
95-99 High Street, Precinct, Connahs
Quay, CH5 4DD

Lender: Proplend Security Limited
Customer: RCHN Limited

27 June 2023

Strictly Private and Confidential

Our Ref: 173607

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Confirmation of Instructions

Confirmation of Instructions	
Kroll	Kroll Advisory Limited
Bank/Lender/Addressee	Proplend Security Limited
Borrower	RCHN Limited
Purpose of Valuation	Secured Lending
Property/Properties	95-99 Connah's Quay Precinct, High Street, Deeside, Flintshire, CH5 4DD
Previous Visits	Yes – 12 July 2021 for Secured Lending
Inspection Date	16 June 2023
Valuation Date	16 June 2023
Valuer	Chris Holt MRICS RICS Registered Valuer
Reviewer	Paul Greenhalgh MRICS RICS Registered Valuer
Suitable for Loan Security	Yes subject to comments within the report and appropriate LTV
Professional Indemnity Insurance and Liability Cap	Kroll Advisory Ltd holds appropriate Professional Indemnity Insurance adequate for this instruction as outlined in our Terms of Business which is limited to the lower of £5m or 75% of Market Value. This amount shall be an aggregate cap on our liability to all relying parties together.
Important Notice to Borrowers	This report has been prepared for the sole benefit of the Bank/Lender/Addressee in order for the Property/Properties to be assessed as security to a loan. The report has <u>not</u> been prepared for the benefit of the Borrower who is not entitled to rely on the report. The services have not been tested and defects may exist which are not mentioned within this report.

1. Executive Summary

Property Summary

Property Type	Mixed Use Investment	Tenure	Freehold - CYM66986
Location	The property is located at the commercial heart of Connah's Quay town centre, fronting the B5129, High Street.		
Description	A one and two storey end terrace property with rendered and painted elevations comprising a betting shop unit and a sports bar with flat above.		
Accommodation	The property comprises a betting shop unit let to William Hill, a sports bar with 3 bedroom flat above. Externally there are two car parking spaces to the rear. 4,869 sq ft (452.40 sq m)		
Tenancies	<p>We understand that one of the ground floor commercial units is let to William Hill on an FRI lease which commenced in 2011 for a period of 20 years. The original break in the lease was deferred to September of 2025 and the rental income has remained the same at £17,300 p.a with the next rent review in September of 2026.</p> <p>The other commercial unit is let to The Boathouse on a new FRI lease which commenced 10th March 2023 for a term of 1 year with rental income of £24,000 per annum.</p>		



SWOT Analysis

Strengths	<ul style="list-style-type: none"> Located on the town's high street Strong tenant covenant with letting to William Hill 	Weaknesses	<ul style="list-style-type: none"> Poor condition of flat Competitor in Ladbrokes located next door to William Hill
Opportunities	<ul style="list-style-type: none"> Modernise first floor flat Negotiate a more secure lease with The Boathouse 	Threats	<ul style="list-style-type: none"> Wider political and economic uncertainty; Rising interest rates, cost of debt and inflation; EPC rating of 'E' for William Hill – improvements will need to be made to improve the rating by 2025 (if new letting), or 2028 if existing lease



Key Lending Considerations

Lenders Action Points	<ol style="list-style-type: none"> A full Report on Title should be obtained; Confirmation of insurance cover for subsidence and flooding risks is required; An asbestos survey is required; A radon test should be undertaken A mining search should be obtained unless already held;
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1. Executive Summary

Valuation Summary		
MV1	Subject to reasonable marketing and let	£335,000 (Three Hundred and Thirty Five Thousand Pounds)
MV2	Subject to the <u>special assumption</u> of a sale to be completed within 90 days subject to existing leases	£300,000 (Three Hundred Thousand Pounds)
MV3	Subject to the <u>special assumption</u> of vacant possession	£265,000 (Two Hundred and Sixty Five Thousand Pounds)
MR	Assuming a letting or lettings on open market terms	£41,300 (Forty One Thousand Three Hundred Pounds)

2. Location

Macro Location

Connah's Quay known locally as "The Quay" is a community and the largest town in Flintshire, lying within the Deeside conurbation along the River Dee, near the border with England.

It is located 6 miles west of Chester and can be reached by road from the A548, by rail from the nearby Shotton railway station, and also is on the National Cycle Network Route 5.

It also lies just south of Deeside Industrial Park, one of the largest such complexes in the region.

Micro Location

The property is located at the commercial heart of Connah's Quay town centre, fronting the B5129, High Street.

Connah's Quay is the largest town in Flintshire with a population of over 16,000 and it lies approximately 8 miles west of Chester.

Access

William Hill has pedestrian access off both High Street and Fron Street, whilst the Boathouse is accessed from Fron Road.

We assume these roads to be made up and adopted by the Local Authority.

Location Plan:



Street Plan:



Photo – Access:



3. Description

Overview

The property comprises a mixed use investment consisting of two ground floor retail units trading as a betting shop and a bar/public house together with first floor residential accommodation consisting of a 3 bed private flat.

There are two private car parking spaces to the rear, adjacent to an enclosed yard.

Construction

The property comprises a part single, part two storey end terrace property of traditional masonry construction with rendered and painted elevations beneath flat roofs.

Services

Water	Mains
Gas	Mains
Electricity	Mains
Lighting	Various
Drainage	Mains
Heating	Gas
Comments	Services have not been tested. We assume they are free from defect.

Photo – Front Elevation:



Photo – Rear Elevation:



Photo – Side Elevation:



3. Description

Accommodation

Accommodation is arranged over one and two storeys.

The William Hill unit has two access points off High Street and Fron Street. The unit comprises a predominantly open plan area with sales desk and staff room and a customer WC.

The Boathouse Inn comprises an open plan sports bar with multiple TV screens throughout together with many sports memorabilia on the walls. Ladies, gents and disabled customer toilets, office/storeroom and upland beer cellar accessed from the rear yard.

The first floor flat is accessed through The Boathouse Inn and comprises a 3 bedroom flat with 2 bathrooms, living room and kitchen. The accommodation was in a poor condition and required some essential Cap Ex.

Unit/Floor	Accommodation	sq m	sq ft
GF – William Hill	Open plan trading area, sales desk, disabled WC	118.63	1,277
GF - Boathouse	Open plan sports bar, ladies/gents & disabled WCs, bar serving area, upland beer cellar, store rooms	210.53	2,266
FF - Flat	3 x bedrooms, lounge, kitchen, 2 x bathrooms	123.24	1,326
Total		452.40	4,869

Measurement Type: NIA for Retail and GIA for Residential

Condition

The overall standard of external appearance is reasonable commensurate with the age and use.

The overall standard of internal appearance is mixed. The William Hill unit is generally in a reasonable state of repair, as is the Boathouse Sports Bar. However the first floor flat is in a poor state of repair with parts of the ceiling missing, walls plastered but not painted and no finish to the flooring in the bathroom. The property is in a worse condition to our previous visit and is not currently fit for letting.

We are not building surveyors. Our inspection is of exposed areas and from a ground level position only.

Photo – Internal (The Boathouse):



Photo – Internal (William Hill):



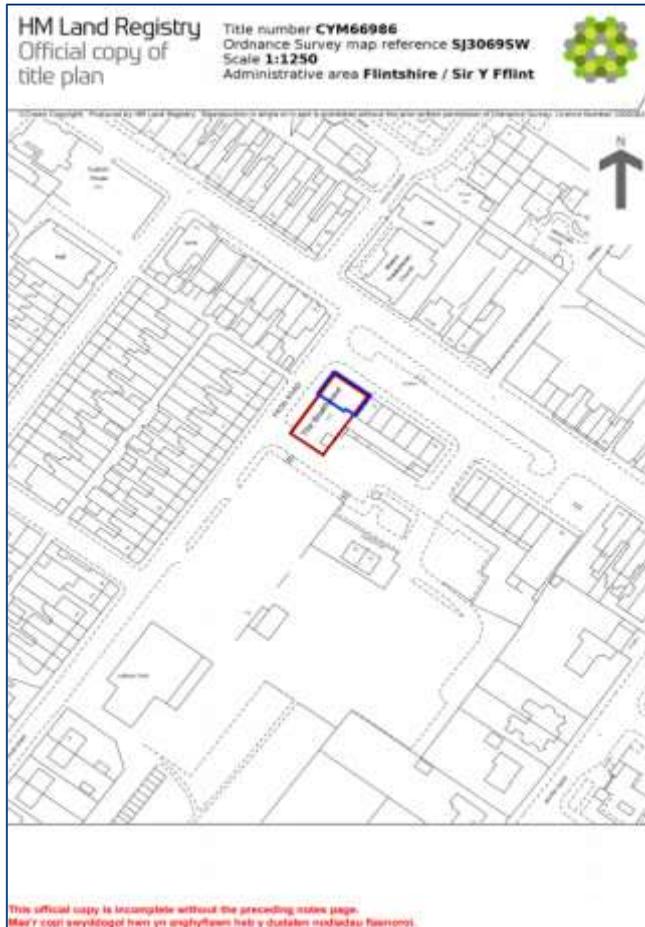
Photo – Internal (Flat):



4. Site, Tenure & Tenancies

Land Registry Title no. CYM66986	
Characteristics	Flat rectangular shaped site
Site area	0.105 acres (0.042 ha)
Site coverage	95%
Tenure	Freehold

Occupancy Overview					
Tenancy Overview	<p>The property is fully let to two tenants producing a gross rental income of £41,300 per annum. William Hill – The tenant may break the lease at the end of the tenth year of the lease by giving not less than six months prior written notice – we understand this has been deferred until 2025. The area edge blue on the plan opposite refers to the area demised to William Hill.</p> <p>The Boathouse - A new FRI lease was put in place in March 2023 for a 1 year term rather than a rolling license and the rental income has increased by £5,800 per annum.</p>				
Landlords Shortfall					
WAULT to Break	1.12 years	WAULT to Expiry	4.49 years	Percentage Let	100%



Tenancy Schedule					
Accommodation	Tenant	Term	Break Date	R/R Date	Annual Rent
Ground floor	William Hill Organization Limited	September 2021 – September 2031	September 2025	September 2026	£17,300
Ground Floor	The Boathouse	10 th March 2023 – 10 th March 2024	N/A	N/A	£24,000
Total					£41,300

Covenant Analysis			
Accommodation	Tenant	Credit Rating	Comment
Ground Floor Commercial	William Hill	Very Low Risk – Commercial Delphi Band	Turnover of £332m and a profit before tax of £75.2m.
Ground Floor	Private Individual	Unknown	We have been unable to verify the covenant strength.
Lender Action Point:	A full Report on Title should be obtained by way of confirmation of the tenure position and tenancy position to ensure our interpretation accords with the document supplied to your solicitor		

5. Environmental & Statutory Enquiries

Contamination and Environmental Issues

Ground Contamination - any obvious signs of land contamination affecting the property at the time of inspection?	No	
Asbestos - has an asbestos survey been completed for the property?	No	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?	Yes	Maximum radon potential is greater than 30%.
Ground Conditions - were any adverse ground conditions noted at the time of inspection?	No	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?	No	Flood risk from rivers – very low risk. Flooding from the sea – low risk Flooding from surface water and small watercourses – high risk
Mining - is the property within a mining area?	Yes	
Invasive Species - any invasive species noted at the time of inspection?	No	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.
Energy Performance Certificate - has an EPC been prepared for the property?	Yes	William Hill Bookmakers: Rating: E103 / EPC Number: 0324-0529-3230-2200-8003 / EPC Date: 06 February 2030 Boathouse Inn: Rating: C66 / EPC Number: 8090-8101-2274-8040-7404 / EPC Date: 03 August 2031

Lender Action Point:

- An asbestos survey is required
- A radon test should be undertaken
- Confirmation of insurance for flooding risk is required
- A mining search should be obtained unless already held

5. Environmental & Statutory Enquiries

Statutory Enquiries										
Local Planning Authority	Flintshire County Council									
Planning Consent – has a recent or material application been noted?	Yes	App ref.	048263	Proposal	Proposed change of use from A3 (Public House) to A2 (Financial and professional services) to part of existing floor area including elevation changes	Decision	Approve	Date	18/04/11	
Planning Use – does the current use concur with Planning Consent(s)?	Yes	Assumed compliant with its current use.								
Licensing – is licensing required for the property?	Yes	The property benefits from a premises license. A copy should be obtained by your legal advisors.								
Equality Act – does the property conform with the Act?	Unknown	Assumed compliant.								
Fire Safety – does the property meet current regulations?	Unknown	We assume the property complies with current regulations and that there are no outstanding issues. We have assumed full legislative compliance for the purposes of this report								
Building Regulations and Warranties – has the valuer been made aware?	Unknown	Assumed complaint.								
Rateable Value – is the property assessed by the VOA?	Yes	Address	95-99 High Street, High Street, Connahs Quay, Deeside, CH5 4DD	Description	Shop and premises	Sum (£)	£16,000			
			The Boathouse, High Street, Deeside, CH5 4DD		Public house and premises		£9,500			
Council Tax– is the property assessed by the VOA?	Yes	Address	The Boathouse, High Street, Deeside, CH5 4DD				Band	B		

6. Market Commentary

UK Market

The latest RICS UK Commercial Property Monitor remain generally subdued as the market continues to contend with higher borrowing costs and a sluggish economic growth outlook. That said, the overall tone to the latest feedback is not as downbeat as last quarter. Indeed, the industrial sector in particular has shown renewed momentum, evidenced by near-term capital value expectations turning marginally positive following the sharp downward adjustment seen at the end of last year as bond yields jumped higher. Overall, although 50% of respondents feel conditions are consistent with a downturn phase of the property cycle, respective shares of 25% and 21% now feel the market has either reached a floor or has begun to turn up.

Starting with the occupier backdrop, the headline net balance for tenant demand came in at -3% in Q1. Although indicative of a largely flat picture, this marks an improvement on a reading of -20% posted last time. Within this, the industrial sector saw a pick-up in occupier demand, registering a net balance of +16% vs +6% in Q4. Meanwhile, tenant demand was flat to marginally negative for office space (net balance -6%) and continued to fall across the retail sector (net balance -23%). Even so, in both instances, this was less negative than in the previous quarter. Alongside this however, vacant space continued to edge higher within the office and retail segments, prompting landlords to increase to value of incentive packages. Conversely, availability dipped marginally for industrials.

Looking at the prospects for rental growth, the outlook for rents remains negative for prime and secondary retail outlets, although the net balance of respondents expecting falls did moderate compared to Q4.

Both prime secondary retail rents are projected to fall across most parts of the UK. Interestingly however, rents are now anticipated to pick-up marginally for prime retail space in London.

Turning to the investment market, the headline metric capturing investor demand posted a net balance of -14% in Q1. Although still indicative of a weakening in investor enquiries (for a third straight quarter), the latest figure is less downcast than the reading of -30% seen in Q4. A tighter lending environment continues to present a headwind to investor activity, with the survey's series gauging changes in credit conditions pointing to a fifth successive quarterly deterioration. Even so, the Q1 net balance of -37%, while still signalling a tougher lending backdrop, is the least negative reading seen since Q1 2022.

At the sector level, the latest net balances regarding investment demand for offices and retail assets came in at -26% and -27% respectively.

Local Market and Sector

Retail

Retail vacancies in Flintshire were slightly elevated relative to the five-year average during the second quarter, but they were essentially unchanged from this time last year. The rate also comes in below the region's average. Meanwhile, retail rents have risen by 1.2% in the past 12 months. That is the strongest rate of annual rent growth observed over the past five years.

While some retail space has delivered over the past few years in Flintshire, developers at present are not particularly active. Retail investors are reasonably active in Flintshire, and deal flow over the past year largely continued along that course. At £126/SF, market pricing is considerably lower than the region's average pricing.

Source: CoStar

Public House

A trend expected to grow in 2023 is the popularity of competitive socialising in pubs and bars, featuring everything from pool and shuffleboard to darts and curling, so businesses may want to consider how to capitalise on this trend.

The mini budget on 23rd September, delivered by Kwasi Kwateng, accelerated the economic deterioration with the pound slumping within hours and the next day the cost of borrowing soared. Despite the economic and political turbulence, demand for property remained strong and this applied for the majority of pubs for most of the year. The market characteristics experienced in 2021 continued, with a shortage of supply being the lead factor. Business failures, repossessions, and administrations didn't increase in any significant numbers in the pub sector and owners who weren't being forced to sell were choosing not to.

It wasn't until Q4, when the reaction to the minibudget became apparent, increasing utility costs were taking effect and predictions of a significant number of pub failures in H1 2023 increased in volume, that market conditions changed and demand eased. Reports on pub numbers mid-way through the year indicated that closures were lower than many had expected. This is undoubtedly as a result of government support schemes and a resilience of the sector which bounced back quite strongly post Covid, all helped by increased staycations.

Source: Barclays

6. Market Commentary

Market Uncertainty

Following the invasion of Ukraine by the Russian military in late February 2022, there was an immediate impact on the global economy due, in part, to sanctions imposed on Russia, rising oil and gas prices and the restriction of exported goods from Ukraine and Russia. Since the date of the invasion, there has already been an impact on the UK economy, including rising inflation and increased interest rates, and we anticipate this will in turn affect the property markets.

Due to a range of factors, not least such inflationary pressures and increasing interest rates, the property markets have seen a slowdown and recalibration in certain transactions in recent weeks and our valuation has been prepared against the backdrop of a very challenging economic outlook and, crucially, taking account of comparables transacted at a point where the markets were existing in a more stabilised environment.

There are concerns as to how the UK economy will perform going forward, particularly noting rising interest rates that are impacting on the cost of debt. Although there remains liquidity in the market, the ongoing geo-political headwinds, economic uncertainty and rising cost of debt finance may impact yields in some sectors of the market such that they increase (soften) from their current levels, coupled with capital value rates generally.

We stress the importance of the valuation date and recommend that the value of the property is kept under regular review, with a greater degree of stress testing and assessment of LTV rates.

For the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards.

Anticipated Disposal Terms and Timeframes

Letting	Terms	5-10 year lease
	Timeframe	9-12 months
Sale (MV1)	Method of sale	Private treaty
	Timeframe	12+ months

7. Valuation – Market Rent

Comparable Evidence			
Address	Date	Rent (pa)	Comments
53 High Street, Deeside, CH5 4DD	Oct 2022	£14,500 £7.77 psf	Corner retail unit formerly used as a car show room. Property is located on the same street as the subject. Property appears in basic condition and of need of refurbishment. 1,867 sq ft.
Unit J Quay Shopping Centre, Ffordd Llanart, Deeside, CH5 4UQ	Nov 2021	£18,000 £18 psf	Ground floor retail unit located at Quay Shopping Centre which is Connah's Quay dominant retail facility with tenants such as Morrisons and Home Bargains occupying units. Property was on the market for 18 months. 1,000 sq ft.
69-81 High Street, CH5 4DD	June 2021	£11,000 £11.11 psf	Ground floor retail space let to Haruns Charcoal Grill on a 15 year lease with 5 yearly reviews and breaks. Similar retail precinct to the subject – good comparable. 990 sq ft.
25 High Street, Neston, CH64 9TZ	Feb 2023	£10,000 £10.11 psf	Ground floor retail unit forming part of a high street in the town centre. The unit comprises a sales area with office and store space and a mezzanine. Property was leased by Wardrobe at the Cross and was on the market for 5 months. 989 sq ft.
7 Town Lane, Neston, CH64 4DE	Nov 2022	£12,000 £16.09 psf	Ground floor retail unit with double frontage forming part of a retail parade, Property was signed on a 10 year lease and was on the market for 9 months. 746 sq ft.
85a, Connah's Quay, CH5 4DD	Aug 2022	£6,000 £500 pcm	Flat – two bedroom first floor flat with one bathroom. Property appears of modest condition and specification. Offered unfurnished. 495 sq ft.
109a High Street, Connah's Quay, Deeside, CH5 4DF	Feb 2023	£6,600 £550 pcm	Flat – two bedroom flat located along the same street as the subject. Property benefits from off road parking, appears of a dated specification and would benefit from refurbishment. Offered part-furnished. 797 sq ft.
118 High Street, Connah's Quay, Deeside, CH5 4DF	March 2023	£9,300 £775 pcm	Three bedroom end terrace house located along the same street as the subject, approximately 390 ft away. Property appears in good condition and is of a good specification. Offered unfurnished. 1,119 sq ft.

7. Valuation – Market Rent

Market Rent	
Definition	The RICS definition of Market Rent is <i>“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.”</i>
Analysis	<p>In arriving at our opinion of Market Rent for the subject property, we have had regard to lettings of retail units and dwellings within the general area.</p> <p>The passing rent for William Hill reflects approximately £13.55 per sq ft. The units at High Street and Quay Shopping Centre provide the best evidence being broadly similar size units located on a retail precinct. The unit is in an inferior location to Quay Shopping Centre and we would expect a downwards adjustment against this evidence.</p> <p>53 High Street, Deeside offers a useful comparable due to its proximity to the subject located on High Street and similarly occupying a corner retail unit. However, this unit is bigger than the William Hill unit and we would therefore expect an uplift against this unit on a £ rate per sq ft. The units at 69-81 High Street and Quay Shopping Centre provide good evidence, being similar size units located on a retail precinct. The subject property is in an inferior location to Quay Shopping Centre and we would expect a downwards adjustment against this evidence. 69-81 is also located on High Street in a different building within the same retail precinct. The William Hill unit occupies a corner trading position with over twice as much frontage onto High Street compared to 69-81 and also benefits from return frontage onto Fron Street and we would therefore expect an increased rate per sq ft against this letting. Taking the above into account, the unit appears to be let at broadly market rental levels. We have therefore adopted the passing rent as our assessment of market rent.</p> <p>The Boathouse and flat above were previously held on one lease but with rents split as £18,200 p.a for the bar and £6,000 p.a (£500 pcm) for the flat above. We understand there is no apportionment on the new lease and the premises are let as one for £24,000 p.a. The passing rent reflects £2,000 pcm or a blended rate of c.£6.75 per sq ft. The ground floor bar premises are well presented and in a good condition but the first floor living accommodation is in a poor condition and requires Capex for essential repairs and refurbishment. We consider 53 High Street a useful comparable which let at £7.77 per sq ft and was in need of refurbishment. The frontage of Boathouse is located off High Street and therefore considered an inferior location and the floor area is also significantly larger and we would therefore expect a reduced rate per sq ft. On balance, we consider the passing rent to be a fair reflection of market rental levels.</p>
Conclusion	After Review we can confirm Market Rent of £41,300 (Forty One Thousand Three Hundred Pounds)

8. Valuation – Market Value

Comparable Evidence				
Address	Photo	Date	Price	Comments
William Hill Investments				
5-7 Queen Street, Great Harwood, Blackburn, BB6 7QL		April 2023	£140,000 8.57% GIY	Double fronted mid terrace ground floor retail unit forming part of a retail parade and close to various public houses. Property is approximately 4 miles north-east of Blackburn and 6 miles west of Burnley. Let to William Hill Organization Limited on a new 15 year lease with rent increase and break option in the 5 th year, producing £12,000 p.a. Longer term certain and c.0.75 years longer until break. 835 sq ft.
159-161 Walton Road, Liverpool, L4 4AH		April 2023	£152,000 7.24% GIY	Double fronted ground floor mid terrace retail unit located close to a supermarket, public houses and Everton Football Club. Property is approximately 2.4 miles from Liverpool City Centre. Let to William Hill Organization Limited on a new 15 year lease with rent increase in year 5 and tenant break option in the 3 rd year, producing £11,000 p.a. Longer term certain and c.0.75 years longer until break. 1,235 sq ft.
33-35 Stanley Road, Bootle, Merseyside, L20 7BY		April 2023	£138,000 7.25% GIY	Double fronted mid terrace ground floor retail unit with upper floors in unusable condition. Located on Stanley Road which connects the north of the city to the centre and is approximately 2.5 miles from Liverpool City Centre. Property forms part of a retail parade and is Let to William Hill Organization Limited on a new 15 year lease producing £10,000 p.a with a rent review and tenant break option in 2028. Longer term certain. 1,108 sq ft.
175-177 Walton Hall Avenue, Liverpool, L11 7BY		April 2023	£147,000 8.37% GIY	Mid terrace ground floor retail unit with a vacant first floor flat located on a retail parade within a primarily residential area. The retail unit is let to William Hill Organization Limited on a new 15 year lease producing £12,300 p.a. with a rent review in year 5 and tenant break option every 3 years. Longer term certain and longer until break. 1,080 sq ft.

8. Valuation – Market Value

Comparable Evidence				
Address	Photo	Date	Price	Comments
William Hill Investments				
181 Grange Lane, Gateacre, Liverpool, L25 5JY		April 2023	£107,000 9.35% GIY	Mid terrace ground floor retail unit forming part of a retail parade in a primarily residential area with local retailers nearby. Let to William Hill Organization Limited on a 15 year lease with rent review in 2028 and tenant break option in years 5 and 10, producing £10,000 p.a. 639 sq ft.
10 Station Road, Colwyn Bay, Clwyd, LL29 8BU		Dec 2022	£185,000 8.11% GIY	Mid terrace ground floor retail unit with basement forming part of a retail parade in a resort town. Property includes a vacant first floor flat and is close to retailers such as Domino's Pizza, WHSmith, Betfred and Natwest. Let to William Hill Organization Limited on a 15 year lease with rent review in 2027 and break option in year 10 (2032), producing £15,000 p.a. 1,781 sq ft.

8. Valuation – Market Value

Comparable Evidence				
Address	Photo	Date	Price	Comments
Public House and Retail Investment Sales				
The Merton Inn, 42 Merton Road, Bootle, L20 3BG		Sep 2022	£940,000 10% GIY	Substantial public house with significant external seating area and car park with room for c. 50 cars. The property was previously used as a JD Wetherspoons pub and is across three floors with the upper floors having potential for development. Property appears in good condition in the main sales and seating ground floor area. Let on a 10 year lease from May 2018 producing £94,000 per annum. 14,693 sq ft.
REEF, 96 Bridge Street, Warrington, WA1 2RF		Oct 2022	£325,000 14% GIY	Three storey end terrace building operating as a nightclub and located on Bridge Street, known as one of the main leisure locations in Warrington town centre. The property is let to Dv8 Bars Ltd on a 10 year lease expiring in 2027 and producing £45,504 per annum. 5,027 sq ft.
16 Chester Street, Saltney, Chester, CH4 8BJ		May 2023	£260,000 9.62% RY	The property comprises a ground floor retail unit currently let to Subway on a 10 year lease from April 2018 producing £18,000 p.a. There is also a recently refurbished flat on the upper floor with a ERV of £7,000 p.a. 1,367 sq ft.
52-54 Chester Road East, Shotton, CH5 1QA		July 2021	£195,000 10.62% GY	The property comprises a detached part two and single storey building with front and rear parking access. The property is let on a 20 year FRI lease from January 2007 producing £20,700 p.a. 1,803 sq ft.
3 Victoria Road, Saltney, Chester, CH4 8ST		Oct 2022	£136,000 8.09% GIY	The property comprises a double fronted ground floor retail unit which forms part of a retail parade in a primarily residential area, located 2 miles from Chester City Centre. The property is let to Ladbrokes Bettings & Gaming Limited on a 5 year reversionary lease from October 2022 with break option in 2025, producing £11,000 p.a. 1,011 sq ft.

8. Valuation – Market Value

Comparable Evidence				
Address	Photo	Date	Price	Comments
Vacant Possession Sales - Public House				
Dockside Inn, 27 South Road, Weston Point, Runcorn, Cheshire, WA7 4EY		Nov 2022	£170,000 £33 psf	Vacant public house with ground floor accommodation extending to 2,500 sq ft and five bedroom residential accommodation to the first floor. The property sits on a site extending to approximately 0.09 acres and requires internal refurbishment. 3,972 sq ft.
The Goldmine, 419 & 421 Hale Road, Widnes, WA8 8UU		Feb 2022	£185,000 £29 psf	Corner public house building across three storeys with 8 bedrooms unmodernised and unlettable in the upper floors. Property benefits from an external seating area. 6,372 sq ft.
The Queen Victoria Public House, 57 Rice Lane, Liverpool, L9 1AD		Oct 2022	£145,000 £34 psf	Three floor public house with 8 rooms across the first and second floors. The property benefits from an external garden. Property was sold prior to auction and had a guide price of £125,000. 4,318 sq ft
The Lamb, 113 Corporation Street, St. Helens, Merseyside, WA10 1SX		July 2022	£200,000 £44 psf	Two storey building comprising a ground floor public house with a three bedroom flat on the first floor. The property also benefits from a seating area at the rear of the property. 4,499 sq t.

8. Valuation – Market Value

Market Value (MV1)	
Definition	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.
Methodology	We have utilised the comparable and investment method of valuation in this assessment.
Analysis	<p>In arriving at our opinion of value under MV1 we have considered a broad range of investment sales including sales of William Hill investments, public house investments and also general retail investment sales within the immediate area</p> <p>The sales of William Hill investments demonstrate a yield range of 7.24% - 9.35% depending on factors such as location, condition and unexpired term. The subject investment has approximately 8.24 years unexpired term with 2.24 years to the break date and 3.24 years to review. We have explicitly assumed the break option is not exercised within our valuation. We have gathered evidence of a range of William Hill investments ranging from 7.24% - 9.35%. Most of the sales had new 15 year leases in place at sale with break options ranging from 3 to 5 years and therefore offered a superior investment with longer until expiry and earliest break option. We have reflected this into our yield and adopted an all risks yield of 9.50% which reflects a marginal uplift against the yield evidence obtained reflective of the above.</p> <p>There were limited recent investment sales of public house investments in the general area, the sales we did find demonstrate a range of 10% - 14%. Most public houses in the wider area tend to be owner operated and therefore finding investment evidence is difficult. We have adopted a yield of 14.50% against the income for the Boathouse and made a CAPEX allowance of £15,000 to cover the repairs/refurbishment required to the first floor. The yield adopted reflects an increase against the pub/leisure investment sales noted which in part is also due to the wider market conditions which has seen interest rates rise significantly since both these sales were achieved which in turn has seen yields move out. As a sense check, we have assessed against sales of vacant public houses. The public house sales obtained show a range of rates per sq ft achieved of £29 - £44 psf. The Boathouse devalues to c.£41.90 psf which is within the above range, albeit sitting towards the upper end of the range, but this is considered reasonable given the current income that is being received.</p> <p>Overall, we arrive at a rounded Market Value under MV1 of £335,000</p>
Conclusion	After Review we can confirm Market Value under MV1 of £335,000 (Three Hundred and Thirty Five Thousand Pounds)

8. Valuation – Market Value (with Special Assumption)

MV2	
Assumption	Assuming a sale subject to the special assumption of a sale to be completed within 90 days
Analysis	<p>A sale at this level would likely be limited to a sale under auction conditions with purchasers either cash buyers or those with immediate funds available. A discount would be required to sell within this timeframe, as demonstrated when the property was previously for marketed taking c.18 months to sell.</p> <p>We have adopted a c.10% discount under this scenario which reflects a yield of say 13.76% which we consider appropriate in the current volatile market.</p>
Conclusion	After Review we can confirm Market Value under MV2 of £300,000 (Three Hundred Thousand Pounds)

MV3	
Assumption	Assuming a sale subject to the special assumption of vacant possession
Analysis	In arriving at our opinion of value assuming vacant possession, we have adopted the same approach within our MV1 assessment however we have adopted an increased yield of 12% to the William Hill unit to reflect the lack of a strong covenant in situ. This reflects a lower yield than for the Boathouse still but is reflective of the stronger pitch fronting onto High Street. We have then allowed a void period of 0.5 years for the William Hill unit at 1 year for the Boathouse. This produces a value of £265,000 which reflects c.£55 psf.
Conclusion	After Review we can confirm Market Value under MV3 of £265,000 (Two Hundred and Sixty Five Thousand Pounds)

9. Valuation Summary & Loan Security

Assessment Summary	
Rental and MR	
Passing Rent pa	£41,300
Passing Rent per sq ft	£6.68 - £13.55 per sq ft
MR pa	£41,300
MR per sq ft	£6.75 - £13.55 per sq ft
MV1	
MV1	£335,000
MV1 per sq ft	£68.80 per sq ft
Initial Yield	12.33%
Reversionary Yield	12.33%

Purchase Information	
Land Registry Purchase Date	13/09/2021
Land Registry Purchase Price	£380,000
Borrower Anticipated Value, if known	N/A
Agreed Purchase Price	N/A
Commentary	-

Loan Security	
Reinstatement Cost Assessment	£1,150,000
Suitable for Loan Security	Acceptable
Economic Life	25 years
Mortgage Regulation	In our opinion 20% of the total area of the property, being taken as security, is occupied as residential accommodation. However, this is to be occupied by 3 rd parties and not your borrower.

Valuation Summary		
MV1	Subject to reasonable marketing and let	£335,000 (Three Hundred and Thirty Five Thousand Pounds)
MV2	Subject to the <u>special assumption</u> of a sale to be completed within 90 days subject to existing leases	£300,000 (Three Hundred Thousand Pounds)
MV3	Subject to the <u>special assumption</u> of vacant possession	£265,000 (Two Hundred and Sixty Five Thousand Pounds)
MR	Assuming a letting or lettings on open market terms	£41,300 (Forty One Thousand Three Hundred Pounds)

10. Compliance & Sign Off

Compliance

This report has been prepared in accordance with Royal Institution of Chartered Surveyors (“RICS”) Valuation – Global Standards January 2022 (incorporating the International Valuation Standards and the UK national supplement).

Professional Indemnity Insurance

Kroll Advisory Limited holds appropriate Professional Indemnity Insurance adequate for this instruction as outlined in our Terms of Business. This amount shall be an aggregate cap on our liability to all relying parties together.

Assumptions

We have made various assumptions including but not limited to tenure, letting, town planning, build costs, environmental factors, condition and repair

If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.

Variation from Standard Instructions

None

Verification

We recommend that before any financial transaction is entered into based upon this valuation, you obtain verification of the information contained within our property report and the validity of the assumptions we have adopted.

We would advise you that whilst we have valued the Properties reflecting current market conditions, there are certain risks which may be, or may become, uninsurable. Before undertaking any financial transaction based upon this valuation, you should satisfy yourselves as to the current insurance cover and risks that may be involved should be uninsured loss occur.

Independence

We confirm that Kroll Advisory Limited, and their valuers, have not had any involvement with the Properties or the client in the last two years unless stated.

Capacity of Valuer

External

Valuer

The property/properties has/have been valued by a valuer who is qualified for the purpose of the valuation in accordance with RICS Appraisal and Valuation Standards.

Reliance

This Report and Valuation is for the use of the party to whom it is addressed (the “Addressee”), as per the Confirmation of Instructions section of this Report, for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. That is the case even if any such party, including any borrower, has paid some or all of Kroll’s fees in respect of the preparation of this Report

Publication

Neither the whole nor any part of our respect nor any references thereto may be included in any published document, circular or statement nor published in any way without prior written approval of the form and contest in which it will appear.

Report Signatories

Inspecting Valuer:	Chris Holt MRICS RICS Registered Valuer For and on behalf of Kroll Advisory Limited
Reviewing Valuer:	Paul Greenhalgh MRICS RICS Registered Valuer For and on behalf of Kroll Advisory Limited



Appendices

1 Report Assumptions

Appendix 1 – Report Assumptions

Tenure

It is assumed that the title to the property is as described and as referred to in this report and that the property 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 valuers 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 outgoings 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.

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 which will confirm the above assumptions. 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.

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.

Inspection and Site Conditions – continued

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 to test the adequacy or otherwise of any private drainage system or water supply.

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. 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.

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 2nd edition, February 2018 (effective from 1 May 2018), unless the Client has instructed otherwise or a reason for departure has been indicated within the report. 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 quoted are not derived from a physical site survey and are approximate unless otherwise indicated.

Appendix 1 – Report Assumptions

Environmental Health

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. 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.

Equality Act

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.

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.html. 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. 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.

Planning

We have made 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. For Valuation purposes we have assumed that there are no outstanding planning issues, and no undue restrictions on the current/proposed business format.

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. Such Licences have been assumed to be in place for Valuation purposes. Unless otherwise stated, we have also assumed that there are no onerous conditions or undertakings that affect the licence(s).

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). 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 may therefore 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.

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. 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.

Appendix 1 – Report Assumptions

Flooding

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.

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.

Mining

Where the property is identified as lying within a mineral bearing area, a mining search should be obtained. 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.

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.

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. 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.

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. We have provided our Report on the assumption that radon is not detectable at a level which would require remedial action.

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.

Appendix 1 – Report Assumptions

Basis of Value

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.

Serviceability Calculation

This rating is only provided where the property is a tenanted investment and where we have been given full disclosure on the proposed loan. The calculation is based upon a division of the passing annual rent against the proposed repayments on the loan. This is then multiplied against the tenants credit score or if not available a set factor for smaller businesses. A further subjective alteration may then be made subject to lease length and whether the property is over or under-rented. This does not guarantee repayments and is merely provided as additional subject valuer opinion in order to help shape your credit report.

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.

Sources of Information

Information within this report has been taken from various sources including government and local authority websites. Some comparable information is obtained internally and directly from other market participants and there may be a requirement for confidentiality in certain circumstances. We have made clear where this is the case. Other comparable information may be taken from subscription websites such as CoStar, EI Group, Rightmove and Edozo.

We note the following sources which are utilised in most reports: Land Registry, Valuation Office Agency, GOV.UK, Coal Authority, Heritage Gateway, Rightmove, CoStar, Edozo, Creditsafe, BCIS.

2

Valuation Calculations

Appendix 2 – Valuation Calculations

Valuation Calculations							
Valuation Type:				Term and Reversion			
Address:				95-99 High Street, Connah's Quay			
Date of Valuation:				16/06/2023			
Passing Rent:				£41,300			
No. of Tenancies				2			
Void/Re-let Period in Years (inc. incentives)				1			
Notes:							
Market Rent Analysis							
	sq m	sq ft	£/sq ft	Passing Rent p.a	Years to Review/Break	Market Rent p.a	
William Hill	118.63	1,277	£13.55	£17,300	2.24	£17,300	
The Boathouse	333.77	3,592	£6.75	£24,000	0.73	£24,000	
TOTALS	452.40	4,869		£41,300		£41,300	
Market Rent p.a						say	£41,300
Market Value Analysis							
Reversion							Totals
Market Rent p.a							£17,300
Deferred Years	0.00	1.0000					
Yield	9.50%	10.526					
Multiplier					10.526		
Value					£182,105		£182,105
Market Rent p.a							£24,000
Deferred Years	0.00	1.0000					
Yield	14.50%	6.897					
Multiplier					6.897		
Value					£165,517		£165,517
							£347,623
Less CAPEX requirement for first floor at Boathouse							-£15,000
							£332,623
Market Value						say	£335,000
<i>NOTE: This analysis must be read in conjunction with the valuation report and memorandum</i>							

3 Additional Photographs

Appendix 3 – Additional Photographs, External

Photo – Front Elevation:



Photo – Front / Elevation:



Photo – Access:



Photo – Front Elevation:



Photo – Side / Rear Elevation:



Photo – Flat Access:



Appendix 3 – Additional Photographs, Internal

Photo – WCs (The Boathouse):



Photo – The Boathouse:



Photo – Flat:



Photo – Flat:



Photo – William Hill:



Photo – William Hill:



4

Land Registry

Appendix 4 – Land Registry

HM Land Registry Cofrestrfa Tir EF



Official copy
of register of
title
Copi
swyddogol o
gofrestr teitl

Title number / Rhif teitl
CYM66986

Edition date / Dyddiad yr
argraffiad 21.10.2021

- This official copy shows the entries on the register of title on 12 JUN 2023 at 12:33:04.
- This date must be quoted as the "search from date" in any official search application based on this copy.
- The date at the beginning of an entry is the date on which the entry was made in the register.
- Issued on 12 Jun 2023.
- Under s.67 of the Land Registration Act 2002, this copy is admissible in evidence to the same extent as the original.
- This title is dealt with by HM Land Registry, Wales Office.
- Mae'r copi swyddogol hwn yn dangos y cofnodion yn y gofrestr teitl ar 12 MEHEFIN 2023 am 12:33:04.
- Rhaid dyfynnu'r dyddiad hwn fel y "dyddiad y chwiliir ohono" mewn unrhyw gais am chwiliad swyddogol sy'n seiliedig ar y copi hwn.
- Y dyddiad ar ddechrau cofnod yw'r dyddiad y gwnaethpwyd y cofnod yn y gofrestr.
- Cyhoeddwyd ar 12 Mehefin 2023.
- Dan adran 67 Deddf Cofrestru Tir 2002, mae'r copi hwn yn dderbyniol fel tystiolaeth i'r un graddau â'r gwreiddiol.
- Gweinyddir y teitl hwn gan Gofrestrfa Tir EF Swyddfa Cymru.

A: Property Register / Cofrestr Eiddo

This register describes the land and estate comprised in the title.

Mae'r gofrestr hon yn disgrifio'r tir a'r ystad a gynhwysir yn y teitl.

FLINTSHIRE/SIR Y FFLINT

- (04.04.2002) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being The Boathouse, Fron Road, Connahs Quay (CH5 4DD).
- (04.04.2002) The mines and minerals together with ancillary powers of working are excepted with provision for compensation in the event of damage caused thereby.

B: Proprietorship Register / Cofrestr Perchnogaeth

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

Mae'r gofrestr hon yn nodi'r math o deitl ac yn enwi'r perchennog. Mae'n cynnwys unrhyw gofnodion sy'n effeithio ar yr hawl i waredu.

Title absolute/Teitl llwyr

1 of 3 /1 o 3

Title number / Rhif teitl CYM66986

B: Proprietorship Register continued / Parhad o'r gofrestr perchnogaeth

- (21.10.2021) PROPRIETOR: RCHN LIMITED (Co. Regn. No. 12151078) of 63-66 Hatton Garden, London EC1N 8LE.
- (21.10.2021) The price stated to have been paid on 13 September 2021 was £390,000.
- (21.10.2021) The Transfer to the proprietor contains a covenant to observe and perform the covenants referred to in the register and of indemnity in respect thereof.
- (21.10.2021) RESTRICTION: No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction is to be registered without a written consent signed by the proprietor for the time being of the Charge dated 13 September 2021 in favour of Proplend Security Limited referred to in the Charges Register or their conveyancer.

C: Charges Register / Cofrestr Arwystlon

This register contains any charges and other matters that affect the land.

Mae'r gofrestr hon yn cynnwys unrhyw arwystlon a materion eraill sy'n effeithio ar y tir.

- (04.04.2002) A Conveyance of the land in this title and other land dated 16 October 1909 made between (1) John Rowden Freme and (2) Thomas Brown Bennett contains the following covenants:-

"Thomas Brown Bennett as to the plot piece or parcel of land hereby conveyed with intent to bind all persons in whom the said plot piece or parcel of land shall for the time being be vested but not so as to be personally liable under this covenant after he has parted with the said plot piece or parcel of land hereby covenants with the said John Rowden Freme his heirs and assigns as follows:-

1. That no noisome noxious or offensive trades shall be carried on upon the said plot piece or parcel of land or any part thereof.
2. That the frontage of all houses or buildings to be erected on the said plot piece or parcel of land or any part thereof shall conform to the building line shewn on the said plan drawn on these presents and shall not at any point project nearer to nor further back from such building line and all houses or buildings to be erected on the said land abutting on High Street and Fron Road aforesaid shall front High Street and Fron Road aforesaid respectively.
3. That the frontage of all houses or buildings to be erected on the said plot piece or parcel of land either in High Street or Fron Road aforesaid shall not be less than sixteen feet.
4. That no houses or buildings to be erected on any part of the said plot piece or parcel of land abutting on High Street aforesaid shall be of less annual rateable value than twenty pounds and no houses or buildings to be erected on any part of the said plot piece or parcel of land abutting on Fron Road shall be of less annual rateable value than ten pounds."

NOTE: The north western boundary of the land in this title abuts the building line referred to.

- (29.09.2011) The parts of the land affected thereby are subject to the leases set out in the schedule of leases hereto. The leases grant and reserve easements as therein mentioned.
- (31.03.2021) By a Deed of Variation dated 12 March 2021 made between (1) ACS Homes Limited and (2) William Hill Organization Limited the terms of the lease dated 13 September 2011 referred to in the schedule of leases hereto were varied.

2 of 3 /2 o 3

Appendix 4 – Land Registry

Title number / Rhif teitl CYM66986

C: Charges Register continued / Parhad o'r gofrestr arwystlon

NOTE:--Copy Deed filed.

- 4 (21.10.2021) REGISTERED CHARGE dated 13 September 2021.
- 5 (21.10.2021) Proprietor: PROPLEND SECURITY LIMITED (Co. Regn. No. 8620117) of 20-22 Wenlock Road, London N1 7GU.

Schedule of notices of leases Atodlen prydesi a nodwyd

Registration date and plan ref. Dyddiad cofrestru	Property description Disgrifiad eiddo	Date of lease and term Dyddiad a hyd	Lessee's title Prydesai
1 29.09.2011 edged blue (part of)	95-99 High Street, Connahs Quay (ground floor)	13.09.2011 20 years from 13.9.2011	CYM538597

NOTE: See entry in the Charges Register relating to a Deed of Variation dated 12 March 2021.

End of register / Diwedd y gofrestr

5 **Client Instruction Letter**

Appendix 5 – Client Instruction Letter



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

Ref: Tom Parker, Kroll Real Estate Advisory Group, The Chancery, 58 Spring Gardens, Manchester M2 1EW
RCHN Limited

Dear Sirs,

You are instructed to provide a report and valuation of the Property for secured loan purposes in accordance with the RICS Valuation - Global Standards 2020 'the Red Book'.

The report is to be addressed to **Proplend Security Limited** (the "Security Trustee") in accordance with the terms set out in this instruction letter who will rely on the Valuation as Security Trustee.

The Professional Indemnity Insurance Policy must be in your own name effected and maintained with an insurer approved by the Royal Institution of Chartered Surveyors providing you with full cover against your potential liabilities under your report and valuation including without limitation claims for breach of instructions and claims for professional negligence.

You will not do anything which might invalidate any Professional Indemnity Insurance Policy or to prejudice our entitlement thereunder. You will on request provide us with evidence of the existence and renewal of the Professional Indemnity Insurance Policy, the name of the insurer and proof of payment of the premium.

We never lend on security of property where we are aware that the borrower or any related or connected person uses or intends to use the property as a dwelling. Please report to us who is in occupation of the property and let us know immediately if you believe or suspect that that the borrower or any related or connected person uses or intends to use the property as a dwelling.

Timing – The Valuation Report should be completed within 5 business days of the inspection. Please notify us if there will be any delay.

Access – To arrange access to the Property please contact the Borrower directly (details below). Please provide details of any parts of the Property that were not inspected within your report.

By accepting this instruction, you are agreeing that the Valuation may be read by Proplend Members whom have no reliance on the valuation. Only the Security Trustee has reliance.

Borrower:	RCHN Limited
Contact Name:	Rita Nnawuchi
Phone Number:	07947931319
Email:	rnawuchi31@icloud.com
Properties:	95-99 High Street, Precinct, Connahs Quay CH5 4DD
Tenure:	Freehold
Use:	Mixed Use (Commercial)

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20-22 Wenlock Road
London
N1 7GU

Tenancies:	There is an existing FRI lease between the borrower and William Hill, for one of the commercial units on the ground floor of the property. The lease in place commenced in September 2011 and is for the length of 20 years, meaning it will end in September of 2031. The original break in the lease was in place for September 2021, however on completion of our previous loan this was deferred to September of 2025 - which means it will fall in the duration of our loan. The rental income has remained the same at £17,300 per annum, with the next rent review in September of 2026. The Boathouse - A new FRI lease has been put in place as of the 10th March 2023 for a 1 year term with the rental income of £24,000 per annum. Although the lease is for 1 year, it was previously also on a rolling licence and the rental income for this commercial unit has since increased by £5,800 per annum.
Access:	To arrange access to the Property please contact the client directly - Rita Nnawuchi / rnawuchi31@icloud.com.

Instruction

The report containing your valuation (Valuation Report) should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for the purposes described in this instruction letter by the parties named herein. Please ensure that the Valuation Report accords with the current RICS Appraisal and Valuation Manual.

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

The report and valuation must be undertaken and signed by a qualified valuer with a minimum 2 years PQE. A qualified valuer must be both a member of the Royal Institution of Chartered Surveyors, MRICS/FRICS and an RICS registered valuer. The Lender requires all residential and commercial valuation reports (excluding short form residential templates) are to be countersigned by a Chartered Surveyor, MRICS/FRICS and an RICS registered valuer with a minimum of 5 years PQE.

Content of Valuation and Report

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

- Market Value in its current condition subject to, and with the benefit of, any existing leases or tenancies;
- 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;
- Estimated rental value for the subject Property(s).
- Estimated Reinstatement Cost for fire insurance purposes, including site clearance costs and professional fees;
- Executive Summary;
- Provide commentary on whether the Property is suitable for loan security purposes;
- Details of tenancy(ies), including passing rent, lease start/expiry/break dates and any non-recoverable costs etc. For commercial tenancies provide strength of covenant, service charge issues etc.;
- Tenure and principle terms of lease for leasehold properties;
- Provide comparable sales and rental evidence to support your assumptions on values;
- Provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let;
- Provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment on any noticeable defects that might warrant further investigation and which might affect the marketability of the Property
- Valuation methodology including justification of value, calculations and residual appraisals on land with planning valuations;
- If the property is a development, we require information on build costs, comparison to BCIS indices and full commentary to support the build costs adopted within your valuation.
- Provide copies of relevant planning consents and documentation including approved drawings, Section 106 agreements etc. and commentary thereon.
- Copy of the most recent Energy Performance Certificate
- Specific commentary concerning access right to the different areas of the Property.

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Appendix 5 – Client Instruction Letter



Proplend Security Limited
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N1 7GU

- Purchase history of the Property during the last 10 years. If the Property is on the market, please confirm the selling agent and include a copy of the sales particulars in the report.
- Lending risks both short and medium term
- Residential element as a percentage of the land area.
- For new builds / conversions (last 10 years), please comment on the completion date, whether NHBC or similar certification would be required, the number of properties in the development and any recent sales
- Commentary on any invasive vegetation, contamination, and/or hazardous substances identified upon inspection
- Any additional reports required on the Property i.e. Ground Investigation Structural Survey, Asbestos Report etc
- Council tax band / Rateable Value
- Disability Discrimination Act issues.

Please provide as appendices:

- Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property.
- A general location map and a more detailed plan showing boundaries you have assumed for the Property.
- Land registry extract.

Report on Title

The Security Trustee requires that its acting Solicitors arrange to send you a copy of their Report on Title in respect of the Property and obtain your written confirmation that nothing in the report on title has any effect on the valuation report you have provided to the Security Trustee. Please respond to any such request by the acting Solicitors in a timely manner and without delaying Completion.

Fees

You have quoted and the Borrower has agreed to pay a fee of £(1,500) + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, we ask that you seek settlement of your fee from the proposed Borrower whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to borrower@proplend.com, with hard copy to 15 Little Green, Richmond TW9 1QH. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Proplend and Proplend Security Limited (Security Trustee). By sending the Valuation Report you signify your acceptance of the terms of this letter of instruction, which shall be governed by and construed in accordance with English law.

Yours Faithfully,

Brian Bartaby
Director

Proplend Security Limited

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6

Terms of Engagement

Appendix 6 – Terms of Engagement



PRIVATE AND CONFIDENTIAL

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

When telephoning please ask for:
Chris Holt

Email: chris.holt@kroll.com

Telephone: 07552 267 669

9th June 2023

Dear Sirs

Purpose: Report and Valuation for Proplend Security Limited
Borrower: RCHN Limited, Rita Nnawuchi
Property: 95-99 High Street, Precinct, Connahs Quay CH5 4DD

This engagement letter (the "Engagement Letter") confirms that we, Kroll Advisory Ltd ("Kroll Advisory Ltd or "us"), have been retained by you, Proplend Security Limited (the "Company" or "you"), to provide the services set out below (the "Services") in connection with the estimation of the Market Value of the property interests described at Appendix 1 (the "Property") for the purpose set out at paragraph 7 below, as at the valuation date defined within our report and valuation (the "Valuation Date"). Collectively, this arrangement is the "Engagement".

The work required falls within the scope of the Royal Institution of Chartered Surveyors ("RICS") Valuation - Global Standards 2022 (the "Standards") and will be carried out in accordance with those Standards. The first requirement of the Standards is that such Engagements are confirmed in writing in order to establish the terms upon which Kroll Advisory Ltd will provide you with a valuation report (the "Valuation" or "Report").

Please consider this Engagement Letter and the attachments as confirmation of our instructions.

1 Terms of Business

1.1 Our Engagement will be undertaken on the terms set out in this letter, including our General Principles and Standard Terms of Business, which are appended to this letter. Please read this letter and the enclosures carefully to ensure they accord with your instructions. To the extent that there is any conflict or inconsistency between the documents the following order of precedence shall apply:

- 1.1.1 this Engagement Letter;
- 1.1.2 our General Assumptions adopted in the preparation of Valuations and Reports (Appendix 3); and
- 1.1.3 our Standard Terms and Conditions (Appendix 4) (the "Terms and Conditions").

Duff & Phelps Ltd changed name to Kroll Advisory Ltd in April 2021.

Kroll Advisory Ltd
The Chancery
58 Spring Gardens
Manchester
M2 1EW

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F 0161 827 0001
www.kroll.com

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www.kroll.com/en/privacy-policy

2 Engagement Period

2.1 We anticipate sending our Report to you by 23rd June 2023.

3 RICS Compliance

3.1 We shall prepare our Valuation in accordance with the Standards, incorporating the IVSC International Valuation Standards which took effect on 31 January 2022, using the reasonable skill, care and diligence to be expected of a suitably qualified, competent and registered valuer.

4 Identification of the Valuer

4.1 The due diligence enquiries and report preparation will be undertaken by Chris Holt (the "Valuer"). The Valuer is registered in accordance with the RICS Valuer Registration Scheme.

4.2 For the avoidance of doubt, the Valuers shall have no personal liability to you in respect of the Engagement. All rights and obligations in respect of the Engagement are owed to or by us.

5 Addressees

5.1 You are our only client. Our Report will be addressed to you alone

5.2 Unless agreed otherwise in writing, we do not assume or owe any duty to any other party, and no other party shall be entitled to rely on our Report. That is the case even if any such party has paid some or all of our fees.

6 Liability

6.1 Your attention is drawn to Clause 2 of our Terms and Conditions (attached), which is headed "Limitation of liability". That clause contains important terms in relation to the scope of any liability we might have in respect of the Valuation.

6.2 In addition to and without prejudice to the provisions in Clause 2 of our Terms and Conditions, our aggregate liability in respect of all losses, whether in tort, negligence, contract, breach of statutory duties or otherwise in respect of the Engagement shall be limited to the lesser of: (i) £5,000,000 or (ii) 75% of the Market Value (as defined in Appendix 2) (the "Liability Limit").

6.3 If you have already made a loan secured (whether wholly or partially) against the Property and you make a further loan or loans secured on the Property in reliance on our Report, our liability will be limited to the lesser of: (i) the further sum (if any) that you lend in reliance on our Report; (ii) the difference between our Valuation and the true value of the Property at the date of our Valuation; or (iii) the Liability Limit. This limitation of liability applies regardless of the way you have structured the loan security.

7 Purpose of the Valuation

7.1 The Valuation is required for Secured Lending Purposes.

7.2 It is important that our Report and Valuation are not used out of context or for purposes for which they were not intended.

8 Basis of Value

8.1 Our Report will set out our opinion of the Market Value (the definition of which is set out in Appendix 2) of the interest(s) set out in Appendix 1 as at the Valuation Date.

9 Valuation Date

9.1 In providing you with our Valuation, we shall have regard to the condition of the Property and market conditions as at the Valuation Date. These may be subject to change. It is therefore important that you take account of any relevant change in conditions that may have occurred or be anticipated after the Valuation Date before making any material

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Appendix 6 – Terms of Engagement

decision in reliance upon the Valuation. Please do not hesitate to contact us ahead of making any material decision which is based on our Valuation if you have any concerns in this respect.

10 Extent of investigation

10.1 Any limitations or restrictions on our inspection, research or analysis for the purposes of the Valuation shall be set out in our Report, and your reliance upon the Report must take appropriate account of those limitations.

10.2 We will not be undertaking:

- 10.2.1 a building survey to establish the details of any building defects or disrepair;
- 10.2.2 any environmental audits or investigations;
- 10.2.3 any planning searches (although we will undertake informal planning enquiries);
- 10.2.4 an assessment for the purposes of energy performance certification (although we will have regard to any existing energy performance certificate available);
- 10.2.5 an asbestos survey;
- 10.2.6 an assessment under the Equality Act 2010; or
- 10.2.7 a detailed assessment of the cost of reinstating the Property if it were to be destroyed.

10.3 We will not be measuring any part of the Property which we are unable to access. In such cases we may estimate floor areas from plans or by extrapolation in accordance with the measuring code of practice of the RICS. Such measurements should not be relied upon for any other purpose.

11 Nature and source of the information to be relied upon

11.1 You and your advisers agree to assist us in carrying out the Services, in particular by supplying any required information or documentation on time.

11.2 If you have provided us with information and/or procured it from a third party you agree that we can safely rely upon the accuracy, completeness and consistency of this information without further verification.

12 Assumptions and Special Assumptions

12.1 Unless otherwise agreed, our Valuation will be reported on the basis of the General Assumptions attached at Appendix 3.

12.2 If any Special Assumptions (as defined in the Standards) are to be made, these will be discussed and agreed with you in advance and will be stated in the Report.

12.3 In the event that any of our assumptions are not consistent with the true position, this may have a material impact on our Valuation. Any reliance upon our Valuation in such circumstances will be at your own risk.

13 Fees

13.1 The fee for the provision of the Report will be £1,500.00, payable in pounds sterling, plus VAT at the prevailing rate. Unless otherwise agreed in writing, all reasonable expenses and disbursements incurred will be added to the agreed fee.

13.2 The agreed fee shall become due and payable in accordance with the provisions of Appendix 4 to this Engagement Letter.

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13.3 In the event of our instructions being terminated at any time prior to the completion of our Report, a fee will be payable. The abortive fee will be calculated on the basis of the amount of work carried out up to the date of termination, applying our standard hourly rates (details of which can be provided if not already held), subject to a minimum of 50% of the agreed fee, plus all expenses incurred.

13.4 If we perform any additional services for you, or we are required to give the benefit of our Valuation to any third party, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.

13.5 You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid in full.

13.6 Our fee account will be addressed to you unless otherwise agreed.

14 Conflict of interests

14.1 We confirm that we are not aware of any conflicts of interest, relating either to the Property or to the Company, preventing us from providing you with an independent and objective Valuation.

14.2 You accept however that Kroll Advisory Ltd provides a range of professional services to clients and that there are occasions where conflicts of interest may not be identified. You therefore undertake to notify Kroll Advisory Ltd promptly of any conflict or potential conflict of interest relating to the provision of the Services of which you are, or become, aware.

14.3 Where a conflict or potential conflict is identified by either party and Kroll Advisory Ltd believes that your interests can be properly safeguarded by the implementation of appropriate procedures, we will discuss and seek to agree such procedures with you.

15 Complaints handling procedure

15.1 A copy of our client complaints handling procedure can be made available to you on request.

16 Sub-contracting

16.1 We may sub-contract the provision of any Services to be performed by us (including, without limitation, to other companies that are direct or indirect subsidiaries of Kroll Advisory Ltd). If we do so, we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.

17 Data protection

17.1 Please see Clause 8 of Appendix 4 for further important information about data protection.

18 Acknowledgement and Acceptance

18.1 If the scope and terms of the Engagement Letter are acceptable, please acknowledge your acceptance by signing the confirmation below and returning the signed copy to us.

18.2 Pending receipt of your written confirmation we will provide the Services on the basis that the terms of this letter and the Terms and Conditions are agreed. If we do not hear from you to the contrary by return within five working days and it is clear that you wish us to proceed with the Engagement, we will deem our terms to be acceptable to and accepted by you, and we will proceed accordingly by carrying out our work.

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Appendix 6 – Terms of Engagement

Please do not hesitate to contact me if you have any questions.

Yours faithfully



Paul Greenhalgh
Managing Director

Encs:

- Appendix 1: Assets to be valued
- Appendix 2: Basis of Valuation – Definitions
- Appendix 3: General Assumptions
- Appendix 4: Terms and Conditions

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About Kroll

Kroll is the world's premier provider of services and digital products related to governance, risk and transparency. We work with clients across diverse sectors in the areas of valuation, expert services, investigations, cyber security, corporate finance, restructuring, legal and business solutions, data analytics and regulatory compliance. Our firm has nearly 5,000 professionals in 30 countries and territories around the world. For more information, visit www.kroll.com.

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