

Eddisons

Incorporating **Taylor's Business Surveyors**

Valuation Report



Address: **Spectrum House, 20 Prenton Way, Prenton, Merseyside, CH43 3DU**

Date of Valuation: 24th January 2023

Our Reference: PD/705.3351A

Your Reference: SB/R&M Canner

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1 Confirmation of Instructions

Client:	Proplend Security Ltd 20-22 Wenlock Road London N1 7GU
Borrower(s):	Russell & Marika Canner
Owner(s):	Russell & Marika Canner
Property Address:	Spectrum House, 20 Prenton Way, Prenton, CH43 3DU
Property Type:	Industrial manufacturing unit
Purpose of Valuation:	Secured Lending Purposes
Previous Visits:	As you are aware we recently provided a valuation on behalf of another lender in September 2022. We do not consider that this constitutes a conflict of interest.
Tenure:	Freehold
Date of Valuation/Inspection:	24 th January 2023
Compliance:	As far as we are aware no conflict of interest, either personal or in relation to the Company, exists. The valuation may be subject to monitoring by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

Confirmation:

The property has been valued in accordance with RICS Valuation – Global Standards issued in November 2021 and effective from January 2022 incorporating IVSC International Valuation Standards.

Eddisons has appropriate Professional Indemnity Insurance cover of up to £25,000,000 on a per claim basis.

The inspection was undertaken by Philip G Deakin, BSc (Hons), MRICS and the Report contents discussed and agreed with Richard Roe, MRICS, both of whom are RICS Registered Valuers and have appropriate experience, qualifications and expertise in valuing similar properties.

This report must be read in conjunction with the Report Assumptions and Valuation Methodology section and will be prepared in accordance with the terms of engagement in relation to this instruction.

All valuation special assumptions have previously been agreed with the client.

2 Executive Summary

Location

- The property is located on the North Cheshire Trading Estate, situated at the southern end of the estate and approached via Prenton Way. The Estate is accessed directly off Junction 3 of the M53 motorway and is approximately 3 miles from Birkenhead Docks, 6 miles from Liverpool and 20 miles from Chester.

Property

- The subject property comprises a long narrow portal frame warehouse utilised for steel fabrication and is fronted by two storey ancillary office accommodation to the road.
- There are two main access points to the site off Prenton Way. The site provides car parking and surfaced yard areas to the northern and south eastern elevations of the unit.

Accommodation

- The warehouse and offices extend to a total GIA of approx. 2,173.80 sq.m. (23,399 sq ft) on a site of 0.464 ha (1.146 acres).

Tenure

- Freehold.

Leases/Tenancies

- We are aware that there are internal op co/prop co leases in place and therefore these have been disregarded for valuation purposes.

Valuations

MV1 Subject to:

Report commentary and recommendations
Reasonable period of marketing of 6-12 months
The Special assumption of vacant possession

£1,650,000 (One Million Six Hundred and Fifty Thousand Pounds)

MV2 Subject to:

Report commentary and recommendations
The Special assumptions of vacant possession and a 180-day marketing period

£1,570,000 (One Million Five Hundred and Seventy Thousand Pounds)

Market Rent as existing Subject to:

Letting on standard modern commercial terms as detailed within the report

Report commentary and recommendations

Reasonable period of marketing of 6-12 months

£117,000 per annum (One Hundred and Seventeen Thousand Pounds per annum)

Action Points and Recommendations

- A full Report on Title should be obtained;
- Your legal advisors should confirm that the intercompany leases do not prejudice the lender's security;
- Confirmation of insurance cover for flooding and subsidence risks is required;
- An asbestos survey is required;
- A mining search should be obtained unless already held;
- The proposed extension works should be subject to project monitoring;
- Contractor warranties and statutory sign-offs should be obtained.

3 Location

The location of the property is indicated on the town map below.



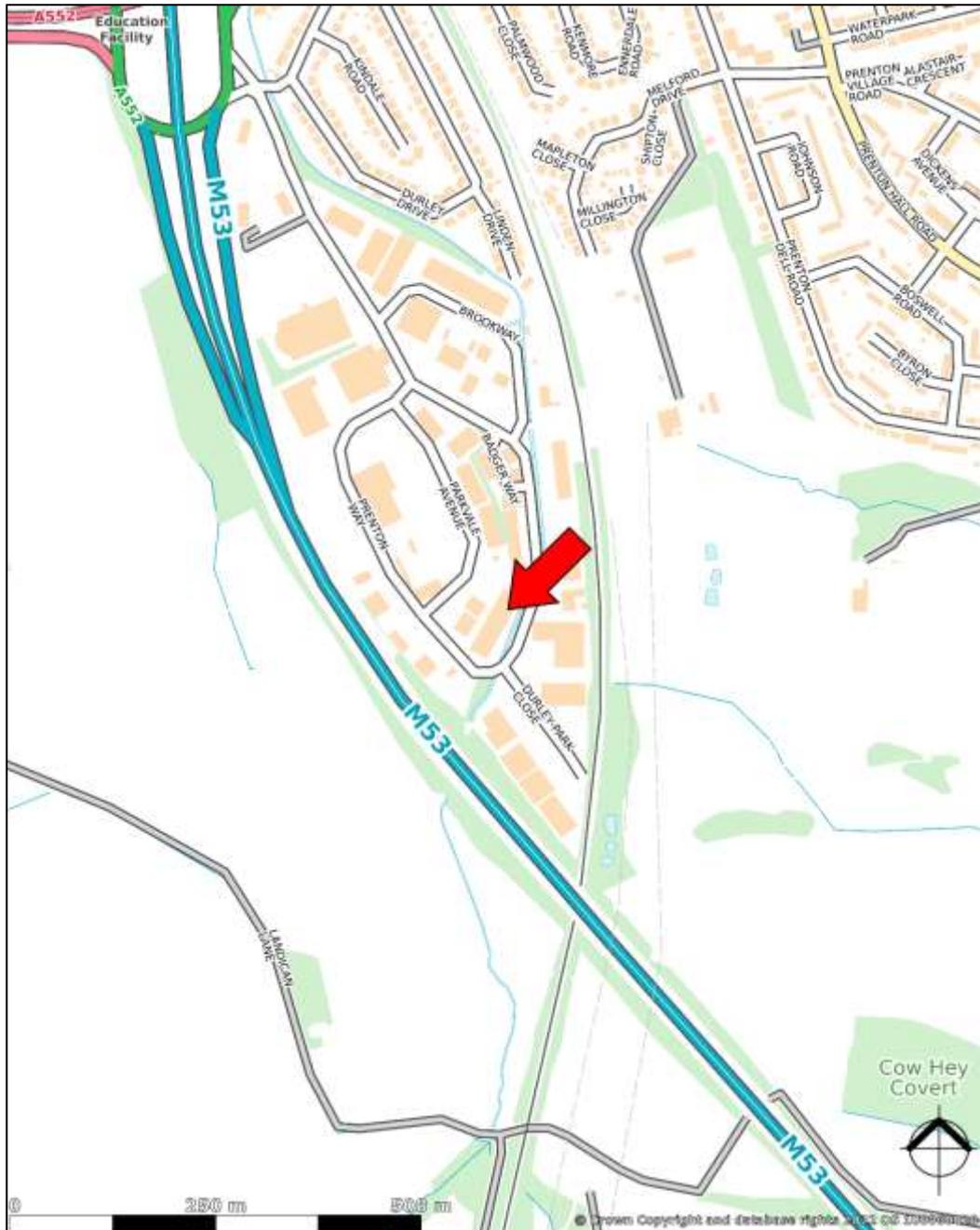
The North West region comprises five counties, Cheshire, Cumbria, Greater Manchester, Lancashire and Merseyside. The North West has the highest population density outside London and has a population of over seven million people. The North West is at the hub of the UK's most intensive regional motorway network with the M6 Birmingham to Scotland motorway to the west and the M62 Trans-Pennine motorway to the north.

The Wirral peninsula is located in the North West of England and in close proximity to North Wales. It is part of the Merseyside region. The Wirral borders the River Mersey to the East, The Irish Sea to the North and the River Dee to the West.

Prenton forms a suburb of Birkenhead which is a town and ferry port in the Metropolitan Borough of Wirral, Merseyside and has a population of 88,818 (2011 census). The Mersey railway connected Birkenhead and Liverpool with the world's first tunnel beneath a tidal estuary.

3.1 Setting

The position of the subject property is identified on the location map below.



The property is in close proximity to junction 3 of the M53 motorway which facilitates access to the national motorway network. Two road tunnels, the Queensway road tunnel from Birkenhead and the Kingsway tunnel from Wallasey, run underneath the River Mersey and connect the town to Liverpool.

Prenton is in close proximity to Liverpool John Lennon Airport via Liverpool or Runcorn and the Queensway/Silver Jubilee bridges. Manchester Airport is approximately 40 miles to the east via the M53/M56. North East of the site is Birkenhead docks and harbour system that provide direct freight and passenger services to Dublin and Belfast daily.

The property is located on the North Cheshire Trading Estate, situated at the southern end of the estate and approached via Prenton Way. The Estate is accessed directly off Junction 3 of the M53 motorway and is approximately 3 miles from Birkenhead Docks, 6 miles from Liverpool and 20 miles from Chester. At the entrance to the trading estate lie a McDonald's, small office park and Total Fitness Prenton.

Local occupiers include Love Your Dog Boutique Dog Hotel, Synergy Fine Colour Printers and Juniper.

3.2 Access

Access to the site is via Prenton Way which forms the eastern and southern site boundary and is the main estate road that circumnavigates the North Cheshire Trading Estate. The property is in close proximity to other industrial and trade related units.

There are two main access points to the front of the property. Both access points are secure gated with a high metal perimeter fence around the property and its yard. The site access points are via bridges across a culverted watercourse.

Confirmation of full access rights and any associated repairing/maintenance obligations should be obtained.



4 Property

4.1 Description

The subject property comprises a long narrow portal frame warehouse utilised for steel fabrication and is fronted by two storey ancillary office accommodation. The unit benefits from two roller-shutter loading doors to the northern gable elevation and a further loading access to the side (eastern) elevation fronting Prenton Way. The unit is effectively split into two halves either side of a central, two storey area of offices and ancillary facilities.

The unit has been overclad with profile steel to the elevations whilst the rear elevation has the original plastisol coated metal cladding. It is thought that the roof is of a pitched profile metal clad construction, incorporating inline translucent roof lights, however this was only partial visible.

Internally the warehouse areas to the unit are intensively utilised and have solid concrete floors of mixed condition, insulated and internally clad elevations and a suspended tile ceiling making calculation of the 'true' dimensions difficult. Both ends of the warehouse benefit from gantry cranes and the floor to suspended ceiling height is 5.17m (albeit the true eaves height may be greater).

The central two storey offices provide boardrooms, canteens etc. to the first floor with workshop, offices, kitchenettes etc, to the ground, the condition of these offices vary commensurately however the overall specification includes carpeted solid concrete floors, painted plastered walls, a mixture of dado and column trunking, recessed fluorescent strips and hard-wired smoke detectors. There are additional managerial/admin offices to the front elevation over two storeys as well as an entrance foyer.





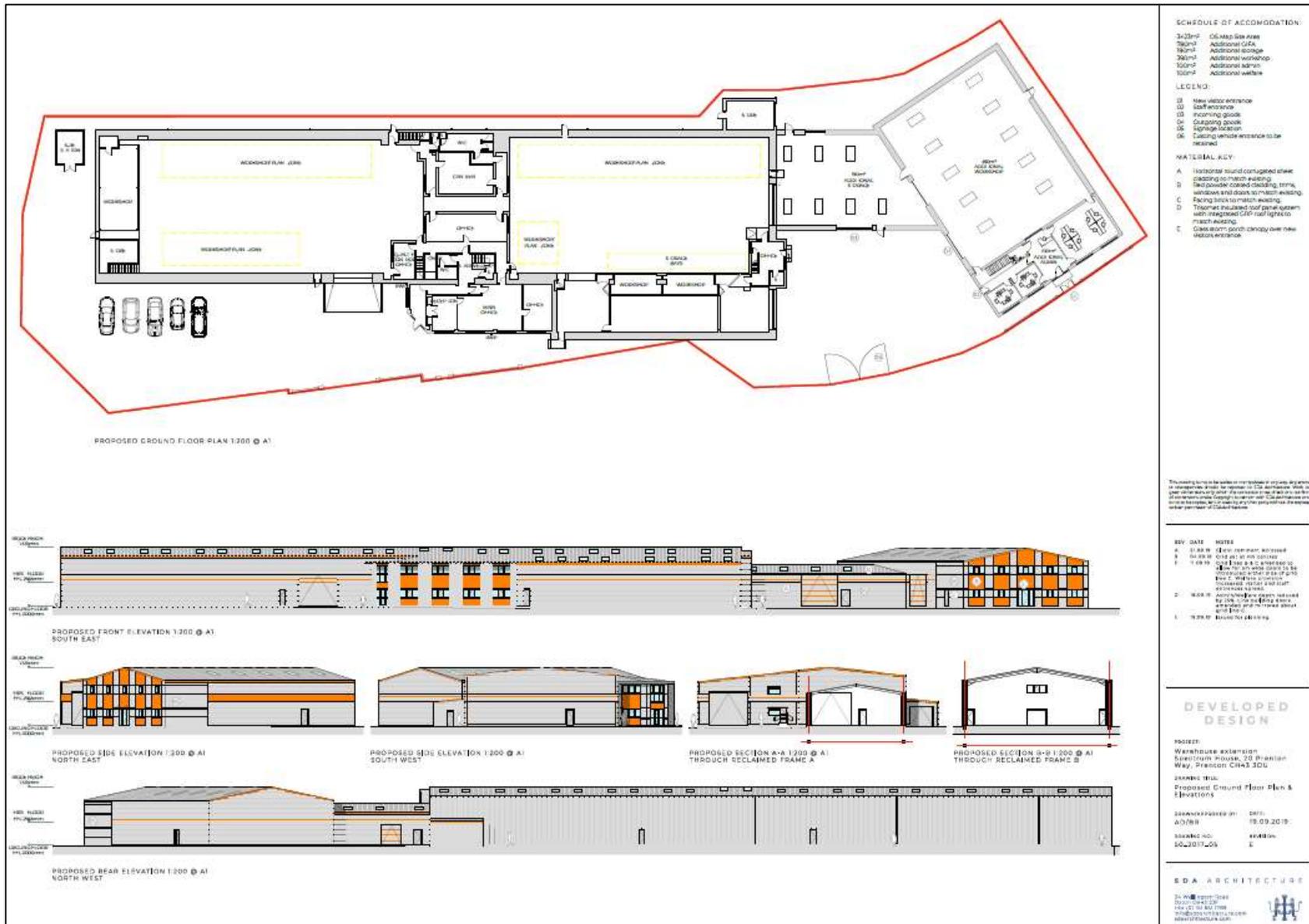
Proposed Extensions

Your borrower benefits from two planning consents granted within the last 3 years and hence they remain 'live'. Initially consent was granted in Dec 2019 (ref no. APP/19/01450) for substantial extensions to the northern gable elevations for Additional Storage, Workshops and two storey administrative offices. These additional structures will be constructed within the current yard area and be contiguous with the current workshops. Our understanding from the plans provided is that the main workshop areas will have a similar eaves height to the existing warehouse.

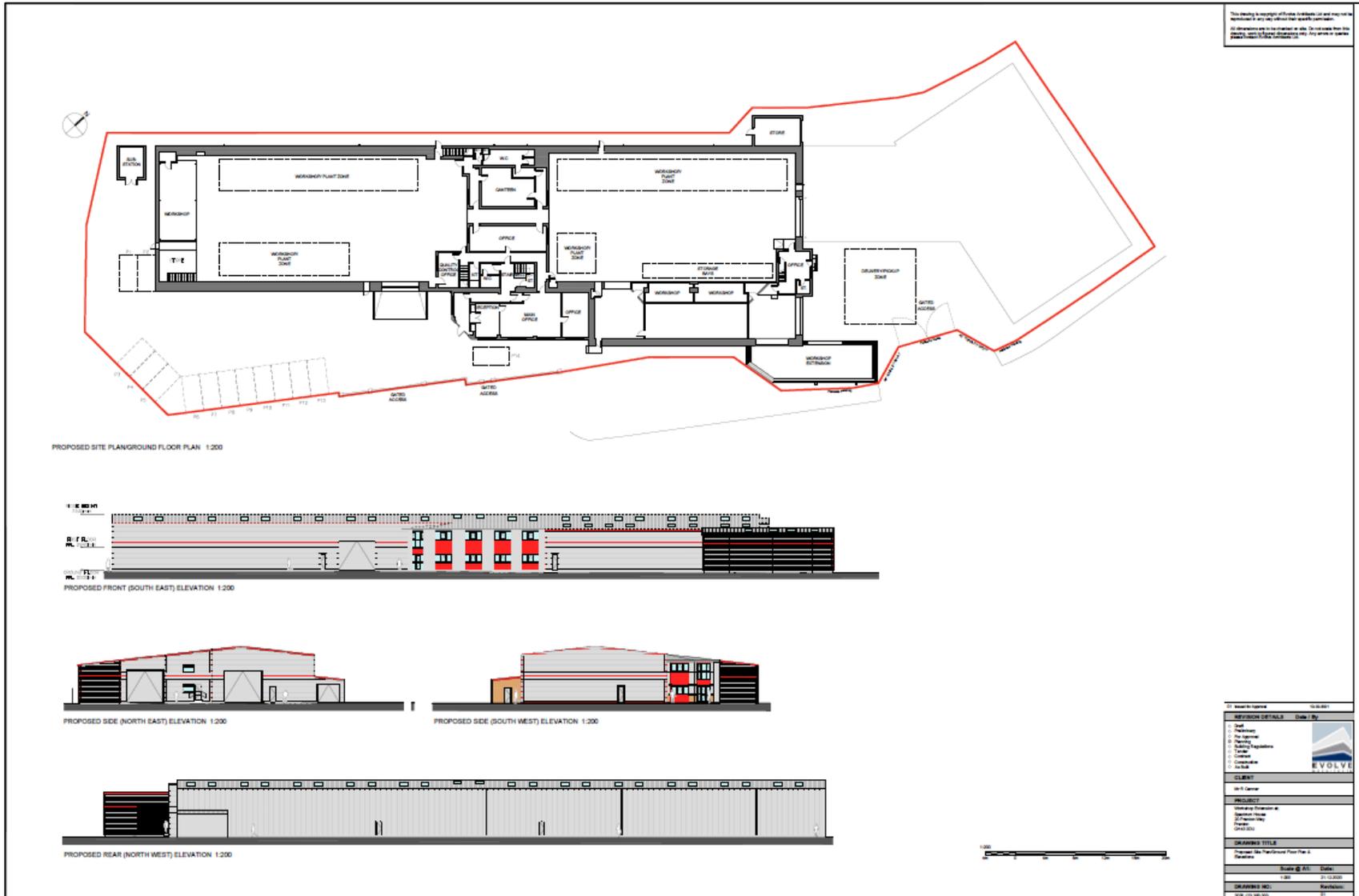
A second planning consent was granted in Feb 2022 (ref no. APP/21/00282) for a workshop extension to front elevation and amended access. Our understanding from the design and access statement is that the proposed eaves height is 5.17m.

We have been provided with very little further information in respect of the proposed extensions suffice to say that we have specifically assumed conventional warehouse construction methods and a specification similar to the existing units and commensurate with a new build B1/B8 industrial warehouse unit.

Our understanding is that much of the work is to be carried out by the borrower in particular fabrication of the structural metalwork. If the lender is to fund any of the proposed works or take security over the property upon completion of the works then the extensions should be project monitored and all warranties and statutory sign-offs obtained.



This drawing is copyright of Eddisons, Taylors and may not be reproduced in any way without their specific permission.
 All dimensions are to be confirmed on site. Do not make from this drawing without the approval of the architect.
 Date: 12/10/2023



4.2 Accommodation

Accommodation	m ²	f ²
Northern warehouse	807.59	8,693
Central two storey offices	390.89	4,208
Southern warehouse	777.55	8,370
Managerial offices	197.77	2,129
Total Gross Internal Floor Area (as existing)	2,173.80	23,399
Northern Warehouse, storage and admin extensions	680.00	7,320
Eastern Storage Extension	68.62	739
Total Gross Internal Floor Area (as proposed)	2,922.42	31,458

We have not utilised the International Property Measurement Standards (IPMS) as your instructions have asked us to disregard this measurement technique at present.

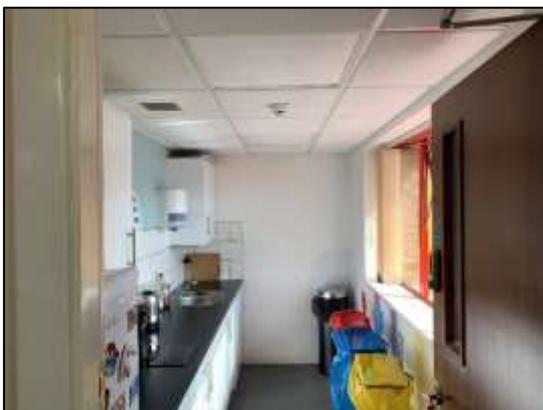
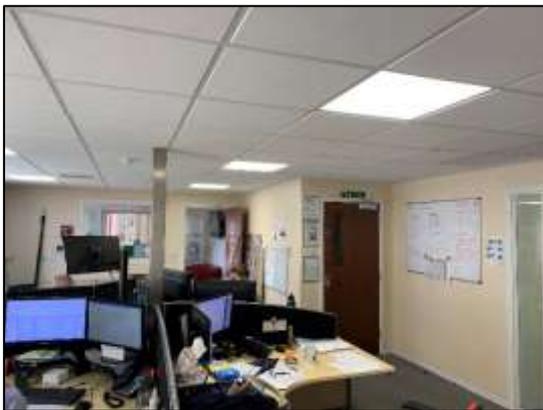
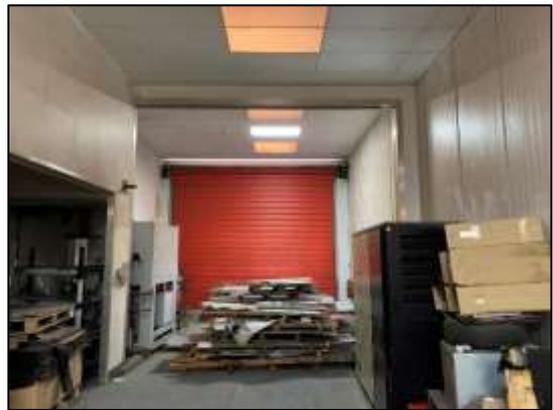
Whilst a warehouse building would typically be measured utilising the International Property Measurement Standards (IPMS), the lack of comparable evidence available utilising this technique means we have reported on a Gross internal floor area basis. We have subsequently valued the property utilising this technique due to corresponding evidence availability.

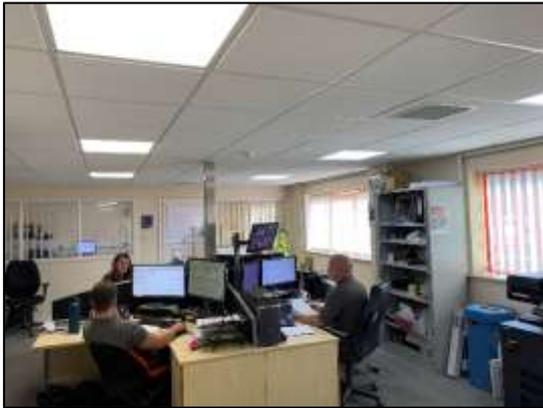
The insulated nature of the unit is such that there is a greater degree of uncertainty as to the precise gross internal area. We have endeavoured to measure behind the internal cladding which has been retrofitted and assume that where we have been able to measure to the blockwork, this is consistent around the unit. We have not included the measurements of external plantrooms as these are considered de minimis.

4.2.1 Commentary

The subject comprises a secondary warehouse unit in intensive manufacturing use and with some bespoke adaptations to the warehousing such as insulation and suspended roofs.

Internal Photographs





4.3 External Amenities

The larger yard area which is proposed to be redeveloped in the near future has a rough concrete surface which is quite broken up, in poor condition and with pooling rain water. It is enclosed with steel palisade fencing. There is a rear plant house of blockwork construction. The northern yard area is primarily utilised for bulk storage purposes at present.

To the front/east of the property there is a tapering yard providing approximately a dozen parking spaces as well as a small proportion of additional parking. To the southern gable elevation there is a brick substation with a flat felted roof.

The site is fully enclosed with primarily steel palisade fencing and the two access points are gated. Along the eastern boundary of the site, but appearing to lie within the title, there is a substantial concrete culvert between part of the yard and Prenton Way. Access to the property essentially bridges the culvert.





For more information on our Inspection, Measurement and Site Conditions/Limitations please refer to paragraphs 10.1.3 and 10.1.4 within the Report Assumptions and Valuation Methodology section.

4.4 Services

We understand that the following services are available:

Water	Mains
Gas	Mains
Electricity	Mains
Drainage	Mains
Heating	The warehouse areas appear to be unheated, whilst the offices are air conditioned.

For valuation purposes we have assumed that any private drainage arrangements comply fully with current environmental standards. We have not carried out any test of the services or installations.

4.5 Condition

The overall standard of external appearance is fair, there are several areas of impact damage to the external cladding and the surface to the yard is heavily worn and broken up. The unit has been overclad by the borrower and this could disguise unknown issues. Some of the detailing to the overcladding, implemented by the borrower, is poor and not of an institutional grade, particularly around loading doors and personnel doors.

The overall standard of internal appearance is good for an intensively utilised manufacturing unit, albeit the internal cladding may disguise unknown issues.

Flat mineral felt covered roofs seldom have a life expectancy in excess of 10 to 15 years, can be prone to sudden failure and often require ongoing maintenance during that period to extend their lifespan.

5 Tenure

Freehold.

A full Report on Title should be obtained by way of confirmation.

5.1 Tenancies/Licenses

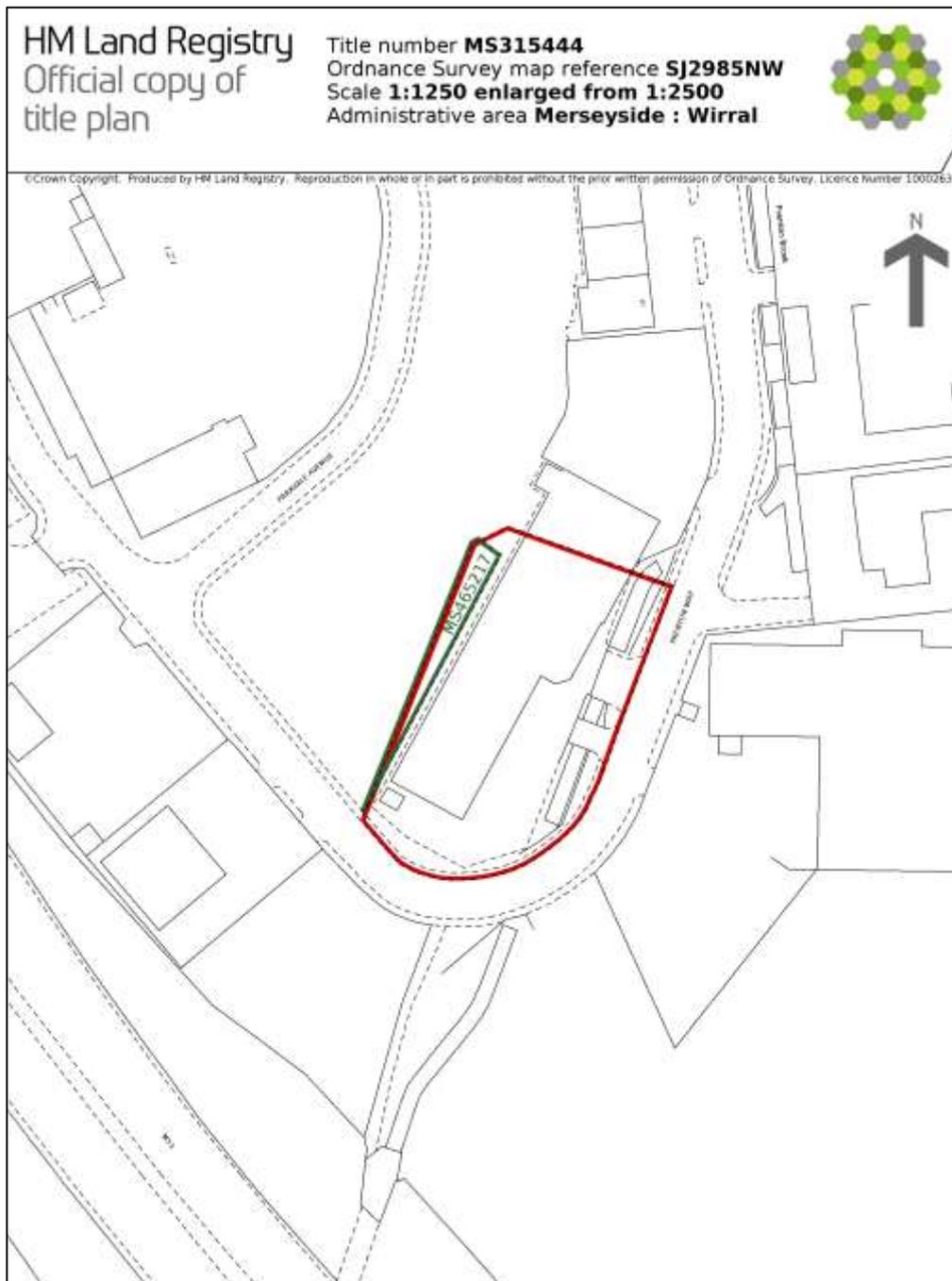
The property is currently let to a number of 'group' companies on what we assume to be effectively op co/prop co leases where landlord and tenant are not arm's length. For the purposes of this report and valuation therefore we have disregarded the lease agreements provided to us.

You should consult your legal advisors in this regard.

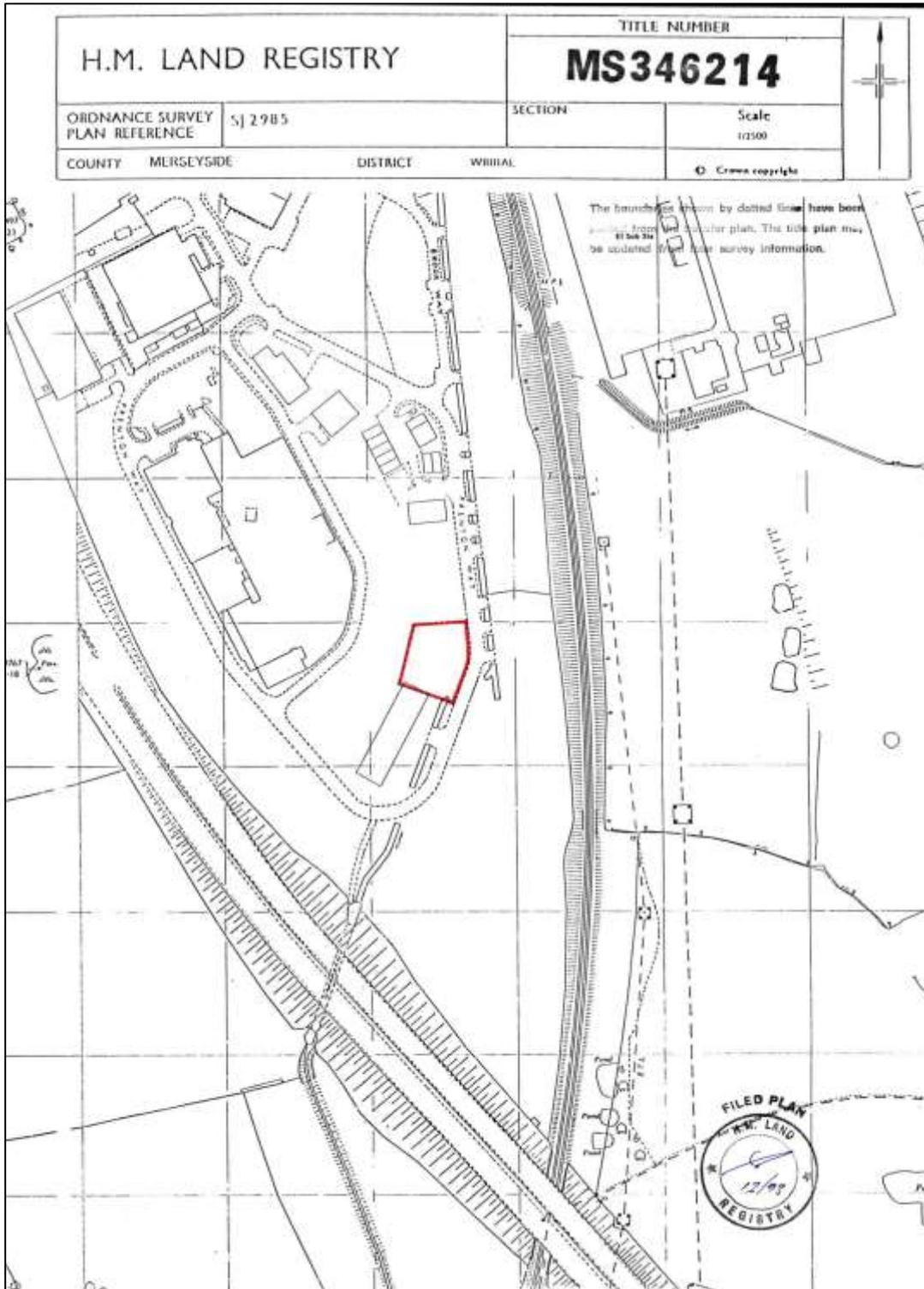
5.2 Site Plan

We provide below a copy of the filed plans (Title numbers MS315444 and MS346214) and confirm that the boundaries accord with those apparent at the time of inspection. We assess the combined site area to be approximately 0.580 hectares (1.433 acres), however this includes the culverted watercourse and in practical terms the net site extends to 0.464 ha (1.146 acres) resulting in a site density of a reasonable site density of 37.6%. Upon completion of the proposed works, the site density will be much higher at c.57%.

MS315444



MS346214



For more information on our assumptions in respect of Title and Tenure please refer to paragraph 10.1.1 within the Report Assumptions and Valuation Methodology section.

6 Contamination and Environmental Issues

	Yes	No	Comments
Ground Contamination Any obvious signs of land contamination affecting the property at the time of inspection?		✓	The subject property has been in long standing industrial use however at the time of inspection there were no obvious signs of land contamination.
Asbestos Has an asbestos survey been completed for the property?		✓	An asbestos survey is a legal requirement and one should be undertaken. We have valued on the assumption that no matters requiring urgent/costly action will be identified.
Radon Does the property lie within a radon affected area?		✓	The property lies in an area with the lowest radon potential. Less than 1% of homes in the area are above action level. If radon gas is identified, then remedial works can normally be carried out at a cost that would not be material to our valuation advice.
Ground Conditions Were any adverse ground conditions noted at the time of inspection?		✓	We have assumed that full insurance cover is available in respect of subsidence risks and this should be confirmed.
Flood Risk Within a flood risk area as identified by the Environment Agency?		✓	The Environment Agency website indicates that the property is located in Flood Zone 1, an area with a low probability of flooding. We have assumed that full insurance cover is available in respect of flooding risks and this should be confirmed.
Mining Is the property within a mining area?		✓	<p>The property is not located in a coal mining area.</p> <p>For valuation purposes we have assumed that there are no material factors directly affecting the property.</p>

<p>Invasive Species</p> <p>Any invasive species noted at the time of inspection?</p>		✓	<p>Most species are very difficult to identify at certain times of the growing season or if cut back. We are not experts in this sector.</p>
<p>Energy Performance Certificate</p> <p>Has an EPC been prepared for the property?</p>	✓		<p>Rating: C (71) EPC No.7805-1784-4452-6202-8412 Expiry Date: 28 October 2030</p>

For more information on our assumptions in respect of Contamination and Environmental Issues please refer to paragraphs 10.1.10 to 10.1.18 within Report Assumptions and Valuation Methodology.

7 Statutory Enquiries

Planning

We have researched the planning website of Wirral Council and have noted the following recent or material planning applications:

Reference	Proposal	Decision	Date
APP/21/00282	Two-storey workshop extension to front elevation and amended access	Approved	01 Feb 2022
APP/19/01450	Warehouse Extension	Approved	20 Dec 2019

It is your borrower's intention to take advantage of the planning consents detailed above for their own purposes. Once developed, the site density will be significantly increased.

We are not aware of any adverse planning issues or enforcement actions. This should be confirmed by your legal advisors.

Fire Regulations

We have assumed that an appropriate fire risk assessment has been undertaken for the purposes of this report and that the property will fully comply with this legislation. This should be confirmed by your legal advisors.

Equality Act

We have assumed that the property complies with the equality Act 2010 provisions.

Rateable Value

We have researched the Valuation Office Agency website which indicates the following:

Address	Description	Rateable Value 22/23	Rateable Value 23/24
Ground Floor Spectrum House,	Workshop and premises	£70,000	£76,500
1 St Flr Front Spectrum House,	Offices and premises	£5,400	£8,600
1 St Flr Rear Spectrum House,	Offices and premises	£5,800	£9,900
Maintenance Office, 1st Flr Spectrum Hse	Offices and premises	£710	£1,250

The Uniform Business Rate Multiplier is £0.512p in the £ for 2022/2023.

For more information on our assumptions in respect of Statutory Enquiries please refer to paragraphs 10.1.5 to 10.1.9 within the Report Assumptions and Methodology section.

8 Market Conditions

Economic and Sector Overview

The latest ONS GDP quarterly estimate (released 22 December 2022) makes the following main points:

- *UK gross domestic product (GDP) is estimated to have fallen by 0.3% in Quarter 3 (July to Sept) 2022, downwardly revised from a first estimate fall of 0.2%.*
- *In output terms, the services sector grew by 0.1% while the production sector fell by 2.5% in Quarter 3 2022 (including falls in all 13 manufacturing sub-sectors) as well as a fall in the construction sector of 0.2%.*
- *The level of real GDP in Quarter 3 2022 is now estimated to be 0.8% below where it was pre-coronavirus at Quarter 4 (Oct to Dec) 2019, downwardly revised from the previous estimate of 0.4% below.*
- *The implied GDP deflator rose by an upwardly revised 6.4% in the year to Quarter 3 2022, primarily driven by an 9.2% increase in the implied price of household consumption.*
- *The household saving ratio increased strongly to 9.0% in Quarter 3 2022, from 6.7% in the previous quarter.*
- *Real households' disposable income (RHDI) fell by 0.5% this quarter; this is the fourth consecutive quarter of negative growth in the RHDI.*

The RICS Economy and Property Market Update dated November 2022 states:

Economy

“Interest rates now stand at their highest level in fourteen years and financial markets are assuming there is further to go before the peak is reached, notwithstanding the recent shift in direction in the fiscal stance. Although there are increasing signs of pressure on the economy, the focus of monetary policy remains geared to tackling the challenge presented by inflation which is expected to average 11% in the final part of this year. Significantly, the latest projections from the Monetary Policy Committee (MPC) suggest that the inflation rate will begin to ease through the course of 2023, albeit remaining well above the target of 2%. However the picture continues to improve through 2024 and beyond according to this analysis; indeed, on the basis of current market interest rates, inflation could fall to close to zero by the end of 2025. Much will depend on how embedded the inflation psychology becomes in the wage bargaining process. And it is worth noting that the minutes of the last MPC meeting did indicate that the risks were viewed to be skewed towards the upside.

Critical to the inflation forecast from the Bank is its assumptions as how economic activity might play out. An important element of this is its judgement that output will fall for eight successive quarters resulting in a peak to trough drop in GDP of around 3%. A key area of uncertainty surrounds the extent to which households will be willing to bolster spending plans in the face of cost-of-living pressures by drawing on past savings and, quite possibly, borrowing more. Some households are clearly better placed (than others) to turn to the ‘excess’ savings that they were able to accumulate

during the Covid pandemic. However, the negative news flow could just as easily encourage consumers to take a more cautious approach to their finances. Recent data suggests that the latter force may be proving the more powerful driver with cash deposited by households in bank accounts jumping to £8.1bn in the past month.

For the moment the labour market picture remains remarkably solid with demographic factors, rising inactivity particularly amongst the over 50s and the legacy of Brexit contributing to this. This is, however, unlikely to be sustained as consumer demand continues to be reined in and companies begin to adjust to the changing macro picture. Despite ongoing skill shortages in key areas of the labour market, the growing pressure on profits is likely to shift the needle regarding recruitment and result in rising unemployment from current lows.”

Construction

“The cost and availability of building materials continue to be viewed as major challenges for the construction industry with around four-fifths of respondents to the Q3 RICS Construction Monitor identifying these issues as limiting activity. Some comfort may, however, be drawn from the latest BEIS data on costs; this shows that the annual inflation rate of construction materials was 16.7% in September 2022, which is a 3rd consecutive fall from the recent peak of 26.8% in June. However, this rate of increase will inevitably continue to be a source of discomfort particularly for SME contractors on fixed price contracts. This is partly captured in the headline profit margins metric from the RICS dataset. It suggests that a net balance of 23% of respondents saw a contraction in margins and that the pressure appears to be intensifying (-15% in previous three month period).

The latest official data for construction output indicates that it is around 6% up on a year ago and 2.5% above pre-pandemic levels. But the workload momentum does now appear to be slowing according to the RICS sentiment data, to a greater or lesser extent, pretty much across the board. New Business Enquiries while still positive in net balance terms are showing the least positive reading since the Q4 2020 while hard numbers tracking new construction orders (ONS) appears to be slipping. Against this backdrop, the more subdued trend in the forward-looking workload indicators captured in the Monitor is unsurprising. Little change is anticipated in residential and commercial development while infrastructure is left to drive activity.

Despite this prospect, concerns continue to be expressed about the challenges associated with recruitment. The number of employees in construction is now higher than it was prior to the pandemic but, significantly, there has been a material fall in self-employment in the sector (20% down on the 2019 peak). The Q3 RICS Monitor shows that shortage of labour continues to be reported by around three-quarters of respondents with lack of skilled trades and professionals cited by an even higher proportion. Meanwhile, upskilling the existing labour force is perceived to be the most immediate route to lifting productivity levels in the industry according to feedback garnered as a result of an additional question included in the last survey. Other areas of particular focus include greater investment in data and digitalisation and improving procurement and supply chain management.”

Commercial Market

RICS Commercial Market Survey

The Q3 2022 RICS UK Commercial Property Survey results:

“point to a weakening in market activity over the quarter, with the prospect of significant further interest rate rises weighing heavily on the outlook over the year ahead. Indeed, just over 80% of survey participants now consider the commercial real estate market to be in a downturn, with headline expectations for rents and capital values falling into negative territory during Q3.

On the occupier side, the all-property average net balance for tenant demand fell to -10%, down from a reading of +17% in the previous iteration of the survey. As such, this latest figure is indicative of an overall decline in tenant demand during Q3, bringing to an end a run of five successive quarters of growth beforehand. At the sector level, occupier demand fell for both retail and office space, posting net balances of -37% and -22% respectively. Furthermore, virtually all parts of the UK are seeing a downward trend coming through for tenant demand in the office and retail portions of the market. For the industrial sector, although the latest national net balance of +21% remains in positive territory, this measure has eased in each of the last three reports and is now noticeably softer than the reading of +61% posted back in Q4 last year.

When looking at changes in the availability of leasable space, respondents reported a further rise across both the retail and office sectors, alongside a modest decline in industrial vacancies. In keeping with this, the value of incentive packages offered by landlords in the office and retail spheres continued to pick-up, with the pace of increase accelerating (in net balance terms) over the latest survey period.

Focussing on the office sector, close to 90% of respondents expect businesses to scale back at least some of their office footprint over the next twelve months. The largest share of contributors (one-third) feel this reduction will be between 5 and 10%. That said, an almost equal share feel this trimming in office footprints could be somewhere between 10 and 20%+ over the year to come.

With structural forces impacting the sector, alongside a deteriorating macro-economic backdrop creating downward pressures more generally, office rental growth projections have been downgraded in the latest results. Indeed, prime office rents are now seen as remaining broadly flat in the year ahead, as opposed to the increase pencilled in previously. Meanwhile, the outlook is altogether more negative for secondary, with a net balance of -42% of respondents envisaging a decline in rents (down from a reading of -26% beforehand). Alongside this, twelve-month projections slipped deeper into negative territory for prime and secondary retail rents (posting respective net balances of -37% and -55%). For the industrial sector, while twelve-month rental expectations are still positive, the degree to which rents are envisaged rising is the most modest since the early stages of the pandemic.

With regards to investment market trends, a headline net balance of -18% of respondents cited a decline in buyer enquiries during Q3. This represents the weakest return for this metric since Q2 2020, having fallen from a reading of +12% last quarter. When disaggregated, sharp declines in investor interest was reported in both the office and retail sectors, while demand more or less stagnated with regards to industrial assets. Significantly, the series capturing overseas investment enquiries is now in negative territory (to a greater or lesser degree) across all mainstream sectors despite the fall in sterling.

For capital values, the twelve-month outlook has shifted markedly during Q3. Projections for prime office values have turned negative, with the net balance falling to -21% from +15% last quarter. For secondary offices, a net balance of -51% of respondents foresee a decline in values (compared to -26% last time). For retail, already negative projections were downgraded further with a net balance of -49% of contributors anticipating prime retail values falling in the year ahead, while the net balance stands at -65% for secondary.

Significantly, respondents are now pencilling in a marginally negative outturn for secondary industrial values (net balance -5%) which marks a stark turnaround relative to a reading of +57% seen at the start of the year. For prime industrial properties, the twelve-month capital value expectations net balance stands at +15%, albeit this is substantially softer than a recent high of +84% recorded in Q4 2021. With regards to some alternative sectors covered in the survey, capital value projections remain positive, although scaled back, for multifamily residential, data centres, aged care facilities and student housing. By way of contrast, hotels are expected to come under renewed pressure in the year to come.

Around 40% of UK respondents now feel the commercial property market is priced above fair value, a steady increase on just 29% taking this view at the end of last year. In London this share is much higher, at close to 60%. Lastly, 81% of respondents are now of the opinion that the market is in some stage of a downturn. This is up sharply from a share of 53% sensing the market was turning down in Q2 and substantially higher than 23% at the start of 2022. When disaggregated, a majority of respondents across all parts of the UK feel the market is in a downturn phase of the cycle.”

Local Market Commentary

Wirral is a mid-sized submarket containing around 11.4 million square feet of industrial space.

Recent economic turmoil has made little impact on the vacancy rate (3.4%), which has hardly budged from this time last year. Net absorption was essentially flat over the past year. Things look better over the five year timeframe, as the submarket has posted 220,000 SF of positive net absorption per year, on average.

Rents grew by 10.8% over the past 12 months, easily exceeding the 6.1% average annual change over the past decade.

The 3,200 SF currently underway in Wirral is the lowest construction count in more than three years. This represents a continuation of new development in the submarket, which had already seen 170,000 SF deliver over the past three years.

Industrial properties have traded with regularity in recent years, though that momentum has slowed in the past year.

9 Market Valuation and Loan Security

9.1 Valuation Approach

Methods Utilised

In preparing our advice we have primarily utilised the comparable (market) approach.

Our valuations have been undertaken in accordance with the RICS Valuation – Global Standards issued in November 2021 and effective from January 2022 incorporating IVSC International Valuation Standards. The conventional valuation methods are however dependent upon comparable evidence and where a lack of open market transactional activity causes uncertainty to exist throughout this process we have also relied upon our own market assessment/judgement based upon several considerations to include any marketing history, current equivalent sale processes, publicised indices, sector analysis, local factors and daily dialogue with the active agents.

Comparable Evidence

In undertaking our valuation we have had regard to comparable evidence. In some instances confidentiality prevents us from disclosing full details. Where there is a lack of available evidence regard has been given to valuer judgement. We have made this clear in our assessment where relevant.

Where the property/business has been subject to a recent transaction or a provisionally agreed price, enquiries have been made to ascertain the price agreed/realised and the effect of other factors including any marketing undertaken has been paid in this respect. We have also indicated the extent to which this information has been accepted as evidence of Market Value.

If our enquiries have not revealed such details or the agreed purchase price has changed and such information comes to light prior to the proposed loan being finalised, then this information should be referred back to us for further consideration.

We have not utilised IPMS in respect of the measurements detailed in the accommodation section of this report as the current availability of comparable evidence utilising IPMS is sparse with most agents still reporting under the traditional Gross Internal Area measurements (GIA) as outlined in the Code Of Measuring Practice (as amended). Our assessments below therefore utilise the GIA method of measurement which may differs to our assessment of IPMS.

Market Rent

The RICS definition of Market Rent is *“the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on*

appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We have considered the following market evidence:

Commercial Property

Address	Date	Size (sq.ft.)	Rent (£ psf)	Comments
Ash House, Prenton Way, Prenton	OTM	6,318 (ex mezz.)	Q.£7.12	A small light industrial unit, opposite to the subject. The unit has been on the market since late 2021, quoting £45,000 pa.
Unit at Campbeltown Rd, Birkenhead CH41	OTM	15,291	Q. £6.47	A well refurbished unit, with yards to both sides. 6m eaves. We understand from the agents that there is strong interest at or around the quoting rent.
Unit 6, Hoyer Industrial Estate South Rd Ellesmere Port CH65 4LE	Aug 2022	8,351	£6.28	A 10 year lease was agreed with a rent review in year 2. The unit is smaller than the subject but benefits from an additional 0.4 acre compound reflected in the rental rate.
Unit 1, Tenth Avenue, Deeside	Aug 2021	25,099	£6.50	A modern (dating from 2007) mid-sized unit of a similar size with a fully fenced secure site.
Units B1-B3 North Cheshire Trading Estate, Prenton Way, Prenton CH43 3DU	Jul 2021	9,972	£4.50	The property comprises a terrace of three industrial units of steel portal frame construction with part brick elevations.
Units D1-D6, North Cheshire Trading Estate, Prenton Way, Prenton CH43 3DU	Various	10,785	£4.70	The units comprises individuals industrial warehouse building of steel portal frame construction with part brick and part glazed elevations under an underlined corrugated asbestos roof. These are generally older than the subject and range between 4,956 sq ft and 5,940 sq ft.

Units E1, North Cheshire Trading Estate, Prenton Way, Prenton CH43 3DU	Jul 2021	9,920	£5.00	The property comprises of a light industrial unit with office space. Similar construction and design to subject property but generally older than the subject.
Unit 2, Caldbeck Road, Croft Business Park, Bromborough	May 2021	18,289	£4.92	Unit dates from 1975 and has a 5m eaves. A detached unit upon a self-contained site, close to Croft Retail Park on the Wirral Peninsula.

Rental Value Analysis

The comparable evidence above is in a similar size bracket and either upon the Wirral or Deeside, which has comparable benefits. The range of rental rates demonstrated for industrial lettings are between £4.50 for an inferior unit with the transaction slightly dated and £6.50 psf for a younger and more lofty unit. Some quoting rents are higher, however these have not transacted.

On the basis of the above we deem the market rent of the subject to be in the order of £5.00 psf equating to £117,000 per annum.

Market Value

The RICS definition of Market Value is “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 where the parties had each acted knowledgeably, prudently and without compulsion.” Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associate taxes.

We have considered the following market evidence:

Commercial Property

Address	Date	Size (sq.ft.)	Sale Price	Rate psf (£ psf/yield) (NIY)	Comments
Unit 5, Durley Park, North Cheshire Trading Estate, Prenton	OTM	11,388 (ex. mezz)	Q.£850,000	£74.64 (net of mezz)	Opposite the subject property and approx.. half the size of the subject, this unit was available on a 999 year LLH. We have been advised that a sale may be progressing at in the region of £876,000 reflecting £77 psf. A younger and more

					conventional unit than the subject that has been on the market for approx. 6 months.
9 Hartford Way, Chester	Q1 2022	13,736	£870,000	£63.34	An inferior but smaller unit, requiring repair and redecoration. The unit is in a trade counter location and was bought with the benefit of a new 125 year long lease at c £8k pa.
4 Cloister Way, Ellesmere Port	Oct 2021	19,825	£1,750,000	£88.27	A modern unit of a similar size to the subject and accessed via either junctions 9 or 10 of the M53. This unit has excellent yard provision with loading to multiple elevations and is more lofty than the subject.
4 Brunel Road, Bromborough, Wirral	Jul 2021	6,842	£425,000	£62.12	Situated on a large estate on the Wirral peninsula with c 1/3 rd office accommodation. A modern unit of less than 20 years old.
27 Goodlass Rd Liverpool L24 9HJ	May 2021	20,482	£900,000	£43.94 psf	Building of a similar size and dating from 1986.
Unit 1 Raspberry Court Malborough Way St Helens, WA11 9FT	Feb 2021	15,718	£1,275,000	£81.12 psf	Building of steel portal frame construction with block work elevations and insulated cladding above, it benefits from office accommodation arranged over two floors.
Units 5-6 Hoyer Industrial Estate South Rd Ellesmere Port CH65 4LE	Apr 2021	18,433	£1,385,000	£75.14 psf 6.50% NI Yield	Semi-detached industrial warehouse unit of steel portal frame construction and clad elevations with roof profile metal sheet cladding. A much newer unit dating from 2005.

Market Value Analysis

A significant proportion of the sales transactions from recent years have been investment sales due to the continuing 'hardening' of yields. Whilst this trend is unlikely to continue as costs of borrowing increase significantly and other economic headwinds become prevalent, the continued shortage of stock (exacerbated by increased costs of construction) are likely to underpin industrial values.

Subject to the special assumption of vacant possession, we consider that in light of the capital comparables above, the subject would justify a capital rate of £70 psf equating to £1,650,000 (rounded). The rate applied takes into consideration a multitude of factors such as size, condition, site configuration etc.

Special Assumption Valuation

MV2 – subject to the special assumption of a 180-day marketing period, we consider that the demand for warehouse unit remains robust and that only a marginal discount of say 5% may be required equating to £1,570,000.

For more information on our assumptions in respect of our Valuation Approach and Analysis please refer to paragraphs 10.1.19 to 10.1.21 within the Report Assumptions and Valuation Methodology section.

9.2 Summary of Valuations

MV1 Subject to:

Report commentary and recommendations
Reasonable period of marketing of 6-12 months
The Special assumption of vacant possession

£1,650,000 (One Million Six Hundred and Fifty Thousand Pounds)

MV2 Subject to:

Report commentary and recommendations
The Special assumptions of vacant possession and a 180-day marketing period

£1,570,000 (One Million Five Hundred and Seventy Thousand Pounds)

Market Rent as existing Subject to:

Letting on standard modern commercial terms as detailed within the report
Report commentary and recommendations
Reasonable period of marketing of 6-12 months

£117,000 per annum (One Hundred and Seventeen Thousand Pounds per annum)

9.3 Action Points and Recommendations

- A full Report on Title should be obtained;
- Your legal advisors should confirm that the intercompany leases do not prejudice the bank's security;

- Confirmation of insurance cover for flooding and subsidence risks is required;
- An asbestos survey is required;
- A mining search should be obtained unless already held;
- The proposed extension works should be subject to project monitoring;
- Contractor warranties and statutory sign-offs should be obtained.

9.4 Building Reinstatement Cost Assessment

It is important to note that the assessment given hereafter is an informal guide only. Please refer to the Report Assumptions section for clarification.

The estimated cost for insurance purposes of reinstating the property with an equivalent structure as at the date of our inspection is estimated to be in the region of £2,050,000.

For more information on our Estimate of Reinstatement Cost Assessment Limitations please refer to paragraphs 10.1.20 within the Report Assumptions and Methodology section.

Given the nature/age/construction of the property, the above should be seen as a guide for secured lenders only and specialist advice in respect of an appropriate level of reinstatement cover should be obtained.

For more information on our Inspection, Measurement and Site Conditions/Limitations please refer to paragraphs 10.1.3 and 10.1.4 within the Report Assumptions and Methodology section.

9.5 Security and Loan Suitability

In our opinion, the property will retain a useful economic life of at least 20-25 years, subject to an appropriate maintenance programme.

We believe the property represents suitable security for loan purposes subject to any recommendations within this report and in accordance with normal commercial lending practice.

9.6 Mortgage Regulation

In our opinion, 0% of the total gross floor area of the land and buildings to be given as security is/will be used as, or in connection with, a dwelling.

9.7 Limitation and Publication

This Valuation Report is prepared solely for the use of the Client and no responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisers assisting in the respect of the purpose for which this valuation report is prepared.

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

We trust that this report is satisfactory for your present purposes but should you require any further information or clarification please do not hesitate to contact us.

RICS Registered Valuer

For and on behalf of Eddisons



Philip G Deakin BSc (Hons) MRICS
Regional Director
RICS No: 1121360

RICS Registered Valuer

For and on behalf of Eddisons



Richard Roe, MRICS
Partner
RICS No: 0090816

10 Report Assumptions and Valuation Methodology

These should be read in conjunction with our Standard Conditions of Engagement. Unless we have commented to the contrary previously, we have made the following assumptions:

10.1.1 Title

It is assumed that the title to the property is as described by the Client/Vendor/Proposed Borrower and is as referred to in this report and that the Client/Vendor/Proposed Borrower has a good and marketable title to the estate or interest which we have valued. Unless indicated to the contrary, title deeds and/or lease documents have not been inspected or seen. Any interpretation of the leases and other legal documents and any legal assumptions are given in the capacity as business valuers and appraisers and must be verified by a suitably qualified lawyer if they are to be relied upon.

It is assumed that the property is not subject to any unusual or especially onerous covenants, easements, rights of way, restrictions, encumbrances or outgoing which might affect the valuation or which might prevent all or part of the property from being properly used (whether in its own right or, if relevant, in connection with the business).

We have assumed that the property has lawful and proper direct access from a publicly maintained highway without payment of any fee or contribution.

The Freehold or Leasehold Title is assumed to be held with the benefit of full Vacant Possession unless stated otherwise.

All Leases are assumed, unless otherwise stated, to have been drawn up in a fully assignable standard commercial format protected under the Security of Tenure provisions of the Landlord & Tenant Act 1954. We also assume that there are no outstanding dilapidation or other obligations and that the normal forfeiture clauses apply in the event of non-payment of rent, breach of covenant, bankruptcy etc.

We assume that your solicitors will prepare a Report on Title. If this does not confirm the title assumptions made or highlights the existence of easements, restrictive covenants etc., then this may alter the Valuations reported.

10.1.2 Trade Fixtures and Fittings

If relevant, it is assumed that the plant, machinery, equipment, fixtures and fittings are in serviceable order, (and where relevant, are adequate for the effective trading of the business) and shall remain so for the foreseeable future.

It is assumed that all decorative items, furniture, works of art and soft furnishings have no additional inherent value over and above that attributed to them as part of the existing and/or proposed business. In the event that there are any items of specific high value we would recommend that these be assessed by an appropriately qualified person separately.

10.1.3 The Inspection and Site Conditions

In preparing the Report regard has been had to the apparent state of repair, construction and condition of the property, taking into consideration major defects which are obvious in the course of a visual inspection of so much of the exterior and interior of the property as is accessible at the time of inspection with safety, and without undue difficulty. During the course of the inspection, we have viewed those parts of the property 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 we consider reasonably necessary to provide the Report, having regard to its purpose.

We have not examined those parts of the property which are covered, unexposed or inaccessible, or to raise boards, inspect woodwork, move anything, or use a moisture detecting meter. Neither shall we have a duty to verify the existence of and/or arrange for the testing of plant and equipment, including but not limited to electrical, heating, drainage or other services, service installations and appliances which, unless indicated to the contrary, have been assumed to be in a working and serviceable condition. We are unable test the adequacy or otherwise of any private drainage system or water supply.

Unless otherwise stated, the digital images published within the Report were taken during the inspection of the premises.

Where further investigations are recommended in relation to the repair or maintenance of the property, unless indicated otherwise, these should be undertaken by a Chartered Building Surveyor. Whilst our Valuations take into account the general appearance of the property, we have made the clear assumption that no significant property defects of a capital nature will be identified. If this is not the case, then we would wish to review the Valuation advice provided, upon receipt of a fully costed schedule of the required work.

Unless otherwise stated, any signs of structural movement within the property are assumed to be of an historic and non-progressive nature. We have not, however, undertaken any investigations and therefore we can make no assurances in this respect.

It must not be assumed that, if defects are not mentioned in the Report, all parts of the structure are free from defect and where attention is drawn in the Report to some defects, it does not mean that other defects may not exist.

If the Client, or their customer/proposed borrower, wishes to be satisfied as to the condition of the property, they should have a Building Surveyors' detailed inspection and report of their own before deciding whether to provide finance or enter into a contract.

If the property is of architectural or historic interest, or listed as such, or is in a Conservation Area or of an unusual construction, appropriate specialist advice should be sought before carrying out works.

We have not carried out, nor have we commissioned a site investigation, geographical or geophysical survey and therefore can give no opinion, assurance or guarantee that the ground has sufficient load bearing strength to support the existing constructions or any other construction that may be erected upon it in the future. We cannot give any opinion, assurance

or guarantee that there are no underground minerals or other workings beneath the site or in the vicinity nor that there is any fault or disability underground. It is not possible, therefore, to certify that any land is capable of further development or redevelopment.

10.1.4 Measurements

Where given, any floor areas and dimensions are taken from inspection unless otherwise specified and are approximate measurements only. Areas quoted are calculated in accordance with the RICS professional statement, RICS property measurement 1st edition, May 2015 (effective from 1 January 2016), unless the Client has instructed otherwise. We have assumed, unless stated otherwise, that any difference between the IPMS 1, 2 & 3 – Office and the respective previously utilised definitions under gross external area (GEA), gross internal area (GIA) and net internal area (NIA), are within acceptable tolerance and therefore not material.

Our understanding of the boundaries of the Property is as noted in the Report but should not be relied upon and should be verified by the Client and we have no knowledge of any responsibilities for fencing or of any boundary disputes or claims and legal advice should be sought in this respect.

Site areas are quoted as advised by the Client/Vendor/Proposed Borrower, unless specifically stated to the contrary. They are not derived from a physical site survey and are approximate unless otherwise indicated.

10.1.5 Environmental Health

The Food Safety Act 1990 and its subordinate regulations introduced a system of compulsory registration applying to most types of businesses with few exceptions. Full details of this legislation can be found at:

- www.opsi.gov.uk/ACTS/acts1990/Ukpga_19900016_en_1.htm
- www.opsi.gov.uk/si/si1991/Uksi_19912825_en_1.htm

For valuation purposes we have assumed full compliance with this and any more recent applicable legislation. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required works.

10.1.6 Equality Act

The Equality Act 2010 replaces the existing anti-discrimination laws and came into effect on 1 October 2010. It protects people who access goods facilities or services from discrimination by virtue of their (actual, perceived or association with), disability, gender reassignment, pregnancy/maternity, race (ethnic, colour and nationality), religion/belief, sex and sexual orientation. Businesses are under an obligation to ensure that there is no such discrimination by making 'reasonable adjustments' to their policy/procedures, the provision of auxiliary aids/services and the physical features of their business premises. Further guidelines are available from the Government Equalities Office www.equalities.gov.uk.

For valuation purposes we have assumed that no significant costs of a capital nature are required to comply with this legislation. Should this not be the case then we may wish to review

the valuation opinion provided, upon receipt of a costed schedule of the required actions, provisions or works.

10.1.7 Fire

New UK Fire Regulations came into force on 1 October 2006. Full details can be found at www.opsi.gov.uk/si/si2005/20051541.htm. The business “occupier” of any commercial premises, as the “responsible person”, now has a primary duty to carry out a Fire Risk Assessment, to act on its findings, to implement a fire safety policy and to train staff appropriately. This means that any person who has some level of control of commercial premises must take reasonable steps to reduce the risk of fire and to make sure that people can safely escape in such an event.

Fire Certificates, which were formerly required in respect of certain types of property, are no longer valid, although local Fire Authorities will still remain the main agency responsible for enforcing all fire safety legislation in respect of non-domestic properties.

We have not inspected the relevant fire safety policy documentation and we assume that solicitors will verify that the property/business is fully compliant with the findings of a competent Risk Assessment.

10.1.8 Planning

We have made telephone and/or website enquiries of the local planning authority and have relied upon the information given to us. In the event that more or differing information comes to light following a more detailed planning search then we reserve the right to amend our valuation accordingly.

A formal planning search should be obtained, to include confirmation that there are no proposed developments within the vicinity which would adversely impact upon the subject business. For Valuation purposes we have assumed that there are no outstanding planning issues, and no undue restrictions on the current/proposed business format.

10.1.9 Licensing

The provisions of the Licensing Act 2003 are now in force and appropriate new-style ‘Premises’ and ‘Personal’ Licences as issued by the Local Authority should be in place. Full details can be found at:

- www.opsi.gov.uk/ACTS/acts2003/20030017.htm

Such Licences have been assumed to be in place for Valuation purposes, although Solicitors should verify that the ‘Premises’ Licence contains no onerous conditions.

Unless otherwise stated, we have also assumed that there are no onerous conditions or undertakings that affect the licence(s). In the event that new information comes to light subsequent to our valuation that contradicts the information supplied then we reserve the right to amend our valuation accordingly. In the event that the property loses its licence there is likely to be a material effect on valuation.

10.1.10 Environmental Matters

Details of the legislative framework relating to contaminated land can be found at:

- www.netregs.gov.uk/netregs/275207/276318/277712/?lang=e.

We have assumed that no contaminative or potentially contaminative uses have ever been carried out in or adjoining the Property. Unless otherwise stated, we are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination.

We do not carry out an investigation into past or present uses, either of the Property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the Property from these uses or sites, and we therefore assume that none exists. Any such investigations are the responsibility of the Client.

However, should it be established subsequently that any contamination seepage or pollution exists at the Property or on any neighbouring land, or that the Property has been or is being put to a contaminative use, this might reduce the values reported.

In the normal course of events an Environmental Risk Assessment would be commissioned prior to lending. We have assumed for the purposes of our valuation that no issues of an environmental nature exist which will impact on the value of the property or business. Should any investigations indicate otherwise then we reserve the right to alter our valuation opinion.

10.1.11 Energy Performance Certificates/Energy Act 2011

In England & Wales, from October 2008, the sale, letting and construction of all residential and commercial property requires the provision of an Energy Performance Certificate (EPC). The aim of EPC's is to provide purchasers and tenants with information regarding the energy efficiency of their building. Generally, an EPC for commercial buildings is valid for 10 years, or until a new EPC is prepared.

In respect of care homes, these will only require an EPC upon construction, sale or rental (of the whole building). In this case the assessment will be undertaken under the procedures for non-residential dwellings.

On 18 October 2011 the Energy Bill became the Energy Act 2011. The Act includes a provision to ensure that from 1 April 2018 it will be unlawful to rent out business premises to new or renewing tenants that do not reach a minimum energy efficiency standard. In February 2015 the Government confirmed that this minimum rating will be E and the new rules will be extended to cover all leases by 1 April 2023.

With effect from 6 April 2012 an EPC has to be made available prior to marketing. The EPC rating will therefore become increasingly significant over the next six years and will have an effect on values where those properties with F and G ratings become less marketable if they require material levels of expenditure in order to upgrade to an acceptable rating.

The Energy Act also provides that from April 2016, private residential landlords will be unable to refuse a tenant's reasonable request for consent to energy efficiency improvements where a finance package, such as the Green Deal and/or the Energy Company Obligation (ECO), is available. The Act further provides powers to ensure that from 1 April 2018, it will be unlawful to rent out a residential property that does not reach a minimum energy efficiency standard of E and this will be extended to all leases in 2020.

10.1.12 Asbestos

Under the Control of Asbestos Regulations 2002 (as amended in 2006 and 2012) it is necessary for property owners/occupiers to undertake an inspection for asbestos in all non-domestic properties (to include common parts of shared residential dwellings). Following this exercise there are a number of requirements, including the need for an asbestos management plan to be drawn up and implemented. The timescale for completion of this process was 21 May 2004. Full details are available at:

- www.hse.gov.uk/asbestos/regulations.htm
- www.legislation.gov.uk/ukxi/2012/632/contents/made

For valuation purposes we have assumed that no significant costs of a capital nature have/will be identified as part of this investigation process. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costed schedule of the required works.

10.1.13 Flooding

Further information can be found at <http://www.environment-agency.gov.uk/flood>. If we have indicated that the Property is located within an area that could be affected by flooding then an enquiry should be made of The Environment Agency to ascertain whether or not there is any history of flooding affecting the Property. For valuation purposes we have assumed that there is no such history and that full insurance cover in respect of flooding risk is available, without payment of an excessive premium.

10.1.14 Landslip/Subsidence

Unless otherwise stated, we are not aware of any evidence of subsidence, heave or landslip at or in the vicinity of the property and have assumed that no such problems exist and that, in any event full insurance cover would be available in respect of all associated risks. We confirm that we have not made any detailed investigations in this regard.

10.1.15 Mining

Where the property is identified as lying within a mineral bearing area, a mining search should be obtained. Further information can be found at <https://www.gov.uk/check-if-property-is-affected-by-coal-mining>. We have assumed for valuation purposes that no material factors potentially affecting the property will be identified and that full buildings insurance cover will be available in respect of any associated risks.

10.1.16 Mundic Block

Mundic block or concrete is a local term for concrete manufactured with deleterious material, commonly metalliferous mine waste. The presence of deleterious material can cause later defects to develop, adversely affecting structural stability.

Guidance produced by the Royal Institution of Chartered Surveyors suggests that it is less likely that unsuitable material was used after 1950. An exception may relate to the surrounding district of Liskeard when the period is extended to pre-1960. This relates to the area within the postcodes PL12, 13, 14, 15, 17, 18, 22 and 23.

If we have indicated that the property could be affected by the use of Mundic then we recommend that a specific investigation be made as to the precise nature of construction of the main building, and confirmation formally sought as to the age of any additions. Should either the main building or any additions be of concrete blockwork, constructed pre-1950, Mundic sample tests should be undertaken to determine whether or not such deleterious materials exist. Further information and assistance can be found on the Building Research Establishment website at <http://www.bre.co.uk/pdf/106.pdf>. We reserve the right to amend our opinion as to value should this be the case, and for the purposes of this report we have made the clear assumption that no deleterious material has been used in the construction of the building/buildings forming part of this property.

10.1.17 Radon

The National Radiological Protection Board, which merged with the Health Protection Agency on 1 April 2005, to form its new Radiation Protection Division, has identified the areas in which, in more than 1% of dwellings, the levels of radon gas entering the property are such that remedial action is recommended.

If we have indicated that the subject property is situated within such an area, we recommend the use of the relevant test and result service, which is available from the Health Protection Agency at <http://www.hpa.org.uk/radiation/>. We have provided our Report on the assumption that radon is not detectable at a level which would require remedial action.

10.1.18 Invasive Species and Japanese Knotweed

There are 36 non-native invasive species defined by The Wildlife and Countryside Act 1981, (amended in April 2010); section 14 of the act details the law relating to the introduction of new species and Schedule 9 lists those plants classified as non-native invasive species. Many invasive plants are of limited importance in the context of value, while most are not commonly identifiable to those who are not experienced botanists.

The most deleterious non-native invasive species is Japanese Knotweed due to its destructive influence on built structures and the difficulty and cost of eradication. Due to the cost of eradication, attempts can be made by owners/vendors to disguise the presence of this plant by removal of surface vegetation and the covering of surfaces with ornamental materials or landscaping features; we have not undertaken an intrusive inspection in this regard. We recommend that enquiries are made of vendors/owners at the legal due diligence stage, when an undertaking should be sought that no infestation of Japanese Knotweed has been experienced at the property.

At the time of inspection, where non-native invasive species have been identified at the property or within the local area, we have detailed the nature of such infestation, its location and a recommended course of action. In the absence of any features which would clearly identify any invasive species our Report is provided on the assumption that no invasive species are present to a level which would require remedial action.

Further information relating to Japanese Knotweed, other invasive species, together with associated issues can be found on the following websites:

- The Wildlife and Countryside Act 1981 (www.legislation.gov.uk/ukpga/1981/69/contents)
- The Environment Agency (www.environment-agency.gov.uk)
- The Cornwall Knotweed Forum (www.cornwall.gov.uk)
- Devon County Council (www.devon.gov.uk)
- GB non-native species secretariat (<https://secure.fera.defra.gov.uk/nonnativespecies>)
- Scottish Environmental Protection Agency (www.sepa.org.uk)

10.1.19 Basis of Valuation

The Royal Institution of Chartered Surveyors considers that the appropriate basis of value to be used for all valuations or appraisals undertaken for secured lending is 'Market Value'. Market Value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

Any special assumptions made in calculating the Market Value will be agreed with the Client in advance and referred to within the Report. Any other bases of valuation considered appropriate in individual instances will be detailed separately.

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

Market Rent within our Report, unless otherwise stated, will be assessed upon the assumption that the property is fit for occupation, no premium is required and there are no tenant incentives. It will also assume a new, standard full repairing/insuring commercial lease, without onerous obligations or conditions, of at least a fifteen year term and a rent review period of no longer than five years.

10.1.20 Estimate of Reinstatement Cost Assessment

If the Report includes an estimate of reinstatement cost assessment, this is an informal guide of the cost for insurance purposes of reinstating the property and is given without liability. A formal assessment for insurance purposes can only be given by a Quantity/Building Surveyor or other professional with sufficient current experience of such costs, following the preparation

of a full bill of quantities. This is particularly relevant in the case of Architecturally Listed buildings and those properties situated within Conservation Areas, National Parks and the like or in cramped city centre or other unusual locations. The guide provided within our Report assumes:

- reinstating the property with an equivalent structure
- the use of modern materials and construction techniques
- the adherence to all current statutory requirements
- no allowance is made for inflation
- demolition and site clearance
- professional and statutory fees

However excludes VAT (including that payable on fees) and loss of rent and/or cost of alternative accommodation for the reinstatement period.

12 Eddisons Terms of Engagement

Our Ref: PGD/705.3362A

Your Ref:

Private & Confidential
FAO: Stewart Bruce
Proplend Security Limited
15 Little Green
Richmond
TW9 1QH

Eddisons

304 Deansgate
Manchester
M3 4JY

T. 0161 837 7530
e. valuations@eddisons.com
www.eddisons.com

20 January 2022

Dear Sirs

**Engagement Letter for Valuation Advice in relation to:
Spectrum House, 20 Prenton Way, Prenton, Merseyside, CH43 3DU ("the Property")**

The purpose of this Engagement Letter is to set out the terms under which Eddisons ("we", "our" or "us") will provide valuation services to the **Client** (as defined at section 1 below) ("**you**" or "**your**") (the "**Services**") under the engagement between the parties ("**Engagement**"). This letter incorporates our General Terms of Business and we enclose a copy of these for your attention. This letter varies our General Terms of Business where indicated, and to the extent that a conflict exists between this letter and our General Terms of Business, the terms of this letter take precedence over our General Terms of Business. This Engagement Letter comprises the following sections and enclosures, each of which you should read carefully and raise any queries or issues with us within 7 days of the date of this Letter:

1. CLIENT DETAILS

The **Client** for the purposes of this Engagement is:

Proplend Security Limited
15 Little Green
Richmond
TW9 1QH

2. PURPOSE OF THIS VALUATION

Secured lending purposes

3. SCOPE OF SERVICES & BASES OF VALUATION

The services to be provided by us to you, and as have been agreed between us, are set out below ("Services**"):**

Valuation report in relation to the Property for secured lending purposes to be provided within 5-7 working days of inspection.

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Subject to the terms of this Engagement Letter, Eddisons will provide the following services to you for the purposes of this Engagement:

Bases of Valuation to be reported:

- Market Value in its current condition subject to the Special Assumption of Vacant Possession;
- Market Value in its current condition subject to the Special Assumptions of Vacant Possession and a 180-day marketing period;
- Market Rent as existing;
- Informal Estimated Reinstatement Cost for fire insurance purposes, including site clearance costs and professional fees.

4. SPECIFIC INCLUSIONS AND EXCLUSIONS FROM THE SCOPE OF VALUATION AND THE SERVICES

The following "Inclusions" and "Exclusions" will apply to our delivery of the Services to you:

- The scope of the Services that we deliver to you under this Engagement shall be limited in all circumstances in respect of any property or asset to those parts of such property or asset that are clearly visible at the time of any visual inspection that we agree to carry out as part of delivering the Services without obstruction and without the need for us to arrange or procure separate access.

Please note that the Exclusions detailed in this Engagement Letter should not be considered exhaustive for the purposes of our delivery of the Services to you under an Engagement. You should check carefully what is covered by the Inclusions and Exclusions above and let us know within 7 days of the date of this letter if you require us to consider any deletions, additions or amendments.

5. FORMAT OF THIS VALUATION

Full valuation report.

6. AGREED FEE STRUCTURE

You have requested that Eddisons seek a Fee in consideration for the Services from the borrower:

- We estimate that the initial cost of supplying the Services in accordance with the service reporting requirements specified in paragraph 2 above, based on our standard charge out rates shall be £1,750 (excluding VAT).

The fees stated shall be inclusive of travel expenses and third party disbursements.

Our Fee is inclusive of disbursements

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7. EDDISONS MANAGER/KEY ENGAGEMENT CONTACT DETAILS

Philip Deakin, Regional Director
Eddisons, 2nd Floor, 340 Deansgate, Manchester, M3 4LY
Tel: 0161 837 7368
E-mail: Philip.Deakin@eddisons.com

8. LIMITATION OF LIABILITY

We shall supply the Services solely to you, exclusively for your benefit. Any advice or recommendations provided by us through performing the Services may not be used or relied on for any other purpose or by any other person unless you first obtain our permission.

Upon consideration of all relevant factors in the provision of the Services the parties agree that a fair and proportionate limit of our aggregate liability for any breach of contract, tort (including negligence) or otherwise arising out of our performance or non-performance of the Services will in no circumstances exceed the limit of £1,000,000 specified in clause 14 in the Eddisons General Terms of Business or as is otherwise stipulated at Schedule 2 Agreed Special Conditions in this Engagement Letter .

9. STATEMENT REGARDING CONFLICTS, INDEPENDENCE AND COMPETENCE

We have carried out our standard conflicts checking process in relation to this Engagement, the outcome of which being that no conflicts have been identified.

We hereby confirm that we are in a position to proceed with this Engagement in an independent, objective and competent manner and that the associated valuation will be performed by a qualified surveyor and RICS registered valuer.

10. SCHEDULES

You should ensure that you read all Schedules to this Engagement Letter (**Schedule 1 to Schedule 3 below**) as they form part of our contractual agreement with you for the purposes of this Engagement.

11. YOUR AGREEMENT TO THE TERMS OF THIS ENGAGEMENT

Please confirm your agreement to the terms of this Engagement with Eddisons by signing the duplicate copy letter and returning this to the Eddisons Manager specified above.

If you do not sign and return a copy of this Engagement Letter but continue to work with us, we will assume that you are in agreement with the relevant Engagement Terms and that you agree to us carrying out any and all services described therein subject to those terms. The Engagement will commence on the earlier of (i) the date upon which you sign the Engagement Letter; **and** (ii) such date that Eddisons decides (acting reasonably in the circumstances) is the first date of the Engagement, whichever date occurs soonest.

Eddisons

Thank you for your instructions. We look forward to working with you.

Yours faithfully

Philip G Deakin BSc (Hons), MRICS

Eddisons Commercial Limited

philip.deakin@eddisons.com



Signed

Date 20 January 2023

Enc

Eddisons

Client Acceptance:

[Client Name] Proplend Security Limited

[Client signatory name (please print)] Matt Carson

Signed *Matt Carson* Date 20/1/23