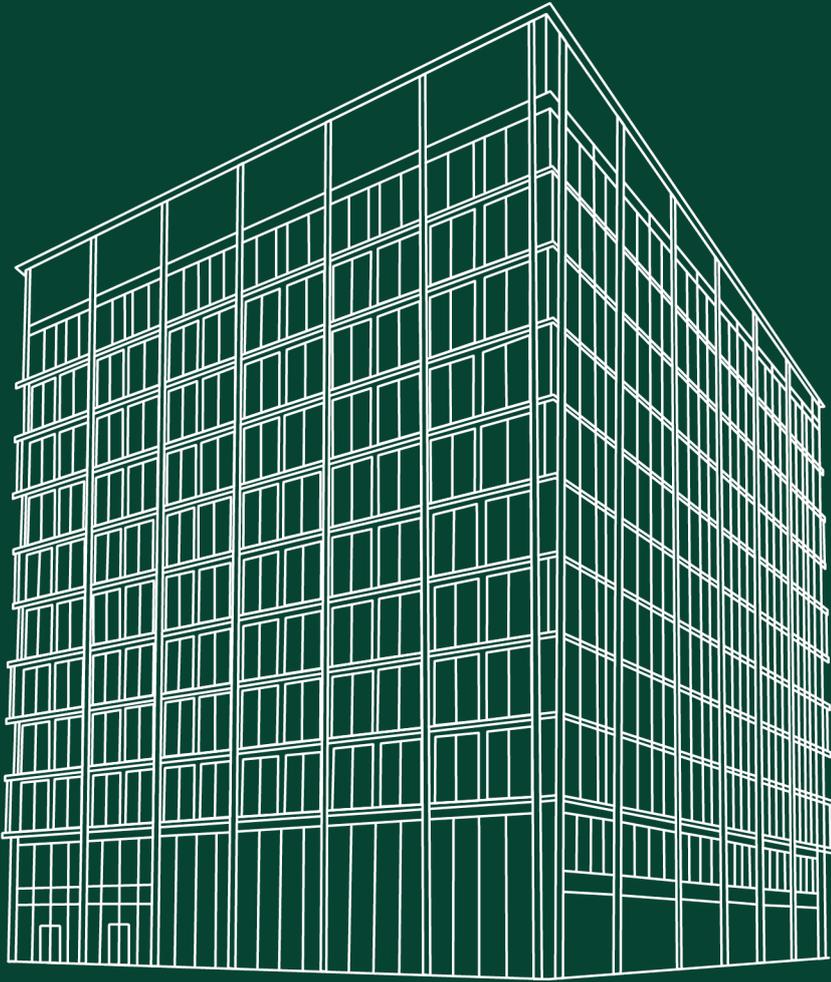




**BNP PARIBAS
REAL ESTATE**



VALUATION REPORT

PROPLEND SECURITY LIMITED

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

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Photographs



Front Elevation from Bridge Street



Rear Car Park

EXECUTIVE SUMMARY

VALUATION DATE

- 17 August 2023

DESCRIPTION

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

LOCATION

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

TENURE

- Freehold

TENANCIES

- Office Suites 3, 4, 5 & 9 (plus 19 car parking spaces) are let to the Secretary of State for Environment (Walsall County & Family Court) at a rent of £171,892 per annum with lease expiry in December 2023.
- Unit 2 is let to Extra Recruitment Ltd at a rent of £17,000 per annum with lease expiry in June 2027 (with a tenant break option in August 2025).
- Unit 3 is let to MV Leisure (UK) Ltd at a rent of £25,000 per annum, with the tenant currently holding over.
- Unit 1 and Unit 4 are sold off on long leasehold interests.
- The remainder of the accommodation is vacant as of the valuation date. The Property provides a WAULT (to break dates) of 0.47 years.

GROSS/NET INCOME

Gross £213,893 per annum
Net £213,893 per annum

RENTAL VALUE

£359,784 per annum £5.56 per sq ft (avg)

TENANT STATUS

- Secretary of State for the Environment (Walsall County & Family Court) forms part of the UK Government and provides undoubted covenant strength.
- Extra Recruitment Ltd provides a Dun & Bradstreet rating of "D 2".
- MV Leisure (UK) Ltd provides a Dun & Bradstreet rating of "N 4".

VALUATIONS

Please note the Market Conditions Explanatory Note at Section 6

Market Value	£2,400,000
Market Value subject to:	
Special Assumption 1	£2,350,000
Special Assumption 2	£2,400,000
Special Assumption 3	£2,575,000

YIELD PROFILE FOR MARKET VALUE

Net Initial Yield	8.38%
Reversionary Yield	14.09%
Equivalent Yield (nominal)	10.95%
Equivalent Yield (true)	11.58%

SPECIAL ASSUMPTIONS

- the Property is vacant.
- a restricted marketing period of 90 days.
- new lease to Secretary of State at £151,750 per annum with a tenant break option in December 2027.

SUITABILITY AS SECURITY

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

Private & Confidential

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

For the attention of **Stewart Bruce**

Valuation

Will Bowden MRICS
Associate Director
BNP Paribas Real Estate
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Our Ref: 258815

17 August 2023

CLIENT: PROPLEND SECURITY LIMITED
BORROWER: CHARLES JORDAN (BRIDGE ST) LIMITED
PROPERTY: BRIDGE HOUSE, 47-55 BRIDGE STREET, WALSALL, WS1 1JQ

1. TERMS OF REFERENCE

1.1 INSTRUCTIONS

In accordance with your instructions of 1 August 2023, our Terms of Engagement dated 3 August 2023, and the Terms and Conditions of Business and the Valuation Procedures and Assumptions enclosed within that letter, we have undertaken the valuation of Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ (the "Property") for secured lending purposes.

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

It is important that you have read and understood our Terms of Engagement / Acknowledgement letter and associated enclosures as they record the assumptions and special assumptions upon which our valuation has been based.

The Borrower owns the Property as an investment.

1.2 BASIS OF VALUE

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

Market Value

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

Market Rent

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

1.3 ASSUMPTIONS & SPECIAL ASSUMPTIONS

In accordance with your instructions, the Property is to be valued subject to the following assumptions and / or Special Assumptions:

- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date and subject to the extant tenancies;
- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date and subject to the extant tenancies and on the Special Assumption of a 90-day sale;
- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date and on the Special Assumption of vacant possession;
- Market Value of the freehold interest in the Property, in its existing condition, as at the valuation date and subject to the extant tenancies and on the Special Assumption that a new lease has been agreed with the Secretary of State for Environment (Walsall County & Family Court) at a rent of £151,750 per annum from 25 December 2023 for a term of 5 years;
- Market Rent.

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

1.4 PURPOSE OF VALUATION

This valuation is required for loan security purposes.

1.5 VALUATION DATE

The valuation date is 17 August 2023.

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

1.6 LOAN TERMS

We have not been advised of the loan terms.

1.7 ESTIMATE OF VALUE / PURCHASE PRICE

We have not been provided with an estimate of value or purchase price.

1.8 STANDARDS

This valuation report and the opinions contained herein are intended to be fully compliant with the RICS Valuation – Global Standards 2021, effective 31st January 2022, the International Valuation Standards and the UK National Supplement 2018, effective 14th January 2019.

1.9 INDEPENDENCE AND OBJECTIVITY

We can advise that we previously valued the Property on behalf of Proplend Security Ltd in September 2021. However, we are satisfied that we are able to act objectively and that this report represents our independent opinion.

1.10 VALUER DETAILS

This report and valuation has been prepared by Will Bowden MRICS and reviewed by Richard Gill MRICS.

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

We confirm that, in undertaking this valuation, we are acting as an external valuer.

1.11 INDEMNITY

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

2. EXTENT OF DUE DILIGENCE & INFORMATION SOURCES

2.1 INSPECTION

The Property was inspected on 17 August 2023 by Will Bowden MRICS. The weather at the time of the inspection was dry but overcast.

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

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

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

2.2 FLOOR AREAS

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

2.3 CONDITION

We have not been provided with a building survey.

2.4 ENVIRONMENTAL INVESTIGATION

We have not been provided with any environmental reports.

2.5 TENURE, TITLE AND OCCUPATION

We have not been provided with a Report on Title.

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

2.6 TOWN PLANNING

We have made informal enquiries with Walsall Council's planning department.

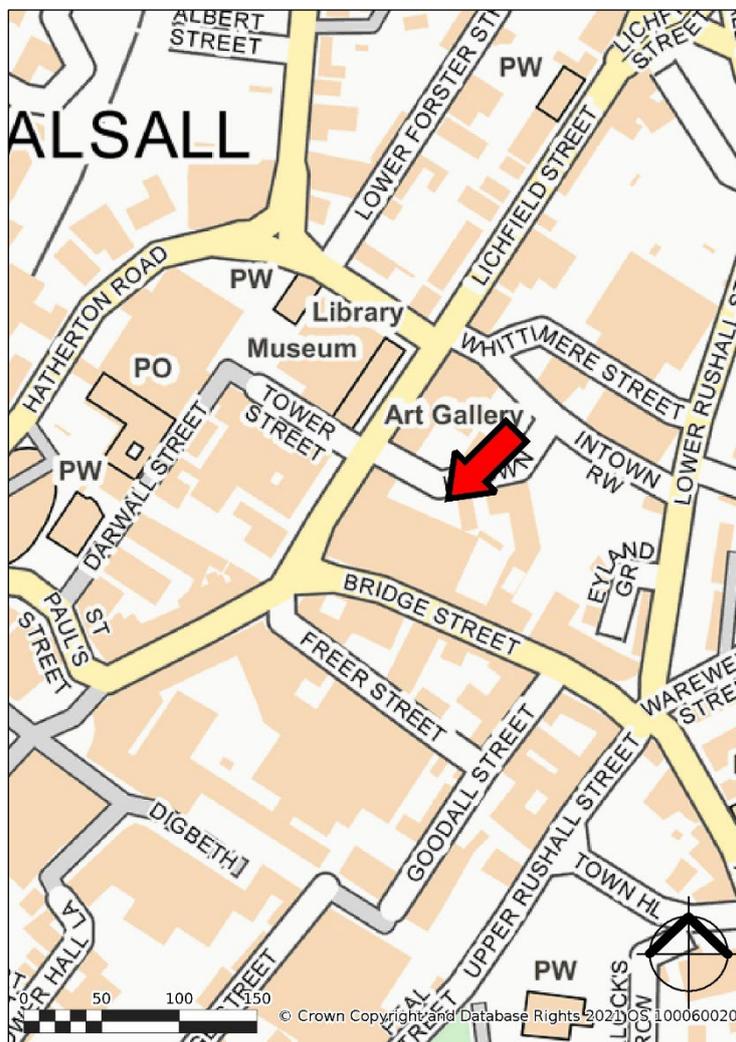
3. PROPERTY INFORMATION

3.1 LOCATION

Walsall is a large market town and is the administrative centre of the wider Metropolitan Borough of Walsall in the West Midlands. Walsall is located approximately 6 miles east of Wolverhampton, 8 miles north west of Birmingham, 10 miles north east of Lichfield and 16 miles south east of Stafford. Walsall has a population of 284,306 (2011 census).

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

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



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

3.2 DESCRIPTION

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



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

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

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

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

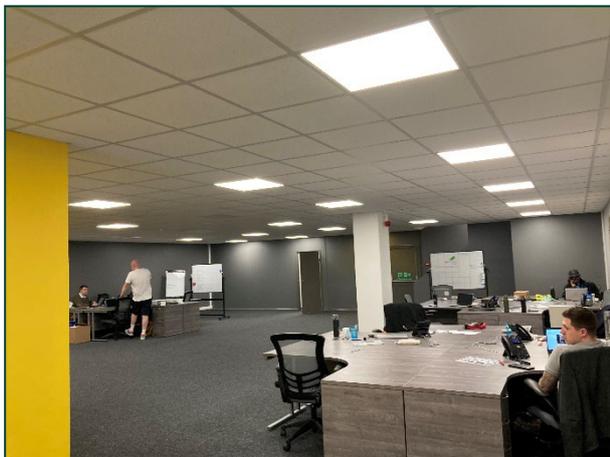
Below are a selection of photographs of the Property taken during the course of our inspection.



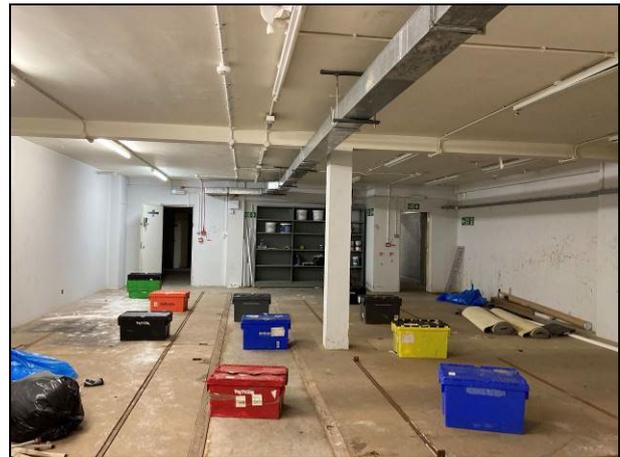
Front Elevation



Rear Elevation



Unit 2



Basement Storage



Ground Floor – Courts Reception



First Floor Offices

**Second Floor Offices****Third Floor Offices**

3.3 ACCOMMODATION

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

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

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

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

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

3.4 CONSTRUCTION

We summarise the construction of the Property as follows:

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

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

Our valuation includes plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the property upon a sale or letting.

3.5 SERVICES & AMENITIES

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

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

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

3.6 REPAIR & CONDITION

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

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

However the building appears to be in a condition commensurate with its age, design and use and no specific defects were identified which have had a significant effect on the valuation.

3.7 USEFUL ECONOMIC LIFE

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

3.8 GROUND CONDITIONS

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

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

3.9 RIGHTS OF ACCESS & PUBLIC RIGHTS OF WAY

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

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

3.10 ENVIRONMENTAL ISSUES

CONTAMINATION

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

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

FLOODING

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

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

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

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

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

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

HIGH VOLTAGE ELECTRICAL SUPPLY EQUIPMENT

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

RADON

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

ASBESTOS

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

3.11 SUSTAINABILITY

ENERGY PERFORMANCE CERTIFICATE

A valid Energy Performance Certificate (EPC) is a requirement for the construction, marketing and disposal of all domestic and non-domestic property, subject to some exceptions.

NON-DOMESTIC

In terms of tenanted Property, where non-domestic property is to be let on a tenancy of more than six months and less than 99 years, it is a legal requirement to have an EPC. Legislative changes under the Energy Act 2011 have made it unlawful for landlords to grant or renew commercial leases on this basis, in respect of properties with an Energy Efficiency Rating below a minimum level of E. From 1st April 2023, these changes

will apply to all privately rented, non-domestic properties; i.e. even where there has been no change in tenancy. These legislative changes are known as the Minimum Energy Efficiency Standards (MEES).

In October 2019, the Government consulted on proposals that would tighten the non-domestic MEES to set a long-term regulatory target of EPC B by 2030, where cost-effective, for non-domestic, rental building stock; this target was confirmed in the Energy White Paper, published in December 2020.

In March 2021, the Government issued a follow-up consultation in relation to the issues surrounding the implementation, enforcement and delivery of revised proposals to the Minimum Energy Efficiency Standards entitled 'The Non-Domestic Private Rented Sector Minimum Energy Efficiency Standards: Implementation of the EPC B Future Target'. The consultation closed in June 2021 and whilst, at the date of writing, the findings of the consultation are yet to be published, the Government has proposed the following:

- A phased implementation of the EPC B by 2030 requirement, with EPC C by 2027 set as an interim milestone.
- The introduction of two-year 'compliance windows'. The compliance window will begin with the requirement for landlords to present a valid EPC. For EPC C, Government proposes the compliance window should be 2025-2027, and for EPC B 2028-2030.
- A move away from enforcement at the point of let.

Address	Rating	Expiry Date
Walsall County Court, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	D (78)	26 Apr 2031
Unit 1-2, Bridge House, Bridge Street, Walsall, WS1 1JQ	C (69)	28 Nov 2024
Unit 3, Bridge House, Bridge Street, Walsall, WS1 1JQ	D (76)	26 Apr 2031
Unit 4-5, Bridge House, Bridge Street, Walsall, WS1 1JQ	E (119)	29 Nov 2026
Unit 8, Bridge House, Bridge Street, Walsall, WS1 1JQ	F (141)	28 Nov 2024

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

The existing EPC for Unit 8 indicates that this element of the Property may not meet the minimum acceptable energy performance standard for the purposes of this Act. Unless the Property qualifies as exempt, capital expenditure may be required in order to upgrade the Property to an acceptable EPC rating standard. Failure to do this may result in renting the Property being unlawful, with an associated impact on marketability and value. It is therefore advisable to obtain an expert's opinion on the status of the Property. Our valuation does not currently reflect the costs of any necessary remedial works and any impact on value that this may have and because of this you may then wish that we review the valuation.

We have not been able to obtain up-to-date EPCs for the remainder of the accommodation at the Property. We recommend that these are obtained and/or provided to us so that we might be able to comment accordingly. Our valuation is therefore based on the assumption that the Property will meet the minimum requirements set by the current legislation and that there are no adverse impacts upon the value or marketability of the Property in light of this.

At present, it is unknown if the Regulations will change to reflect the detail in the Government proposals set out above. We therefore recommend that you continue to have close regard to the potential changes to the Minimum Energy Efficiency Standards, as these could have an impact on the value of the Property and the security of the loan.

If, on a re-assessment, the Property fails to meet the Minimum Energy Efficiency Standards prevailing at the time of certification, capital expenditure may be required in order to upgrade the property to the required

standard. Unless stated, our valuation does not currently reflect the costs of any necessary remedial works or any associated impact on value that this may have.

3.12 TENURE

The Property is held freehold under Title Number WM427681.

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

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

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

3.13 OCCUPATION

OCCUPATIONAL LEASES

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

Demise	Tenant	Lease Terms	Rent Review (Breaks)	Rent (Per Annum)
Unit 1 (Ground)	Bond Wolfe Assets Ltd	999 years from 21 May 2021 to 20 May 3020	-	Peppercorn (if demanded)
Unit 2 (Ground)	Extra Recruitment Ltd	5 years from 1 Jul 2022 to 30 Jun 2027	(1 Aug 2025)	£17,000
Unit 3 (Ground)	MV Leisure (UK) Ltd	8 years from 2 Apr 2015 to 1 Apr 2023 (Holding Over)	-	£25,000
Unit 4 & 5 (Ground)	Brookmead Properties Ltd	99 years from 29 Sep 2001	-	£1
Office Suites 1 & 2 (First)	Vacant	-	-	-
Office Suites 3, 4, 5 & 9 plus 19 car parking spaces (First & Second)	Secretary of State for Environment (Walsall County & Family Court)	3 years, 11 months, 10 days from 15 Jan 2020 to 24 Dec 2023	-	£171,892
Office Suites 6, 6a & 7a, 7b, 7c & 8 (Second)	Vacant	-	-	-
Office Suites 10.1, 10.2, 10.3, 10.4, 10.6, 10.9 plus 2 car parking spaces (Second)	Vacant	-	-	-
Office Suites 10.5, 10.7, 10.11, 10.12, 10.13, 10.14 Remaining Suite 10, 11, 12 & 14 plus 13 Basement Store (Second, Third & Basement)	Vacant	-	-	-
Total				£213,893 per annum

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

INCOME

Gross Income	£213,893 per annum
Net Income	£213,893 per annum

The net income reflects outgoings.

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

TENANT STATUS

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

Extra Recruitment Limited is rated by Dun & Bradstreet as “D 2”. This represents a net worth of £79,954 and a lower than average risk of business failure.

MV Leisure (UK) Limited is rated by Dun & Bradstreet as “N 4”. This represents a negative net worth of -£11,073 and high risk of business failure.

The investment market would perceive the Secretary of State for the Environment as being an undoubted covenant and capable of fulfilling the obligations of its lease. Additionally, the market would perceive Extra Recruitment Limited as providing a reasonably strong covenant. However, MV Leisure (UK) Limited provides weak covenant strength. It should be noted that we do not consider this tenant line up wholly unusual for an asset of this type and in this location.

3.14 LOCAL TAXATION

The Property is described in the 2023 Non-Domestic Rating List as follows:

Address	Description	Rateable Value
Basement, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Store	£870
Former Suite 10, Office 3, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£570
Former Suite 10, Office 4-5, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£2,850
Former Suite 10, Office 6, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£1,500
Former Suite 10 Store, Office 6, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Store room and premises	£325
Suite 10 Shared Area, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£710
Suite 10.1 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£1,750
Suite 10.11 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£2,275
Suite 10.12-13 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£3,000
Suite 10.14 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£1,375

Address	Description	Rateable Value
Suite 10.2 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£560
Suite 10.3 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£690
Suite 10.4 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£670
Suite 10.5 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£640
Suite 10.6 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£580
Suite 10.7 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£440
Suite 10.9 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£2,150
Suite 7b, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£6,300
Suite 7c, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£2,125
Suite 8 on 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£27,500
Suite 11-14 3rd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£21,000
Suite 6a-7a 2nd Floor, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£16,750
Unit 1, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Wine bar and premises	£36,500
Unit 2, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Shop and premises	£16,000
Unit 3, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Shop and premises	£22,000
Unit 4-5, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Wine bar and premises	£42,000
Walsall Crown Court, Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ	Offices and premises	£115,000
TOTAL		£326,130

The National Non-Domestic Rate for the financial year 2023/24 is £0.512. The actual business rates payable may be affected by regulations.

3.15 PLANNING

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

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

We summarise below the relevant planning history of the Property.

Planning Reference	Date	Application Details	Status
17/1421	29 Nov 2017	Aluminium cladding over existing top fascia with blue LED trough lighting above, use of acrylic and vinyl lettering applied to fascias and further LED down lighting and light boxes under canopy	Advertisement Consent: Approve for 5 Years
17/1420	29 Nov 2017	Revised shopfront (re-submission of 17/0724)	Grant Permission Subject to Conditions
17/0725	31 Oct 2017	Installation of 1 x externally illuminated fascia sign, 1 x hanging sign and 1 x externally illuminated hoarding sign	Withdrawn
17/0724	13 Oct 2017	New Shopfront	Grant Permission Subject to Conditions
14/1839/AD	23 Jan 2015	Replacement fascia	Advertisement Consent: Approve for 5 Years
14/1838/FL	22 Jan 2015	Change of use from A2 betting office to A4 drinking establishment and alterations to shop front	Grant Permission Subject to Conditions
11/0827/AD	8 Sep 2011	1 No. internally illuminated fascia sign.	Advertisement Consent: Approve for 5 Years
11/0302/AD	4 Nov 2011	Display of adverts to new bar shopfront	Advertisement Consent: Approve for 5 Years
11/0301/FL	4 Nov 2011	Change of use from betting shop (Use Class A2) to bar/drinking establishment (Use Class A4).	Grant Permission Subject to Conditions
09/0429/FL	14 Jul 2009	Change of Use to takeaway and restaurant, and alterations to shop front.	Refuse
04/1470/FL/W3	3 Sep 2004	Removal of Condition 2 of Planning Application 03/0408/FL/W3. To allow opening the office 24 hours a day.	Grant Permission Subject to Conditions
04/0670/AD/W4	9 Jun 2004	Display of Illuminated Fascia Sign	Advertisement Consent: Approve for 5 Years
02/0524/FL/W5	16 May 2002	Change of use to A3 (Coffee shop and takeaway)	Grant Permission Subject to Conditions

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

The Property is situated within Bridge Street Conservation Area.

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

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

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

3.16 VAT, TAXATION AND COSTS

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

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

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

4. MARKET CONDITIONS AND TRENDS

4.1 UK ECONOMIC AND REAL ESTATE BRIEFING – JULY 2023

ECONOMY

While unemployment edged higher to 4.0% in May and job vacancies have continued to fall, the labour market is still historically tight. This is fuelling strong pay growth. Indeed, employees' regular average pay, which excludes bonuses, grew at an annual rate of 7.1% in May and more recently, Prime Minister Rishi Sunak announced pay rises for public sector workers of between 5% and 7%.

Strong wage growth is one reason why inflation has been persistently high in the UK. Admittedly, the headline CPI inflation rate declined from 8.7% y/y in May to 7.9% y/y in June and core inflation fell from 7.1% y/y to 6.9% y/y. This was the first downward surprise to inflation since January and will take some pressure off the Monetary Policy Committee (MPC). However, this is still well above the Bank of England's 2% inflation target. Therefore, the MPC will keep a close eye on the strength of private sector regular pay, which is the best barometer of persistent inflationary pressure. Further evidence of fading price pressures is needed to convince the MPC that underlying inflation is sustainably turning down.

On the back of the encouraging inflation data, markets no longer expect Bank Rate to surge as high as the 6.5% priced in at the beginning of July. Instead, market expectations have moved closer to our house view that rates will peak at 5.75%. While we admit that a 25bp rate hike in August is now more likely, we continue to expect a 50bp move followed by a final 25bp increase in September. In line with this shift in market expectations, 2-year Gilt yields fell from highs of 5.5% at the beginning of July to 5.0% at the end of the month and 10-year Gilt yields fell from 4.6% to 4.3% over the same period.

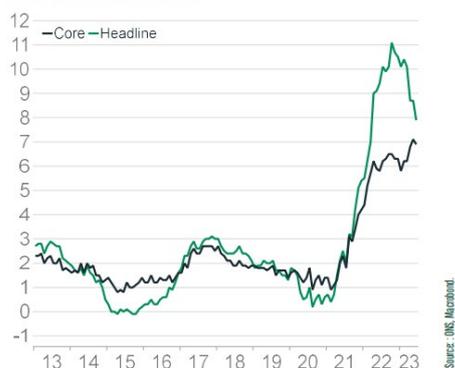
Overall, the latest data suggest that the recent resilience in economic activity hasn't faded yet, but forward-looking indicators point to weaker demand. For one, pressures are mounting in the housing market. Mortgage arrears increased in Q1 2023 as households struggled to maintain monthly payments and this number is likely to rise further this year. Indeed, over one million mortgages with rates below 2.5% will reach the end of their term by the end of 2023, which will force a large number of households to move to much higher rates. As a result, it is no surprise that the GfK measure of consumer confidence fell sharply in July as rising borrowing costs and high prices hit sentiment. Flash PMI's also dropped in July which is consistent with a weakening economy.

The upshot is that we expect tighter monetary policy to tip the economy into a recession in the coming quarters. However, the lack of spare capacity in the economy means much of the loosening in the labour market needed to bring down inflation could be achieved relatively painlessly. As a result, we are forecasting only a mild technical recession in H1 2024.

REAL ESTATE

Higher risk-free rates and forecasts for more Bank Rate rises mean most prospective buyers continue to believe property values will continue to correct lower. The result has been persistently low deal flow, particularly in the London City office market, where fewer than 10 transactions occurred in Q2 and H1 deal count was just over half of the 10-year H1 average. In turn, prime yields shifted out another 50 bps in Q2 2023 to 5.25%. While this is now in line with the post-GFC average, analysis of the effect of current debt terms on prime office returns suggests more decompression is needed for more large lot sizes (i.e. £200m+) to return to the market and boost investor sentiment.

Furthermore, it is no secret that office markets have continued to be challenged by a number of structural headwinds. Apart from monetary policy, environmental regulation (according to the latest government data, over half of UK office space currently has an EPC rating of D and below), impacts of AI on workforces and hybrid working continue to be hotly debated. These issues have contributed to a 27% y/y decline in Central London office take up in H1, while MSCI June data show the office sector was the worst performer over H1 2023, returning -4.6%, despite overall market rental growth of 1.2%.

Fig. 1. UK CPI (% y/y)**Fig. 2. UK Government Bond Yields (%)**

Behind office market headlines however, there are bright spots, one of which is the logistics market. After c. 28% capital value falls between June 2022 and February 2023, yield shift has slowed considerably, and prime yields have been flat since the start of the year. While investment volume is down 63% on H1 last year, the £3.1bn recorded is still above the 10-year pre-pandemic average, and several portfolios that were withdrawn from the market late last year have now transacted at reset pricing. With resilient occupier demand from a range of business sectors and average market rental growth of 7.6% since June last year, there is emerging consensus that the sector's risk premium over gilts may be sustainable at current levels, especially if inflation continues to fall and rental growth in real terms turns positive again.

June's inflation data also provided an encouraging sign to investors that an inflection point may be on the horizon. Markets are taking comfort from forecasts that suggest rates will not need to rise as high as projected a month ago, while the first under-consensus headline CPI figure in months prompted considerable falls in bond yields (albeit they have crept higher since). In turn, the FTSE UK Listed Real Estate Index jumped 7.1%, the biggest one-day gain since the start of the pandemic. Finally, one data point that garnered much less attention was the Producer Price Indices, which suggested wholesale prices for manufactured domestic goods have stopped rising, while input costs are now falling. This is positive for business margins, which will help sustain leasing markets.

Overall, there may still be a way to go before investment activity returns at scale, but investors will gain confidence that attractive value can be found if it becomes clear that June's inflation data was more than a blip.

4.2 WALSALL OFFICE SUBMARKET

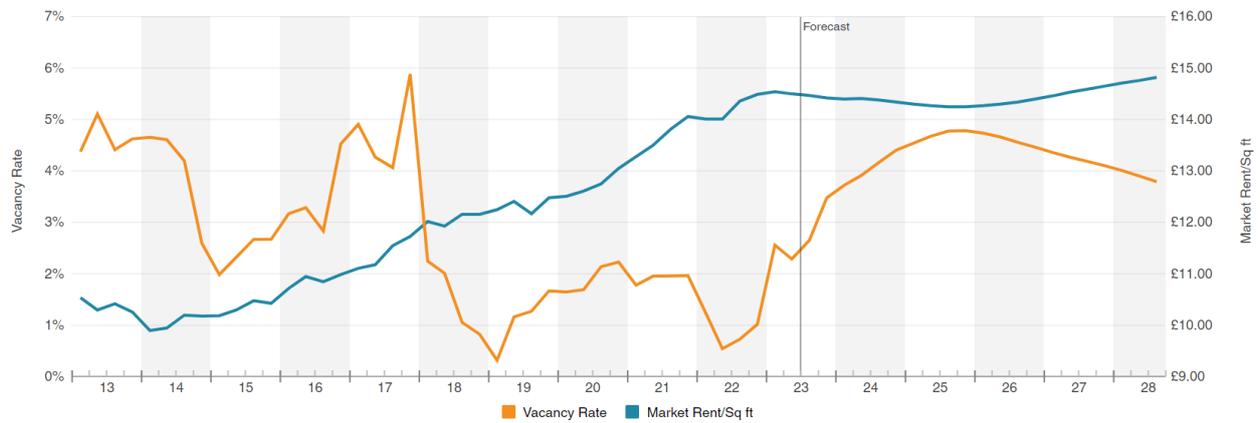
The Walsall office submarket sits within the wider West Midlands market, which contains a total of around 2.6 million sq ft of office stock. While the vacant rate has risen moderately over the past 12 months, the rate was largely in line with the long-term average.

According to CoStar (2023), annual net absorption came in at a decrease of 31,000 sq ft over the past year. The story improves over a longer timeframe. Over the past five years, the submarket has posted net absorption of about 7,200 sq ft per year, on average. Rents increased by 1.7% over the past 12 months. While positive, this does represent the weakest rent growth observed here in more than three years.

There is 15,000 sq ft underway in Walsall, representing a 0.6% expansion of the existing inventory. This represents a continuation of new development in the submarket, which had already seen 16,000 sq ft deliver over the past three years.

Sales activity has been sparse over the past 12 months, with there having been just three confirmed sales.

VACANCY & MARKET RENT PER SQ FT

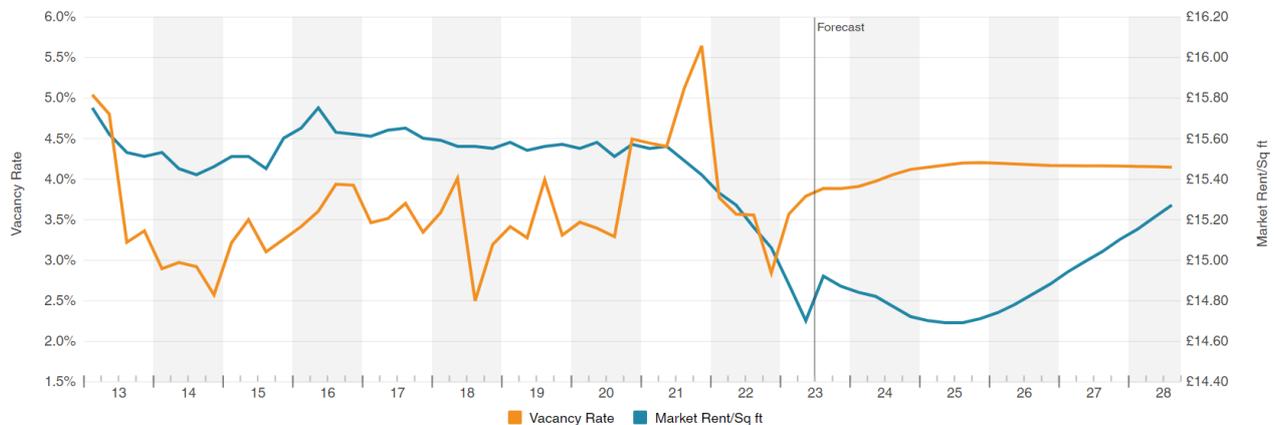


4.3 WALSALL RETAIL SUBMARKET

Retail vacancies in Walsall were roughly in line with the five-year average during the last quarter, and they were essentially unchanged from this time last year. The rate also sits above the overall market's average. Meanwhile, retail rents have fallen on a year-over-year basis, dropping by -2.1%.

While some retail space has been delivered over the past few years in Walsall, developers at present are not particularly active, with there being no tangible supply pressure. Retail properties trade with regularity in Walsall, and that remained the case in the past year, though market pricing is considerably lower than the region's average pricing.

VACANCY & MARKET RENT PER SQ FT



5. VALUATION APPROACH

5.1 VALUATION APPROACH

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

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

- Freehold;
- Situated in a central location within Walsall town centre, a secondary office location;
- Office suites are generally capable of subdivision, available as individual suites or on a floor-by-floor basis;
- Provides a basic and somewhat dated specification throughout, albeit the cost of extensive refurbishment is unlikely to be recuperated through rental income;
- WAULT of 0.47 years to break options and 0.62 years to lease expiries;
- The Property is highly reversionary passing rent being circa 59% of our opinion of ERV;
- Majority of the income (circa 80%) is secured against a government department providing an undoubted covenant strength;
- Turbulent retail sector has witnessed a shift in consumer spending habits, with Walsall having a number of vacant secondary units;
- Medium to long-term residential development potential (subject to planning).

5.2 MARKET RENT COMPARABLES

We have considered the following comparable transactions.

5.2.1 OFFICE COMPARABLES

Lower Hall Lane, Walsall, WS1 1RL

Transaction date

On the Market

Headline Asking Rent

£148,200 per annum

Asking Rent Analysis

£6.00 per sq ft



Transaction Summary

A comparable office building is currently available to let at £6.00 per sq ft. The building extends to 24,700 sq ft across three floors, with each floor of circa 8,233 being available to let individually, or as a whole.

The comparable comprises a semi-detached 1970s office building, providing a reasonable specification within, including lift access, suspended ceilings with inset lighting, air conditioning and central heating. Externally, approximately 50 car parking spaces are provided to the rear elevation.

The comparable is situated within Walsall town centre, approximately 0.2 miles to the south of the subject Property.

We consider that the comparable provides broadly similar specification and, like the subject Property, is capable of being subdivided into smaller suites. The location is also generally similar and we would therefore expect the suites at the subject Property to achieve similar rents.

17 Lichfield Street, Walsall, WS1 1TU

Transaction date

On the Market

Headline Asking Rent

£10,000 per annum

Asking Rent Analysis

£10.00 per sq ft



Transaction Summary

A comparable office suite extending to 1,000 sq ft is currently available to let at £10.00 per sq ft.

The comparable comprises office accommodation on the third floor of a five-storey 1980s purpose-built office building. The suite has recently been refurbished and provides solid carpeted flooring, suspended ceilings with LED panel lighting and passenger lift. Allocated car parking is provided via a gated vehicular entrance to the rear elevation.

The comparable is situated to the northern edge of Walsall town centre, immediately to the north of the subject Property.

The comparable office suite provides a far superior specification to the subject Property, having recently been refurbished, though is situated within the same micro location in close proximity to Bridge Street.

We are of the opinion that the comparable offers a superior specification to the subject Property, though the location is broadly similar. We would therefore expect the suites at the subject Property to achieve lower rents by way of comparison.

Anchor House, 24 Anchor Road, Aldridge, Walsall, WS9 8PW

Transaction date

June 2023

Headline Rent

£5,000 per annum

Rent Analysis

£8.93 per sq ft



Transaction Summary

In June 2023, a private tenant took 560 sq ft of office accommodation on a 1-year lease at a rent of £5,000 per annum, equating to £8.93 per sq ft.

The comparable comprises a ground floor suite within a purpose-built 1970s office building. The internal specification is generally reasonable throughout, including solid vinyl wood-effect flooring, perimeter trunking and suspended ceilings with inset lighting. Allocated car parking is provided to the rear elevation.

The comparable is situated on the southern edge of Aldridge town centre, approximately 3 miles northeast of Walsall town centre.

The comparable provides a superior specification to the subject Property, though Aldridge is an inferior office location to Walsall town centre. On balance, we would expect the suites at the subject Property to achieve marginally lower rents.

131 Lichfield Street, Walsall, WS1 1SY

Transaction date

February 2023

Headline Rent

£25,000 per annum

Rent Analysis

£7.68 per sq ft



Transaction Summary

In February 2023, Solutions 4 Care Ltd took 3,255 sq ft of office accommodation on a 6-year lease at a rent of £25,000, equating to £7.68 per sq ft.

The comparable comprises a detached period three-storey property, providing office accommodation on the ground, first and second floors (providing a combined 2,918 sq ft), alongside basement storage space (337 sq ft). The comparable is of a secondary nature, being in a good condition but providing largely basic office accommodation throughout. Externally, a secure car park is provided to the rear with space for up to nine cars.

The comparable is situated to the northern edge of Walsall town centre, being approximately 0.15 miles to the north of the subject Property.

We consider that the specification of the comparable is marginally superior to the subject Property, with the overall location being similar within Walsall town centre. On balance, we would expect the suites at the subject Property to achieve marginally lower rents.

Suite 62, Beacon Buildings, 20 Leighswood Road, Aldridge, Walsall, WS9 8AA

Transaction date

January 2023

Headline Rent

£2,100 per annum

Rent Analysis

£7.98 per sq ft



Transaction Summary

In January 2023, a private tenant took 263 sq ft of office accommodation on a 5-year lease at a rent of £2,100 per annum, equating to £7.98 per sq ft. We understand that the lease contains a tenant option to break on the third anniversary of the term.

The comparable comprises a first floor office suite within a mixed-use building constructed in the 1980s, which features retail units at street level. The internal accommodation is basic but in a reasonable condition, with car parking provided to the rear elevation.

The comparable is situated to the northwestern edge of Aldridge town centre, approximately 3 miles northeast of Walsall town centre.

The comparable provides a broadly similar specification to the subject Property, though Aldridge is an inferior office location to Walsall town centre. We have also accounted for quantum due to the floor area of the comparable. On balance, we would expect the suites at the subject Property to achieve marginally lower rents on a per sq ft basis.

Azzurri House, Walsall Road, Walsall, WS9 0RB

Transaction date

September 2021

Headline Rent

£120,000 per annum

Rent Analysis

£14.55 per sq ft


Transaction Summary

In September 2021, a private tenant took 8,250 sq ft of office accommodation on a 5-year lease at a rent of £120,000, equating to £14.55 per sq ft.

The comparable comprises a detached two-storey office building constructed in 2005. The accommodation is largely open-plan and provides a modern fit-out featuring suspended ceilings with inset lighting, comfort cooling and a passenger lift. Externally, 50 marked car parking spaces are provided to the fore.

The comparable is situated in an out-of-town office location, roughly equidistant between Walsall and Aldridge. The subject Property is located approximately 1.75 miles to the southwest.

The comparable provides a superior specification to the subject Property. It is also situated in a stronger location on the edge of Walsall town centre. We would therefore expect the office suites at the subject Property to achieve lower rents on a per sq ft basis.

5.2.2 RETAIL COMPARABLES

Unit 5, Kings Court, 44 Bridge Street, Walsall, WS1 1JA

Transaction date

On the Market

Headline Asking Rent

£7,950 per annum

Asking Rent Analysis

£10.80 per sq ft


Transaction Summary

A comparable retail property, totalling 736 sq ft of accommodation, is currently on the market at an asking rent of £7,950 per annum, reflecting £10.80 per sq ft.

The comparable comprises a mid-terrace retail unit providing a ground floor sales area of 323 sq ft, with further sales space of 289 sq ft at basement level, alongside basement storage accommodation of 124 sq ft. The unit features a glazed frontage and largely open-plan space within.

The comparable is situated on the same street as the subject Property within Walsall town centre.

Accounting for quantum, we would expect the units at the subject Property to achieve lower rents on a per sq ft basis, but higher overall headline rents.

79 Bridge Street, Walsall, WS1 1JQ

Transaction date

On the Market

Headline Asking Rent

£7,800 per annum

Asking Rent Analysis

£10.74 per sq ft



Transaction Summary

A comparable retail property, totalling 726 sq ft of accommodation, is currently on the market at an asking rent of £7,800 per annum, reflecting £10.74 per sq ft.

The comparable comprises a mid-terrace ground floor retail unit, providing an open-plan sales area behind a glazed frontage with electrically-operated roller security shutters. Internally, the space features parquet flooring and suspended ceilings.

The comparable is situated on the same street as the subject Property within Walsall town centre.

Accounting for quantum, we would expect the units at the subject Property to achieve lower rents on a per sq ft basis, but higher overall headline rents.

73 Bridge Street, Walsall, WS1 1JQ

Transaction date

March 2023

Headline Rent

£11,400 per annum

Rent Analysis

£10.71 per sq ft



Transaction Summary

In March 2023, Seven Wonders Tattoo Parlour took 1,064 sq ft of retail accommodation on a 5-year lease at a rent of £11,400 per annum, reflecting £10.71 per sq ft.

The comparable comprises a mid-terrace retail property forming part of a wider building constructed in the late nineteenth century. The unit features a glazed frontage with largely open-plan sales space within, though there is a small storage area to the rear.

The comparable is situated within Walsall town centre on the same street as the subject Property.

Accounting for quantum, we would expect the units at the subject Property to achieve lower rents on a per sq ft basis, but higher overall headline rents.

7 Park Street, Walsall, WS1 1LY

Transaction date

November 2022

Headline Rent

£25,500 per annum

Rent Analysis

£11.52 per sq ft



Transaction Summary

In November 2022, The Funky T-Shirt Company Ltd took 2,214 sq ft of retail accommodation on a 5-year lease at a rent of £25,500 per annum, reflecting £11.52 per sq ft.

The comparable comprises a mid-terrace retail property configured over a ground floor sales area with ancillary and storage accommodation above. The unit features a glazed frontage and security shutters.

The comparable is situated on the pedestrianised prime retail pitch within Walsall town centre, approximately 0.2 miles to the southwest of the subject Property.

Accounting for quantum, we would expect the units at the subject Property to achieve lower rents on a per sq ft basis, and marginally lower headline rents per annum.

10 The Bridge, Walsall, WS1 1LR

Transaction date

June 2022

Headline Rent

£17,500 per annum

Rent Analysis

£7.79 per sq ft



Transaction Summary

In June 2022, Playland Casino Slots took 2,246 sq ft of retail accommodation on a 10-year lease at a rent of £17,500 per annum, equating to £7.79 per sq ft. We understand that the tenant received a 3-month rent-free period upon lease commencement and that the lease provides for a rent review and a tenant break option on the fifth anniversary.

The comparable comprises a mid-terrace retail unit providing 1,270 sq ft of ground floor sales space behind a glazed frontage, alongside a further 976 sq ft of basement storage space.

The comparable is situated on the eastern edge of Walsall's main retail pitch, circa 0.15 miles distant from the subject Property.

Accounting for quantum, we would expect the units at the subject Property to achieve marginally lower rents on a per sq ft basis, but would expect Unit 2 to achieve a similar headline rents and for Unit 3 to achieve a higher headline rent, reflecting the size and configuration of the units.

30 Goodall Street, Walsall, WS1 1QL

Transaction date

April 2022

Headline Rent

£6,500 per annum

Rent Analysis

£13.95 per sq ft



Transaction Summary

In April 2022, a private tenant took 466 sq ft of retail accommodation on a 1-year lease at a rent of £6,500 per annum, equating to £13.95 per sq ft.

The comparable comprises a ground floor lock-up shop featuring a part-glazed frontage with security shutters, with open-plan sales space within. A small partitioned area providing a kitchenette and toilet is situated to the rear.

The comparable is situated on the southeastern periphery of Walsall town centre, within close proximity of the subject Property, with Goodall Street adjoining Bridge Street immediately to the north.

Accounting for quantum, we would expect the units at the subject Property to achieve lower rents on a per sq ft basis, but higher overall headline rents.

5.3 MARKET RENT

Below is our assessment of the Market Rent.

Accommodation			Floor Areas		Rental Value £		Rental Value £
			Sq ft	Sq m	Sq ft	Sq m	
Unit 1	Ground	Retail	7,174	666.46	Long leasehold		£0
Unit 2	Ground	Retail	2,766	257.00	£6.00	£64.58	£16,596
Unit 3	Ground	Retail	3,766	349.85	£6.00	£64.59	£22,596
Unit 4 & 5	Ground	Retail	8,071	749.80	Long leasehold		£0
Office Suites 1 & 2	First	Office	6,787	630.50	£6.00	£64.59	£40,722
Office Suites 3, 4, 5 & 9	First & Second	Office	26,051	2,420.18	£6.00	£64.58	£156,306
Office Suite 6	Second	Office	938	87.15	£6.00	£64.58	£5,628
Office Suite 6a & 7a	Second	Office	3,208	298.00	£6.00	£64.59	£19,248
Office Suite 7b	Second	Office	1,251	116.22	£6.00	£64.58	£7,506
Office Suite 7c	Second	Office	413	38.37	£6.00	£64.58	£2,478
Office Suite 8	Second	Office	5,615	521.63	£6.00	£64.59	£33,690
Office Suite 10.1	Second	Office	344	32.00	£6.00	£64.50	£2,064

Accommodation			Floor Areas		Rental Value £		Rental Value £
			Sq ft	Sq m	Sq ft	Sq m	
Office Suite 10.2	Second	Office	110	10.20	£6.00	£64.71	£660
Office Suite 10.3	Second	Office	137	12.73	£6.00	£64.57	£822
Office Suite 10.4	Second	Office	132	12.26	£6.00	£64.60	£792
Office Suite 10.6	Second	Office	115	10.68	£6.00	£64.61	£690
Office Suite 10.9	Second	Office	424	39.39	£6.00	£64.58	£2,544
Office Suite 10.5	Second	Office	126	11.70	£6.00	£64.62	£756
Office Suite 10.7	Second	Office	87	8.08	£6.00	£64.60	£522
Office Suite 10.11	Second	Office	448	41.62	£6.00	£64.58	£2,688
Office Suite 10.12 & 10.13	Second	Office	593	55.09	£6.00	£64.59	£3,558
Office Suite 10.14	Second	Office	270	25.08	£6.00	£64.59	£1,620
Office Suite 10	Second	Office	1,084	100.70	£6.00	£64.59	£6,504
Office Suite 11, 12 & 14	Third	Office	3,444	319.95	£6.00	£64.59	£20,664
Office Suite 13	Third	Office	1,404	130.43	£6.00	£64.59	£8,424
Basement Store	Basement	Store	902	83.80	£3.00	£32.29	£2,706
TOTAL			75,660	7,028.87			£359,784 per annum

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

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

We consider that the appropriate lease terms in this case would be a term of 5 years on tenant full repairing and insuring terms with a rent-free period of 9 to 12 months.

5.4 INVESTMENT COMPARABLES

We have considered the following comparable transactions.

Permanent House, 1 Leicester Street, Walsall, WS1 1PT

Transaction date

On the Market

Asking Price

£550,000

Asking Price Analysis

3.47% NIY / £150.56 per sq ft



Transaction Summary

A comparable mixed-use investment is currently on the market at an asking price of £550,000, reflecting a net initial yield of 3.47% and £150.56 per sq ft. The retail element to the ground floor is let to William Hill Organisation Ltd on a 20-year lease from June 2010, with 5-yearly rent reviews, at a rent of £20,000 per annum. Four floors of office accommodation above are currently vacant and are being offered to let at a rent of £8.57 per sq ft (a combined rent of £23,000 per annum); this would result in a reversionary yield in the region of 7.50% based on the asking price and asking rents. The asset is being marketed as having development potential to convert the upper four floors to residential use, however we are informed that an application dated August 2022 for the creation of eight apartments was refused.

The comparable comprises a mixed-use building dating from the 1960s, which provides a ground floor retail unit and four floors of office space above. The internal office fit-out is somewhat basic, providing suspended ceilings with Cat II light boxes, dado perimeter trunking, electric heaters and a passenger lift. We understand that the title does not provide car parking facilities.

The comparable is situated in Walsall town centre in close proximity to the subject Property, with Bridge Street connecting to Leicester Street immediately to the west.

Though also reversionary, we would expect the subject Property to achieve a weaker yield profile, owing to the immediate redevelopment potential at the comparable and the smaller lot size.

Bayard House, 134-138 Lichfield Street, Walsall, WS1 1SP

Transaction date

February 2023

Price

£705,000

Price Analysis

13.40% NIY / £62.73 per sq ft



Transaction Summary

In February 2023, Second City Housing acquired the freehold interest in 11,239 sq ft of office accommodation for £705,000, reflecting a net initial yield of 13.40% and £62.73 per sq ft. At the time of transaction, the comparable was fully let to The Secretary of State for Housing at a rent of £99,512 per annum, though the tenant had executed its break option in April 2023 and the asset therefore provided an

unexpired term of just 0.13 years; we understand that the purchaser acquired the property for their own occupational requirements.

The comparable comprises a four-storey office building originally developed in the 1970s, which was most recently used as a Job Centre and is consequently fitted out as such internally. The accommodation consists of a ground floor retail area with meeting rooms surmounted by three floors of primarily open-plan office space above. The specification includes suspended ceilings with inset strip LED lighting, a passenger lift, air conditioning throughout and solid carpeted floors. Externally, a secure car park is provided to the rear.

The comparable is situated off Lichfield Street, immediately to the rear of the subject Property.

The comparable provides a marginally superior office specification and is in a better condition than the subject Property, with the micro location within Walsall town centre being the same. The comparable was however effectively sold for vacant possession value, with circa 2 months unexpired at the time of transaction. On balance, we would expect the subject Property to achieve a stronger yield profile given the marginally longer WAULT and multi-let nature of the asset.

14 Church Street, Kidderminster, DY10 2AH

Transaction date

January 2023

Price

£400,000

Price Analysis

8.40% NIY / £64.68 per sq ft



Transaction Summary

In January 2023, a private investor acquired the freehold interest in 6,184 sq ft of office accommodation for £400,000, reflecting a net initial yield of 8.40% and £64.68 per sq ft. At the time of sale, the comparable was single-let to Thursfields Legal Ltd at a rent of £35,000 per annum on a 10-year lease from August 2018, but with a tenant option to break in the fifth year of the term, thereby providing a term certain of 0.58 years as of the completion date.

The comparable comprises a detached three-storey office building of traditional construction, dating from the 1980s. The configuration provides office and storage space to the ground floor, with a mix of open-plan and individual offices to the first and second floors. Externally, allocated car parking is provided to the rear elevation.

The comparable is situated on the northern edge of Kidderminster town centre, within walking distance of Kidderminster railway station, and circa 17 miles to the southwest of Walsall.

Whilst the comparable also offers short-term income, we have considered that this is a smaller lot size, in a less established office submarket to Walsall. On balance, we would expect the subject Property to achieve a broadly similar net initial yield and a lower value on a per sq ft basis by way of comparison.

Horizon House, 5, 7 & 9 Pitt Street & 25 Little Brickkiln Street, Wolverhampton, WV3 0NF

Transaction date

November 2022

Price

£650,000

Price Analysis

7.72% NIY / £85.71 per sq ft



Transaction Summary

In November 2022, a private investor acquired the freehold interest in 7,584 sq ft of office accommodation for £650,000, reflecting a net initial yield of 7.72% and £85.71 per sq ft. At the time of transaction, the building was let to a local occupier on a single tenancy at a rent of £52,800 per annum until April 2025 without any option to break, thereby providing a term certain of circa 2.41 years.

The comparable comprises a secondary three-storey office building which provides a mix of open-plan and cellular space within, alongside a reception area and staff welfare facilities. The internal specification is generally reasonable, providing suspended ceilings with inset LED panel lighting, solid flooring with a combination of carpeted and vinyl coverings and lift access. A private car park is situated to the rear elevation.

The comparable is situated in a mixed commercial area on the southwestern edge of Wolverhampton city centre. Walsall is accessible approximately 6 miles directly to the east.

The comparable provides a longer unexpired term than the subject Property, albeit is let to a reasonably weak covenant and is situated in a somewhat peripheral location within the marginally stronger office location of Wolverhampton. On balance, we would expect the subject Property to achieve a weaker yield profile in comparison.

133 Lichfield Street, Walsall, WS1 1SL

Transaction date

September 2021

Price

£250,000

Price Analysis

12.09% NIY / £18.89 per sq ft



Transaction Summary

In September 2021, Globe Asset Capital Ltd acquired the freehold interest in a mixed-use commercial building totalling 13,237 sq ft for £250,000, reflecting a net initial yield of 12.09% and £18.89 per sq ft. The comparable is multi-let to a local nightclub operator (t/a Manhattans) holding over at a rent of £20,000 per annum, a local gymnasium (t/a Simkin Martial Arts Academy) at a rent of £5,616 per annum on a new 3-year lease, with storage units to the rear let to Jardine Walker Ltd holding over at a rent of £5,400 per annum. The remaining accommodation is vacant; the comparable therefore provides a combined rent roll of £31,016 per annum to poor covenants on short-term leases.

The comparable comprises a mixed-use commercial building dating from the early twentieth century, providing a ground floor bar/nightclub premises of 4,560 sq ft, a restaurant/hot food takeaway premises of

757 sq ft (vacant), a detached rear storage unit of 2,400 sq ft, a ground / first floor gymnasium extending to 3,602 sq ft, and self-contained office accommodation comprising 1,918 sq ft (vacant). We understand that the internal accommodation is largely basic throughout.

The comparable is situated on the edge of Walsall town centre, immediately to the north of the subject Property.

Although reversionary due to the vacant office and takeaway premises, we consider that the comparable generally offers an inferior specification to the subject Property, with fewer asset management angles. It also provides short-term income to local occupiers offering poor covenant strengths. We would therefore expect the subject Property to achieve a stronger yield profile by way of comparison.

Forster House, Hatherton Road, Walsall, WS1 1XZ

Transaction date

October 2021

Price

£850,000

Price Analysis

10.81% NIY / £87.55 per sq ft



Transaction Summary

In October 2021, Nirsun Properties Ltd acquired the freehold interest in 9,709 sq ft of office / retail accommodation for £850,000, reflecting a net initial yield of 10.81% and £87.55 per sq ft. At the time of sale, the comparable was let to two tenants – Extra Personnel Ltd and a private individual (t/a Tansational Tanning Studio) – at a combined rent of £97,000 per annum; we understand that the WAULT was in the region of 3.8 years. £90,000 of the annual income is secured against Extra Personnel Ltd, which provides a strong covenant, with lease expiry being in June 2025.

The comparable comprises a detached 1950s office building configured over three storeys, with part of the ground floor occupied by a small retail unit. The internal offices are in good condition and feature perimeter trunking, solid carpeted floors, passenger lift, suspended ceilings and air conditioning, whilst toilet and kitchen facilities were refurbished prior to the sale. Externally, 35 car parking spaces are provided.

The comparable is situated to the northern periphery of Walsall town centre, immediately to the northwest of the subject Property.

We consider that the comparable provides a superior specification but is located in a similar location within Walsall town centre. Accounting for the fact that the comparable is fully-let, we would expect the subject Property to achieve a similar equivalent yield, but a significantly lower value on a per sq ft basis due to quantum and the inferior internal fit-out of the subject asset.

RETAIL SALES

We have additionally considered the following sales and availability of retail properties within the Walsall area:

Address	Photo	Details
82-83 Bradford Street, Walsall, WS1 1NU		<ul style="list-style-type: none"> Available as of the valuation date for £220,000, reflecting a net initial yield of 8.87%; Mid-terrace unit with ancillary space to first floor, totalling 4,016 sq ft; Let to Shoe Zone Retail Ltd at a rent of £20,000 per annum, with lease expiry in December 2027, thereby currently providing a term certain of 4.30 years; Situated on southern edge of Walsall's prime retail pitch.
86 Bradford Street, Walsall, WS1 1NU		<ul style="list-style-type: none"> Available as of the valuation date for £197,500, reflecting a net initial yield of 9.90%; Mid-terrace unit with ancillary space to first floor, totalling 2,040 sq ft; Let to a private individual (t/a European Mini Market) at a rent of £20,000 per annum, expiring in December 2032, thereby providing a term certain of 9.35 years; Situated on southern edge of Walsall's prime retail pitch.
Unit 9, George Street, Walsall, WS1 1RS		<ul style="list-style-type: none"> Sold to a private investor in August 2023 for £95,000 reflecting a net initial yield of 9.31%; Modern ground floor unit comprising 711 sq ft; Let to a private individual at a rent of £9,000 per annum until June 2024, thereby providing an unexpired term of circa 0.84 years at the time of sale; Situated on the southern edge of Walsall town centre.
29 Bridge Street, Walsall, WS1 1DP		<ul style="list-style-type: none"> Sold to a private investor in November 2022 for £290,000, reflecting £62.99 per sq ft, or circa 10% reversionary yield based on asking rent; Mid-terrace Grade-II listed building comprising 4,604 sq ft providing ground floor sales area and three floors of ancillary accommodation; Vacant as of the sale date, with the ground floor retail available at £20,000 per annum and the upper floors at an additional £10,000 per annum; Situated on the same street as the subject Property.

5.5 CURRENT SALE AGREEMENT

Our investigations have not revealed a recent sale or sale agreement relating to the Property. If a recent or impending sale comes to your attention before any loan is finalised, details should be referred back to us in case the terms affect our valuation.

5.6 VALUATION CALCULATIONS

5.6.1 MARKET VALUE

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

We have adopted a passing rent of £213,893 per annum, and a Market Rent of £359,784 per annum. We have utilised the investment method of valuation and have targeted an equivalent yield of 11.00%. Where tenancies have a term certain of less than 5 years, we have incorporated an expiry void of 24 months comprising a 12-month marketing period followed by a 12-month rent-free period. We have also incorporated current income

voids on the vacant accommodation comprising 24 months in line with the above. This reflects a value of £2,386,677, which we have rounded accordingly to **£2,400,000**.

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

The resulting yield profile is as follows:

Net initial yield	8.38%
Reversionary yield	14.09%
Equivalent yield (nominal)	10.95%
Equivalent yield (true)	11.58%

5.6.2 MARKET VALUE – 90-DAY RESTRICTED MARKETING PERIOD

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

5.6.3 MARKET VALUE – VACANT POSSESSION

For our opinion of Market Value on the Special Assumption of vacant possession, we have adopted a Market Rent of £359,784 per annum. We have utilised the investment method of valuation and have targeted an equivalent yield of 11.50%. We have incorporated current income voids on all units except the long leasehold interests, comprising 24 months which includes a 12-month marketing period followed by a 12-month rent-free period. This reflects a value of £2,366,091, which we have rounded accordingly to **£2,350,000**.

5.6.4 MARKET VALUE – NEW LEASE TO SECRETARY OF STATE

For our opinion of Market Value on the Special Assumption that a new lease has been agreed with the Secretary of State for Environment (Walsall County & Family Court), we have assumed that the terms of the lease are as per the Section 26 Notice provided – a 5-year term (with a break in the fourth year) from 25 December 2023 at a rent of £151,750 per annum. We have subsequently adopted an equivalent yield of 10.00% for this element of the Property and an equivalent yield of 11.00% for the remainder. This reflects a value of £2,584,418, which we have rounded accordingly to **£2,575,000**.

6. VALUATION

MARKET CONDITIONS EXPLANATORY NOTE

Following the outbreak of COVID-19 in 2020, the start of the war in Ukraine in February 2022 and global supply chain challenges, there have been some significant changes impacting many aspects of daily life and the global economy.

In the United Kingdom, we are experiencing a period of historically high inflation, notably increasing energy prices, and significant increases in both gilt and interest rates. These are key drivers in respect of asset values and as a result the level of transactions and asset pricing, including the real estate market, are currently subject to higher than usual levels of volatility.

Nevertheless, as at the valuation date, property markets are functioning and there is an adequate quantum of market evidence which exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the above, we highlight the importance of the valuation date.

6.1 MARKET VALUE

We are of the opinion that the Market Value of the freehold interest in the Property as at 17 August 2023, subject to the existing tenancies, is in the region of:

£2,400,000
(TWO MILLION FOUR HUNDRED THOUSAND POUNDS)

6.2 MARKET VALUE: 90-DAY SALE

We are of the further opinion that the Market Value of the freehold interest in the Property as at 17 August 2023, subject to the existing tenancies and on the Special Assumption of a 90-day sale period, is in the region of:

£2,400,000
(TWO MILLION FOUR HUNDRED THOUSAND POUNDS)

6.3 MARKET VALUE: VACANT POSSESSION

We are of the further opinion that the Market Value of the freehold interest in the Property as at 17 August 2023, on the Special Assumption that the Property is vacant, is in the region of:

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

6.4 MARKET VALUE: NEW LEASE TO SECRETARY OF STATE

We are of the further opinion that the Market Value of the freehold interest in the Property as at 17 August 2023, subject to the existing tenancies and on the Special Assumption that a new lease has been agreed with the Secretary of State for Environment (Walsall County & Family Court) at a rent of £151,750 per annum from 25 December 2023 for a term of 5 years, is in the region of:

£2,575,000
(TWO MILLION FIVE HUNDRED AND SEVENTY-FIVE THOUSAND POUNDS)

6.5 MARKET RENT

We are of the opinion that the Market Rent of the Property as at 17 August 2023, is in the region of:

£359,784 PER ANNUM
(THREE HUNDRED AND FIFTY-NINE THOUSAND SEVEN HUNDRED AND EIGHTY-FOUR POUNDS PER ANNUM)

MARKET VALUE DEFINITION

Market Value is an internationally recognised basis and is defined as:

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

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

6.6 INSURANCE REINSTATEMENT COST ESTIMATE

You have instructed us to provide you with an informal estimate of the reinstatement cost of the Property. This is provided solely as a guide for comparison against insurance cover already taken out and is based solely on our construction cost estimates in connection with the preparation of our valuation, this estimate does not constitute a formal Building Reinstatement Cost Assessment, and must not be relied upon as such.

Based on our inspection of the property, our estimate of the current reinstatement costs of the Property, noting our comments above, is in the order of **£17,900,000 (SEVENTEEN MILLION NINE HUNDRED THOUSAND POUNDS)**.

This estimate must be regarded as indicative only and should not be relied upon as a formal estimate for insurance purposes as this can only be given by a quantity surveyor or other person with sufficient current experience of reinstatement cost assessments. The Property has not been inspected by such a person.

7. LENDING CONSIDERATIONS

7.1 PROPOSED LOAN

We have not been advised of the loan terms.

7.2 CASH FLOW ANALYSIS AND INCOME SECURITY

The Property is let to Secretary of State for the Environment which offers excellent covenant strength. However, Extra Recruitment Ltd and MV Leisure (UK) Limited offer relatively weak covenant strength and limited income security. The investment is highly reversionary, with passing rent being approximately 59% of Market Rent, and provides a WAULT of approximately 0.47 years to break options and 0.62 years to lease expiries, therefore offering short term income.

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

7.3 SUITABILITY AS SECURITY

MARKETABILITY

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

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

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

FUTURE PERFORMANCE

The Property should perform in line with its peers provided that the economic climate and commercial property market do not deteriorate over the coming months and years.

ACTIVE MANAGEMENT

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

DUE DILIGENCE RECOMMENDATIONS

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

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

SWOT ANALYSIS

Strengths and Weaknesses

- The Property is held freehold;
- Situated in Walsall town centre however Walsall is not a recognised office location;
- Offices are capable of subdivision, available as individual suites or on a floor-by-floor basis;
- The Property would benefit from modernisation / refurbishment however, the cost of extensive refurbishment is unlikely to be recuperated through rental income;
- Short WAULT of 0.47 years;
- The Property is highly reversionary, with the passing rent being approximately 59% of ERV.

Opportunities and Threats

- Further economic deterioration, inflationary pressures and rising interest rates;
 - Turbulent retail sector has witnessed a shift in consumer spending habits in recent years turning to online retailing which has resulted in a growing number of vacant retail units;
 - Medium term redevelopment potential (subject to planning).
-

RECOMMENDATION

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

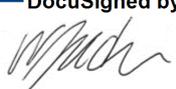
8. LIABILITY & PUBLICATION

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

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

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

Yours faithfully,

DocuSigned by:

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Will Bowden MRICS
Associate Director
RICS Registered Valuer

For and on behalf of BNP Paribas Real Estate

This report has been reviewed by:

DocuSigned by:

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Richard Gill MRICS
Senior Director
RICS Registered Valuer

APPENDIX 1: INSTRUCTION & TERMS OF ENGAGEMENT

Attn: Will Bowden,
BNP Paribas Real Estate UK,
9 Colmore Row,
Birmingham,
B3 2BJ

Ref: SB/
Charles Jordan (Bridge St) Ltd

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:	Charles Jordan (Bridge St) Ltd
Contact Name:	Avtar Sandhu
Phone Number:	0121 325 8500 or 07793 888888
Email:	sandhu@greencyc.com
Properties:	Bridge House, 47-55 Bridge Street, Walsall, WS1 1JQ
Tenure:	Freehold
Use:	Mixed Use (Commercial)

Tenancies:	<p>Units 3, 4, & 5 (1st floor), and unit 9 (2nd floor) are let to The Secretary of State for Housing Communities and Local Government on behalf of The Crown a.k.a. Walsall Court and Family Court. Their lease expires on 24 December 2023. They are paying rent of £171,892 p.a.</p> <p>We have been provided with a copy (in the Property folder on Dropbox), a formal written Tenant's Request For A New Business Tenancy, which was received via solicitors, Womble Bond Dickinson LLP. They are proposing a new 5-year lease, with a tenant break in year 4 (provided 6 months notice has been served), at a lower rental of £151,750 per annum.</p> <p>This has been rejected by the Borrower, and negotiations are on-going, but we at least know that the rent will not be less than £151,750 p.a.</p> <p>Unit 2 is let to Extra Recruitment Ltd - please see https://www.extrarecruitment.co.uk/ - on a 5-year IRI lease commencing July 2022, with a tenant break in August 2025, at a rental of £17,000 p.a. Their latest balance sheet shows a modest net worth of £79.9k.</p> <p>The tenant in Shop 3, MV Leisure UK Ltd, had been holding over. It was let to them on an 8-year lease from April 2015 to April 2023. They continue to pay rent of £25,000 annualised. The Borrower is in the throes of negotiating a new lease, which should complete prior to completion.</p>
Access:	To arrange access to the Property please contact the client directly - Avtar Sandhu / 0121 325 8500 or 07793 888888 / sandhu@greencyc.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 tenant(s), 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 of 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.
- 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

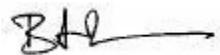
You have quoted and the Borrower has agreed to pay a fee of £3,950 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, we ask that you seek settlement of your fee from the proposed Borrower whose contact details are supplied above. Proplend Security 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

Private & Confidential

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

For the attention of: Stewart Bruce

Valuation

Will Bowden MRICS
Associate Director
BNP Paribas Real Estate
9 Colmore Row
Birmingham
B3 2BJ

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Our Ref: WB_Bridge St

3 August 2023

CLIENT: PROPLEND SECURITY LIMITED

BORROWER: CHARLES JORDAN (BRIDGE ST) LIMITED

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

INSTRUCTIONS

Thank you for your letter of 1 August 2023 in respect of the valuation of the above Property.

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

PURPOSE OF THIS LETTER

In accordance with the requirements of RICS Valuation – Global Standards 2021, effective 31st January 2022, incorporating the International Valuation Standards, we are writing to confirm our understanding of your instructions to us.

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

SCOPE OF WORK

We acknowledge and confirm the following:

- | | |
|------------------------------|---|
| Purpose of Valuation | ▪ The valuation is for secured lending purposes and must not be relied upon for any other purpose. |
| Interest to be Valued | ▪ Freehold |
| Bases of Valuation | ▪ Market Value
The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. |

BNP Paribas Real Estate Advisory & Property Management UK Limited

Registered office: 5 Aldermanbury Square, London EC2V 7BP

Registered in England No. 4176965

www.realestate.bnpparibas.co.uk

ISO 9001
ISO 14001

BUREAU VERITAS
Certification

N°UK4518226Q / UK4528226E



008

Regulated by RICS



Assumptions & Special Assumptions	<ul style="list-style-type: none"> ▪ Market Rent The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. ▪ Market Value subject to the extant tenancies; ▪ Market Value subject to the extant tenancies and on the Special Assumption of 90-day sale; ▪ Market Value on the Special Assumption of vacant possession. ▪ Market Rent.
Valuation Date	<ul style="list-style-type: none"> ▪ Date of Inspection
Identification of Valuer	<ul style="list-style-type: none"> ▪ The valuation will be carried out by Will Bowden MRICS who is a member of the RICS' Registered Valuer Scheme. ▪ We confirm that the valuer has the relevant experience and knowledge in valuing properties of a comparable nature, complexity and value to the Property.
Fee	<ul style="list-style-type: none"> ▪ Our fee for undertaking this work will be £3,950 plus VAT and is payable by the Client upon provision of our report. ▪ If you end this instruction at any stage, we will charge abortive fees on the basis of reasonable time and expenses incurred, (with a minimum charge of 50% following inspection of the Property).
Conflicts of Interest	<ul style="list-style-type: none"> ▪ We can advise that we previously valued the Property on behalf of Proplend Security Ltd in September 2021. However, following our discussion, we confirm that we do not believe that this creates a conflict with our duty to provide you with an objective and independent valuation. ▪ We will therefore be acting as an independent valuer.
Professional Indemnity Insurance	<ul style="list-style-type: none"> ▪ We can confirm that we hold professional indemnity insurance in respect of the service to be provided.
Nature of Work	<ul style="list-style-type: none"> ▪ We will undertake an internal and external inspection of the Property as soon as is reasonably possible, and assuming access can be provided. ▪ We will not undertake a full measured survey of the Property, instead relying on the floor areas provided by the Borrower as part of our original valuation in September 2021, though we will undertake check measurements during our inspection. ▪ Our valuation report will include a description of the Property, including factors that impact on its value together with an overview of the relevant market and a rationale for our valuation. ▪ The enclosed Valuation Procedures and Assumptions document describes the work that we would normally undertake, the sources of information upon which we would normally rely and the assumptions and limitations that would normally apply to our investigations and report. ▪ In terms of residential buildings with cladding and/or balconies, we will follow the RICS Guidance on "The Valuation of Properties in Multi-storey, Multi-occupancy Residential Buildings with Cladding (UK 1st Edition, March 2021)". <p>In the event that we have requested but are not provided with either an EWS1 form or the appropriate technical information has not been provided enabling us to determine whether an EWS1 form should be requested, you should not make any irrevocable investment decisions relying on our valuation report until you are satisfied these outstanding</p>

issues have been resolved. Unless stated otherwise in our report, we shall make no allowance in our valuation for potential remedial costs which might be required were we to have been provided with an EWS1 report.

In arriving at the valuation, if we have relied on the EWS1 form, prepared by a professionally qualified third party, in so doing, we are not offering any advice as to the accuracy, completeness or fitness for purpose of the form or its content, and neither the individual preparing the valuation nor this firm shall have any liability to you, or to any third party with whom you share the valuation, for any losses or potential losses arising directly and solely as a result of any inaccuracies or errors in, or otherwise in any way related to, the EWS1 form.

Sources of Information

- We may rely on information supplied by the client, owner, local authorities and other relevant sources and there may be limitations/restrictions placed on some of the information provided.
- However, we will provide details on what information we have been provided with and what we have relied upon within our report.

Reliance & Publication

- Our valuation is provided for the stated purpose and sole use of the Client. It is confidential to it, and we accept no responsibility whatsoever to any other party.
- Neither the whole nor any part of our valuation report or any reference thereto will be allowed to be included in any published document, circular or statement, or published in any way, without our prior written approval of the form and context in which it may appear

Company Compliance

- We are required to obtain evidence of the identity and proof of address of our clients. This requirement is absolute. You shall provide (or procure the provision), free of charge, and within any specified time limits, all information as may be necessary or reasonably requested by us at such time as shall enable us to comply with our internal anti-money laundering procedures, outlined in clause 12 of the Terms and Conditions of Business.
- Please note that if either the report is to be addressed to or the fee is to be paid by another party, that any such party/parties may also be subject to the same compliance checks and such party/parties should be identified as soon as possible.

RICS Compliance

- We confirm that the valuation will be undertaken in accordance with the current RICS Valuation – Global Standards 2021, effective 31st January 2022, the International Valuation Standards and the UK National Supplement 2018, effective 14th January 2019.
- It is intended that our valuation report will be fully compliant with VPS 3 of the RICS Valuation – Global Standards.
- The relevant standard of measurement for the Property is the RICS Property Measurement (2nd Edition, January 2018), incorporating the International Property Measurement Standards (IPMS) which replaces the former standards of the Code of Measuring Practice (6th Edition, May 2015) (COMP). The aim and benefit of IPMS is to provide transparency through a consistent measurement of property, on a global scale. The adoption of IPMS is currently in transition within the industry and will eventually apply to all property assets in the future. However, the RICS recognises that the IPMS are not yet considered a suitable basis of measurement in all circumstances and we are bound to state our departure from these Standards, where it is deemed reasonable to do so.

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

Complaints Handling Procedures

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

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

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

Yours faithfully,



Will Bowden MRICS
Associate Director
RICS Registered Valuer

For and on behalf of BNP Paribas Real Estate

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

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

(* delete as appropriate)

Signed:.....

Printed name:.....

Position:.....

Date:.....



DEFINITIONS

In these Conditions:

“**BNPPRE Person**” means any of Our or any Group Company’s employees, officers, directors, subcontractors or consultants whether permanent, fixed term or part-time;

“**Conditions**” means these terms and conditions of business;

“**Confidential Information**” means any technical, financial and commercial information obtained or received by You directly or indirectly from Us (and vice versa) in the course of or in anticipation of the Services;

“**Connected Person**” means any of Your employees, officers, directors, subcontractors or consultants whether permanent, fixed term or part-time;

“**EEA**” means European Economic Area, which consists of the EU member states plus Iceland, Liechtenstein and Norway;

“**Engagement Letter**” means the engagement letter from Us to You setting out the basis on which We shall carry out the particular Services for You;

“**EU Data Protection Law**” means all applicable data protection laws and regulations of the European Union or its member states.; “**Fees**” means the fees payable by You to Us for the Services, as set out in the Terms of Engagement and/or as otherwise agreed by Us in writing;

“**Financial Crime Laws**” means any bribery (including facilitation payments or kickbacks), fraud, corruption, money-laundering, tax evasion, facilitation of tax evasion, terrorism, or economic sanctions law or regulation, or a law or regulation designed to counter the same. This definition includes, but is not limited to, the UK Bribery Act 2010 and Criminal Finances Act 2017, French Sapin II and the US Foreign Corrupt Practices Act 1977 (“FCPA”).

“**Financial Crime**” means a breach of a Financial Crime Law.

“**Government Entity**” means:

- (a) any national, federal state, province, local and/or municipal government department, agency, office and/or instrumentality;
- (b) any company or organisation where a government has 50 percent or more ownership interest;
- (c) any company or organisation where a government controls a majority of votes attaching to the shares;
- (d) companies and organisations that are controlled by a government. For example, the term ‘Government Entity’ will generally include companies and organisations that:
 - i. have constituting statutes that establish that they are instrumentalities, agents or mandataries of a government;
 - ii. perform functions or services that are public-in-nature (i.e., for the benefit of the general public or a large sector of the population);
 - iii. are financially dependent on the government (i.e., the government is responsible for losses or funding of operations);
 - iv. do not operate on a normal commercial basis (e.g., because they are given special powers by legislation);
 - v. have boards of directors or management committees where the government nominates a majority of directors or management committees where the government nominates a majority of directors or officers.

“**Group Company**” means in relation to Us, any of Our subsidiaries, affiliates or holding companies from time to time and any subsidiary from time to time of a holding company of Ours;

“**Information**” means any deeds, documents, advice, information, reports, plans, drawings, instructions and/or assistance that We may require from You or which We may require You to procure on Our behalf;

“**Intellectual Property Rights**” means patents, registered and unregistered trademarks and service marks, registered and unregistered design rights, copyright, database rights, rights in

know-how and confidential information, applications for and rights to apply for any of the above, and any other similar rights recognised from time to time in any country, together with all rights of action in relation to the infringement of any of the above;

“**Major Sanctioned Countries**” means any countries that are subject to comprehensive embargoes or high-risk countries from time to time and for which We have decided to maintain the same restrictive control measures. The current MSCs are Cuba, Iran, Syria, North Korea, Crimea/Sevastopol. “**MSC**” and “**MSCs**” shall be construed accordingly;

“**Materials**” includes, in addition to any document in writing, any drawing, map, plan, diagram, design, brochure, picture, photograph or other image, tape, disk or other device, file or record embodying information or data in any form;

“**Property**” means the property/ies, which is/are the subject of Your instructions to Us;

“**Services**” means the services and/or work performed or to be performed by Us as set out in the Engagement Letter and/or Specific Terms of Engagement, together with any other services and/or work which We provide or agree to provide to You from time to time;

“**Public Official**” means:

- (a) any officer, employee or representative of a government, whether national, federal or local;
- (b) any individual exercising a legislative, administrative or judicial function, whether appointed or elected;
- (c) any officer, employee or representative of any Government Entity, including but not limited to central banks, sovereign wealth funds, state-run hospitals and any business venture that is owned or controlled by a Government Entity;
- (d) any candidate for or holder of public office;
- (e) any political party or official of a political party;
- (f) any officer, employee or representative of a public international organisation; and
- (g) any member of a royal family.

“**Specific Terms of Engagement**” means the service specific terms of engagement, if any, referred to in the Engagement Letter;

“**Terms of Engagement**” means these Conditions, the Engagement Letter and the Specific Terms of Engagement, in each case as may be varied in writing and agreed by Us and You from time to time;

“**Sanctions**” means any economic sanction or restrictive measure, including asset freeze measures, enacted, applied or implemented by the United States of America, the United Nations Security Council, the European Union, the French Republic, the United Kingdom or any other competent Sanctions authority. The term “**Sanctioned Country**” refers to a country or territory that is subject to Sanctions which generally prohibits business relationships with that country or territory.

“**Transaction**” means any transaction entered or intended to be entered into by You in relation to which the Services are to be performed (including but not limited to a transaction effecting a sale or letting of the Property);

“**UK Data Protection Law**” means the Data Protection Act 2018, the UK GDPR as well as all related UK laws and regulations;

“**UK GDPR**” means the Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation);

“**We, Us and Our**” means BNP Paribas Real Estate Advisory & Property Management UK Limited, a private limited company registered in England and Wales with company number 04176965 and whose registered office is at 5 Aldermanbury Square, London EC2V 7BP; and



“You, Your and Yourself” means the person or persons, firm, company, authority or other organisation to whom We are to supply the Services, as set out in the Engagement Letter.

1 Terms of Engagement

- 1.1 The Services will be provided pursuant to the Terms of Engagement.
- 1.2 The Terms of Engagement comprise the whole agreement between Us and You in relation to the provision of Services and supersede all prior agreements in connection with the subject matter hereof except where expressly agreed in the Engagement Letter. Both parties acknowledge and agree that, in entering into the Terms of Engagement, they do not rely on, or have not relied on, any undertaking, promise, assurance, statement, representation, warranty or understanding (whether made orally or in writing) of any person (including Us and You) relating to the subject matter of the Terms of Engagement, other than as expressly set out in the Terms of Engagement.
- 1.3 If any provision (or part of a provision) of the Terms of Engagement is found by any court of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions (or remainder of the affected provision) will remain in force.
- 1.4 Subject to the rights of any BNPPRE Person granted under clause 14.7, the Terms of Engagement are made solely for the benefit of Us and You, and (where applicable) Our or Your successors and permitted assigns, and are not intended to benefit, or be enforceable by, anyone else. Except as stated in clause 14.7, and for the purpose of the Contracts (Rights of Third Parties) Act 1999, the Terms of Engagement do not and are not intended to give any rights, or right to enforce any of their provisions, to any person who is not a party to them.
- 1.5 The Engagement Letter constitutes an offer by Us to You to provide the Services specified in it on the Terms of Engagement. By counter-signing the Engagement Letter (or, in the alternative, accepting the Services referred to therein) You formally accept the Terms of Engagement. Notwithstanding the previous sentence, You agree that all and any Services provided prior to Your counter-signature of the Engagement Letter shall be governed by the Terms of Engagement.
- 1.6 By counter-signing the Engagement Letter and/or agreeing the Terms of Engagement and/or accepting the Services, You warrant that You have the authority to instruct Us to perform the Services.
- 1.7 In the event of any conflict arising between the documents comprising the Terms of Engagement, the following order of precedence shall apply:
 - (a) Engagement Letter;
 - (b) Specific Terms of Engagement;
 - (c) these Conditions.
- 1.8 The Terms of Engagement and any dispute arising out of or in connection with them or their subject matter, shall be governed by and construed in accordance with the laws of England. The parties both irrevocably agree that the courts of England shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with the Terms of Engagement or their subject matter.

2 Changes in Scope

- 2.1 The scope of the Services will be limited to the matters set out in the Terms of Engagement. However, this does not preclude Us from considering and agreeing with You, in writing, changes to the scope of the Services from time to time.

3 Timetable

- 3.1 We will discuss with You the nature and timing of the delivery of Services and the most effective way of implementing them. The timetable for completion of the Services assumes that the Information will be made

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available in good order and in a timely manner and will be provided in accordance with the provisions of clause 5.

- 3.2 Dates for performance and/or completion of the Services are estimates only and shall not be construed as being of the essence to the Terms of Engagement. We will, however, use reasonable endeavours to perform the Services on or by the dates specified and agreed in writing.

4 Services

We undertake to perform the Services using reasonable care and skill and in accordance with the professional standards to which We are subject.

5 Information

- 5.1 You shall provide (or procure the provision) to Us, free of charge and within any specified time limits, all Information as may be necessary or reasonably requested by Us at such time as shall enable Us to:
 - (a) perform the Services in accordance with Our obligations under the Terms of Engagement; and/or
 - (b) comply with Our internal anti money laundering policies and procedures and any relevant legislation or regulations as may be in force from time to time (including but not limited to Information about You or any third party on whose behalf You act in respect of receipt of the Services).

- 5.2 You warrant that all and any Information is accurate, complete and consistent. Accordingly, You agree that We are not liable for (and shall indemnify Us against) the direct or indirect consequences of any inaccuracies, inadequacies or inconsistencies contained in the Information, whether prepared by You or by a third party, or any shortfalls in or absence of such Information and whether or not supplied directly to Us by You or by such a third party.

- 5.3 You will notify Us immediately if anything occurs to render any Information untrue, inaccurate or misleading and/or if any claim is made by a third party in respect of any Information.

6 Intellectual Property Rights and Use of Our Materials

- 6.1 All Intellectual Property Rights in any Materials prepared by Us or otherwise generated in the course of carrying out the Services shall be owned exclusively by Us. Without limiting clause 6.3, no part of any such Materials may be reproduced or transmitted or disclosed in any form or by any means without Our prior written permission.
- 6.2 All information, advice and Materials provided by Us to You are provided for Your use only and solely for the purpose(s) to which they refer. Accordingly, We accept no responsibility for (and You shall indemnify Us in respect of) any reliance that any third party may place on such information, advice or Materials, and/or for any reliance that You may place on such information, advice or Materials for any other purpose.
- 6.3 Neither the whole nor any part of the Materials referred to under clause 6.1, nor any reference thereto, may be included in any published document, circular or statement or published in any way without Our prior written approval.

7 Recommendations

- 7.1 The Services and any findings arising out of the Services will not in any way constitute recommendations on matters outside the scope of the Terms of Engagement.
- 7.2 You are responsible for determining whether the scope of the Services as specified in the Terms of Engagement are sufficient for Your purposes in the context of Your wider investigations and due diligence.

8 Fees and Disbursements

- 8.1 The Fees will be as set out in the Terms of Engagement or as otherwise agreed by Us in writing.
- 8.2 You shall pay the Fees, and all other costs or charges agreed in the Terms of Engagement and/or as otherwise agreed by Us in writing. If the Fees are not stated in the Terms of Engagement, Our Fees will be based on Our



standard hourly rates in force from time to time multiplied by the number of hours spent by each person on the work in question (the "Hourly Rate Basis").

- 8.3 Unless agreed otherwise, Our Fees are exclusive of any reasonable disbursements and expenses that any of the personnel engaged in providing the Services may incur in connection with the provision of the Services and any applicable VAT, for all of which You will additionally be liable.

9 Payment Terms

- 9.1 Where We quote a fixed fee for Our Services, this quotation will only be valid for a period of 30 days from issue or as otherwise agreed. No contract will arise from any such quotation until We give written confirmation to You. You accept that We reserve the right to increase such fixed fee by such amount as is reasonable, as a result of any matters beyond Our control, a change in instructions from You or a failure by You to provide Us with satisfactory Information pursuant to clause 5 and We will give You prior written notice of any such increase.

- 9.2 We reserve the right to render regular and/or interim invoices where appropriate. Specifically where We are working on an Hourly Rate Basis We may bill monthly except where We agree otherwise in writing. We also reserve the right to invoice You immediately for the cost of any reasonable disbursements or expenses that We may incur in relation to the Services.

- 9.3 Save where otherwise agreed in writing, Our terms of payment are net cash 28 days from the date of invoice. Time for payment will be of the essence.

- 9.4 If any invoice is overdue for payment, We will be entitled to refrain from continuing to perform any Services for You until such invoice is paid in full (including interest). We will also be entitled to retain any Materials produced by Us in the course of the Services and/or any Information belonging to You until all outstanding sums have been paid. We retain the right to charge interest on such outstanding sums at the annual rate of 4% above the Bank of England's base rate (unless such rate is below 0% in which case at the annual rate of 4%) accruing on a daily basis from the due date until the date of actual payment of the overdue amount, compounded quarterly, whether before or after judgment. You must pay Us interest together with the overdue amount. Our rights under this clause 9.4 are without prejudice to any rights that may accrue pursuant to clause 9.3.

- 9.5 In certain circumstances (which We will discuss with You), We may require You to make payment on account of any anticipated fees and/or disbursements and/or expenses to be incurred prior to the Services being commenced or continued.

- 9.6 We may at any time, without notice to You, set off any obligation due from You to Us against any obligation owed by Us to You, whether either liability is present or future and whether or not either liability arises under the Terms of Engagement. Any exercise by Us of Our rights under this clause shall not limit or affect any other rights or remedies available to Us under the Terms of Engagement or otherwise.

- 9.7 We may submit Our invoice(s) electronically or in hard copy. All invoices will be deemed to have been received the working day immediately following the day they are sent.

10 Confidentiality

Both parties will (and will procure that their directors, officers, agents, contractors, consultants and employees will) at all times keep in strict confidence, and not use, any of the other party's Confidential Information, except:

- (a) in connection with the performance of the Services or as reasonably necessary for the purposes of the Transaction; or
- (b) as expressly stated in the Engagement Letter; or

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- (c) as subsequently agreed to in writing by both parties; or
- (d) as otherwise required or permitted to be disclosed by law; or
- (e) where such Confidential Information is public knowledge (save where it becomes public knowledge through a breach of this clause 10).

You agree that, without reference to You, We may disclose to Our professional liability insurers and their agents and advisers, on terms of confidence, such Confidential Information as We are required to disclose in order to comply with the terms of Our insurance programmes.

11 Complaints

- 11.1 If You are for any reason dissatisfied with the Services We should be advised immediately so that We can investigate it further. You agree that You will not take any action or commence any proceedings against Us before You have first referred Your complaint to Us in accordance with Our complaints procedure, details of which are available from: The Chief Operating Officer, BNP Paribas Real Estate Advisory & Property Management UK Limited, 5 Aldermanbury Square, London, EC2V 7BP. The purpose of such referral is to enable Us to provide You with details of Our complaints handling procedure and for Your complaint to be reviewed and responded to by Us, with a view to resolving the dispute or difference in a manner satisfactory to both parties.

- 11.2 If following Our response in accordance with clause 11.1 You remain dissatisfied, You may refer Your complaint or dispute to;

For consumer clients: Property Redress Scheme
 Premiere House, 1st Floor
 Elstree Way
 WD6 1JH
 www.theprs.co.uk

For commercial clients: RICS Dispute Resolution Service
 55 Colmore Row
 Birmingham
 B3 2AA
 www.rics.org/drs

12 Client Money, Anti-Money Laundering Procedures and Conduct

- 12.1 All client money retained by Us shall be held in separate client accounts in accordance with and subject to the requirements of the Professional Statement on Client Money Handling of the Royal Institution of Chartered Surveyors ("RICS"). To ensure compliance with the anti-money laundering legislation We reserve the right to decline cash receipts. We also reserve the right to refuse to pay to any third party money due to You.

- 12.2 You agree to comply with all anti-money laundering procedures We have in place from time to time, and understand and accept that We are unable to provide the Services unless such procedures have been successfully completed in advance.

- 12.3 The parties hereby represent and warrant that:

- (a) they each shall comply with all applicable anti-corruption laws;
- (b) they each shall not directly or indirectly pay, offer, give, promise to pay or authorise the payment of, any portion of the compensation received in connection with these Terms of Engagement or any other monies or other things of value in connection with its performance to a Public Official to obtain or retain business or secure any improper advantage nor shall it permit such actions by a third party;
- (c) Neither party nor any subsidiary or affiliate of either party is or will become an official or employee of the



government during the term of these Terms of Engagement without the prior written approval of the other.

- 12.4 You understand that BNPPRE is committed to complying with all Financial Crime Laws. You represent and warrant that neither You nor any Connected Persons have taken or will take any action that might cause BNPPRE to violate Financial Crime Laws.
- 12.5 Without prejudice to the generality of the above, You represent and warrant that neither You nor any Connected Person will authorise, offer, give or agree to offer or give, directly or indirectly, any payment, gift or other advantage with respect to any activities undertaken relating to the Services or these Terms of Engagement which:
- (a) is intended to, or does, influence any person to act or reward any person for acting in breach of an expectation of good faith, impartiality or trust, or which it would otherwise be improper for the recipient to accept; or
 - (b) is made to or for the benefit of a Public Official directly or indirectly, with the intention of influencing any act or decision of the Public Official in his/its official capacity, including such Public Official to use his/its influence to affect any act or decision of a government entity, or securing an improper advantage; or
 - (c) Would otherwise violate Financial Crime Laws.
- 12.5 Without prejudice to the generality of the above, You represent and warrant that:
- (a) neither You nor any Connected Person are procuring or shall utilise the Services, whether wholly or in part, directly or indirectly, to facilitate tax evasion by any party;
 - (b) any equity, proceeds or rental income used in relation to or deriving from any transaction to which the Services relate have been and/or will be (as appropriate) disclosed in full to any relevant tax agency or authority in Your country of residence and any other relevant jurisdiction.
- 12.6 Any breach by You of this clause 12 shall constitute a material breach for the purposes of clause 13.2(b)(ii) of these Conditions.
- 12.7 In the event one party has reason to believe that a material breach has occurred or may occur, that party shall have the right to audit or to have a third party acceptable to each party at the joint expense of the parties conduct the audit, in order to satisfy that no such breach has occurred. The parties shall cooperate in any audit conducted by or on behalf of the other.

13 Termination

- 13.1 The Terms of Engagement shall terminate automatically on completion of the Services.
- 13.2 Without prejudice to any other rights or remedies which the parties may have:
- (a) either party has the right to terminate the Terms of Engagement on not less than 28 days' written notice to the other (except where Our Instructions include ongoing management work, in which case either party may only terminate the Terms of Engagement by giving not less than six months' notice in writing to the other); and
 - (b) We may terminate the Terms of Engagement immediately on giving written notice to You if:
 - (i) a conflict of interest arises;
 - (ii) You commit a material breach of any of the provisions of the Terms of Engagement (including, but not limited to, any breach of clauses 9, 12 or any breach of clause 22 of these Conditions);
 - (iii) a person or persons, firm, company, authority or other organisation acquires control of You

who did not have control immediately before the acquisition;

- (iv) a counterparty to any Transaction in respect of which We are providing the Services fails within a reasonable period (as determined by Us) to provide or make available to Us any information or documentation We may require to satisfy Our obligations pursuant to The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020 as updated and amended from time to time; or
 - (v) We have reason to believe that the source of funds to be utilised pursuant to any Transaction originates either directly or indirectly from any MSCs or may derive either directly or indirectly from any illegitimate activities as determined by Us.
- 13.3 Either party may terminate the Terms of Engagement immediately on giving written notice to the other if the other party becomes bankrupt or insolvent, or if an order is made or a resolution is passed for its winding up (other than voluntarily for the purpose of solvent amalgamation or reconstruction), or if an administrator, administrative receiver or receiver is appointed in respect of the whole or any part of its assets or business, or if it makes any composition with its creditors or takes or suffers any similar or analogous action in any jurisdiction in consequence of debt.
- 13.4 On termination of the Terms of Engagement for any reason, You will immediately pay Us for all outstanding unpaid sums and interest, and in respect of Services supplied prior to termination but for which no invoice has been submitted (including: (i) any costs which We have incurred; and (ii) any abortive fees, as defined in either the Letter of Engagement or the Specific Terms of Engagement). We may submit an invoice, which shall be payable immediately upon receipt. If You instruct another agent during or after the period of Our instruction, this may result in a dual fee liability for You.
- 13.5 Termination of the Terms of Engagement for any reason will not affect the parties' accrued rights and the following clauses shall survive: 5.2, 6, 7, 8, 9, 10, 12.1, 12.2, 11, 13, 14, 16, 17, 22 and 23 and all provisions necessary to interpret or enforce the Terms of Engagement.

14 Liability

YOUR ATTENTION IS PARTICULARLY DRAWN TO THE PROVISIONS OF THIS CONDITION 14

- 14.1 This Condition 14 sets out Our entire financial liability (including any liability for the acts or omissions of Our employees, directors, officers, agents, contractors and consultants) in respect of:
- (a) any breach of the Terms of Engagement;
 - (b) any use made by You of the Services or the Materials, information and advice provided by Us in performing the Services; and
 - (c) any representation, statement or tortious act or omission (including negligence) arising under or in connection with the provision of the Services, whether made by Us or any third party.
- 14.2 All warranties, conditions and other terms implied by law are, to the fullest extent permitted by law, excluded from the Terms of Engagement.
- 14.3 Nothing in these Conditions limits or excludes Our liability for:
- (a) death or personal injury resulting from negligence; or



- (b) any damage or liability incurred by You as a result of any fraud or fraudulent misrepresentation made by Us; or
 - (c) such other matters for which liability cannot lawfully be limited or excluded.
- 14.4 Subject to clause 14.2 and clause 14.3:
- (a) We shall not be liable for:
 - (i) loss of profits; or
 - (ii) loss of business; or
 - (iii) depletion of goodwill or similar loss; or
 - (iv) loss of anticipated savings; or
 - (v) loss of goods; or
 - (vi) loss of contract; or
 - (vii) loss of savings; or
 - (viii) loss of use; or
 - (ix) loss of opportunity; or
 - (x) any special, indirect, consequential or pure economic loss, costs, damages, charges or expenses; or
 - (xi) loss of, or corruption of, data or information; or
 - (xii) any loss arising in connection with Our inability to provide the Services as a result of Your failure to comply with clause 12.2;
 - (xiii) any loss (including but not limited to those losses identified in sub-paragraphs (i) to (x) of this sub-paragraph 14.4(a)) arising in connection with the termination of these Terms of Engagement by Us pursuant to clause 13.2(b);

irrespective of whether or not We knew or ought to have known that such a loss might arise.
 - (b) Subject to clause 14.3 Our aggregate liability in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise arising under or in connection with all matters under the Terms of Engagement will be limited to £5,000,000 (five million pounds sterling).
- 14.5 Without prejudice to the other provisions of this clause 14, We will not be liable in respect of any of the following:
- (a) any failure or delay in providing the Services where You have not complied with the Terms of Engagement;
 - (b) any failure by Us to remind You of relevant deadlines;
 - (c) any third party providers whom We may engage on Your behalf with Your prior written consent in the course of the Services or to whom We may refer You (save as set out in clause 18.2);
 - (d) any findings or recommendations not expressly set out in Our final report (if applicable);
 - (e) checking the accuracy of the Information, including without limitation boundary lines;
 - (f) advising You in relation to taxation matters save and to the extent that these are identified explicitly in the Letter of Engagement and form part of the Services We are providing;
 - (g) any failure by You to hold any necessary consents, permissions or authorisations required for the Transaction;
 - (h) any other matters set out in the Specific Terms of Engagement.
- 14.6 Where You are comprised of more than one entity, then Your liability under the Terms of Engagement will be joint and several with such other entity or entities.
- 14.7 You agree not to bring any claim for losses arising in connection with any matter under the Terms of

- Engagement against any BNPPRE Person. You accept that any such claim must be brought against Us. Both parties agree that any BNPPRE Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999, but that these Conditions (including this clause) may be varied at any time without the need for consent from any BNPPRE Person. Where a loss is suffered by You for which We and any other person are jointly responsible, any recoverable loss by You from Us will be proportionate to Our relative contribution to the loss suffered.
- 14.8 You agree to indemnify Us and keep Us indemnified against any liability which arises from a third party obtaining from You or using any Confidential Information and/or any Materials, information or advice provided by Us to You, unless We have agreed in writing to accept liability to such third party or the third party is a client of Ours and is permitted to obtain and use such Materials, Information or advice.
- 15. Force Majeure**
- We will not be liable to You for any delay or failure to fulfil Our obligations under the Terms of Engagement caused by circumstances outside Our reasonable control.
- 16. Correspondence, Papers and File Destruction**
- 16.1 All Materials in Our possession or control that have been generated for Our internal purposes or are addressed to Us relating to the Services (unless expressly notified otherwise upon their provision) shall be Our sole property. We will not be obliged to provide or make available to You such Materials unless We agree otherwise.
- 16.2 Subject to clause 9.4, all Confidential Information provided to Us by You will be returned or destroyed upon Your request, provided that We may retain copies of any Confidential Information which forms the basis of Our Materials and advice.
- 16.3 It is acknowledged that certain Materials may legally belong to You. Subject to clause 9.4, We shall return such Materials to You upon Your request. Where You do not request that such Materials are returned Our practice is to retain such Materials electronically or otherwise for six years from the date on which the Services or Transaction was effectively completed. After this time, Your Materials and all correspondence may be destroyed in accordance with Our archiving policy.
- 16.4 Storage of Your Materials under clause 16.3 may be provided by third party contractors and You consent to this arrangement. You agree to meet Our reasonable costs in accessing Your Materials at Your request, for reasons which do not relate to on-going work where such Materials have been archived following the completion of the relevant Services or Transaction. Such retention of Your Materials by Us shall be at Your risk and We shall have no liability to You for or caused by the destruction of or damage to such Materials.
- 17. Staff**
- If, without Our prior written approval, You directly and/or indirectly employ, engage and/or otherwise use the services of any member of Our or any of Our Affiliates' staff ("**Staff**") to work on an engagement for You during the term of the Terms of Engagement or during the twelve-month period following expiry or termination of the Terms of Engagement, You will be liable to pay to Us a recruitment fee equal to four months' total average fee income for the Staff member concerned. You acknowledge and agree that this sum is a genuine attempt to estimate the loss of income and costs that will be incurred by Us whilst We recruit (and as a consequence of recruiting) a replacement for such member of Staff.
- 18. Assignment**
- 18.1 Neither party may transfer or assign any rights or obligations under the Terms of Engagement without the prior written consent of the other party except as set out in this clause 18. We may assign all or any of the rights (and transfer all or any of the obligations) under the Terms of



- Engagement to any Group Company or any of Our successors in title in the relevant business, without any requirement to notify You or obtain Your further consent. You agree to execute a novation to give full effect to this.
- 18.2 We may sub-contract any incidental part or parts of any of the Services to be supplied to You, such as the preparation of plans, photography, advertising or courier services.
- 19 Notice**
- Notices given under these Conditions shall be in writing in the English language, and may be delivered in person or sent by courier or post to the address set out in the Terms of Engagement, or to such other address as may be notified by either party to the other from time to time. Notices will not be deemed validly served if sent by e-mail or any other form of electronic communication unless otherwise agreed by Us in writing.
- 20 Publicity**
- We are keen to obtain publicity for work undertaken on behalf of Our clients. Unless details of the Services undertaken for You are publicly available, We will not externally publicise such details without Your prior written permission. However, You hereby agree to Us including such details in proposals or other similar submissions made to Our prospective clients, unless You subsequently expressly prohibit such disclosure in writing.
- 21 Health, Safety, Environment & Quality**
- 21.1 We maintain BS EN ISO 9001, BS EN ISO 14001 and Safecontractor accreditations. When visiting Our premises, You shall comply with Our Safety, Health, Environment and Quality Policies and Procedures, copies of which can be obtained by contacting Our Director of Facilities.
- 21.2 Where We agree to provide the Services at Your premises, or at a third party's premises, You shall be responsible for giving or obtaining any Information, safe access licences, consents or permissions which may be necessary to enable Us and Our personnel to provide the Services at the premises in question. You or the operator of the premises shall also ensure that all appropriate health & safety acts, regulations, codes of practice or information sheets have been followed so as to ensure the health and safety of Our personnel.
- 21.3 Our Safety, Health & Environmental risk assessments and control measures are given on the basis of, and in strict reliance upon, all material facts and Information having been accurately and fully disclosed to Us by You and You agree to confirm all such facts and Information in writing. Details of Our policies, procedures and completed risk assessments are available for Your inspection on reasonable notice and without additional charge.
- 22 Major Sanctioned Countries and Regions**
- 22.1 We are strongly committed to complying with the international financial sanctions enforced by the European Union, France and the United States to advance a range of foreign policy goals including but not limited to counterterrorism, nuclear non-proliferation, democracy and human rights promotion, conflict resolution and cybersecurity.
- 22.2 You represent, warrant and undertake that the Services to be provided and any Transaction contemplated hereunder has and will have no link with MSC-related proceeds or investments and that the source of funds to be used for payment of the Services and/or in the funding of any transaction contemplated pursuant to the Services do not originate (either directly or indirectly) from any MSCs.
- 22.3 You represent and warrant that neither You nor any of Your subsidiaries, directors or senior managing officials is a natural or legal person ("Person") who is, or is owned or controlled by a Person who is,
- a. the target of any Sanctions; or
- b. located, registered, domiciled or resident in a Sanctioned Country.
- 22.4 You shall comply with legal obligations related to Sanctions regulations and commits not to allow persons or entities targeted by sanction measures to benefit from the proceeds of services provided by Us.
- 22.5 In the event that We identify a potential counterparty who is subject to a Sanctions measure or any other adverse finding against them We will present this offer to you and reserve the right to notify you with the information that they are subject to Sanctions or other adverse finding. We reserve the right to withdraw from the transaction and terminate this Agreement with immediate notice if You proceed with the transaction (which steps may include making or accepting an offer) with a potential counterparty who is subject to Sanctions or any other adverse findings.
- 22.6 If during the commercial process and after transmitting the offer to You, it appears that the counterparty is targeted by a Sanctions measure, the Parties agree to suspend the transaction process.
- 22.7 We reserve the right to immediately terminate this contract without prior notice, in the event that You, one of Your subsidiaries, directors, senior managing officials, is subject to Sanctions.
- 22.8 We reserve the right to terminate the Terms of Engagement with immediate effect upon the provision of written notice in the event of a breach by You of Your obligations and undertakings pursuant to this clause 22.
- 23 Data Protection**
- 23.1 The provisions in this clause 23 are incorporated to comply with the UK Data Protection Law and in particular article 28 (Processor) UK GDPR. Capitalised terms used in this clause 23 but not otherwise defined in these Terms of Engagement, have the meanings assigned to them in the UK GDPR (in particular under its article 4 (Definitions)) and/or in this clause.
- 23.2 You shall be the Data Controller and We shall be the Data Processor in respect of any Personal Data processed by Us on Your behalf ("**Your Personal Data**") under the Terms of Engagement.
- 23.3 The parties shall comply with applicable data protection laws and regulations including UK Data Protection Law and EU Data Protection Law.
- 23.4 Information on the following elements required by the UK GDPR are as follows:
- (a) Subject-matter of the processing: For the provision of Services in accordance with these Terms of Engagement;
- (b) Nature and purpose of the processing: Collection, storage, duplication, electronic viewing, deletion and destruction;
- (c) Duration of the processing: Until the earliest of termination of the Terms of Engagement in accordance with its terms or the date upon which processing is no longer necessary for the purposes of either party performing its respective obligations under these Terms of Engagement (to the extent applicable);
- (d) Type of Personal Data: personal details (title, first name, last name), position, contact information, location data, employer, ID data, delivery information, nationality, goods and services provided, financial information (bank or credit/debit card details), internet protocol address; and
- (e) Categories of Data Subjects: Your tenants/landlords (as applicable), officers, employees and Your temporary staff and partners, complainants, correspondents, enquirers, suppliers, advisers, consultants and professional experts.
- 23.5 We shall process and transfer Your Personal Data only as required to deliver the Services or as instructed in accordance with documented instructions from You, unless We are required to otherwise process or transfer Your Personal Data under UK Data Protection Law and/or EU Data Protection Law. Where such a requirement is placed on Us, We shall provide reasonable prior notice to You,



- unless the law prohibits such notice on important grounds of public interest as determined by Us.
- 23.6 We shall ensure that all BNPPRE Persons authorised to process Your Personal Data have committed themselves to confidentiality (e.g. via the confidentiality provision in their work contract for employees) or are under another appropriate obligation of confidentiality and do not process Your Personal Data except on instructions from You (as may be communicated via Us) unless they are required to otherwise process or transfer Your Personal Data under UK Data Protection Law and/or EU Data Protection Law subject to the same rules as set out in clause 23.5.
- 23.7 In respect of security of processing:
- (a) taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of processing as well as the risk of varying likelihood and severity for the rights and freedoms of natural persons, We shall implement appropriate technical and organisational measures, with the aim of ensuring a level of security appropriate to the risk, it being understood that, if You require Us to take additional security measures beyond those foreseen in this clause, You shall pay the corresponding charges to Us on a time and materials basis (to be determined by Us); and
 - (b) We shall notify You without undue delay, after becoming aware of a Personal Data Breach.
- 23.8 We shall not engage another processor, except under the conditions set out in clause 23.16.
- 23.9 We shall immediately inform You, if, in Our reasonable opinion, an instruction from You infringes UK Data Protection Law.
- 23.10 At Your request and at Your expense, We shall provide reasonable assistance to enable You, in accordance with Your obligations under UK Data Protection Law:
- (a) to answer to requests from the supervisory authority in the performance of its tasks;
 - (b) to notify Personal Data Breaches to the supervisory authority and communicate the Personal Data Breach to the individuals to whom Your Personal Data relates;
 - (c) to conduct data protection impact assessments and consult the supervisory authority on that basis;
 - (d) to implement technical and organisational security measures to ensure the security of the processing;
 - (e) to respond to requests from individuals to whom Your Personal Data relates who are exercising the data subject's rights laid down in Chapter III (Rights of the Data Subject) under the UK GDPR, it being understood that We shall notify You of any request made by a Data Subject to access Your Personal Data or exercise any other Data Subject right set out in Chapter III "Rights of the Data Subject" under the UK GDPR in respect of such data and act only as per Your instructions regarding the handling of such request; and;
 - (f) more generally, to enable You to comply with the obligations pursuant to articles 32 to 36 UK GDPR taking into account the nature of processing and the Information available to Us.
- 23.11 In the event a court and/or a data protection authority initiates proceedings against a party and upon request of the other party, the latter shall cooperate in good faith and without undue delay to assist at no additional cost such party to the extent it requires during such proceedings.
- 23.12 At Your choice and Your expense, We shall either (i) delete (to the extent reasonably and technically feasible) or (ii) return all Your Personal Data to You after the end of the provision of Services relating to processing, and delete (to the extent reasonably and technically feasible) existing copies, unless UK Data Protection Law and/or EU Data Protection Law requires storage of Your Personal Data.
- 23.13 At Your request and at Your expense, We shall make available to You all information necessary to demonstrate compliance with the obligations laid down in this clause 23
- and allow for and contribute to audits, including inspections, conducted by You or another auditor mandated by You. If any audit reveals that We are not in compliance with the provisions of this clause, UK Data Protection Law and/or EU Data Protection Law, Your exclusive remedy, and Our exclusive obligation, shall be that: (i) the parties will discuss such findings and (ii) We shall take all corrective actions including any temporary work-arounds necessary to comply with the provisions of this clause, UK Data Protection Law and/or EU Data Protection Laws. We may charge You for any corrective actions if the corrective actions were required due to changes to UK Data Protection Laws and/or EU Data Protection Laws.
- 23.14 We shall be entitled to transfer Your Personal Data to a country, territory or sector within a country, or an international organisation that has been recognised by the Secretary of State as ensuring an adequate level of protection in accordance with clause 17A of the Data Protection Act 2018.
- 23.15 We shall also be entitled to transfer Your Personal Data to a country located outside the EEA that has not been recognised by the Secretary of State as ensuring an adequate level of protection, if You (i) have provided appropriate safeguards in accordance with the UK Data Protection Law (e.g. the Information Commissioner's Office's standard contractual clauses) or (ii) can rely on a derogation foreseen by the data protection legislation enabling such transfer. You shall from time to time execute such documents and perform such acts as We may reasonably require to implement any such appropriate safeguards.
- 23.16 You hereby provide a general written authorisation to Us to engage sub-processors to process Your Personal Data. We shall inform You of any addition or replacement of sub-processors, giving You the opportunity to object to such changes. If You reasonably object to such change, We shall refrain from making that addition or replacement and shall be entitled to terminate the Terms of Engagement. Where We engage another processor under this clause 23.16, We shall ensure that the obligations set out in this clause are imposed on that processor by way of a written contract.

The investigations and enquiries on which our valuations are based are carried out by valuation surveyors, making appropriate investigations having regard to the purpose of the valuation. Our reports and valuations are prepared in accordance with the RICS Valuation – Global Standards 2021, effective 31st January 2022 (the “Red Book”).

Subject to any variation expressly agreed and recorded in the accompanying Terms of Engagement Letter, our work will be on the basis set out below:

1. Condition and Repair

Unless specifically instructed to carry out a separate building survey, or commission a test of service installations, our valuation will assume:

- (i) That except for any defects specifically noted in our report, the property is in good condition.
- (ii) That no construction materials have been used that are deleterious, or likely to give rise to structural defects.
- (iii) That no hazardous materials are present, including Asbestos.
- (iv) That all relevant statutory requirements relating to use or construction have been complied with.
- (v) That any services, together with any associated computer hardware and software, are fully operational and free from impending breakdown or malfunction

We will however, reflect the general condition noted during the course of our valuation inspection and any defects or hazards of which we become aware in the course of our investigations. Any matters that we consider material to the valuation will be referred to in our report.

In terms of multi-storey, multi-occupancy domestic residential buildings with cladding, we will follow the current RICS guidance. In the event that we are not provided with an EWS1 form when requested or when the appropriate technical information has not been provided to enable us to determine whether an EWS1 form should be requested, our valuation will assume that an EWS1 form is not required and we shall make no allowance in our valuation, unless otherwise stated, for potential remedial costs which might be identified by an EWS1 report.

It should be appreciated that our inspection is limited to those accessible and visible parts of the property, where safe to do so. Intrusive investigations are not undertaken as part of our standard inspection for valuation purposes.

2. Ground Conditions and Environmental Risks

We will not make any investigations regarding soil stability, mining, geographical conditions or contaminated land and, unless provided with information to the contrary, our valuation will assume:

- (i) That the site is physically capable of development or redevelopment, when appropriate, and that no special or unusual costs will be incurred in providing foundations and infrastructure.
- (ii) That there are no archaeological remains on or under the land which could adversely impact on value.

- (iii) That the property is not adversely affected by any form of pollution or contamination.
- (iv) That there is no abnormal risk of flooding.
- (v) That there are no high voltage overhead cables or large electrical supply equipment at or close to the property.
- (vi) That the Property is not located within a radon affected area.
- (vii) That no Japanese Knotweed, or any other invasive species, is present at the Property or within close proximity to the Property.
- (viii) That the Property is free of notifiable diseases and infestation by pests.

We will however, comment on any factors discovered during the course of our valuation enquiries that could affect the market perception of risks caused by these factors.

3. Minerals

For the purpose of this valuation report we will assume that there is good title to any mineral rights described.

4. Tenure and tenancies

We will rely upon information provided by you or your solicitor relating to tenure and related matters. We will not commission a formal legal search and will assume the information provided to be accurate, up-to-date and complete.

We will assume unless informed to the contrary that the Property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoings of an onerous nature which would have a material effect on value. Where we have seen documentation we will recommend that reliance should not be placed on our interpretation without verification by your solicitors. Plans provided are for identification purposes only.

Where we are supplied with copies of the occupational leases this will be stated and our valuation is on the assumption that these interests are not subject to any easements, wayleaves, restrictive covenants, tenancies or encumbrances other than those notified to us.

We will not made any specific enquiries as to the financial standing of actual or prospective tenants other than those a competent valuer would make when appraising and valuing the Property

5. Planning and highway enquiries

We will make informal enquiries of the local planning and highway authorities and also rely on information that is available through local government websites. Any information obtained will be assumed to be correct. No local searches will be instigated.

Except where stated to the contrary, we will assume that the use to which the property is put is lawful and that there are no local authority planning or highway proposals that might involve the use of compulsory purchase powers or otherwise directly affect the property.

6. Floor areas

All measurements will be taken in accordance with the RICS Property Measurement Professional Statement.

Unless specifically stated that we have relied on another source, the floor areas in our report will be derived from measurements taken on site or that have been scaled from the drawings supplied and checked by sample measurements on site. The floor areas will be within a tolerance that is appropriate having regard to the circumstances and purpose of the valuation instruction. We have adopted a conversion factor of 10.7639 for converting from square metres to square feet rounding up or down to the nearest square foot.

7. Plant and machinery

We will include in our valuations those items of plant and machinery normally considered to be part of the service installations to a building and which would normally pass with the property on a sale or letting.

We will exclude all items of process plant and machinery and equipment, together with their special foundations and supports, fixtures and chattels, vehicles, stock and loose tools, and tenant's fixtures and fittings.

8. Mains services

We will assume that all mains services are connected to the Property, unless otherwise stated in our report. We will not obtain written confirmation from the service providers and will be unable to report on condition or offer any warranty.

9. Miscellaneous regulatory requirements

We will assume that the Property is compliant with all regulatory requirements relating to its occupation including the Equality Act 2010 and the Regulatory Reform (Fire Safety) Order 2005.

10. Tenant status

Although we will reflect our general understanding of a tenant's status in our valuation, we will make no detailed enquiries about the financial status of tenants.

We will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to any assignment or underletting.

11. Development properties

For properties in course of development, we will reflect the stage reached in construction and the costs remaining to be spent at the date of valuation.

We will have regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisers to the project.

For recently completed developments we will take no account of any retentions, nor will we make allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.

12. VAT, taxation and costs

We will not make any adjustments to reflect any liability for taxation that may arise on disposal, or for any costs associated with disposal incurred by the owner.

No allowance will be made to collect any liability or repay any government or other grants, taxation allowance or lottery funding that may arise on disposal

If calculating the market value as an investment, we will made deductions to reflect purchaser's normal acquisition costs.

Unless advised to the contrary we will assume that the option to tax has not been exercised and that accordingly VAT will not be payable on the capital and rental values reported.

13. Mortgage and Financial Encumbrance

No allowance will be made for the existence of any mortgage or other similar financial encumbrance on or over the Property.

14. Insurance and Re-instatement Cost Estimate

Capital values quoted are not appropriate for insurance purposes, which should be calculated on a re-instatement or indemnity basis.

Where required, an indication of re-instatement costs for insurance purposes will be provided based on current cost information and including an allowance for professional fees, demolition and debris removal, but excluding VAT.

It will not include any allowance for inflation during the period of insurance nor during any further period required for reinstatement following a substantial loss. Neither will it include for loss of rent or consequential losses arising from a loss of the buildings.

No reliance should be placed on this indicative estimate. An accurate cost assessment will require much more detailed consideration of the construction by a building or quantity surveyor.

Unless expressly advised to the contrary we assume that appropriate insurance cover is and will continue to be available on commercially acceptable terms.

APPENDIX 2: VALUATION CALCULATIONS

Summary Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 17/08/2023

Property

Address Bridge House, 47-55 Bridge Street
External ID

Gross Valuation 2,538,471
Capital Costs 0
Net Value Before Fees 2,538,471

Less Stamp Duty @4.56% Stamp Duty 109,500
Agent's Fee @1.00% Net Sale Price 28,800
Legal Fee @0.50% Net Sale Price 14,400

Fees include non recoverable VAT @ 20.00%

Net Valuation 2,385,771
Say 2,400,000

Equivalent Yield 10.9499% True Equivalent Yield 11.5819%
Initial Yield (Valuation Rent) 8.3791% Initial Yield (Contracted Rent) 8.3791%
Reversion Yield 14.0943%

Total Valuation Rent 213,893 Total Contracted Rent 213,893
Total Rental Value 359,784 Number of Tenants 10
Capital Value Per Area 40

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
17/08/2023	213,893	0	0	213,893	8.3791%	8.8370%
17/11/2023	188,893	0	0	188,893	7.3997%	7.7550%
25/12/2023	17,001	0	0	17,001	0.6660%	0.6688%
01/07/2025	16,597	0	0	16,597	0.6502%	0.6528%
01/08/2025	1	0	0	1	0.0000%	0.0000%
17/08/2025	109,273	0	0	109,273	4.2807%	4.3977%
17/11/2025	131,869	0	0	131,869	5.1659%	5.3371%
25/12/2025	288,175	0	0	288,175	11.2890%	12.1328%
01/08/2027	304,771	0	0	304,771	11.9392%	12.8862%
17/08/2029	359,785	0	0	359,785	14.0943%	15.4291%
29/09/2100	359,784	0	0	359,784	14.0943%	15.4290%

Yields Based On Say Value + Acq.Costs + Cap.Ex

Tenants

Tenant Name	Suite	Lease ID	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Vacant	Office			16/08/2029	Hardcore	Hardcore(11%)	0	0	40,722	300,463	0.0000%	0.0000%	11.0000%	13.5531%
Vacant	Office			16/08/2029	Hardcore	Hardcore(11%)	0	0	7,572	36,803	0.0000%	0.0000%	11.0000%	20.5746%

Summary Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 17/08/2023

Vacant	Office	16/08/2029	Hardcore	Hardcore(11%)	0	0	47,442	230,586	0.0000%	0.0000%	11.0000%	20.5746%
Secretary of State fo	Office	24/12/2023	Hardcore	Hardcore(11%)	171,892	171,892	156,306	1,168,185	14.7145%	14.7145%	11.0000%	13.3802%
Vacant	Office	16/08/2029	Hardcore	Hardcore(11%)	0	0	68,550	505,788	0.0000%	0.0000%	11.0000%	13.5531%
Bond Wolfe Assets L	Unit 1	20/05/3020	Hardcore	Hardcore(11%)	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%
Extra Recruitment Lt	Unit 2	31/07/2025	Hardcore	Hardcore(11%)	17,000	17,000	16,596	128,356	13.2444%	13.2444%	11.0000%	12.9296%
MV Leisure (UK) Ltd	Unit 3	01/04/2023	Hardcore	Hardcore(11%)	0	0	0	0	0.0000%	0.0000%	0.0000%	0.0000%
MV Leisure (UK) Ltd	Unit 3	16/11/2023	Hardcore	Hardcore(11%)	25,000	25,000	22,596	168,281	14.8561%	14.8561%	11.0000%	13.4275%
Brookmead Properti	Units	28/09/2100	Hardcore	Hardcore(11%)	1	1	0	9	0.0000%	11.0035%	10.9967%	0.0000%