reflecting a net initial yield of 7.17%. this was an auction sale.

Kingson Way Factory Estate, Stockholme Road, Hull HU7 0XW

A freehold estate comprising 12 industrial units on a site of 1.84 acres, producing a rent of £102,130 pa, sold in Oct 2020 for £1,362,000 reflecting a net initial yield of 7.07%

The yields range form 7.04% to 9.4%. The estates will vary considerably with different occupancy / vacancy levels, with buildings of different ages and condition, with a range of rents that might be rack / over or under rented. Whilst of course these comparables are relevant for valuation purposes there is no one estate that is likely to be similar to the subject Property which is older and probably in poorer condition than most estates. We will therefore adjust the yield applied.

30.5 Freehold Vacant Possession Sales Evidence and Considerations

We have had regard to a range of vacant possession sale transactions as follows:

BMB, Arskey Lane, Doncaster DN5 0SJ

In December 2018 this 8,403 older industrial building sold for £475,000 equating to £56.53 psf.

Former Abbey Glen Laundry, 451 Bentley Road, Doncaster DN5 9TJ

This 22,216 sq ft industrial complex dating from 2000 is under offer at £775,000 equating to £34.88 psf.

Former Foundry, Carr Hill, Doncaster DN4 8DE

This 1960's 28,093 sq ft former foundry sold in November 2017 for £375,000 equating to £13.35 psf.

Trackwork Limited, Sandall Lane, Doncaster DN3 1LL

This large 1979 industrial complex of 292,105 sq ft sold in November 2017 for £2.5m equating to £8.56 psf.

Most of the remainder evidence is of more modern premises.

Elsewhere in the region:

Unit 1, Lancaster Business Park, Spilsby

In April 2021 Harlequin Manufacturing acquired the detached former WWII hangar building for £500,000. The unit has a total net area of 30,000 sq ft. The sale price equates to £16.67 psf. The unit is part of an estate with a 20,000 sq ft unit and a 30,000 sq ft unit still available.

Former Rase Distribution unit, Wickenby Airfield, Lincoln

In January 2021 an unnamed party purchased the former Rase Distribution depot for £500,000. The buildings are basic former hangars and have a total gross area of 97,155 sq ft. The sale price equates to £5.15 psf on the buildings.

Unit 11, Prove Road No.3, Nottingham

In September 2019 the JRL Group purchased the former Armitage Pet Care factory for £2,250,000. The buildings have a total gross area of 51,610 sq ft on a 4.02-acre site. The sale price equates to £43.60 psf on the buildings.

Former Canute Haulage, Gamston Airfield, Retford

In July 2019 Elddis Transport purchased the former Canute Haulage depot from administrators for £2,389,375. The buildings have a total gross area of 64,775 sq ft on a 14.88-acre site. The sale price equates to £36.89 psf on the buildings.

Wilsford Heath Warehouses, Barkston Heath, Grantham

In June 2019 Beauparc Group purchased the land and buildings for £5m. The buildings have a total gross area of 232,325 sq ft on a 21.41-acre site. The sale price equates to £21.52 psf on the buildings. The site comprises 4 former hangars together with 2 larger warehouses.

Havenside, Fishtoft Road, Boston

The property comprises a substantial self-contained manufacturing and distribution facility, formerly occupied by Fogarty Quilts & Pillows, which has been developed on a piecemeal basis to provide a series of single storey multi-bay warehouses, totalling 473,444 sq ft on 26.5 acres. It is currently on the market at 'offers in the region of £4.5m'. The guide price equates to £9.50 psf.

Rotherham 125, Rotherham Road, Rotherham S66 8EL

In February 2021 Urban Logistics REIT plc purchased the 85-yr long leasehold interest in Rotherham 125 from Goodman UK for £3,800,000 as an investment, reflecting a net initial yield of 10.8%. The asking price was £4,455,000. The 124,966 sq ft industrial property is let to Green Forest Solutions for a term of 5 years through to 2025. The rent is £3.50 per sq ft. The sale completed with a lower achieved price compared with asking due to problems with the condition of the roof.

31 Valuation Approach and Reasoning

Valuation considerations include:

31.1 Sale Price

The Property is already owned. We understand that the Property was bought in December 2017 for £1.3m which based on the reported 117,362 sq ft which equates to £11.08 psf. This was with vacant possession.

31.2 Location / Situation and Competition

The location is an established industrial location. We do not anticipate this changing in the short to medium term future.

31.3 Building Design / Suitability

The buildings are dated industrial buildings that are in basic / well used condition. There will be ongoing maintenance and repairs required and at some stage the buildings may require re-roofing and cladding. This will depend on the occupational tenant's requirements – many tenants are content with the current condition of the buildings.

31.4 Site / Environmental Issues

We do not have any environmental reports. The estate has been in industrial use for over 60 years so some isolated contamination could be possible. There is asbestos sheeting (and probably other asbestos) on site, which whilst in situ is not an issue. Any works to the site must be carried out by a appropriate contractors.

31.5 Planning / Statutory Issues

There are no current applications or recent permissions that impact on the value.

31.6 Tenure

Freehold.

31.7 Market Rent

The passing rent is £290,989 pa which we consider are good rents for the nature of the buildings, however, given these are all recent lettings they can only be considered market rents. If we add the vacant office the full Market Rent would be £304,534 pa.

31.8 Letting Prospects

The buildings are older 'well used' buildings. This type of accommodation does suit some occupiers and therefore we comment there will be a level of demand, but the accommodation will not suit all occupiers, many of whom require buildings in better condition.

32 Valuation Approach and Reasoning

32.1 Market Value in its current condition subject to, and with the benefit of, any existing leases or tenancies

The Property is a 96% let investment in terms of potential rental income. We are cognisant that there are several of the companies in occupation owned by the same directors as the Borrower. Some of these buildings do not appear in full use. There is a range of investment yield evidence from c.7% to c.9%. We do consider to reflect the age, condition and nature of the buildings and the Borrower related occupancy it is necessary to move the yield out marginally. A purchaser will be aware that further capital expenditure to maintain and improve the buildings will be required. Below is a table of yields and the capital values (after purchaser's costs – stamp duty, legal and agent fees).

Initial Yield	Market Value	CV psf
9.00%	£3,240,000	£30.32
10.00%	£2,940,000	£27.51
11.00%	**£2,680,000**	**£25.08**
12.00%	£2,480,000	£23.20

We consider the appropriate Market Value is the 11% / £2,680,000.

The above value includes the vacant office building which we have valued at an all risks yield of 14%. If let this would then increase to the 10% we have applied to the remainder. The difference is £38,700 being marginally above the £30,000 capital expenditure proposed by Colin Wright.

32.2 Estimated Market Rental value for the subject Property

The units within the estate have let within the last 2-3 years, since purchase. We do consider the rents appear at a good level given the nature, condition and age of the buildings, but given they let we adopt the passing rent as Market Rent. We have added the Office building (14) at £5 psf (£13,554 pa assuming it is put into good occupiable condition).

32.3 Market Value on the Special Assumption that it is in its current condition subject to, and with the benefit of, any existing leases or tenancies assuming a sale to be completed within 90 days

The 90 day (3 month) period is fairly short. We have little specific evidence of restricted marketing period sales from which to draw direct comparison. One option is to sell at auction – there is various evidence of sales in auction but few of multi-let estates, one being the property at Knaresborough (listed above). Therefore, given the lack of evidence, the amount, or percentage, that we have adjusted the Market Value by in order to assess the Market Values subject to a restricted marketing or sale period, is a matter of uncertainty. In the current market, it is possible that at auction or in a private sale the Market Value we have reported may be achieved in a 90 day sale period. However, if a potential purchaser gets to know that the sale has to be completed within a restricted timescale, they then have (or consider themselves to have) the negotiating advantage and may well take the opportunity to 'chip' on their offer.

We therefore report this restricted marketing period Market Value at a £2,480,000 reflecting a 12% yield (7.5% lower than Market Value).

32.4 Market Value of the Property on the Special Assumption assuming Vacant Possession

We have approached this valuation in three ways.

1) Given it is a multi-let investment a potential purchaser may consider it suitable for the same use. We have therefore assumed a purchaser buys the estate to re-let it. We have adopted the same investment yield of 11%, but adjusted this by 1.5% for risk. We have deducted purchaser's costs (stamp, legal and agents fees), deducted an average of 15 months void, an average of 3 months rent free, empty rates costs (estimated) and agents letting an legal fees. This gives a value of £1.64m.

2) We have applied an all risks yield of 17.5% to the Market Rent of £304,534 giving a Value of £1.74m.

3) We have applied a range of capital values ranging from £7.50 to £25 psf depending on the standard age and condition of the individual buildings, which gives a value of £1.7m.

Given these are all similar figures we have adopted a Market Value with Vacant Possession of £1.7m. Given it was bought in 2017 this appears a reasonable / appropriate increase over the last 4 years.

33 VALUATIONS

Market Value 1 (MV1) - in its current condition subject to, and with the benefit of, any existing leases or tenancies;

We are of the opinion that subject to the Assumptions in this Report the Market Value as at the valuation date was **£2,680,000 (Two Million Six Hundred and Eighty Thousand Pounds)** exclusive of VAT.

We are aware the Borrowers expectations were a value in the order of £3m. We would certainly recommend this as an asking price if the Property was placed in the open market, however, we consider the Market Value reported is appropriate for loan security purposes.

Market Value 2 (MV2) - in its current condition subject to, and with the benefit of, any existing leases or tenancies on the Special Assumption of assuming a sale to be completed within 90 days;

We are of the opinion that subject to the Assumptions and Special Assumption(s) in this Report the Market Value as at the valuation date was **£2,480,000 (Two Million Four Hundred and Eighty Thousand Pounds)** exclusive of VAT.

This valuation assumes the businesses with common directors remain in occupation and paying rent. If they were to default, then this would affect the valuation figures.

Market Value 3 (MV3) – on the Special Assumption of Vacant Possession

We are of the opinion that subject to the Assumptions and Special Assumption(s) in this Report the Market Value as at the valuation date was **£1,700,000 (One Million Seven Hundred Thousand Pounds)** exclusive of VAT.

Market Rent 1 (MR1)

We are of the opinion that subject to the Assumptions in this Report the Market Rent as at the valuation date was **£305,000 (Three Hundred and Five Thousand Pounds)** pa exclusive of VAT.

Summary of Values	Valuation
Market Value 1 (MV1) - in its current condition subject to, and with the benefit of, any existing leases or tenancies	£2,680,000
Market Value 2 (MV2) - in its current condition subject to, and with the benefit of, any existing leases or tenancies on the Special Assumption of assuming a sale to be completed within 90 days	£2,480,000
Market Value 3 (MV3) – on the Special Assumption of Vacant Possession	£1,700,000
Market Rent 1 (MR1)	£305,000

34 Summary of Recommendations

- We recommend your solicitors review the leases.
- We have not been informed of the loan to value ratio. If this is high, you might want to obtain some cost estimates for future maintenance and repairs works that are the landlords (Borrowers) liability. If roof or elevations repair or replacement works are required then the capital expenditure could be significant.
- EPCs should be obtained on all the units being let.
- The access rights should be checked by your solicitors.
- We recommend you review accounts to confirm the gross rents being received.
- You should satisfy yourself regarding the relationship between the Landlord / Borrower and those tenants that have joint directorships. If the income from these tenants changes this would impact on the values we have reported.

35 Suitability as Loan Security

Although we comment on the suitability of the Property as loan security, we do so generally and not in the context of the specific loan terms on which we are not qualified to do so.

We have assumed that a Lender will (1) satisfy themselves as to their Customer's ability to finance the proposed loan repayments and (2) ensure compliance with the usual lending criteria of the Lender.

Subject to the above, noting the content of this Report and any Special Assumptions, we consider the Property is suitable security for loan purposes.

This Report and valuation has been carried out by Bruce Allan MRICS (RICS No: 1127361) Partner, an RICS Registered Valuer qualified for the purpose.

Peer reviewed by Peter Hague MRICS (RICS No: 0082600) Partner RICS Registered Valuer.

For and on behalf of Carter Jonas LLP
Date of Report: 8th May 2021
Carter Jonas LLP Reference: J0045774

Appendix 1

Instruction Letter

Appendix 2

Carter Jonas Letter of Engagement

Carter Jonas

First Floor
9 Bond Court
Leeds
LS1 2JZ

M: 07768 006740
E: bruce.allan@carterjonas.co.uk

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

6th June 2021

Your ref:
Our ref:

Dear Brian Bartaby

PROPERTY VALUATION

Client:	**Proplend Security Limited**
Borrower:	**Maridian Limited**
Property:	**Wright Business Park, Carr Hill, Balby, Doncaster DN4 8DE**
Purpose:	**Loan security**
Interest:	**Freehold**
Type / Use:	**Industrial**
Currency:	**Pound Sterling (£ GBP)**

Thank you for your instruction to act on your behalf. This Letter of Engagement ("Letter") should be read in conjunction with our Terms of Engagement ("Terms") which are available in the Terms & Conditions section at the foot of our website (www.carterjonas.co.uk), or by request.

This Letter sets out the agreement between the parties. Any subsequent changes will be discussed with you and where appropriate a new Letter or written confirmation of agreed variations will be issued.

We are required to confirm the following details prior to submission of our Report. We would be grateful if you could sign this letter and return it to us. Please note that we will be unable to release the Report until this has been received.

Our services

Carter Jonas is instructed to undertake a valuation of the above detailed Property. The valuation will be completed in accordance with the RICS Valuation – Global Standards 2020 which incorporates the International Valuation Standards (the 'RICS Global Red Book').

Fees and expenses

The agreed fee will be £4,000 plus VAT to be paid by the Borrower.

Basis of Value

You have instructed us to provide Market Value and Market Rent, defined below:

Market Value (MV) as defined in VPS4 of the 'Red Book' being 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

Market Rent (MR) as defined in VPS4 of the 'Red Book' being 'the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

You have also instructed us to provide the following Special Assumption Valuations:

- 90 day restricted sale
- Vacant Possession

We are required by the RICS to comment on valuation uncertainty. Any valuation figures provided subject to Special Assumptions of restricted sales timescales introduce a degree of uncertainty because the onus is put on the purchaser to complete within that timescale. If a potential purchaser gets to know that the sale has to be completed within a restricted timescale, they then have (or consider themselves to have) the negotiating advantage and may well take the opportunity to 'chip' on their offer. This is a high risk strategy particularly if there are limited interested parties. Also where we provide, restricted marketing or sale period Market Valuations, we comment that we have no specific evidence of restricted marketing period sales from which to draw direct comparison. Therefore, given the lack of evidence, the amount, or percentage, that we have adjusted the Market Value by in order to assess the Market Values subject to a restricted marketing or sale period, is a matter of uncertainty.

Valuation Date

June 2021

The valuation will be undertaken by Bruce Allan MRICS for and on behalf of Carter Jonas LLP. We will act as an External Valuer, as defined by the Red Book.

We confirm that the Valuer has no known material connection or involvement with the subject of the valuation or the client. We have undertaken other valuations of properties where the Borrower is the same.

The Valuer is an RICS Registered Valuer and is in a position to provide an objective and unbiased valuation. The Valuer has sufficient current local and regional knowledge of the particular market together with the skills and understanding required and is competent to undertake the valuation.

Assumptions or Departures

In preparing the report, unless otherwise stated by the Valuer, the following assumptions will be made which the Valuer shall be under no duty to verify:

- That all materials and fire safety precautions including external cladding systems; glazing, doors, external wall system and / or internal wall system (including insulation and fire breaks) of any building or structure comply with The Building Regulations for England & Wales 2010, Building (Scotland) Regulations 2004 or The Building Regulations (Northern Ireland) 2012 or any re-enactment thereof. Carter Jonas LLP accept no liability for any loss associated with any non-compliance with these Regulations.
- No harmful or hazardous material has been used in the construction of the Property or has since been incorporated and that there is no contamination in or on the ground, and it is not landfilled ground.
- That good title can be shown and that the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.
- That the Property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the Property, nor its condition, nor its use, nor its intended use, is or will be unlawful.
- That inspection of those parts that have not been inspected would not reveal a material defect nor cause the Valuer to alter the valuation materially.
- Unless otherwise stated, that no contaminative or potentially contaminative uses have ever been carried out on the Property and that there is no potential for contamination of the subject property from past or present uses of the Property or from neighbouring property.
- Unless stated to the contrary we shall assume that all uses evident at the time of our inspection are fully authorised and are not in contravention of any planning permission or any condition(s) and that all necessary statutory requirements including, but not limited to, planning, building regulations, environmental, employment, fire, health and safety have been complied with.
- There have been no changes in the physical characteristics of the Property between the date of our inspection and the publication of our report.
- The valuation will only take into account those items of plant and machinery which primarily provide services to the land and buildings and which the open market regards as an integral part of the Property.

Extent of Investigations

The Valuer will carry out inspections and investigation to the extent necessary to produce a valuation, which is professionally adequate for its purpose.

Unless agreed otherwise with you:

- The Valuer will undertake a visual inspection of so much of the exterior and interior of the Property as is accessible with safety and without undue difficulty, as can be seen whilst standing at ground level within the boundaries of the site and adjacent public / communal areas and whilst standing at the various floor levels, which the Valuer considers reasonably necessary to provide the Valuation, having regard to its purpose.
- We will measure the Property in accordance with the latest edition of RICS Code of Measuring Practice/or for offices IPMS.
- The areas we report will be appropriate for the valuation purpose, but should not be relied upon for any other purpose.

- The Valuer will have regard to the apparent state of repair and condition of the Property but would not carry out a building survey nor inspect roof voids, raise boards, move anything or those parts of the Property, which have been covered, unexposed or inaccessible. Such parts will be assumed to be in good repair and condition. The Valuer will not be under a duty to use a moisture detecting meter or arrange for the testing of electrical, heating, plant or other services.
- If the Valuer's inspection suggests that there may be material hidden defects the Valuer will so advise and may exceptionally defer submitting a final report until the results of further investigations are available.
- Carter Jonas will provide no advice or make any recommendation or representation as to the combustibility or compliance (or otherwise) with fire safety regulations of any external cladding systems, glazing, doors, external wall system and/or internal wall system (including insulation and fire breaks) of any building or structure, including for the avoidance of doubt whether any such systems or building or structure complies with The Building Regulations for England & Wales 2010, Building (Scotland) Regulations 2004 or The Building Regulations (Northern Ireland) 2012 or any re-enactment thereof. If and to the extent that any such advice is required by the client, then the client will be required to directly engage an appropriate specialist third party consultant, and the client acknowledges that it will exclusively rely on the advice of such specialist third party consultant in respect of such matters. If and to the extent that any professional services are provided in relation to any building or structure which requires an External Wall Fire Review in the form of Form EWS1, or where any building design and construction (including any modification) has been certified by an Approved Person as defined by Form EWS1, then Carter Jonas be entitled to assume and rely, and shall be deemed to have relied, upon both the contents of and the valid and correct completion of Form EWS1.
- We will rely upon pubic access website and verbal information obtained from the relevant local planning or municipal authority which will be assumed to be correct. No responsibility can be accepted for any misstatement of omission in information supplied to us at the time of our enquiries. No formal search of planning registers will be made. We will provide details on entries in the valuation lists but will not advise as to the current validity of the District Valuer's assessment, nor any potential liability for retrospective payments.
- The report will not identify the existence of contamination unless, by agreement with the client, reports thereon from others have been obtained and made available to the Valuer, who will have no liability in respect thereof. If, however, the Valuer in the course of the Valuation inspection concludes that there may be material contamination, the Valuer will report this to the client with a view to a decision being taken as to whether the Valuers instructions are to be amended.
- You have asked for an assessment of reinstatement costs for insurance against fire and other perils, of the completed development. We are not cost consultants (quantity or building surveyors). For guidance purposes only we will provide an assessment of the reinstatement costs based on Building Cost Information Services (BCIS) average costs, which comprise the building cost plus preliminaries but not external works. We will apply the BCIS Mean Price to the gross internal area of the building. We will also allow estimated sums for demolition, professional fees, shoring and public preliminaries (where appropriate). We will allow for external works immediately around the building in the event the building is damaged and for perimeter walls and fencing, should they be damaged. We only allow for the whole of the surfaced areas if the property is in a flood plain. If the Property is listed or in a conservation area we apply Upper Quartile Costs, but would recommend the assessment is reviewed in detail by a cost consultant and the replacement assumptions agreed with the Local Authority Listed Building officer or Historic England. If this approach is not agreeable, please contact us. Please note the reinstatement figure may be different to current new-build costs.

Nature and Source of Information to be relied upon

The Valuer shall, unless otherwise expressly agreed, rely upon information provided by the client and / or the client's legal or other professional advisors relating to tenure, leases and all other relevant matters.

The Valuer accepts no responsibility or liability for the true interpretation of the client's legal title in the Property.

The valuation has been prepared on the basis of restricted information, in that the Property has been valued without inspection and the limited information available has required us to make certain assumptions as to the nature and condition of the Property which will impair its accuracy.

Report Format

The Report will be produced in accordance with the requirements of VPS3 of the Red Book.

Consent to Publication

Neither the whole nor any parts of the report nor any reference to it may be included in any published document, circular or statement nor published in any way without the Valuer's written approval of the form and content in which it may appear.

Limitations

The report will be provided for the stated purpose and for the sole use of the named client. It will be confidential to the client and their professional advisors. The Valuer accepts responsibility to the client alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor but accepts no responsibility whatsoever to any parties other than the client. Any such parties rely upon the report at their own risk.

Third Party Reliance

Responsibility for our valuation extends only to the named client to whom it is addressed. However in the event of us being asked by you to readdress our report to another party or other parties or permit reliance upon it by another party, we will give consideration to doing so subject to an agreed additional fee.

Where we consent in writing to reliance on our report by another party(ies), we do so on the condition that the other party is bound by these terms, as though they had been a party to the original letter between us and where you act on behalf of a syndicate or in relation to a securitisation, you agree that you are not entitled to pursue any greater claim on behalf of any other party than you would have been entitled to pursue on your own behalf had there been no syndication or securitisation.

Where you provide a copy of and/or permit another party(ies) to rely upon our valuation report without obtaining our express written consent and fail to provide us with the written consent of any other party (ies) who have received our report to be bound by this letter, you agree to indemnify us for any and all liability which arises from the use of or reliance upon our report by such unauthorised party.

Professional Indemnity Insurance (PII)

Carter Jonas LLP has PII cover in accordance with RICS requirements please refer to our Terms.

Limitation of Liability

It is our Policy to exclude and/or limit our liability to Client's in certain situations. Please read the "Limit of Liability" section in our Terms.

Please be advised that our liability under this Agreement will be limited to 25% of the Market Value (as defined in the RICS Red Book, for the property in current condition), subject to a maximum of £5 million.

Compliance and Duty of Care

This report may be investigated the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

You acknowledge that any duty of care which an individual Chartered Surveyor / Valuer would otherwise owe to you, whether he / she be a partner, associate or an employee of Carter Jonas LLP, is specifically excluded on the basis that you are entirely relying on the duties owed to you by Carter Jonas LLP, Chartered Surveyors, as a well established professional practice.

Complaints Procedure

Carter Jonas LLP is regulated by the RICS and is registered with relevant ombudsman services. Please refer to our Terms.

Conflicts of Interest

Carter Jonas LLP has procedures in place to ensure that appropriate conflicts checks are carried out on every instruction so that any conflicts, or potential conflicts in accordance with the RICS guidance. Please refer to our Terms.

Abortive Fees and Additional Work

In the event that you withdraw your instructions to us prior to completion of a valuation, we reserve the right to charge a fair and reasonable proportion of our fees and any agreed disbursements.

If we have sent you a draft valuation report, such fees shall be subject to a minimum of 95% of the fee originally agreed between us. Or, if the fee has been agreed on an hourly basis, we shall charge for the hours accrued until your notice of termination.

If we are required by you to undertake any additional work in relation to this instruction, we reserve the right to charge an additional fee on a time engaged basis at our standard rates: available on request. This also applies where we are asked to review a legal report or Certificate of Title provided to us more than 8 weeks after we have submitted our report (either in draft or final), or if the time between issuing our draft and final report exceeds 8 weeks.

Financial Advice

Nothing in the valuation or advice we provide to you shall constitute financial advice or assistance.

I trust you will find all in order but please do not hesitate to call me about this Letter or our Terms. To confirm your acceptance of these Terms please return a signed copy to me or provide your written acceptance by email, otherwise your continuing instructions will amount to acceptance of these Terms.

Yours sincerely

Bruce Allan

E: bruce.allan@carterjonas.co.uk
M: 07768 006740

Appendix 3

Example Lease

01 March 2021

Maridian Limited

and

Wright Removals and Storage Limited

Lease

Relating to

Unit 13 of Wright Business Park, Doncaster DN4 8DE

LEGAL & FINANCE

First Floor, Leopold Wing,

Fountain Precinct, Balm Green, Sheffield S1 2JA

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THIS DEED IS DATED

PARTIES

(1) **MARIDIAN LIMITED** incorporated and registered in England and Wales with company number 11989047 whose registered office is Noel Village Foundry , Balby Carr Bank, Doncaster (the **Landlord**);

(2) **Wright Removals and Storage Limited** incorporated and registered in England and Wales with company number 07563476 whose registered office is at Wright Business Park, Carr Hill, Doncaster DN4 8DE (the **Tenant**);

AGREED TERMS

1. INTERPRETATION

The following definitions and rules of interpretation apply in this lease.

1.1 Definitions:

Act of Insolvency:

(a) the taking of any step in connection with any voluntary arrangement or any other compromise or arrangement for the benefit of any creditors of the Tenant or any guarantor;

(b) the making of an application for an administration order or the making of an administration order in relation to the Tenant or any guarantor;

(c) the giving of any notice of intention to appoint an administrator, or the filing at court of the prescribed documents in connection with the appointment of an administrator, or the appointment of an administrator, in any case in relation to the Tenant or any guarantor;

(d) the appointment of a receiver or manager or an administrative receiver in relation to any property or income of the Tenant or any guarantor;

(e) the commencement of a voluntary winding-up in respect of the Tenant or any guarantor, except a winding-up for the purpose of amalgamation or reconstruction of a solvent company in respect of which a statutory declaration of solvency has been filed with the Registrar of Companies;

(f) the making of a petition for a winding-up order or a winding-up order in respect of the Tenant or any guarantor;

(g) the striking-off of the Tenant or any guarantor from the Register of Companies or the making of an application for the Tenant or any guarantor to be struck-off;

(h) the Tenant or any guarantor otherwise ceasing to exist (but excluding where the Tenant or any guarantor dies);

(i) the making of an application for a bankruptcy order, the presentation of a petition for a bankruptcy order or the making of a bankruptcy order against the Tenant or any guarantor; or

(j) the levying of any execution or other such process on or against, or taking control or possession of, the whole or any part of the Tenant's assets.

The paragraphs above shall apply in relation to a partnership or limited partnership (as defined in the Partnership Act 1890 and the Limited Partnerships Act 1907 respectively) subject to the modifications referred to in the Insolvent Partnerships Order 1994 (SI 1994/2421) (as amended), and a limited liability partnership (as defined in the Limited Liability Partnerships Act 2000) subject to the modifications referred to in the Limited Liability Partnerships Regulations 2001 (SI 2001/1090) (as amended).

Act of Insolvency includes any analogous proceedings or events that may be taken pursuant to the legislation of another jurisdiction in relation to a tenant or guarantor incorporated or domiciled in such relevant jurisdiction.

Annual Rent: rent at an initial rate of £14,000 per annum and then as revised pursuant to this lease and any interim rent determined under the LTA 1954.

Common Parts: the roads, paths, loading and bin areas, Service Media and other parts of the Estate other than the Property and the Lettable Units.

Contractual Term: a term of years beginning on, and including the date of this lease and ending on, and including 10 years and any period of holding over.

Default Interest Rate: 2% per annum above the Interest Rate.

Estate: each and every part of the property in which the Landlord has an interest known as Wright Business Park, Carr Hill, Doncaster DN4 8DE and registered at HM Land Registry with title number[s] SYK415806, SYK457898, SYK415801, SYK445152, SYK413550, SYK407539, SYK642335 shown edged in blue on Plan 2.

Insurance Rent: the aggregate in each year of the:

(a) gross cost of the premium before any discount or commission for the insurance of the Property, for its full reinstatement cost (taking inflation of building costs into account) against loss or damage by or in consequence of the Insured Risks, including costs of demolition, site clearance, site protection and shoring-up, professionals' and statutory fees and incidental expenses, the cost of any work which may be required under any law and VAT in respect of all those costs, fees and expenses and loss of Annual Rent from the Property for three years;

(b) the Tenant's Proportion of the gross cost of the premium before any discount or commission for the insurance of the Common Parts for their full reinstatement cost (taking inflation of building costs into account) against loss or damage by or in consequence of the Insured Risks, including costs of demolition, site clearance, site protection and shoring-up, professionals' and statutory fees and incidental expenses, the cost of any work which may be required under any law and VAT in respect of all those costs, fees and expenses and public liability in relation to the Common Parts; and

(c) any insurance premium tax payable on the above.

Insured Risks: means fire, explosion, lightning, earthquake, storm, flood, bursting and overflowing of water tanks, apparatus or pipes, impact by aircraft and articles dropped from them, impact by vehicles, subsidence, ground slip, heave, riot, civil commotion and any other risks against which the Landlord decides to insure against from time to time and Insured Risk: means any one of the Insured Risks.

Interest Rate: the base rate from time to time of Barclays Banks PLC, or if that base rate stops being used or published then a comparable commercial rate reasonably determined by the Landlord.

Lettable Unit: a building on the Estate, other than the Property, that is capable of being let and occupied on terms similar to those of this lease.

LTA 1954: Landlord and Tenant Act 1954.

Permitted Use: Storage within Use Class B2 of the Town and Country Planning Order 1987 as at the date this lease is granted.

Plan 1: the plan attached to this lease marked "Plan 1".

Plan 2: the plan attached to this lease marked "Plan 2".

Property: Unit 13, of Wright Business Park, Doncaster (which forms part of the Estate) shown edged red on Plan 1 [but excluding any Service Media in, on, under or over that unit (whether in existence at the date of this lease or installed in the future) that are used by that unit in common with any other part of the Estate.

Rent Commencement Date: 1st March 2021.

Rent Payment Dates: the 1st day of each calendar month during the Contractual Term.

Reservations: all of the rights excepted, reserved and granted to the Landlord by this lease.

Review Date: On the third and sixth anniversary of the date of this lease.

Service Charge: Tenant's Proportion of the Service Costs.

Service Charge Year: is the annual accounting period relating to the Services and the Service Costs beginning on 1st March in 2021 and each subsequent year during the term.

Service Costs: the costs listed in clause 7.2.

Service Media: all media for the supply or removal of heat, electricity, gas, water, sewage, energy, telecommunications, data and all other services and utilities and all structures, machinery and equipment ancillary to those media.

Services: the services listed in clause 0.

Tenant's Proportion: 5% of the rent as the contribution towards the service charge and 2.14% of the rent as contribution to the landlords insurance premium.

VAT: value added tax chargeable under the VATA 1994 and any similar replacement tax and any similar additional tax.

VATA 1994: Value Added Tax Act 1994.

1.2 A reference to this **lease**, except a reference to the date of this lease or to the grant of this lease, is a reference to this Deed and any deed, licence, consent, approval or other instrument supplemental to it.

1.3 A reference to the **Landlord** includes a reference to the person entitled to the immediate reversion to this lease. A reference to the **Tenant** includes a reference

to its successors in title and assigns. A reference to a **guarantor** is a reference to any guarantor of the tenant covenants of this lease including a guarantor who has entered into an authorised guarantee agreement.

1.4 In relation to any payment, a reference to a **fair proportion** is to a fair proportion of the total amount payable, determined conclusively (except as to questions of law) by the Landlord.

1.5 The expressions **landlord covenant** and **tenant covenant** each has the meaning given to it by the Landlord and Tenant (Covenants) Act 1995.

1.6 Unless the context otherwise requires, references to the **Common Parts**, the **Estate**, a **Lettable Unit** and the **Property** are to the whole and any part of them or it.

1.7 The expression **neighbouring property** does not include the Estate.

1.8 A reference to the **term** is to the Contractual Term and statutory continuation of this lease.

1.9 A reference to the **end of the term** is to the end of the term however it ends.

1.10 References to the **consent** of the Landlord are to the consent of the Landlord given in accordance with clause 31.5 and references to the **approval** of the Landlord are to the approval of the Landlord given in accordance with clause 31.6.

1.11 A **working day** is any day which is not a Saturday, a Sunday, a bank holiday or a public holiday in England.

1.12 A reference to laws in general is a reference to all local, national and directly applicable supra-national laws as amended, extended or re-enacted from time to time and shall include all subordinate laws made from time to time under them and all orders, notices, codes of practice and guidance made under them.

1.13 Unless otherwise specified, a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time and shall include all subordinate legislation made from time to time under that statute or statutory provision and all orders, notices, codes of practice and guidance made under it.

1.14 Any obligation on the Tenant not to do something includes an obligation not to allow that thing to be done and an obligation to use best endeavours to prevent that thing being done by another person.

1.15 Unless the context otherwise requires, any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.16 A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

1.17 Subject to clause 31 a reference to **writing** or **written** includes fax but not email.

1.18 Unless the context otherwise requires, references to clauses and Schedules are to the clauses and Schedules of this lease and references to paragraphs are to paragraphs of the relevant Schedule.

1.19 Clause, Schedule and paragraph headings shall not affect the interpretation of this lease.

1.20 Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.

1.21 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.

2. GRANT

2.1 The Landlord lets with full title guarantee the Property to the Tenant for the Contractual Term.

2.2 The grant is made together with the ancillary rights set out in clause 3, excepting and reserving to the Landlord the rights set out in clause 4, and subject to the Third Party Rights.

2.3 The grant is made with the Tenant paying the following as rent to the Landlord:

(a) the Annual Rent and all VAT in respect of it;

(b) the Service Charge and all VAT in respect of it;

(c) the Insurance Rent; and

(d) all interest payable under this lease.

3. ANCILLARY RIGHTS

3.1 The Landlord grants the Tenant the following rights (the **Rights**):

(a) the right to use the roads and paths shown hatched green on Plan 2 for the purposes of vehicular and pedestrian access to and egress from the Property and to and from the parts of the Common Parts referred to in clause (b)

(b) the right to park private cars or motorbikes belonging to the Tenant, its employees and visitors within the area edged red on Plan 2;]

(c) the right to use and to connect into any Service Media at the Estate that belong to the Landlord and serve (but do not form part of) the Property which are in existence at the date of this lease;

(d) the right to display the name and logo of the Tenant (and any authorised undertenant) on a sign or noticeboard provided by the Landlord at the entrance to the Estate in a form and manner approved by the Landlord; and

(e) the right to enter the Common Parts so far as is reasonably necessary to carry out any works to the Property required or permitted by this lease.

3.2 The Rights are granted in common with the Landlord and any other person authorised by the Landlord.

3.3 The Tenant shall exercise the Rights only in connection with its use of the Property for the Permitted Use and in accordance with any regulations made by the Landlord acting reasonably.

4. RIGHTS EXCEPTED AND RESERVED

4.1 The following rights are excepted and reserved from this lease to the Landlord for the benefit of the Estate (other than the Property) [and to the extent possible for the benefit of any neighbouring or adjoining property in which the Landlord acquires an interest during the term:

(a) rights of light, air, support and protection to the extent those rights are capable of being enjoyed at any time during the term;

(b) the right to use and to connect into Service Media at, but not forming part of, the Property which are in existence at the date of this lease or which are installed or constructed during the period of 80 years from the commencement of the Contractual Term; the right to install and construct Service Media at the Property to serve any part of the Estate (whether or

not such Service Media also serve the Property); and the right to re-route any Service Media mentioned in this clause;

(c) at any time during the term, the full and free right to develop any part of the Estate (other than the Property (subject to clause 0) or any part of the Common Parts over which rights are expressly granted by this lease) and any neighbouring or adjoining property in which the Landlord acquires an interest during the term as the Landlord may think fit;

(d) the right to erect scaffolding at the Property or on the Estate and attach it to any building on the Property in connection with any of the Reservations;

notwithstanding that the exercise of any of the Reservations or the works carried out pursuant to them result in a reduction in the flow of light or air to the Property or loss of amenity for the Property provided that they do not materially adversely affect the use and enjoyment of the Property for the Permitted Use.

4.2 The Landlord reserves the right to enter the Property:

(a) to repair, maintain, install, construct, re-route or replace any Service Media or structure relating to any of the Reservations; and

(b) for any other purpose mentioned in or connected with:

(i) this lease;

(ii) the Reservations; and

(iii) the Landlord's interest in the Property or the Estate.

4.3 The Reservations may be exercised by the Landlord and by anyone else who is or becomes entitled to exercise them, and by anyone authorised by the Landlord.

4.4 The Tenant shall allow all those entitled to exercise any right to enter the Property, to do so with their workers, contractors, agents and professional advisors, and to enter the Property at any reasonable time (whether or not during usual business hours) and, except in the case of an emergency, after having given reasonable notice (which need not be in writing) to the Tenant.

4.5 No party exercising any of the Reservations, nor its workers, contractors, agents and professional advisors, shall be liable to the Tenant or to any undertenant or other occupier of or person at the Property for any loss, damage, injury, nuisance

or inconvenience arising by reason of its exercising any of the Reservations except for:

(a) physical damage to the Property; or

(b) any loss, damage, injury, nuisance or inconvenience in relation to which the law prevents the Landlord from excluding liability.

5. THE ANNUAL RENT SERVICE CHARGE AND INSURANCE

5.1 The Tenant shall pay the Annual Rent and any VAT in respect of it monthly in advance on or before the Rent Payment Dates. The payments shall be made by banker's standing order or by any other method that the Landlord requires at any time by giving notice to the Tenant.

5.2 The first instalment of the Annual Rent and any VAT in respect of it shall be made on the date of this lease and shall be the proportion, calculated on a daily basis, in respect of the period beginning on the date of this lease and ending on the day before the next Rent Payment Date.

5.3 The Tenant shall pay the stipulated proportion of the contribution towards the service charge (see tenants proportion at page 4) on the rent payment dates.

5.4 The Tenant shall pay the percentage of the Landlords insurance premium on the rent payment dates.

6. REVIEW OF THE ANNUAL RENT

Base RPI Month: April 2022 or, where there has been at least one review of the Annual Rent in accordance with this clause 6 the month that falls two months before the month in which the most recent prior Review Date fell.

Base Rent: the Annual Rent payable immediately before a Review Date.

Indexed Rent: the rent determined in accordance with clause

Interest Rate: the base rate from time to time of Barclays Bank plc, or if that base rate stops being used or published then at a comparable commercial rate reasonably determined by the Landlord.

Maximum Rent: One Month of the Annual Rent payable immediately before a Review Date.

Minimum Rent: One Month of the Annual Rent payable immediately before a Review Date.

RPI: the Retail Prices Index or any official index replacing it.

Review Date: On the third and sixth anniversary of the date.

Revised Rent: the rent ascertained in accordance with clause 6.2.

6.1 In this clause, the President is the President for the time being of the Royal Institution of Chartered Surveyors or a person acting on his behalf (**President**), and the Surveyor is the independent valuer appointed pursuant to clause 6.10 (**Surveyor**).

6.2 The Annual Rent shall be reviewed at each Review Date to equal the Revised Rent.

6.3 The Revised Rent at a Review Date shall be the Indexed Rent unless:

(a) the Indexed Rent is less than the Minimum Rent, in which case the Revised Rent shall be the Minimum Rent; or

(b) the Indexed Rent is greater than the Maximum Rent, in which case the Revised Rent shall be the Maximum Rent.

6.4 The Indexed Rent for a Review Date shall be determined by multiplying the Base Rent by the All Items index value of the RPI for the month that falls two months before the month in which that Review Date falls, then dividing the product by the All Items index value of the RPI for the Base RPI Month.

6.5 The Landlord shall calculate the Indexed Rent and shall give the Tenant written notice of the Revised Rent as soon as it has been ascertained.

6.6 If the Revised Rent has not been calculated by the Landlord and notified to the Tenant at least five working days before a Review Date, the Annual Rent payable from that Review Date shall continue at the rate payable immediately before that Review Date. No later than five working days after the Revised Rent is notified by the Landlord to the Tenant, the Tenant shall pay:

(a) the shortfall (if any) between the amount that it has paid for the period from the Review Date until the Rent Payment Date following the date of notification of the Revised Rent and the amount that would have been payable had the Revised Rent been notified at least five working days before that Review Date; and

(b) interest at the Interest Rate on that shortfall calculated on a daily basis by reference to the Rent Payment Dates on which parts of the shortfall would have been payable if the Revised Rent had been notified at least five working

days before that Review Date and the date payment is received by the Landlord.

6.7 Time shall not be of the essence for the purposes of this clause.

6.8 Subject to clause 6.9, if there is any change to the methods used to compile the RPI, including any change to the items from which the All Items index of the RPI is compiled, or if the reference base used to compile the RPI changes, the calculation of the Indexed Rent shall be made taking into account the effect of this change.

6.9 The Surveyor shall determine a question, dispute or disagreement that arises between the parties in the following circumstances:

(a) where any question or dispute arises between the parties as to the amount of the Annual Rent payable or as to the interpretation, application or effect of any part of this clause 6; or

(b) where the Landlord and the Tenant fail to reach agreement under clause 6.9.

The Surveyor acting reasonably and in accordance with the principles of good estate management shall have full power to determine the question, dispute or disagreement, and shall have power to determine any issue involving the interpretation of any provision of this lease, his jurisdiction to determine the question, dispute or disagreement referred to him or his terms of reference.

6.10 The Surveyor shall be an independent valuer who is a Member or Fellow of the Royal Institution of Chartered Surveyors. The Landlord and the Tenant may, by agreement, appoint the Surveyor at any time before either of them applies to the President for the Surveyor to be appointed.

6.11 The Surveyor shall act as an expert and not as an arbitrator. The Surveyor's decision shall be given in writing, and the Surveyor shall provide reasons for any determination. The Surveyor's written decision on the matters referred to him shall be final and binding in the absence of manifest error or fraud.

6.12 The Surveyor shall give the Landlord and the Tenant an opportunity to make written representations to the Surveyor and to make written counter-representations commenting on the representations of the other party to the Surveyor. The parties will provide (or procure that others provide) the Surveyor with such assistance and documents as the Surveyor reasonably requires for the purpose of reaching a decision.

6.13 Either the Landlord or the Tenant may apply to the President to discharge the Surveyor if the Surveyor:

(a) dies;

(b) becomes unwilling or incapable of acting; or

(c) unreasonably delays in making any determination.

Clause 6.4 shall then apply in relation to the appointment of a replacement.

6.14 The fees and expenses of the Surveyor and the cost of the Surveyor's appointment and any counsel's fees, or other fees, reasonably incurred by the Surveyor shall be payable by the Landlord and the Tenant in the proportions that the Surveyor directs (or if the Surveyor makes no direction, then equally). If the Tenant does not pay its part of the Surveyor's fees and expenses within ten working days after demand by the Surveyor, the Landlord may pay that part and the amount it pays shall be a debt of the Tenant due and payable on demand to the Landlord. The Landlord and the Tenant shall otherwise each bear their own costs in connection with the rent review.

7. SERVICES AND SERVICE CHARGE

The **Services** are maintain restock, cleanse, repair, decorate, reinstate and renew and provide facilities and management (including risks and statutory obligations) for and in respect of the Estate as appropriate which may include (but shall not be limited to):

(a) to common parts and structure of the Estate to include as applicable the cleaning of roads and lighting of car parks and grounds maintenance, grass cutting, landscaping and weed control, pest control, maintenance of road, footpaths, car parks and hard standing, boundary fencing, estate signage;

(b) the conduits serving the Estate (except any such conduits that exclusively serve and are wholly contained within the Property);

(c) the amenity areas and to include as applicable ground maintenance, grass cutting, landscaping and weed control, pest control, maintenance of roads, footpaths, car parks and hard standing, boundary fencing, estate signage, sewage treatment plan and pump house and monitoring outfall;

(d) as to the estate security arrangements and as appropriate site patrols the compliance with the estate rules and regulation and lease terms, inspections of the estate and the proper provision of good estate management;

(e) the Estate roads;

(f) the maintenance of the supply of electricity, water and other services to the Property and relating to the discharge of effluent there from at the date of this lease connected to serve the Property; and

(g) any other service or amenity that the Landlord may in its reasonable discretion provide for the benefit of the tenants and occupiers of the Estate.

7.2 The **Service Costs** are the total of:

(a) the whole of the costs of:

(i) providing the Services;

(ii) the supply and removal of electricity, gas, water, sewage and other utilities to and from the Common Parts;

(iii) complying with the recommendations and requirements of the insurers of the Estate (insofar as those recommendations and requirements relate to the Common Parts);

(iv) complying with all laws relating to the Common Parts, their use and any works carried out at them, and relating to the use of all Service Media, machinery and equipment at or serving the Common Parts and to any materials kept at or disposed of from the Common Parts;

(b) all rates, taxes and impositions payable in respect of the Common Parts, their use and any works carried out on them (other than any taxes payable by the Landlord in connection with any dealing with or disposition of its reversionary interest in the Estate); and

(c) any VAT payable by the Landlord in respect of any of the items mentioned above except to the extent that the Landlord obtains credit for such VAT under the VATA 1994.

7.3 The Landlord shall use its reasonable endeavours to repair and maintain the roads, paths and parking areas on the Common Parts. The Landlord may, but shall not be obliged to, provide any of the other Services. The Landlord shall not be obliged to carry out any works where the need for those works has arisen by reason of any damage or destruction by a risk against which the Landlord is not obliged to insure.

7.4 The Landlord shall not be liable for:

(a) any interruption in, or disruption to, the provision of any of the Services for any reason that is outside the reasonable control of the Landlord; or

(b) any injury, loss or damage suffered by the Tenant as a result of any absence or insufficiency of any of the Services or of any breakdown or defect in any Service Media, except where due to the negligence of the Landlord.

7.5 Before, or as soon as practicable after the start of each Service Charge Year, the Landlord shall prepare and send the Tenant an estimate of the Service Costs for that Service Charge Year and a statement of the estimated Service Charge for that Service Charge Year.

7.6 The Tenant shall pay the estimated Service Charge for each Service Charge Year in equal instalments on each of the Rent Payment Dates.

7.7 In relation to the Service Charge Year current at the date of this lease, the Tenant's obligations to pay the estimated Service Charge and the actual Service Charge shall be limited to an apportioned part of those amounts, such apportioned part to be calculated on a daily basis for the period from (and including) the date of this lease to the end of the Service Charge Year. The estimated Service Charge for which the Tenant is liable shall be paid in equal monthly instalments on the date of this lease and the remaining Rent Payment Dates during the period from and including the date of this lease until the end of the Service Charge Year.

8. INSURANCE

8.1 Subject to clause 8.2, the Landlord shall keep the Property and the Common Parts insured against loss or damage by the Insured Risks for the sum which the Landlord considers to be its full reinstatement cost (taking inflation of building costs into account). The Landlord shall not be obliged to insure any part of the Property installed by the Tenant.

8.2 The Landlord's obligation to insure is subject to:

(a) any exclusions, limitations, excesses and conditions that may be imposed by the insurers; and

(b) insurance being available in the London insurance market on reasonable terms acceptable to the Landlord.

8.3 The Tenant shall pay to the Landlord on demand:

(a) the Insurance Rent;

(b) a fair proportion of any amount that is deducted or disallowed by the insurers pursuant to any excess provision in the insurance policy; and

(c) any costs that the Landlord incurs in obtaining a valuation of the Property for insurance purposes and the Tenant's Proportion of any costs that the Landlord incurs in obtaining a valuation of the Estate for insurance purposes.

8.4 The Tenant shall:

(a) immediately inform the Landlord if any matter occurs in relation to the Tenant or the Property that any insurer or underwriter may treat as material in deciding whether or on what terms to insure or to continue to insure the Property and shall give the Landlord notice of that matter;

(b) not do or omit anything as a result of which any policy of insurance of the Estate or any neighbouring property may become void or voidable or otherwise prejudiced, or the payment of any policy money may be withheld, nor (unless the Tenant has previously notified the Landlord and has paid any increased or additional premium) anything as a result of which any increased or additional insurance premium may become payable;

(c) comply at all times with the requirements and recommendations of the insurers relating to the Property and the use by the Tenant of the Common Parts;

(d) give the Landlord immediate notice of the occurrence of any damage or loss relating to the Property arising from an Insured Risk or of any other event that might affect any insurance policy relating to the Property;

(e) not effect any insurance of the Property (except any plate glass at the Property), but if it becomes entitled to the benefit of any insurance proceeds in respect of the Property (other than in respect of plate glass) pay those proceeds or cause them to be paid to the Landlord; and

8.5 The Landlord shall, subject to obtaining all necessary planning and other consents, use all insurance money received (other than for loss of rent) in connection with any damage to the Property or the Common Parts to repair the damage for which the money has been received or (as the case may be) in rebuilding the Property or the Common Parts, as the case may be. The Landlord shall not be obliged to:

(a) provide accommodation or facilities identical in layout or design so long as accommodation reasonably equivalent to that previously at the Property or the Common Parts is provided; or

(b) repair or rebuild if the Tenant has failed to pay any of the Insurance Rent; or

(c) repair or rebuild the Property or the Common Parts after a notice has been served pursuant to clause 8.7 or clause 8.8.

8.6 If the Property is damaged or destroyed by an Insured Risk so as to be unfit for occupation and use or if the Common Parts are damaged or destroyed by an Insured Risk so as to make the Property inaccessible or unusable then, unless the policy of insurance in relation to the Property or the Common Parts has been vitiated in whole or in part in consequence of any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property or the Common Parts with the actual or implied authority of any of them, payment of the Annual Rent, or a fair proportion of it according to the nature and extent of the damage, shall be suspended until the Property has been reinstated and made fit for occupation and use or the Common Parts have been reinstated so as to make the Property accessible or useable (as the case may be), or until the end of three years from the date of damage or destruction, if sooner.

8.7 If, following damage to or destruction of the Property, the Landlord considers that it is impossible or impractical to reinstate the Property, the Landlord may terminate this lease by giving notice to the Tenant. On giving notice this lease shall determine but this shall be without prejudice to any right or remedy of the Landlord in respect of any breach of the tenant covenants of this lease. Any proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord.

8.8 Provided that the Tenant has complied with its obligations in this clause, the Tenant may terminate this lease by giving notice to the Landlord if, following damage or destruction of the Property or the Common Parts by an Insured Risk, the Property has not been reinstated so as to be fit for occupation and use or the Common Parts have not been reinstated so as to make the Property accessible or useable within three years after the date of damage or destruction. On giving this notice this lease shall determine but this shall be without prejudice to any right or remedy of the Landlord in respect of any breach of the tenant covenants of this

lease. Any proceeds of the insurance (other than any insurance for plate glass) shall belong to the Landlord.

9. RATES AND TAXES

9.1 The Tenant shall pay all present and future rates, taxes and other impositions and outgoings payable in respect of the Property, its use and any works carried out there, except:

(a) any taxes payable by the Landlord in connection with any dealing with or disposition of the reversion to this lease; or

(b) any taxes (other than VAT and insurance premium tax) payable by the Landlord by reason of the receipt of any of the rents due under this lease.

9.2 If any rates, taxes or other impositions and outgoings are payable in respect of the Property together with other property, the Tenant shall pay a fair proportion of the total.

9.3 The Tenant shall not make any proposal to alter the rateable value of the Property or that value as it appears on any draft rating list, without the approval of the Landlord.

9.4 If, after the end of the term, the Landlord loses rating relief (or any similar relief or exemption) because it has been allowed to the Tenant, then the Tenant shall pay the Landlord an amount equal to the relief or exemption that the Landlord has lost.

10. UTILITIES

The Tenant shall pay all costs in connection with the supply and removal of electricity, gas, water, sewage, telecommunications, data and other services and utilities to or from the Property.

11. COMMON ITEMS

11.1 The Tenant shall pay the Landlord on demand the Tenant's Proportion of all costs payable by the Landlord for the maintenance, repair, lighting, cleaning and renewal of all Service Media, structures and other items not on the Estate but used or capable of being used by the Estate in common with other land.

11.2 The Tenant shall comply with all reasonable regulations the Landlord may make from time to time in connection with the use of any of those Service Media, structures or other items.

12. VAT

12.1 All sums payable by the Tenant are exclusive of any VAT that may be chargeable. The Tenant shall pay VAT in respect of all taxable supplies made to it in connection with this lease on the due date for making any payment or, if earlier, the date on which that supply is made for VAT purposes.

12.2 Every obligation on the Tenant, under or in connection with this lease, to pay the Landlord or any other person any sum by way of a refund or indemnity, shall include an obligation to pay an amount equal to any VAT incurred on that sum by the Landlord or other person except, to the extent that the Landlord or other person obtains credit for such VAT under the VATA 1994.

13. DEFAULT INTEREST AND INTEREST

If any Annual Rent or any other money payable under this lease has not been paid by the date it is due, whether it has been formally demanded or not, the Tenant shall pay the Landlord interest on that amount at the Default Interest Rate (both before and after any judgment). Such interest shall accrue on a daily basis for the period beginning on the due date and to and including the date of payment.

14. COSTS

14.1 The Tenant shall pay the costs and expenses of the Landlord including any solicitors' or other professionals' costs and expenses (incurred both during and after the end of the term) in connection with or any of the following:

(a) the enforcement of the tenant covenants of this lease;

(b) serving any notice in connection with this lease under section 146 or 147 of the Law of Property Act 1925 or taking any proceedings under either of those sections, notwithstanding that forfeiture is avoided otherwise than by relief granted by the court;

(c) serving any notice in connection with this lease under section 17 of the Landlord and Tenant (Covenants) Act 1995;

(d) the preparation and service of a schedule of dilapidations in connection with this lease; or

(e) any consent or approval applied for under this lease, whether or not it is granted [(unless the consent or approval is unreasonably withheld by the

Landlord in circumstances where the Landlord is not unreasonably to withhold it)].

15. SET-OFF

The Annual Rent and all other amounts due under this lease shall be paid by the Tenant in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

16. ASSIGNMENTS

16.1 The Tenant shall not assign the whole of this lease without the consent of the Landlord, such consent not to be unreasonably withheld.

16.2 The Tenant shall not assign part only of this lease.

16.3 The Landlord and the Tenant agree that for the purposes of section 19(1A) of the Landlord and Tenant Act 1927 the Landlord may refuse its consent to an assignment if any of the following circumstances exist at the date of the Tenant's application for consent to assign this lease:

(a) the Annual Rent or any other money due under this lease is outstanding or there is a material breach of covenant by the Tenant that has not been remedied;

17. UNDERLETTINGS

17.1 The Tenant shall not underlet the whole of the Property except in accordance with this clause nor without the consent of the Landlord, such consent not to be unreasonably withheld.

17.2 The Tenant shall not underlet part only of the Property.

17.3 The Tenant shall not underlet the Property:

(a) together with any property or any right over property that is not included within this lease;

(b) at a fine or premium or reverse premium; nor

(c) allowing any rent free period to the undertenant.

17.4 The Tenant shall not underlet the Property unless, before the underlease is granted, the Tenant has given the Landlord:

(a) a certified copy of the notice served on the undertenant, as required by section 38A(3)(a) of the LTA 1954, applying to the tenancy to be created by the underlease; and

(b) a certified copy of the declaration or statutory declaration made by the undertenant in accordance with the requirements of section 38A(3)(b) of the LTA 1954.

17.5 Any underletting by the Tenant shall be by deed and shall include:

(a) an agreement between the Tenant and the undertenant that the provisions of sections 24 to 28 of the LTA 1954 are excluded from applying to the tenancy created by the underlease;

(b) the reservation of a rent which is not less than the full open market rental value of the Property at the date the Property is underlet and which is payable at the same times as the Annual Rent under this lease (but this shall not prevent an underlease providing for a rent-free period of a length permitted by clause (c));

(c) provisions for the review of rent at the same dates and on the same basis as the review of rent in this lease, unless the term of the underlease does not extend beyond the next Review Date;

(d) a covenant by the undertenant, enforceable by and expressed to be enforceable by the Landlord (as superior landlord at the date of grant) and its successors in title in their own right, to observe and perform the tenant covenants in the underlease and any document that is supplemental or collateral to it and the tenant covenants in this lease, except the covenants to pay the rents reserved by this lease; and

(e) provisions requiring the consent of the Landlord to be obtained in respect of any matter for which the consent of the Landlord is required under this lease,

and shall otherwise be consistent with and include tenant covenants no less onerous (other than as to the Annual Rent) than those in this lease.

17.6 In relation to any underlease granted by the Tenant, the Tenant shall:

(a) not vary the terms of the underlease nor accept a surrender of the underlease without the consent of the Landlord, such consent not to be unreasonably withheld;

(b) enforce the tenant covenants in the underlease and not waive any of them nor allow any reduction in the rent payable under the underlease; and

(c) ensure that in relation to any rent review the revised rent is not agreed without the approval of the Landlord, such approval not to be unreasonably withheld.

18. SHARING OCCUPATION

The Tenant may share occupation of the Property with any company that is a member of the same group (within the meaning of section 42 of the LTA 1954) as the Tenant for as long as that company remains within that group and provided that no relationship of landlord and tenant is established by that arrangement.

19. CHARGING

19.1 The Tenant shall not charge the whole of this lease without the consent of the Landlord, such consent not to be unreasonably withheld.

19.2 The Tenant shall not charge part only of this lease.

20. PROHIBITION OF OTHER DEALINGS

Except as expressly permitted by this lease, the Tenant shall not assign, underlet, charge, part with or share possession or share occupation of this lease or the Property or hold the lease on trust for any person (except pending registration of a dealing permitted by this lease at HM Land Registry or by reason only of joint legal ownership).

21. REPAIRS

21.1 The Tenant shall keep the Property in the same condition as its state of repair at the outset of this lease as evidenced by the attached photographic record and annexed hereto. The tenant shall ensure that any Service Media within and exclusively serving the Property is kept in good working order.

21.2 The Tenant shall keep the external areas of the Property in a clean and tidy condition and not allow any rubbish or waste to be left there.

22. ALTERATIONS

22.1 The Tenant shall not make any external or structural alteration or addition to the Property and shall not make any opening in any boundary structure of the Property.

22.2 The Tenant shall not install any Service Media on the exterior of the Property nor alter the route of any Service Media at the Property without the consent of the Landlord, such consent not to be unreasonably withheld.

22.3 The Tenant shall not make any internal, non-structural alteration to the Property without the consent of the Landlord, such consent not to be unreasonably withheld.

23. RETURNING THE PROPERTY TO THE LANDLORD

23.1 At the end of the term the Tenant shall return the Property to the Landlord in the repair and condition required by this lease.

23.2 If the Landlord gives the Tenant notice no later than three months before the end of the term, the Tenant shall remove items it has fixed to the Property, remove any alterations it has made to the Property and make good any damage caused to the Property by that removal.

23.3 At the end of the term, the Tenant shall remove from the Property all chattels belonging to or used by it.

23.4 The Tenant irrevocably appoints the Landlord to be the Tenant's agent to store or dispose of any chattels or items it has fixed to the Property and which have been left by the Tenant on the Property for more than ten working days after the end of the term. The Landlord shall not be liable to the Tenant by reason of that storage or disposal. The Tenant shall indemnify the Landlord in respect of any claim made by a third party in relation to that storage or disposal.

24. USE

24.1 The Tenant shall not use the Property for any purpose other than the Permitted Use.

24.2 The Tenant shall not overload any structural part of the Property nor any machinery or equipment at the Property nor any Service Media at or serving the Property.

25. COMPLIANCE WITH LAWS

25.1 The Tenant shall comply with all laws relating to:

(a) the Property and the occupation and use of the Property by the Tenant;

(b) the use or operation of all Service Media and machinery and equipment at or serving the Property whether or not used or operated, and shall, where necessary, replace or convert such Service Media within or exclusively serving the Property so that it is capable of lawful use or operation;

(c) any works carried out at the Property; and

(d) all materials kept at or disposed from the Property.

25.2 The Tenant shall not apply for any planning permission for the Property without the Landlord's consent not to be unreasonably withheld.

25.3 As soon as the Tenant becomes aware of any defect in the Property, it shall give the Landlord notice of it. The Tenant shall indemnify the Landlord against any liability under the Defective Premises Act 1972 in relation to the Property by reason of any failure of the Tenant to comply with any of the tenant covenants in this lease.

26. BREACH OF REPAIR AND MAINTENANCE OBLIGATIONS

26.1 The Landlord may enter the Property to inspect its condition and state of repair and may give the Tenant a notice of any breach of any of the tenant covenants in this lease relating to the condition or repair of the Property.

26.2 If the Tenant has not begun any works needed to remedy that breach within two months following that notice (or if works are required as a matter of emergency, then immediately) or if the Tenant is not carrying out the works with all due speed, then the Landlord may enter the Property and carry out the works needed.

26.3 The costs incurred by the Landlord in carrying out any works pursuant to this clause (and any professional fees and any VAT in respect of those costs) shall be a debt due from the Tenant to the Landlord and payable on demand.

26.4 Any action taken by the Landlord pursuant to this clause shall be without prejudice to the Landlord's other rights, including those under clause 0.

27. INDEMNITY

The Tenant shall keep the Landlord indemnified against all liabilities, expenses, costs (including but not limited to any solicitors' or other professionals' costs and expenses), claims, damages and losses (including but not limited to any diminution in the value of the Landlord's interest in the Estate and loss of amenity of the Estate) suffered or incurred by the Landlord arising out of or in connection with any breach of any tenant covenants in this lease, or any act or omission of the Tenant, any undertenant or their respective workers, contractors or agents or any other person on the Property or the Common Parts with the actual or implied authority of any of them.

28. LANDLORD'S COVENANT FOR QUIET ENJOYMENT

The Landlord covenants with the Tenant, that, so long as the Tenant pays the rents reserved by and complies with its obligations in this lease, the Tenant shall have quiet enjoyment of the Property without any interruption by the Landlord or any person claiming under the Landlord except as otherwise permitted by this lease.

The landlord covenants to undertake the repairs to the exterior walls and roof of the property.

29. JOINT AND SEVERAL LIABILITY

29.1 Where the Tenant comprises more than one person, those persons shall be jointly and severally liable for the obligations and liabilities of the Tenant arising under this lease. The Landlord may take action against, or release or compromise the liability of, or grant time or other indulgence to, any one of those persons without affecting the liability of any other of them.

29.2 Where a guarantor comprises more than one person, those persons shall be jointly and severally liable for the obligations and liabilities of a guarantor arising under this lease. The Landlord may take action against, or release or compromise the

liability of, or grant time or other indulgence to, any one of those persons without affecting the liability of any other of them.

29.3 The obligations of the Tenant and any guarantor arising by virtue of this lease are owed to the Landlord and the obligations of the Landlord are owed to the Tenant.

29.4 The Landlord shall not be liable to the Tenant for any failure of the Landlord to perform any landlord covenant in this lease, unless the Landlord knows it has failed to perform the covenant, or reasonably should know this, and has not remedied that failure within a reasonable time.

30. ENTIRE AGREEMENT

30.1 This lease and the documents annexed to it constitutes the whole agreement between the parties and supersedes all previous discussions, correspondence, negotiations, arrangements, understandings and agreements between them relating to their subject matter.

30.2 Nothing in this lease constitutes or shall constitute a representation or warranty that the Property may lawfully be used for any purpose allowed by this lease.

31. NOTICES, CONSENTS AND APPROVALS

31.1 Except where this lease specifically states that a notice need not be in writing, any notice given under or in connection with this lease shall be:

(a) in writing and for the purposes of this clause an email is not in writing; and

(b) given:

(i) by hand or by pre-paid first-class post or other next working day delivery service at the party's registered office address (if the party is a company) or (in any other case) at the party's principal place of business; or

(ii) by fax to the party's main fax number.

31.2 If a notice complies with the criteria in clause 31.1, whether or not this lease requires that notice to be in writing, it shall be deemed to have been received:

(a) if delivered by hand, at the time the notice is left at the proper address;

(b) if sent by pre-paid first-class post or other next working day delivery service, on the second working day after posting; or

(c) if sent by fax, at 9.00 am on the next working day after transmission.

31.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

31.4 Section 196 of the Law of Property Act 1925 shall otherwise apply to notices given under this lease.

31.5 Where the consent of the Landlord is required under this lease, a consent shall only be valid if it is given by deed, unless:

(a) it is given in writing and signed by the Landlord or a person duly authorised on its behalf; and

(b) it expressly states that the Landlord waives the requirement for a deed in that particular case.

If a waiver is given, it shall not affect the requirement for a deed for any other consent.

31.6 Where the approval of the Landlord is required under this lease, an approval shall only be valid if it is in writing and signed by or on behalf of the Landlord, unless:

(a) the approval is being given in a case of emergency; or

(b) this lease expressly states that the approval need not be in writing.

31.7 If the Landlord gives a consent or approval under this lease, the giving of that consent or approval shall not imply that any consent or approval required from a third party has been obtained, nor shall it obviate the need to obtain any consent or approval from a third party.

32. GOVERNING LAW

This lease and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

33. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this lease or its subject matter or formation (including non-contractual disputes or claims).

34. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

34.1 A person who is not a party to this lease shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this lease. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act. The Landlord may re-enter the Property (or any part of the Property in the name of the whole) at any time after any of the following occurs:

(a) any rent is unpaid 14 days after becoming payable whether it has been formally demanded or not;

(b) any breach of any condition of, or tenant covenant in, this lease;

(c) an Act of Insolvency.

If the Landlord re-enters the Property (or any part of the Property in the name of the whole) pursuant to this clause, this lease shall immediately end, but without prejudice to any right or remedy of the Landlord in respect of any breach of covenant by the Tenant or any guarantor

In witness whereof this document has been executed as a deed and delivered on the date first stated above.

Executed as a deed by **MARIDIAN LIMITED** acting by Diane Wright a director, in the presence of:

Director

Witness signature: .....

Witness name: .....

Witness address: .....

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Executed as a deed by **WRIGHT REMOVALS AND STORAGE LIMITE** acting by Colin Wright a director, in the presence of:

Director

Witness signature: .....

Witness name: .....

Witness address: .....

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