

REPORT AND VALUATION

Of

Central House, 47 St Paul's Street, Leeds, LS1 2TE

As of

28 February 2022

Prepared for

**Moorgarth Group Limited
Central House
47 St Paul's Street
Leeds
LD1 2TE**

Prepared by

**Kroll Advisory Ltd
Real Estate Advisory Group**

Private and Confidential

19 August 2022

Moorgarth Group Limited
Central House
47 St Paul's Street
Leeds
LD1 2TE

Direct line 0207 089 4898
markwhittingham@duffandphelps.com

Dear Sirs

Addressee: Moorgarth Group Limited
Central House
47 St Paul's Street
Leeds
LD1 2TE

The Property: Central House, 47 St Paul's Street, Leeds, LS1 2TE (the "Property")

Ownership Purpose: Investment

Instruction: To value the freehold in the Property on the basis of Market Value as at the valuation date in accordance with the terms of engagement entered into between Kroll Advisory Ltd and the addressees dated 24 June 2022.

Valuation Date: 28 February 2022

Instruction Date: 24 June 2022

Purpose of Valuation: Internal Purposes

Basis of Valuation: Our valuation has been prepared in accordance with the current RICS Valuation – Global Standards 2022 (the RICS Red Book), incorporating the IVS (the RICS 'Red Book'), on the basis of Market Value.

The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports.

No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the Property has been considered free and clear of all mortgages or other charges which may be secured thereon.

We have assumed that in the event of a sale of the Properties, they would be marketed in an orderly manner and would not all be placed on the market at the same time.

This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Property. Other valuers may reach different conclusions as to the value of the subject Property. This Valuation is for the sole purpose of providing the intended user with the Valuer's independent professional opinion of the value of the subject Property as at the valuation date.

Software: The valuation has been undertaken using ARGUS Enterprise.

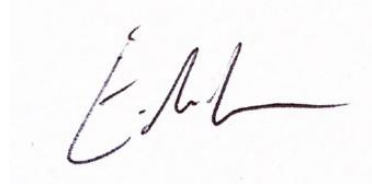
Inspection:	The Property was inspected by Alex Smith MRICS on the 9 August 2022 specifically for this valuation.
Personnel:	<p>The valuation has been prepared by Mark Whittingham MRICS (Managing Director), Emily Brownlow MRICS (Vice President) and Alex Smith (Vice President).</p> <p>We confirm that the personnel responsible for this valuation are in a position to provide an objective and unbiased valuation and are competent to undertake the valuation assignment in accordance with the RICS Valuation – Global Standards 2022 and are RICS Registered Valuers.</p>
Capacity of Valuer:	External Valuer, as defined in the current version of the RICS Valuation - Global Standards.
Disclosure:	We are not aware of any conflicts of interest, either with the Property or yourselves, preventing us from providing you with an independent valuation of the Property in accordance with the RICS Red Book.
Standard Assumptions:	<p>The Property details on which each valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below and in our General Principles when undertaking Valuations.</p> <p>We have relied on information provided by the client. If any of the information or assumptions on which the valuation is based are subsequently found to be incorrect, the valuation figures may also be incorrect and should be reconsidered.</p>
Variation from Standard Assumptions:	None.
Special Assumptions:	We have made no special assumptions.
Sources of Information:	<p>We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have not carried out a building survey or environmental risk assessment.</p> <p>We have not measured the premises and have relied on the floor areas provided.</p> <p>We have been provided with the following information, which we have relied upon:</p> <ul style="list-style-type: none"> Floors Areas Lease Details
Market Rent:	<p>£261,800 PER ANNUM</p> <p>TWO HUNDRED AND SIXTY ONE THOUSAND EIGHT HUNDRED POUNDS</p>
Market Value:	<p>£3,600,000</p> <p>THREE MILLION SIX HUNDRED THOUSAND POUNDS</p>
Market Value subject to Vacant Possession:	<p>£</p> <p>POUNDS</p>
Reliance:	We refer to our Engagement Letter in respect of Reliance and overall Liability.
Confidentiality and Publication:	In accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. no responsibility shall be accepted to any third party for the whole or any part of its contents. Our Report may be disclosed to third parties provided that such parties sign a release letter prior to being sent our Report. Neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any

communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully,



Mark Whittingham MRICS, RICS Registered Valuer
Managing Director
For and on behalf of Duff & Phelps (Kroll Advisory Ltd)



Emily Brownlow MRICS, RICS Registered Valuer
Vice President

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Property Record
Central House, 47 St Paul's Street, Leeds, LS1 2TE

Valuer

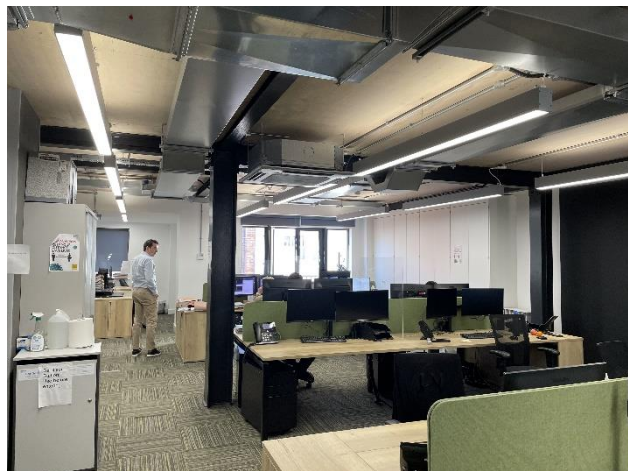
Alex Smith MRICS

Inspection Date

9 August 2022



Front Elevation



Typical Office Space

Location

General

- Leeds is the third largest city and city region in the UK with a resident population of 779,000 and 3,000,000 respectively, and is the largest urban conurbation in Yorkshire. The City is located approximately 195 miles north of London, 44 miles north-east of Manchester, and 118 miles north of Birmingham.
- Leeds is the fastest growing city in the UK and the main driver of the Leeds City Region, powering a £64.6Bn economy, a combined population of 3 million people and a workforce of 1.4 million. Demonstrating its regional strength, Yorkshire & Humber was the fastest regional economy to bounce back following the COVID-19 pandemic.
- Financial and business services provide 38% of total output within Leeds, with the sector set to provide over half of the forecast 21% GVA growth in the next decade. Despite the pre-eminence of the city's financial and professional sectors, Leeds has one of the most diverse economies in the UK; Channel 4's decision to locate their national headquarters in the city (just 250m from the subject property) is clear evidence of Leeds' thriving TMT and creative industries.

Communications

- Leeds sits at the heart of the Yorkshire region's transport infrastructure, with direct access onto the M62 and M1 motorways, alongside key regional trunk routes including the M621 and A1.
- Leeds train station is one of the UK's busiest, serving 38 million passengers a year and connecting the city to every major destination on the mainland. Direct trains to London Kings Cross run every half an hour. Network Rail's £161M upgrade works were completed in January 2022, providing more seats, services and significantly faster journey times, coupled with the opening of a new concourse and additional platform. Regular services link to London's Kings Cross in less than 2 hours 15 minutes. The city is also well served by two international airports, including Leeds Bradford International just 14 miles north west of the City centre, whilst a 24 hour rail service links the city to Manchester Airport, which is located 57 miles south west.

Situation

- Central House is situated at the corner of St Paul's Street and Central Street in the traditional office core within Leeds city centre. The property is in close proximity to Park Square, which is a Georgian public square and is considered a desirable location within the city centre. St Paul's Street has a mix of uses including offices, retail and some residential.

- The subject property adjoins another office property (49 St Paul's Street) to the west. St Paul's House is opposite (to the north) and provides Grade A office accommodation within a refurbished Grade II Listed building. Occupiers include Cushman & Wakefield, DAC Beachcroft and Care Quality Commission. Opposite the subject property to the north east is Park Square Residence, which is a high quality serviced residential apartment scheme. Central Street runs to the east of the subject property and 13-14 Park Place, which is an office property also owned by the Borrower, adjoins to the south
- St Paul's Street is a popular address with many amenities in the close vicinity including Tesco Express, Patisserie Valerie, Starbucks and Philpotts. Other office occupiers on St Paul's Street include Leeds Community Foundation, DLA Design Group, Levi Solicitors and Sagars LLP.

Location and Site Plans

- The Property is identified on the site plan extract below with the Property outlined in red in accordance with our understanding of it. We would recommend that this is verified by your legal advisors.



Site Plan

Description

- The property comprises a part four and part five storey end of terrace office building which provides five floors of office accommodation around a central core area. The property also benefits from a secure basement car park which provides 6 car parking spaces and a cycle store. The basement to third floors are served by an 8 person Otis passenger lift, and the fourth floor does not have lift access. The primary entrance to the property is at the corner of the building where Central Street meets St Paul's Street.

- Vehicle access to the property is via Central Street where there is a yard that is shared with the adjoining property (13- 14 Park Place) and an electronic sliding access gate provides access to the basement car park. There are 6 secure basement car parking spaces.
- The building was extensively refurbished in 2016 and is of steel frame construction, with brick elevations, incorporating powder coated aluminium frame double glazed windows beneath a pitched slate covered roof. The third floor benefits from an extensive balcony area to the rear of the property which overlooks 13-14 Park Place. The balcony appears to have a timber deck floor.
- Internally the office accommodation has been refurbished to a high standard and provides modern, contemporary office space. The accommodation benefits from the following specification:
 - New air conditioning system;
 - Exposed services to the underside of the ceilings;
 - PIR LED lighting;
 - Feature double glazing;
 - Fully carpeted;
 - Contemporary toilets and common areas.
- The tenants' kitchen and meeting room areas vary depending on occupier requirements.

Site

- The site is broadly level and rectangular in shape.
- The site area is approximately 0.093 acres (0.038 hectares).

Accommodation

- We have relied upon the measurements provided. We assume that these floor areas are complete and correct and are the Net Internal floor areas measured in accordance with the RICS Property Measurement (2nd edition, January 2018), incorporating the latest edition of the Code of Measuring Practice.
- We summarise these areas in the table below:

Central House, 47 St Paul's Street, Leeds		
Floor	NIA Size (sq. m)	NIA Size (sq. ft)
Ground Floor	185	1,987
First Floor	183	1,969
Second Floor	234	2,515
Third Floor	182	1,961
Forth Floor	108	1,163
Total	891	9,595

- There are 6 secure basement car parking spaces with the property.

Building Condition

- We were not instructed to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject Property or subsequent additions.
- Our valuation has been undertaken on the basis that the Property is in good structural repair and condition and contains no deleterious materials and that the services function satisfactorily.

Life Expectancy

- Assuming normal routine maintenance and repair, as well as reasonable and prudent management of the Property, we consider the life expectancy will be in the order of at least 25 years.

Services

- We understand that all mains services are connected to the subject Property although we must stress that, unless otherwise specified, we have not tested any of these services, and for the purpose of our valuation we have assumed that they are all operating satisfactorily. We have not made any enquiries of the respective service supply companies.

Environmental Considerations

Contamination

- We have not been instructed to make any investigations, in relation to the presence or potential presence of contamination in the land or buildings and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the Property or any adjacent land, to establish whether there is any potential for contamination from such uses or sites and have therefore assumed that none exists.
- Our subsequent enquiries have not revealed any evidence that there is a significant risk of contamination affecting the subject Property or neighbouring properties that would affect our valuation. Therefore, for the purposes of this Valuation Report, we have assumed that no contamination exists in relation to the Property sufficient to affect value. However, we would stress that should this assumption prove to be incorrect the values reported herein may be reduced.
- We have made the assumption that ground conditions are suitable for the current property and structures or any future re-development.
- Since our normal enquiries and inspections 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.
- In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of this Property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the value now reported.
- We would recommend that your legal advisors obtain formal confirmation from the current owner and occupiers that no notices have been served on them by the Local Authority.

Deleterious Materials

- Since 1999, the use within a building of asbestos containing materials (ACMs) has been banned. These are commonly found although are often in areas not visible from an inspection of the surface elements. While these can be sealed in place, public alarm is such that their removal and safe disposal is the more likely course of action and this can be particularly expensive. Removal and disposal will require specialist advice. Duff and Phelps does not specifically inspect for ACMs.
- Upon inspection we did not notice any obvious sign of deleterious and/or hazardous materials although the building is of an age when Asbestos Containing Materials (ACM) were in use. We have not had sight of the Asbestos Register.
- The Borrower should confirm that these recommendations are being adhered. We have assumed that if any ACM remains in situ that it provides no immediate risk if left undisturbed and that the presence of such materials will not have a significant impact upon the value of the Property.

- Our valuation is on the assumption that the Property is not adversely affected by any asbestos or any other deleterious materials. Should it subsequently be established that any deleterious material exists at the Property, then we may wish to review our valuations.

Ground Conditions

We have made the assumption that ground conditions are suitable for the current building and structure or any redevelopment. Since our normal enquiries and inspections did not suggest that there are likely to be unknown 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.

Flood Risk

- We have had reference to the Environment Agency's flood map. The flood map identifies sites that may be at risk from sea or river flooding. The assessment of flood risk for the site of the subject premises is as follows:
 - The Property is located in a Flood Zone 1, which defines land as being assessed as having a less than 1 in 1,000 annual probability of river or sea flooding (<0.1%).



Sustainability Considerations

- The issue of sustainability is becoming increasingly important to participants in the property market. There is a general expectation that buildings that minimise environmental impact through all parts of the building life cycle and focus on improved health for their occupiers may retain value over a longer term than those that do not.
- The Government has set itself a target to reduce CO² emissions by 80% by 2050. With property representing around 50% of total emissions, the sector has become an obvious target for legislation. It is likely that, as we move towards 2050, energy efficiency legislation for property will become increasingly stringent.

Energy Performance

- Under the Energy Performance of Buildings Directive an Energy Performance Certificate (EPC) is required under Government legislation for a building of more than 50 sq. m (538 sq. ft) which is subject to sale or lease after 01 July 2008.
- Since 1 April 2018 the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 (the PRS Regulations) sets a minimum energy efficiency standard (MEES) of EPC E for private rented properties. This means that it is unlawful for landlords to grant a new tenancy of commercial property with an EPC rating of 'F' or 'G' (the two lowest grades of energy efficiency). This applies to both new leases and renewals (unless an exemption applies and the landlord has registered that exemption).
- **Commercial properties with an EPC rating of F or G:** Landlords should ensure that the EPC rating is improved where possible and that a new EPC is obtained or that an appropriate exemption is registered.
- **Commercial properties with an EPC rating of A to E:** Landlords should not be complacent. Consideration should be given to changes that may have occurred not only to the energy efficiency of the property since the date of the EPC, but also the current methodology and standards likely to be applied to calculate a new EPC. There are notable examples of new EPCs generating ratings that differ greatly to those granted when EPCs were first introduced some 10 years ago.
- Whilst we have yet to see the emergence of a set of "standard" MEES clauses in new commercial leases, we are beginning to see the emergence of specific lease clauses to cater for MEES particularly where the lease term will run beyond April 2023. The nature of such clauses will vary depending on a number of factors including:
 - The current EPC rating for the property to be let.
 - The relative bargaining strengths of the potential parties.
 - The impact that such clauses could have on the marketability of the lease and any future rent review.
- From 1 April 2023, the legislation will be extended to include existing leases making it unlawful for a landlord to continue to let commercial property (unless an exemption applies and is validly registered).
- The Government has confirmed in the Energy White Paper that it intends to make it unlawful to continue to let commercial property with an EPC rating of below B by 2030 and on 17th March 2021, it issued its proposed framework in a new consultation for private-rented properties. This forms part of its "package of measures" to reduce carbon emissions as it is estimated that bringing the minimum standard to a B rating will bring around 85% of commercial buildings into scope. The proposed framework sets out a phased implementation with the introduction of compliance windows as follows:
 - *First Compliance Window: EPC C (2025-2027)*
 - 1 April 2025: Landlords of all commercial rented buildings in scope of MEES must present a valid EPC.
 - 1 April 2027: All commercial rented buildings must have improved the building to an EPC ≥ C, or register a valid exemption.
 - *Second Compliance Window: EPC B (2028 – 2030)*
 - 1 April 2028: Landlords of all commercial rented buildings in scope of MEES must present a valid EPC.
 - 1 April 2030: All commercial rented buildings must have improved the building to an EPC ≥ B, or register a valid exemption.
- This may be an incremental pathway but landlords should be aware because at each enforcement in 2027 and 2030, landlords will need to demonstrate that the building has reached the highest EPC band that a cost-effective package of measures can deliver. In addition, the Government intend to introduce the necessity for landlords to present a valid EPC two years before the relevant enforcement date for each EPC target. In essence, this will involve submitting the current EPC to an online PRS compliance and exemptions database. This will trigger a clear time period within which landlords will be expected to undertake improvements if they have not done so already.
- We have seen the following EPCs for the Property:

Address	Certificate Number	Expiry Date	Rating	Comparison to similar stock
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Central House, 47 St. Pauls Street, Leeds, LS1 2TE	9200-3995-0354-6420-4094	09 November 2024	D (80)	Worse than existing stock
Ground Floor, Central House, 47 St. Pauls Street, Leeds, LS1 2TE	9369-3022-0965-0405-5525	28 February 2026	C (73)	Better than existing stock

- We have therefore provided our valuation on the basis that the Property performs in line with current legislation. However, long term there may be costs associated with ensuring the Property remains fully compliant with the changing legislation.

Sustainability Comment

- It will be important that any future improvement or upgrading works achieve the highest feasible environmental standards to maintain its environmental credentials going forward.

Planning

- The Property is located within the jurisdiction of Leeds City Council.
- The Property is not listed. However, the subject property is located opposite St Paul's house, a Grade II listed building. Many of the buildings on Park Place, to the rear of Central House, are Grade II listed including No. 14 which is also owned by the Borrower and backs onto the property.
- The Property is situated within the Leeds City Centre Conservation Area.
- We have accessed Leeds City Council planning portal and note the most recent planning applications that have been made:

Planning Reference	Description	Status
15/9/00222/MOD	Alterations to existing B1 use class office building including change of use of part ground floor to use class A3. NON MATERIAL AMENDMENT to application 15/01467/FU - Retention of existing window, previously requested to remove and infill with brick. Retained window to be revised to have new frames to match new windows on ground floor.	Approved 15 th September 2015
15/01467/FU	Alterations to existing B1 use class office building including change of use of part ground floor to use class A3	Approved 8 th May 2015

- For the purpose of our valuation, we have assumed that the property has planning permission for the existing Class B1 uses, which is based on the findings of our informal planning enquiries of the Council's website.
- We assume that your solicitors will be making formal enquiries of the relevant bodies and that you will rely solely on their findings.

Business Rates

- The Uniform Business Rate for England for the year 2022/23 is fixed at 51.2 pence in the pound for larger business, for those businesses that qualify for Small Business Rates Relief the lower Uniform Business Rate of 49.9 pence in the pound will apply. However, the rates liability may also be affected by a number of reliefs and supplements. It is, thus, not simply a product of the rateable value and the UBR multiplier. If all or part of the subject Property should become vacant then the Client will be liable for the payment of business rates on the vacant commercial accommodation. The current allowance is for three months of empty rate relief with full rates payable thereafter.
- We have accessed the Valuation Office Agency's 2022/23 rating list to obtain the rateable values of the hereditaments which make up the subject Property.

Address	Description	Rateable Value
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Ground Floor Central House 47, St Pauls Street, Leeds, LS1 2TE	Offices and premises	£34,250
1st Floor Central House 47, St Pauls Street, Leeds, LS1 2TE	Offices and premises	£42,000
2nd Floor Central House 47, St Pauls Street, Leeds, LS1 2TE	Offices and premises	£40,000
3rd Floor Central House 47, St Pauls Street, Leeds, LS1 2TE	Offices and premises	£33,250
4th Floor Central House 47, St Pauls Street, Leeds, LS1 2TE	Offices and premises	£18,250
Car Space 1 Basement Central House 47, St Pauls Street, Leeds, LS1 2TE	Car parking space	£2,000
Car Space 2 Basement Central House 47, St Pauls Street, Leeds, LS1 2TE	Car parking space	£2,000
Car Space 3 Basement Central House 47, St Pauls Street, Leeds, LS1 2TE	Car parking space	£2,000
Car Space 4 Basement Central House 47, St Pauls Street, Leeds, LS1 2TE	Car parking space	£2,000
Car Space 5 Basement Central House 47, St Pauls Street, Leeds, LS1 2TE	Car parking space	£2,000
Car Space 6 Basement Central House 47, St Pauls Street, Leeds, LS1 2TE	Car parking space	£2,000
		£179,750

VAT

- We are uncertain as to the Property's VAT registration status and, therefore, we have assumed that VAT issues should not adversely affect the value of the Site.

Tenure and Tenancies

Tenure

- We understand that the Property is held freehold under land registry title WYK170846.
- We have not been provided with a report on title and have, therefore, made various tenure assumptions for the purpose of the valuation reported herein. We have assumed that the freehold interest is free from any encumbrances, unduly onerous or unusual easements, rights of way, rights of light, restrictions, outgoings or conditions which would have an adverse effect upon the value of the Property.
- If we are subsequently provided with a report on title, we would be able to comment upon any impact its content would have upon the valuation reported herein. We would remind you that if information should come to light which contradicts the assumptions made herein this could have a material effect upon our valuation.
- We therefore reserve the right to amend our valuation accordingly should this prove necessary. We advise that all information relating to the tenure of the subject Property is verified by your solicitors.

Number of Tenants and Lease Type

- We have been provided with the lease details for the subject property.
- The Property is multi-let to 5 separate tenants. We summarise our understanding of the current tenancy situation in the table below:

Accommodation	Tenant	Lease Expiry	Break Option	Rent (per annum)
Ground	Ultimate Finance	02/07/2027	-	£44,707

First	Moorgarth Group Ltd	15/10/2026	-	£61,200
Second	Mackintosh Group Limited	20/10/2024	-	£55,372
Third	Reward Finance Group	15/10/2025	-	£46,690
Fourth	Peacock Smith	30/04/2031	-	£35,200
				£243,169

- In addition, we understand that the car parking spaces generate a rent of £10,500 per annum.
- We have been advised that Ultimate Finance has recently renewed their lease for an additional 5 years at the current passing rent of £44,707 per annum, subject to a 6 month rent free period.
- On the basis of the above, the Property has a current contractual rent of £253,669 per annum.
- The overall WAULT (to expiries) is 4.82 years, and the WAULTC (to breaks) is 4.82 years.

Service Charge

- We have been provided with the current service charge budget, which totals £52,320.00 per annum, reflecting £5.45 per sq ft.

Accommodation	Tenant	Service Charge (per annum)
Ground Floor	Ultimate Finance	£10,215.99
First Floor	Moorgarth Group Ltd	£13,048.87
Second Floor	Mackintosh Group Limited	£12,846.52
Third Floor	Reward Finance Group	£10,174.49
Fourth Floor	Peacock Smith	£6,034.13
		£52,320.00

Net Operating Income

- As the property is fully let, there are no service charge or empty rates liabilities, there are no shortfalls, and the net income is the same as the gross passing rent.

Covenant Strength

- We are of the opinion that the tenants' covenant strengths would be viewed, by the investment market, as being of typical of this type of asset with local/regional covenant strengths.

The Market and Valuation

Economic Background

UK Economic Overview

- Across 2021, UK GDP grew by a record 7.5% according to the ONS, beating expectations and the highest rate of growth since WWII. In the three months to February 2022, GDP grew by 1.0%, although in the month of February itself growth was anaemic. The quarterly index figure suggests that the economy remains 0.4% below the pre-pandemic level in 2019 due to the 9.4% decline observed over 2020. However, due to differences in methods, the monthly GDP index reports that the economy has in fact risen 1.5% above the pre-pandemic level.
- February saw output from the construction sector shrink by 0.1% on a m-on-m comparison, while the production sector contracted by 0.6%. However, the much bigger services sector compensated by achieving growth of 0.2%. Within services a bright spot was travel and leisure as tour operators and travel agents enjoyed a surge in bookings for the summer.
- The recent lifting of Covid restrictions was followed by another surge in infections during February and March, peaking at 109,000 cases on 21st March 2022. The figure has since fallen to 53,000 on 4th April. This is well below the pandemic peak of 276,000 on 4th January 2022. All restrictions have now ended in England, Wales and Northern Ireland, and only limited rules on face coverings apply in Scotland.
- The Covid risk appears to be ebbing at present, however this has coincided with the outbreak of war between Russia and Ukraine. This caused sharp rises in commodity prices, increased pressure on supply chains and saw the imposition of sanctions on Russia. It is too early to accurately judge the economic impact of the war, although typically high energy prices act as a brake on growth.
- Public sector spending was £1.3 billion higher government revenue in February, although tax receipts did rise faster than spending on an annual comparison. Higher tax revenues helped to support government finances, but high RPI inflation has pushed up interest repayments on the immense level of government debt, estimated to total £2.3 trillion – the highest level since WWII.
- The IHS Markit composite purchasing managers indices (PMI) for March achieved a net balance of 60.9, up from the 59.9 recorded in February, driven by strong figures for services. This was the highest reading since June 2021.
- The services sector PMI jumped from 60.5 in February to 62.6 in March, probably reflecting better weather and the rollback of Covid restrictions. The construction sector flatlined at 59.1, while the manufacturing sector decelerated month-on-month from 58.0 to 55.2.
- BoE data reported that consumer borrowing grew £6.2 billion in February, up from the £5.5 billion increase recorded in January. This was mainly driven by more use of credit cards, which may indicate more households are having to rely on debt to get through the current household incomes squeeze.
- Gfk's consumer confidence index decreased to -31 in March from -26 in February, reflecting concerns over cost-of-living increases. Also, retail sales volumes declined in February by 0.3%, compared to a 1.9% increase in January, due to lower sales for non-store retailing (which is mostly online shopping) following two months of strong performance. Online as a share of retail sales declined to 27.8%, having peaked a year earlier at 37.7%, although this is still above pre-Covid levels.

Labour Market

- The employment rate stood at 75.5% in the three months to February 2022. This remains 101 basis points below the level observed in the three months to February 2020 before the pandemic, due to a higher inactivity rate.
- The unemployment rate decreased to 3.8% in February, which is below its pre-pandemic level of 4.0%. This indicates a tight labour market, which could act as a brake on growth going forward. Although recent labour market indicators paint a positive picture, it is likely that there is some distortion from the size of the labour pool changing.

- The increase in the economic inactivity rate at the end of the furlough scheme suggests that a considerable portion of employees removed themselves from the labour market rather than become unemployed.
- Nonetheless, labour demand continues to outpace supply, with vacancies in March reaching a fresh record of 1.3 million. Pay growth appeared to peak in the Summer of 2021, and stands at 4.0% in nominal terms, but is negative in real terms (-1.0%). This is contributing to the household incomes squeeze this year.

Inflation

- CPI inflation increased by 7.0% in the year to March 2022, up on 6.2% in February and the highest figure since 1992. This figure surpassed consensus expectations, with the strongest upward contributions coming from Transport and Housing and Restaurants and Hotels.
- In the March meeting of the BoE's Monetary Policy Committee (MPC), the decision was taken to increase the UK base rate to 0.75%. While domestic inflationary pressures – and inflation expectations – were central to the rate rise, the MPC would have been conscious that the US Fed is now tightening policy. Without some form of reciprocal action from the BoE, the UK would run the risk of importing more inflation from the US due to the pound weakening and the dollar strengthening.
- For the UK property market, the increased base rate means that the cost of debt is no longer as favourable. Around three quarters of UK mortgages have fixed interest rates, so the increase is unlikely to have an immediate impact on most homeowners.
- For commercial property, higher rates mean that investors will be looking for higher yields, typically attained through increased risk or rental growth. Hospitality and retail may serve those with an appetite for risk, although for consumer-facing property the household income squeeze is fast replacing Covid as a major risk to the outlook. More risk-averse investors are likely to look toward the industrial sector, due to better prospects for rental growth relative to other commercial sectors..

Outlook

- The sustained growth seen in the UK economy during the latest surge in infections, relative to previous Covid waves, provides hope that future Covid variants (which are likely to decrease in severity) will ease as a major downside risk. Nonetheless, the war in Ukraine and above expectations inflation has caused GDP forecasts for 2022 to be downgraded, with Oxford Economics anticipating 3.6% growth.
- Higher living costs, including three interest rate hikes, a rise in national insurance taxes and the energy price cap increase in April, may mean that more of those who left work during the pandemic choose to return, providing some relief to tight conditions in the labour market. Conversely, the financial squeeze may mean that consumer expenditure drops, particularly at the lower end of the wealth scale.
- Further increases in inflation are anticipated in 2022, with Bank of England forecasting inflation to reach 8.0% in Q2 and perhaps go higher. The interest rate is also expected to be pushed up to 1.00% according to Oxford Economics, following March's increase to 0.75%.
- The interest rate rise – and the anticipated further increase in the base rate, up to 1.00% later this year – may provide a drag to growth, particularly in the short-term outlook. Also, the war in Ukraine has emerged as a major downside risk, as it has already pushed up commodity prices and further disruption to supply chains is expected.
- Another point to note is that the majority of the recovery thus far has been sourced through consumer activity and government expenditure – businesses have been relatively quiet. Business investment has lagged in recovery and was 10.4% below the pre-pandemic level in Q4 2021. As Brexit and Covid uncertainty ease and begin to fade in terms of market impact, there is considerable scope for corporate investment to rapidly increase, injecting a new lease of life into the UK economy. Adding to this potential is the tax super deduction which incentivises plant and machinery investments through providing a 130% rebate on the cost.
- However, this also comes with the caveat that the uncertainty caused by the Ukraine war could encourage a 'wait and see' attitude among firms towards investment.

Leeds Office Market Q1 2022

Take up

- Q1 2022 take-up for the Leeds city centre market totalled 117,000 sq ft. This total was spread across 32 completed transactions which was 33% above the five-year average for completed Q1 deals. This clearly demonstrates that small and-medium sized occupiers are remaining active as the market looks to continue its recovery from the effects of Covid-19.
- Grade A take-up of 32,000 sq ft accounted for 28% of the overall take-up total in Q1 2022. This included the 11,500 sq ft acquisition by Lupton Fawcett at 2 The Embankment.
- In terms of take-up by size band, 62% of the 2021 take-up was in transactions above 10,000 sq ft but the most active size bracket was for lettings below 3,000 sq ft, of which there were 57 separate transactions.
- Leasing activity in the second half of the year showed increasing positivity in the city centre office market with take-up amounting to 353,344 sq ft, a 22% increase on the 276,705 sq ft transacted in the first half of the year. Q4 take-up was 166,652 sq ft across 38 deals which was a significant increase on Q4 2020's take-up of 85,830 sq ft.
- The largest city centre deal in 2021 was the 83,000 sq ft pre-let of City Square House to law firm DLA Piper. The McAleer and Rushe scheme is targeting completion in Q4 2023. Other notable transaction include the 41,000 sq ft letting at St. Georges House on behalf of the Global Banking School in the Civic Quarter, the 19,000 sq ft deal that saw Professional Services firm WSP take space at 3 Wellington Place and the 19,174 sq ft deal that saw Conduent Ltd take the 2nd Floor at Credit Suisse's 1 Leeds City Office Park scheme.

Take-up by business sector

- The 'Business & Consumer services' sector was the most active sector in Q1 2022, accounting for 25% of overall take-up. The largest transaction in the sector was the 8,750 sq ft Grade A letting to recruitment agency Charlton Morris at 34 Boar Lane.
- Elsewhere, the 'TMT' and 'Serviced Office' sectors also started 2022 strongly, each accounting for 15% of the overall take-up. Serviced office operator 2Work's 14,000 sq ft acquisition at Bank House was the second largest letting of the quarter.
- This reinforces the longstanding appeal of Leeds as a hub for business, supported by the strongest graduate retention of the Big 6 city markets and the comparatively low occupational costs for business and offices within the city centre.
- The uncertainty of COVID-19 that affected 2020 take-up and business planning across all sectors appears to be lifting, as firms increasingly commit to and even expand offices, highlighting how integral office space is to businesses even with the introduction of flexible work patterns.

Supply

- Total supply at the end of Q1 stood at 782,000 sq ft. This represented a decrease of 10% on the Q4 2021 total. Furthermore, Grade A supply decreased by 23% to 305,000 sq ft at quarter end. This is indicative of the continued resilience of Grade A demand and the 'flight to quality' that is present within the market. As a result, Grade A supply remains extremely limited, particularly for the prime space in Leeds city centre.
- The total vacancy rate decreased in the first quarter of 2022 by 0.6% to 6.4%. Furthermore, Grade A vacancy rate also decreased by 0.7% to just 2.5% at quarter end.
- In terms of pipeline, there is currently 681,728 sq ft under construction and due to complete within the next 24 months. Notable schemes include the 140,000 sq ft City Square House, Opus North and Fiera Real Estates 12 King Street, (47,698 sq ft), 11 and 12 Wellington Place on the MEPC/Hermes Wellington Place Scheme and 37,842 sq ft at CEG's Globe Point scheme on the city centre's South Bank.

- One of the key city centre schemes, situated in the South Bank area, is Vastint's Aire Park mixed-use development (211,188 sq ft offices) which includes a new urban park at its heart to include a provision of space for creative industry occupiers is on site and on course to practically complete in November 2023.

Rents

- There was no change in the prime rent in Q1 2022, which currently stands at £34 per square foot. That being said, the prime rent in the market has increased significantly by 23% since 2015. Equally, average Grade A rents have increased significantly over the past six years. Forecasters expect prime rents to rise further to £36.00 per sq ft before the end of 2022. The current average Grade A rent is £25.55 per square foot, which represents a 3% increase on the pre-Covid 2019 Grade A average.

Rental Evidence

- In arriving at our opinion of the current headline Market Rent we have had regard to the rental evidence detailed below, including some evidence from the subject property itself:

Address	Date	Tenant	Area (sq ft)	£ per sq. ft	Comment
Central House, Leeds (Subject Property)	Q2 2021	Peacock & Smith Ltd	1,163	£30.25	<ul style="list-style-type: none"> 1,163 sq ft on the fourth floor of the subject property. An open market letting for a 5 year lease at a passing rent of £35,200 per annum.
Central House, Leeds (Subject Property)	Q1 2022	Ultimate Finance	1,987	£22.50	<ul style="list-style-type: none"> 1,987 sq ft on the ground floor of the subject property. Lease renewal for an additional five years term at the existing passing rent of £44,707 per annum. This included a tenant incentive of 6 months rent free.
14 King Street, Leeds	Q1 2022	Hitchenor Wakeford	2,642	£25.00	<ul style="list-style-type: none"> 2,642 sq ft of office space situated on the ground floor of this office building on King Street. 10 year lease. Break at year 5
Sovereign House, South Parade, Leeds	Q1 2022	Strativ	6,110	£26.50	<ul style="list-style-type: none"> 6,110 sq ft of office space situated on the second floor of this refurbished Grade II listed office building on South Parade. 10 year lease
Toronto Square, Leeds	Q4 2021	Hartmann Young	2,553	£27.50	<ul style="list-style-type: none"> 2,553 sq ft of office space situated on the sixth floor of this refurbished office building on Toronto Street. 10 year lease. Break at year 5
34 Boar Lane, Leeds	Q1 2022	Charlton Morris	8,751	£32.00	<ul style="list-style-type: none"> 8,751 sq. ft of office space situated on the fourth floor within a high quality refurbished mixed use building which provides retail on the ground floor and office space on the five upper floors with a total floor area of 36,883 sq. ft. 10 year lease.

12 King Street, Leeds	Under Offer	Endless	5,688	£34.00	<ul style="list-style-type: none"> • 5,688 sq ft on the ground and first floors within this newly refurbished office building located on King Street. • Endless are in legal for a 10 year lease with no break options. • Confidential incentives.
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- The recent rental evidence above demonstrates rents ranging from £22.50 per sq. ft to £34.00 per sq. ft and we would expect the subject Property to fall within the lower end of this range. We would expect a tenant to take a lease for a minimum of 5 years term certain.
- In arriving at our opinion of the current headline Market Rent we have primarily had regard to the rental evidence generated in the Property itself, which largely consolidates the rental tone and provide the best evidence in respect of our valuation. The recent lease renewal to Ultimate Finance (£22.50 psf) and open market letting to Peacock Smith (£30.25 psf) largely consolidate the rental tone and provide the best evidence.
- We have applied a rents ranging from £24 to £30 per sq. ft on the office accommodation at the subject Property to reflect size of the floorplates, condition, floor and amenity space. We have adopted a slightly higher headline rent on the ground floor, to reflect that this was a lease regear rather than an open market letting.
- We are therefore of the opinion that the Market Rent for the subject Property is £261,800 per annum. The property is therefore circa 3% reversionary on a headline basis

Marketability

Typical Void Letting Period:	6-9 months
Typical Lease Length:	5 years term certain
Typical Rent Free Period:	6 months

Investment Market

UK Regional Office Investment Q1 2022

- Investment volumes reached £1.1 billion at the end of Q1 2022 which represented a marginal increase of 1% from Q1 2021 but 26% and 28% below the five and ten year averages for the first quarter. There was limited stock brought to the market in Q1 which resulted in below average turnover with the number of deals recorded 31% below the five year average. There has however been an uptick in activity in the start of Q2 2022 with £943 million traded between April-May and £1.1 billion of stock placed on the market in the same time period.
- Investor demand continues to be focussed on prime stock with downward pressure being placed on the prime regional office yield which currently stands at 4.75%. Manchester and Edinburgh prime office yields are both 25 basis points below this level at 4.50% which is the lowest level recorded for these markets. The yield gap for prime and secondary offices is expected to widen with the rental growth outlook for prime green offices in undersupplied locations remaining compelling. Savills forecast 2.9% rental growth per annum for 2022-2024 for prime regional city offices underpinned by the continued imbalance between supply and demand for prime regional city office space with strong ESG credentials.
- Overseas investors were the most active investor in Q1 2022 accounting for 51% of total investment in the regional office market. This trend has been evident in recent years with non-domestic investors the most active purchasers in four of the last five years. The strong activity from overseas investors has continued from 2021 where £3.6 billion of capital was deployed into the regional office market which was the highest quantum ever recorded from the subsector.
- Prime long income opportunities have predominantly been targeted by overseas investors with interest deriving from all continents resulting in downward pressure being placed on the prime regional office yield. There was notable activity from European investors with ImmoInvest acquiring a 50% stake at White Rose Office Park, Leeds for £107 million reflecting a yield of 6.75% as part of their Green Office Strategy and La Francaise Real Estate

purchasing Gilbert House and 41 Corn Street, Bristol for £20.65 million reflecting a yield of 5.75%. There has also been demand from Middle East and Far East investors seeking to gain exposure to the regional office market.

- Despite the yield compression occurring in the regional office market, prime yields are attractively priced when compared to other major European cities. Prime office buildings across Europe's major office markets are trading at yields between 2.40% and 3.50% providing a 125-235 basis point premium when compared to prime regional offices.
- The continued polarisation in demand for office space has resulted in the greatest differential between average grade A and B&C rents recorded in the last five years. Focussing solely on the Greater London & South East office market, average grade A rents were 53% higher than average grade B&C rents at the end of Q1 2022. There were 13 submarkets which achieved record high rents in 2021 and this has continued into 2022 with Putney and Croydon achieving their highest rental levels ever recorded.
- The occupier preference is for prime grade A office space which can satisfy ESG credentials and occupiers are prepared to pay a rental premium to secure this space. This trend has also been evident across the regional office market with Bristol experiencing 12% prime headline rental growth in 2022.

Leeds Office Investment Market

- A total of £226 million transacted in Leeds in 2021, representing 1% above the 10-year average. There were a total of 14 investment deals across the entire year with four completing in Q4 totalling £62 million.
- The key deal of Q4 was Grosvenor's purchase of Toronto Square for what is understood to be £34.8 million from JP Morgan. This purchase follows on from previous regional prime office purchases by Grosvenor in 2021 in Birmingham and Manchester. Toronto Square comprises 88,500 sq ft of refurbished office space and is 96% leased.
- UK property companies continue to account for the majority of inward investment into the Leeds office market, accounting for 78% (£177 million) of volumes during 2021. This is a rise from 56% (£124 million) in 2020. In addition, overseas investment reduced in 2021, down from £55 million to £29 million. The largest deal was the purchase of 29 East Parade, by Swedish investor Europi Property Group and Trinova for £19.1 million in Q2 2021. This was a joint venture as part of a £200 million war chest that is aimed at prime office product across the UK regional capitals.
- Prime office yields remained at 5.00%. We expect the expanded yield differential between prime and secondary lots to remain in place throughout 2022 as demand remains focussed on quality Grade A assets in core locations.

Investment Comparables

- In arriving at our opinion of value we have had regard to a range of comparable investments from the local market and of similar covenant strength.

Address	Date	Tenure	Area (sq ft)	Sale Price	NIY	Tenant (WAULT)	Comment
76 Wellington Street, Leeds	June 2022	FH	35,951	£12.6m (£350 psf)	6.38%	Multi let (4.05 years to expiry and 2.57 years to break)	Multi-let office building located in the heart of Leeds' financial district. Total net internal area of 35,951 sq ft (3,339.85 sq m) with 28 car parking spaces. Suite sizes range from 2,680 sq ft (248.97 sq m) to 6,103 sq ft (583.41 sq m); a close fit to the native occupier market.

						<p>Average office rent passing of just £22.34 per sq ft compared to a recognised city headline of £36 per sq ft, providing an platform to capture ERV growth.</p> <p>A JV of Hillview Real Estate and Sh.i.r. Shlomo Real Estate, a subsidiary of one of the largest conglomerates in Israel, have acquired 76 Wellington Street from Ardstone Capital for £12.6m.</p> <p><i>The comparable is a larger lot size than the subject Property and is arguably in a superior location being located, however, has a shorter WAULT. On balance, we would expect the subject Property to achieve a slightly higher yield.</i></p>
Toronto Square, Toronto Street, Leeds	Dec 2021	FH	87,411	£35.12m (£402 psf)	5.85%	<p>Multi let (6.9 years to expiry and 3.9 years to break)</p> <p>Landmark 87,411 sq ft Grade A office building located at the heart of the commercial business district. Comprehensively refurbished and extended in 2009 and over £1.4 million invested during 2018-19 on the refurbishment of common parts and replacement of the lifts. 93% let to 14 tenants with a WAULT of 6.9 years to expiry and 3.90 years to breaks. Strong and diversified tenant line up including: Border to Coast Pensions Partnership Limited, Quilter Business Services, CBRE,</p>

							<p>Franklin Templeton, Bevan Brittan and Softcat.</p> <p>Low average passing rent of £24.20 per sq ft , reflecting a discount to quoted prime rents of £34 per sq ft providing a strong base for further rental growth. Grosvenor acquired the property from J.P. Morgan for £35.12m.</p> <p><i>The comparable is a larger lot size than the subject Property and is arguably in a superior location being located, however, has a shorter term certain. On balance, we would expect the subject Property to achieve a higher yield.</i></p>
Clarence House, Manchester	Dec 2021	FH	19,867	£7.00m (£352 psf)	6.10%	Multi let	<p>The office building comprises around 17,500 sq ft arranged over ground and five upper floors. Multi-let to tenants including Maven Capital Partners, Silven Recruitment and Mistral Group off an average rent passing of £23.50 per sq ft. Acquired by Columbia Threadneedle in an off-market transaction.</p> <p><i>The comparable is located in Manchester but has similar investment fundamentals. On balance we would expect the subject property to achieve a slightly higher yield.</i></p>
84 Albion Street, Leeds	June 2022	FH	34,196	£9.40m (£275 psf)	7.7%	Multi let (2.5 years to expiry and 1.2 years to break)	<p>Six floors of recently refurbished office well specified office space and retail on the ground floor.</p>

							<p>99% occupancy with major tenants including Specsavers, Akari Care Ltd and the National Association of Citizens Advice Bureau. Contracted rent of £0.8m (£22.55 per sq ft) with a term certain of 1.2 years until break and 2.5 years until expiry.</p> <p>The property was acquired by Regional REIT Limited as part of a west Yorkshire office portfolio.</p> <p><i>The comparable has a shorter income profile than the subject property and we consider the element of retail is reflected in the yield of the transaction. We consider the subject property is located in a superior office location. On balance, we would expect the subject Property to achieve a lower yield.</i></p>
2 City Walk, Leeds	Available	FH	63,800	£18.28m (£287 psf)	7.75%	Multi let	<p>The 63,800 sq ft building is close to Leeds' railway station and is let to engineering giant Aecom, National Highways and the National Coaching Foundation.</p> <p>Two floors totalling close to 21,500 sq ft are currently vacant, with potential asset management opportunities.</p> <p>The building currently generates passing rent of £1.51m a year at an average rent of £21.50/sq ft, comfortably lower than prime rents in the</p>

							<p>city, with grade A rents averaging £25.55/sq ft. Savills has recently launched the asset for sale with a price tag of £18.28m, which would represent a net initial yield of 7.75%.</p> <p><i>This comparable is currently being marketed but we would expect the subject property to achieve a lower yield.</i></p>
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- The comparable information highlights a range of values achieved for office investment within the local office market. The transactional evidence demonstrates net initial yields between 5.85% And 7.75% for well-located office buildings in the local market.
- The best evidence for the subject Property is provided by 76 Wellington Street, which provides not only the most recent piece of evidence it comprises a similar style building albeit located in an arguably superior area.
- Having regard to the evidence above, the income profile of the subject property, reversionary potential and occupational demand for small floor plates in the vicinity, we would expect the Property compare well to the evidence cited.
- Taking into account the characteristics of the subject property, we have targeted an equivalent yield of 6.50%, which reflects a net initial yield of 6.63% and a reversionary yield of 6.85%, which we consider demonstrates an acceptable yield range based on the evidence. This results in a Market Value of £3,600,000, reflecting £375 per sq ft. We consider the capital value per sq ft is at the middle of the range for a building of this nature in this location and reflects the smaller size of the building compared to the comparables.

Principle Valuation Considerations

- The principal factors that have an impact on the value of the Property are summarised below:
 - The Property is held on a Freehold basis.
 - Located in Leeds city centre's traditional office core.
 - The property was comprehensively refurbished in 2015 to a high standard and presents well.
 - Fully occupied with a term certain of 4.82 years.
 - Good underlying demand from commercial owner occupiers and investors.
 - Likely to only ever attract tenants of perceived local covenant strength given the small size of the floor plates.

Marketability

- The Property is well positioned and will in our opinion always attract a good level of occupier and investor interest.
- If the Property were to become available, we would anticipate a void period in the order of 6 to 9 months along with rent free which should be anticipated at 6 months on each 5 year term certain. It should be possible to obtain a full repairing and insuring lease subject to the current tenant conforming with their reinstatement and repairing obligations, albeit any lease would most likely be subject to a schedule of dilapidations.
- During any void there will be associated holding costs including empty rates, security and maintenance.

Liquidity (Saleability)

- The lot size of £3.6m is within the reach of private purchasers and medium sized property companies. Over recent years the amount of investment product offered in this location is limited and accordingly when opportunities do arise there is good demand.
- Should the Property be put to the market we consider that the asset would attract interest from a wide range of investors, including owner occupiers, developers and medium sized property companies. Accordingly, we would anticipate a sale period in the order of 6-9 months.

Active Management

- We have summarised below the potential asset management initiatives. The key ones we have identified are as follows:
 - Prior to any upcoming lease expiry, the Borrower should enter in lease renewal negotiations with the tenant and actively discuss opportunities to renew the lease and maintain occupancy.
 - Ensure the Property is well maintained to prolong its useful economic life expectancy.

Future Value Prospects

- The future performance of the Property will depend upon three principal factors, namely (a) the performance of the local occupational and general investment market; and (b) the future movements in cost of finance and investment yields; and (c) the ability of your customer to maintain the quality and duration of the income stream. Taking these in turn:
 - a) Whilst we are unable to forecast the occupational and investment outlook, this being no different with any other commercial property sub-sector, we would comment that rental growth in the locality is expected to remain stable over the next five years. Investment performance is driven by the prospects in rental growth as the occupational market continues to improve with the additional prospect of a medium-term hardening of yields (although unlikely to be significant), set against the weakening income security.
 - b) The continued uncertainty within the stock and equity market has resulted in an increase in demand for property investment by institutions, owner occupiers and property companies.
 - c) The sustainability of the rental income over the term of the proposed loan is perhaps the most significant risk to the value, and therefore the suitability for loan security. The requirement for pro-active asset management cannot be underestimated. Dealing with the lease events over the next five year period and the re-gearing of existing leases is essential to preventing any value erosion and only through these asset management activities, which will minimise shortfalls (protecting the net income) and maintaining or potentially increasing the WAULTC, will the value of the asset be maintained or increased.
- Clearly, asset management is key to the value of the asset. However, regardless of how successful this may be, any weakening in the investment market and softening of yields could negate any value added by good asset management. This is beyond the control of the Borrower, nevertheless, this risk remains.

Valuation Approach

- The subject Property comprises the freehold interest in a prominent and well located office in Leeds.
- We have adopted the traditional “all risks yield” method, having regard to comparable investment transactions and current market sentiment.
- We have made the following specific assumptions which we consider to be appropriate and reasonable to reflect the approach likely to be adopted by prospective purchasers:

Current Void and Non-recoverable Revenue

- The property is fully occupied and therefore the net income is currently £253,669 per annum.

Tenant Retention and Re-letting Assumptions

- The Property WAULT of 4.82 years to lease expiry (no break options)

- There are various leases expiring within 5 years of the valuation date. We have applied an expiry void of 6 months and rent free period of 6 months to this space.

Capital Expenditure

- The Property is held on an FRI lease and generally in a good state of repair.
- We have not explicitly allowed for any other non-recoverable expenditure in undertaking our valuation and have reflected the risk of any other potential future shortfalls in our yield selection.

Purchasers Costs

- We have undertaken our valuation adopting full purchasers' costs, with Stamp Duty of 4.71%, and 1.5% agent fees, legal fees and VAT.

Yield Consideration

- In undertaking our valuation of the Property, we have had regard to the rental and sales evidence above which shows that well located office buildings in this location should achieve net initial yields within a range of approximately 5.85% to 7.75%. We are of the opinion that the subject Property would fall within these parameters on a blended basis.
- In assessing the Market Value of the subject Property, we have adopted an equivalent yield of 6.50% to the income. This reflects the income profile, quality of the office and reversionary potential as at the date of valuation.

Market Value

- This results in a market value of the freehold interest subject to the occupational leases of **£3,600,000**, reflecting a net initial yield of 6.63%, a reversionary yield of 6.85% and a capital value of £375 per sq. ft.

Vacant Possession Value

- In arriving at our opinion of the current Market Value of the Property subject to full vacant possession, we have had regard to the likely price that would be achievable in today's market from an entrepreneurial investor seeking to re-let the vacant building to create an income-producing investment. An entrepreneurial purchaser would want a suitably generous profit margin to reflect the re-letting risks and associated void costs until the building is fully let.
- In arriving at our vacant possession value we have made the following assumptions:
 - A headline Market Rent of £261,800 per annum
 - An equivalent yield of 6.75% applied
 - A letting void of 6 months and a rent-free period of 6 months.
 - Letting and Legal Fees at 15% of Market Rent
 - Void costs accounting for empty rates and service charge
- Our overall vacant possession value is £3,230,000. This represents 90% of Market Value reported herein.

Suitability for Loan Security

- It is usual for a valuer to be asked to express an opinion as to the suitability of a property as security for a loan, debenture or mortgage. However, it is a matter for the lender to assess the risks involved and make its own assessment in fixing the terms of the loan, such as the percentage of value to be advanced, the provision for repayment of the capital, and the interest rate.
- In this report we refer to all matters that are within our knowledge and which may assist you in your assessment of the risk.
- On the basis of the information provided and subject to the comments contained within this Report, we consider that the Property should form suitable security for a mortgage advance assuming it is managed proactively given

its current state and the proposed change of use and extension. In accordance with normal commercial practice, however, we would anticipate any advance being for only a proportion of our opinion of the Market Value reported.

Lenders Action Points

- Confirmation on Title.

Valuation as at 28 February 2022

Market Value:	£3,600,000	THREE MILLION SIX HUNDRED THOUSAND POUNDS	
	Initial Yield:	Equivalent Yield:	Reversionary Yield:
	6.63%	6.50%	6.85%
Purchaser's Costs:	<ul style="list-style-type: none"> • We have allowed for Stamp Duty Land Tax as follows: Market Value of up to £150,000, zero; next £100,000 (the portion from £150,001 to £250,000), 2.00%; remaining amount (the portion above £250,001), 5.00%. • We have also allowed for agents and legal fees plus VAT at standard market rates which amount to 1.80%. 		
Market Rent:	£261,800 per annum	£27.29 per sq. ft	
Market Value on the Special Assumption of Vacant Possession:	£3,230,000	Assumed to be in the same physical state as it currently exists. We have assumed that the current tenants would not be in the market if the property were assumed to be vacant.	

Appendix 1

Valuation Calculations

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Property

Address	Central House, 47 St Pauls Street, Leeds, LS1 2TE,
External ID	
Property Type	Office

Description/Notes

Valuation Tables Annually in Arrears

Valuation

Gross Valuation	3,849,959		
Capital Costs	-22,354		
Net Value Before Fees	3,827,605		
Less SDLT	@4.71% Stamp Duty	169,500	
Agents Fees	@1.00% Net Sale Price	36,000	
Legal Fees	@0.50% Net Sale Price	18,000	
Net Valuation	3,604,105		
Say	3,600,000		
Equivalent Yield	6.5067%	True Equivalent Yield	6.7704%
Initial Yield (Valuation Rent)	6.6345%	Initial Yield (Contracted Rent)	6.6345%
Reversion Yield	6.8471%		
Total Valuation Rent	253,669	Total Contracted Rent	253,669
Total Rental Value	261,800	Number of Tenants	6
Capital Value Per Area	375		

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
Ultimate Finance RF	28/02/2022	-22,354	0%	-22,354
				-22,354

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
28/02/2022	253,669	0	0	253,669	6.6345%	6.9190%
21/10/2024	198,297	-35,210	0	163,087	4.2654%	4.3816%
21/04/2025	198,297	0	0	198,297	5.1863%	5.3588%
16/10/2025	151,607	-27,454	0	124,153	3.2471%	3.3141%
21/10/2025	211,967	-27,454	0	184,513	4.8258%	4.9749%
16/04/2026	211,967	0	0	211,967	5.5438%	5.7413%

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
16/10/2026	205,675	-27,566	0	178,109	4.6583%	4.7971%
01/03/2027	205,675	0	0	205,675	5.3792%	5.5651%
03/07/2027	208,656	0	0	208,656	5.4572%	5.6485%
16/10/2027	261,819	0	0	261,819	6.8476%	7.1510%
01/05/2031	261,800	0	0	261,800	6.8471%	7.1505%
Yields Based On	Say Value + Acq.Costs					

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Tenants

<u>Tenant Name</u>	<u>Suite</u>	<u>Next Review</u>	<u>Earliest Termination</u>	<u>CAP Group</u>	<u>Method</u>	<u>Contracted Rent</u>	<u>Valuation Rent</u>	<u>Rental Value</u>	<u>Gross Value</u>	<u>Initial Yield</u>	<u>Initial Yield (Contracted)</u>	<u>Equivalent Yield</u>	<u>Reversionary Yield</u>
Car Park			15/10/2023	Car Park	Hardcore(6.5%)	10,500	10,500	10,500	161,538	6.5000%	6.5000%	6.5000%	6.5000%
Ultimate Finance			02/07/2027	Offices	Hardcore(6.5%)	44,707	44,707	47,688	720,550	6.2046%	6.2046%	6.5000%	6.6183%
Moorgarth Group Li			15/10/2026	Offices	Hardcore(6.5%)	61,200	61,200	53,163	804,389	7.6083%	7.6083%	6.5000%	6.6091%
Mackintosh James a			20/10/2024	Offices	Hardcore(6.5%)	55,372	55,372	60,360	854,650	6.4789%	6.4789%	6.5000%	7.0625%
Reward Finance Gro			15/10/2025	Offices	Hardcore(6.5%)	46,690	46,690	54,908	767,459	6.0837%	6.0837%	6.5000%	7.1545%
Peacock and Smith			30/04/2031	Offices	Hardcore(6.5%)	35,200	35,200	35,181	541,372	6.5020%	6.5020%	6.5000%	6.4984%

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - Car Park

Suite	Office		
Lease Type	Contract		
Lease Status	1y7m18d from 28/02/2022		
Lease	Expiring 15/10/2023		
Parent Tenure	Freehold		
Cap Group	Car Park		
Current Rent	10,500		
Rental Value	10,500		
Valuation Method	Hardcore(6.5%)	Froth	6.5%
Initial Yield (Valuation Rent)	6.5%		
Initial Yield (Contracted Rent)	6.5%		
Equivalent Yield	6.5%		
Reversionary Yield	6.5%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	1	7	18	Base Rent	10,500	0	0	10,500	6.5000%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
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Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 0 Mths	10,500	10,500	0	0	10,500	0	10,500	15.3846	1.0000	161,538
															161,538

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold

Tenant - Ultimate Finance

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	5y4m5d from 28/02/2022		
	Expiring 02/07/2027		
Parent Tenure	Freehold		
Cap Group	Offices		
Current Rent	44,707		
Rental Value	47,688		
Valuation Method	Hardcore(6.5%)	Froth	6.5%
Initial Yield (Valuation Rent)	6.2046%		
Initial Yield (Contracted Rent)	6.2046%		
Equivalent Yield	6.5%		
Reversionary Yield	6.6183%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	5	4	5	Base Rent	44,707	0	0	44,707	6.2046%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
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Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 0 Mths	44,707	47,688	0	0	44,707	0	44,707	15.3846	1.0000	687,800
03/07/2027	In Perp	Reversion (Hardcore)	6.5000%	4%,0%	5 Yrs 4 Mths	47,688	47,688	0	0	47,688	0	2,981	15.3846	0.7141	32,750
															720,550

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - Moorgarth Group Limited

Suite					
Lease Type	Office				
Lease Status	Contract				
Lease	4y7m18d from 28/02/2022				
	Expiring 15/10/2026				
Parent Tenure	Freehold				
Cap Group	Offices				
Current Rent	61,200				
Rental Value	53,163				
Valuation Method	Hardcore(6.5%)	Froth	6.5%		
Initial Yield (Valuation Rent)	7.6083%				
Initial Yield (Contracted Rent)	7.6083%				
Equivalent Yield	6.5%				
Reversionary Yield	6.6091%	Note: Based on Initial tenant Rent / Gross Tenant Value			

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	4	7	18	Base Rent	61,200	0	0	61,200	7.6083%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
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Revenue and Expenses

Label	Timing	Initial Annual Amount
Void Costs	From 16/10/2026 to 28/02/2027	-27,566

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 0 Mths	61,200	53,163	0	0	61,200	0	61,200	15.3846	1.0000	941,538
16/10/2026	0 Yrs 4 Mths	Void (Hardcore)	6.5000%	4%,0%	4 Yrs 7 Mths	0	53,163	-27,566	0	-27,566	0	-88,766	0.3611	0.7470	-23,943
01/03/2027	0 Yrs 1 Mnth	Void (Hardcore)	6.5000%	4%,0%	5 Yrs 0 Mths	0	53,163	0	0	0	0	-61,200	0.1201	0.7298	-5,363

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Start Date	<u>Valuation</u> Term	Slice Type	Yield	SF.Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	<u>Valuation</u> Rent	YP	PV	Gross Value
16/04/2027	0 Yrs 6 Mths	Reversion (Hardcore)	6.5000%	4%,0%	5 Yrs 1 Mnth	0	53,163	0	0	0	0	-61,200	0.4769	0.7237	-21,121
16/10/2027	In Perp	Adjustment (Hardcore)	6.5000%	4%,0%	5 Yrs 7 Mths	53,163	53,163	0	0	53,163	0	-8,037	15.3846	0.7014	-86,722
															804,389

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - Mackintosh James and Partners

Suite					
Lease Type	Office				
Lease Status	Contract				
Lease	2y7m23d from 28/02/2022				
	Expiring 20/10/2024				
Parent Tenure	Freehold				
Cap Group	Offices				
Current Rent	55,372				
Rental Value	60,360				
Valuation Method	Hardcore(6.5%)	Froth	6.5%		
Initial Yield (Valuation Rent)	6.4789%				
Initial Yield (Contracted Rent)	6.4789%				
Equivalent Yield	6.5%				
Reversionary Yield	7.0625%	Note: Based on Initial tenant Rent / Gross Tenant Value			

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	2	7	23	Base Rent	55,372	0	0	55,372	6.4789%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
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Revenue and Expenses

Label	Timing	Initial Annual Amount
Void Costs	From 21/10/2024 to 20/04/2025	-35,210

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 0 Mths	55,372	60,360	0	0	55,372	0	55,372	15.3846	1.0000	851,877
21/10/2024	0 Yrs 6 Mths	Void (Hardcore)	6.5000%	4%,0%	2 Yrs 7 Mths	0	60,360	-35,210	0	-35,210	0	-90,582	0.4769	0.8465	-36,565
21/04/2025	0 Yrs 6 Mths	Reversion (Hardcore)	6.5000%	4%,0%	3 Yrs 1 Mnth	0	60,360	0	0	0	0	-55,372	0.4769	0.8201	-21,655

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Start Date	Valuation Term	Slice Type	Yield	SF.Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
21/10/2025	In Perp	Adjustment (Hardcore)	6.5000%	4%,0%	3 Yrs 7 Mths	60,360	60,360	0	0	60,360	0	4,988	15.3846	0.7948	60,994
															854,650

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - Reward Finance Group Limited

Suite			
Lease Type	Office		
Lease Status	Contract		
Lease	3y7m18d from 28/02/2022		
	Expiring 15/10/2025		
Parent Tenure	Freehold		
Cap Group	Offices		
Current Rent	46,690		
Rental Value	54,908		
Valuation Method	Hardcore(6.5%)	Froth	6.5%
Initial Yield (Valuation Rent)	6.0837%		
Initial Yield (Contracted Rent)	6.0837%		
Equivalent Yield	6.5%		
Reversionary Yield	7.1545%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	3	7	18	Base Rent	46,690	0	0	46,690	6.0837%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
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Revenue and Expenses

Label	Timing	Initial Annual Amount
Void Costs	From 16/10/2025 to 15/04/2026	-27,454

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 0 Mths	46,690	54,908	0	0	46,690	0	46,690	15.3846	1.0000	718,308
16/10/2025	0 Yrs 6 Mths	Void (Hardcore)	6.5000%	4%,0%	3 Yrs 7 Mths	0	54,908	-27,454	0	-27,454	0	-74,144	0.4769	0.7955	-28,127
16/04/2026	0 Yrs 6 Mths	Reversion (Hardcore)	6.5000%	4%,0%	4 Yrs 1 Mnth	0	54,908	0	0	0	0	-46,690	0.4769	0.7707	-17,160

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Start Date	Valuation Term	Slice Type	Yield	SF.Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
16/10/2026	In Perp	Adjustment (Hardcore)	6.5000%	4%,0%	4 Yrs 7 Mths	54,908	54,908	0	0	54,908	0	8,218	15.3846	0.7470	94,439
															767,459

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 28/02/2022

Freehold
Tenant - Peacock and Smith

Suite	Office		
Lease Type	Contract		
Lease Status	9y2m3d from 28/02/2022		
Lease	Expiring 30/04/2031		
Parent Tenure	Freehold		
Cap Group	Offices		
Current Rent	35,200		
Rental Value	35,181		
Valuation Method	Hardcore(6.5%)	Froth	6.5%
Initial Yield (Valuation Rent)	6.502%		
Initial Yield (Contracted Rent)	6.502%		
Equivalent Yield	6.5%		
Reversionary Yield	6.4984%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
28/02/2022	9	2	3	Base Rent	35,200	0	0	35,200	6.5020%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value
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Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
28/02/2022	In Perp	Fixed	6.5000%	4%,0%	0 Yrs 0 Mths	35,200	35,181	0	0	35,200	0	35,200	15.3846	1.0000	541,538
01/05/2031	In Perp	Reversion (Hardcore)	6.5000%	4%,0%	9 Yrs 2 Mths	35,181	35,181	0	0	35,181	0	-19	15.3846	0.5611	-166
															541,372

Appendix 2

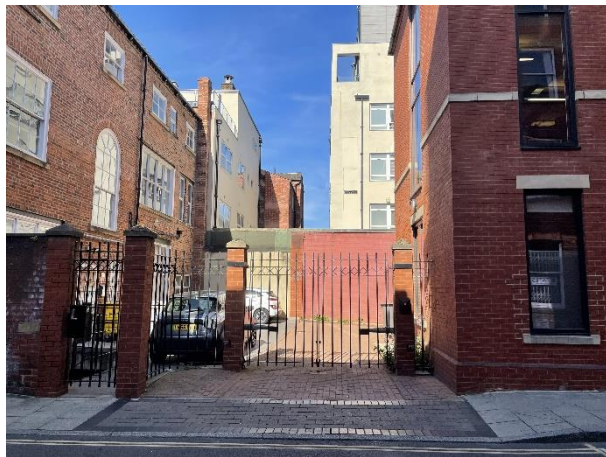
Photographs



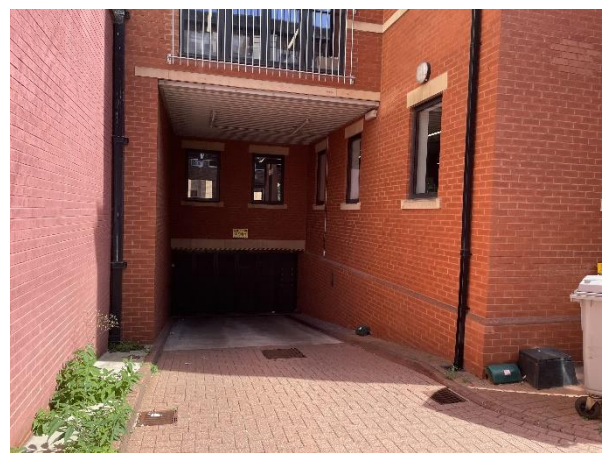
Front Elevation



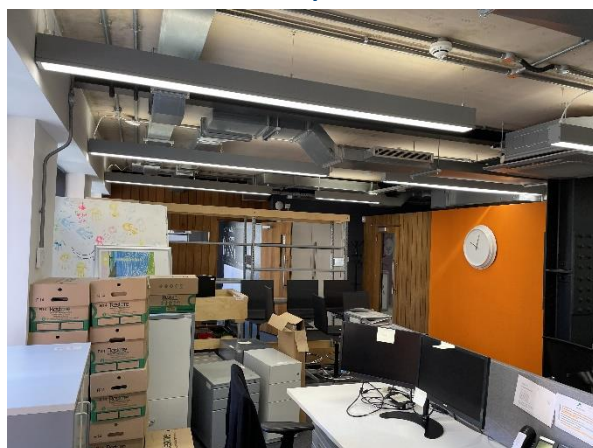
Side/Rear Elevation



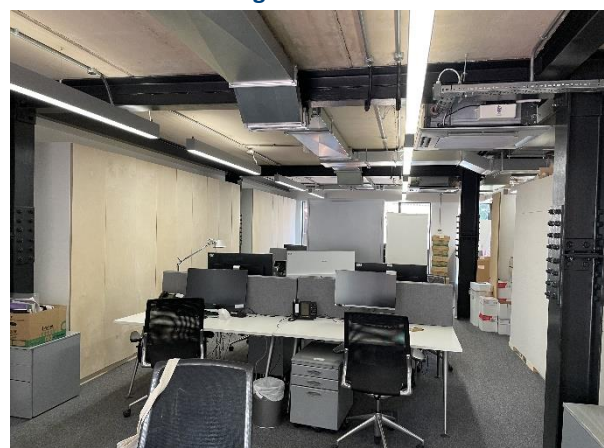
Courtyard



Underground Car Park



First Floor



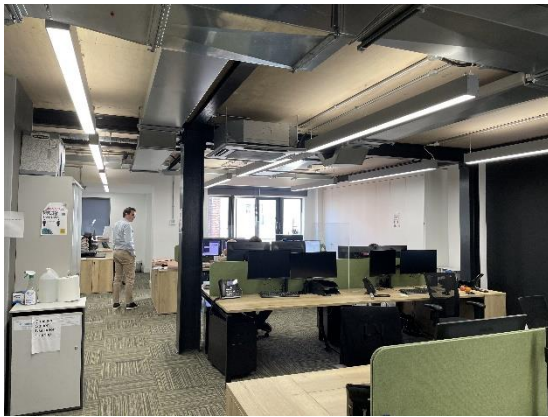
First Floor



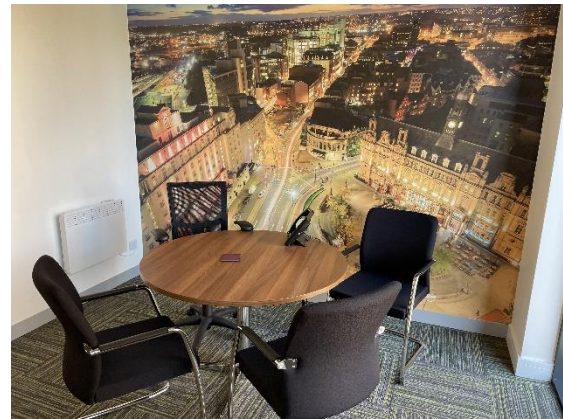
First Floor Meeting Room



First Floor View



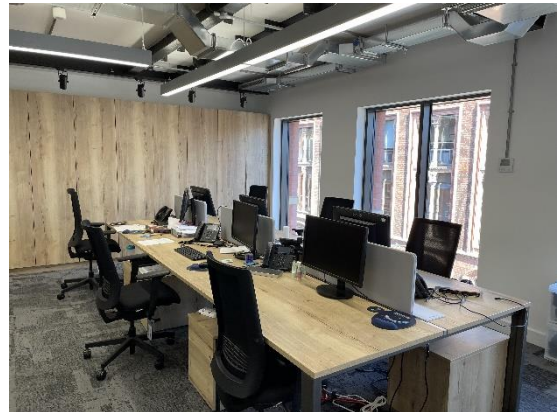
Second Floor Office



Second Floor Meeting Room



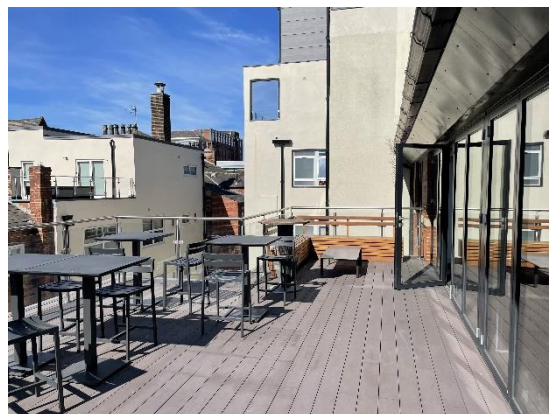
Third Floor Reception Area



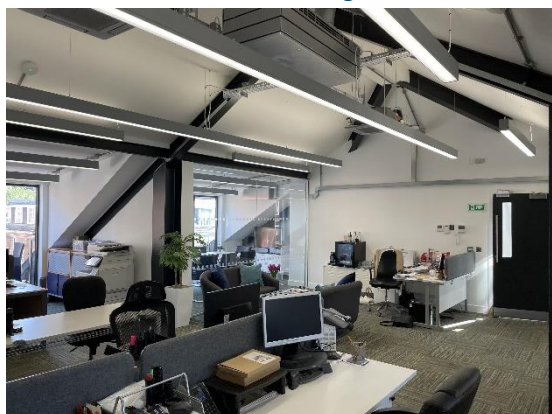
Third Floor Office



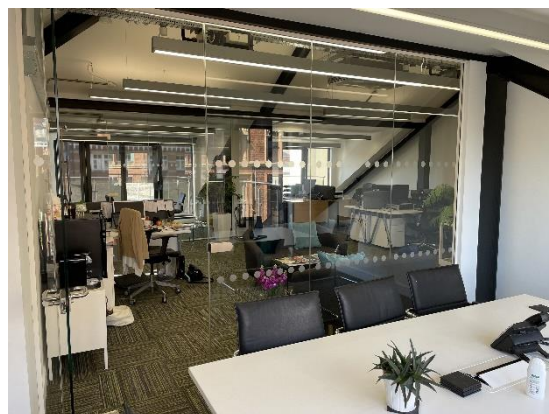
Third Floor Meeting Room



Third Floor Terrace



Fourth Floor Office



Fourth Floor Meeting Room



Fourth Floor Meeting Room



Fourth Floor Balcony

Appendix 3

Engagement Documents



Private and Confidential

24 June 2022

Moorgarth Group Limited
47 St. Pauls Street,
Leeds,
LS1 2TE

Dear Sirs,

Valuation: Loan Security
Assets: Portfolio of 14 Assets
Client: Moorgarth Group Limited

CONFIRMATION OF TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION ADVICE

Thank you for instructing Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd ("Duff & Phelps", "we" or "us") to act for Moorgarth Group Limited (the "Company", the 'Client', "you" or "yourselves") in connection with a valuation of the above Portfolio (the "Instruction", or the 'Engagement').

We are pleased to provide you with details of our services and fees and we enclose our General Terms and Conditions of Business (the "General Terms") and our General Principals Adopted in the preparation of Valuations and Reports (our "General Assumptions") which, together with this letter (the "Letter of Engagement") will form the agreement in respect of our appointment.

Please read this letter and the enclosures carefully to ensure they accord with your instructions. To the extent that there is a conflict or inconsistency between this engagement letter, the General Terms or any Letter of Engagement from yourselves, this Engagement Letter will prevail.

RICS Compliance

Our valuation will be undertaken in accordance with RICS Valuation – Global Standards 2020 (the "Standards", or the "RICS Red Book"), which incorporate the International Valuation Standards, and the RICS UK National Supplement effective from January 2019. References to "the Red Book" refer to either or both of these documents, as applicable.

There are no departures unless identified below.

In addition, and in accordance with the requirements of the Standards, in particular Valuation Practice Statement 1 of the Red Book, we confirm the following

- a. Identification and status of the Valuer

- (i) We confirm that we are not aware of any conflicts of interest, either with yourselves or the properties, preventing us from providing you with an independent valuation of the property in accordance with the RICS Red Book.
 - (ii) We therefore confirm that we will undertake the valuations acting as External Valuers as defined in the Standards.
 - (iii) You accept however that Duff & Phelps provides a range of professional services to clients and that there are occasions where conflicts of interest may not be identified. You therefore undertake to notify Duff & Phelps promptly of any conflict or potential conflict of interest relating to the provision of the Services of which you are, or become, aware.
 - (iv) Where a conflict or potential conflict is identified by either party and Duff & Phelps believes that your interests can be properly safeguarded by the implementation of appropriate procedures, we will discuss and seek to agree such procedures with you.
 - (v) The due diligence enquiries and report preparation will be undertaken by Mark Whittingham MRICS (Managing Director), Emily Brownlow MRICS (Vice President), Alex Smith MRICS (Vice President) and Dan Worrall (Senior Associate).
 - (vi) We confirm that the valuers have sufficient current local and national knowledge of the particular property markets involved and have the skills and understanding to undertake the valuation competently. The Valuers are registered in accordance with the RICS Valuer Registration Scheme.
 - (vii) Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.
 - (vii) For the avoidance of doubt, the Valuers shall have no personal liability to you in respect of the Engagement. All rights and obligations in respect of the Engagement are owed to or by us.
- b. Identification of the client and other related parties
- (i) The client is the addressee of this letter. We will address our report to Moorgarth Group Limited.
 - (ii) We would not extend liability or reliance to any other party other than by prior agreement. If we extend our liability to any other parties, we may seek to charge an additional fee and this extension would be on the basis that the other parties will be subject to the terms of our instructions including our liability cap. That is the case even if any such party has paid some or all of our fees. For the avoidance of doubt, all relying parties shall be bound by the same liability exclusions and limitations, and that our liability shall be no greater as a result of extending reliance to additional parties.
- c. Purpose of the Valuation
- (ii) The Valuation is required for Loan Security. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility

or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at sub-paragraph (j) below.

d. Identification of the asset or liability to be valued

(i) The Properties addresses are:

- 71-73 Carter Lane, London
- Avon View Apartments, Clapham, London
- Brodricks Building, Cockridge Street, Leeds
- Tagwright House, Shoreditch, London
- 140 High Street, Bromsgrove, Birmingham
- Ogden Road, Doncaster
- Bitterne Precinct, Southampton
- St Catherine's Retail Park, South Perth, Scotland
- Central House, 47 St Paul's St, London
- 128 Wigmore Street, London
- 175-185 Gray's Inn Road, London
- 13/14 Park Place, Leeds
- Parkgate Centre, Shirley, Birmingham
- 24-25 Lime Street, London

(ii) The interests are freehold. The Properties will be valued subject to the occupational leases, details to be confirmed in our Report.

(iii) The interests to be valued are held for investment purposes.

e. Basis of Value

We have discussed the basis of valuation which you require, and our understanding is that we are to provide our opinion of value as follows:

- Market Value
- Market Rent;
- Market Value on the Special Assumption of Vacant Possession;

The definition of Market Value and Market Rent are set out at appendix 2.

The basis of valuation adopted and the purpose of our Report may not be appropriate for other purposes, so the Report and Valuations should not be relied upon for any other purpose without prior consultation with us.

f. Valuation date

The Valuation date is the date of our report.

You will appreciate that in providing you with our Valuation, we shall have regard to market conditions as at the Valuation date. Naturally, these are subject to change and it is therefore important that the Addressees take account of any such change in conditions that may occur from the Valuation date before making any binding decision in relation to the Property. Please do not hesitate to contact us ahead of making any binding decision which takes account of our Valuation if you have any concerns in this respect.

g. Extent of investigation

We will carry out an inspection of the Property and investigations to the extent necessary to undertake the Valuation. We will not carry out a structural survey or test the services and nor will we inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.

h. You have agreed we are to assume .

- The floor areas provided are correct.
- Good clean marketable title for each interest valued.
- The tenancy schedule and floor plans provided is correct.
- Full statutory compliance unless issues referred to documents provided or specifically advised by yourselves.
- There are no environmental issues that could have an adverse effect on value unless specifically advised.

(ii) To the extent that you have provided us with information and / or instructed us to obtain it from a third party you agree, unless it is otherwise agreed by us in writing, that we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.

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

(iv) We will not make formal searches with local planning authorities but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.

(v) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any other third party or from the Land Registry or any database to which we subscribe. We will highlight in our report where we have relied on such information.

i. Assumptions and Special Assumptions

(i) Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached in Appendix 3.

(i) If any Special Assumptions are made, these will be discussed and agreed with you in advance and again these will be clearly stated in the text of the valuation report.

(ii) The full extent of our due diligence enquiries and the sources of the information we rely upon for the purpose of our valuation will be clearly stated in our final Valuation Certificate and in the relevant sections of our Report. In the event that any of our assumptions are found to be incorrect, our valuations should not be used, whether for the intended information purposes or otherwise, until it has been reviewed by us in the light of that additional information. In the event that certain information is not provided, it may be necessary for us to make further assumptions.

j. Restrictions on use, distribution or publication

- (i) Our report shall be confidential to, and for the use only of, the Addressee(s) and no responsibility shall be accepted to any third party for the whole or any part of its contents.
 - (ii) Our Report may not be discussed to any third parties without such parties signing a release letter prior to being sent our report. As detailed above, we will not be extending liability or reliance to any such party unless otherwise agreed by us.
 - (iii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion).
 - (iv) Where any Addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties, if this is not done or we do not agree to be responsible to further name parties, we shall have no responsibility to any party other than the Addressee(s).
- k. Confirmation that the Valuation will be undertaken in accordance with the International Valuation Standards (IVS)
 - (i) We confirm that our Valuation will be carried out in compliance with the IVS.
- l. Description of Report
 - (i) As part of the Engagement, we will provide you with individual narrative reports (each a "Report") for the Properties. The Reports will be prepared in accordance with the RICS Valuation - Global Standards 2017, and will meet the requirements of VPS 3, Valuation Reports, which sets out the mandatory minimum terms of reporting and includes all the matters addressed in this confirmation of instruction letter.
 - (ii) The Reports will include descriptions of the subject property and location; detailed market commentary, leasing and investment comparable evidence, together with details of our investment rationale, and any other supporting exhibits containing calculations leading to our valuation conclusion.
 - (iii) As agreed, we will provide a full draft valuation within two weeks of receipt of all information.
- m. The basis on which the fee will be calculated
 - (i) A breakdown of the agreed fees for the provision of the Valuation is attached at Appendix 1b. These fees are plus VAT and payable in pounds sterling. Unless otherwise agreed in writing, all reasonable expenses incurred will be added to the agreed fee. Such expenses shall include (but not be limited to) the cost of travelling, photography, plans, artwork for preparation of Report appendices, town planning documents, copying charges, faxes, couriers and subsistence.
 - (ii) Our agreed fee and any expenses, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by you to us within 30 days of us issuing you with a valid VAT invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above Barclays Bank base rate for payment.

- (iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.
 - (iv) If we are asked to undertake additional work, for example provide additional scenarios, additional due diligence or re-do work because of delays, we will charge an additional fee based on an hourly charge.
 - (v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.
 - (vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid
 - (vii) Our fee account will be addressed to the addressee of our report unless otherwise agreed.
- n. complaints handling procedure
- (xii) Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd is registered for regulation by the RICS and a copy of our client complaints handling procedure can be made available to you on request.
- o. Monitoring under RICS conduct and disciplinary regulations.
- (xiii) Compliance with the standards set down in the RICS Red Book may be subject to monitoring by the RICS under its conduct and disciplinary regulations.

Valuation Approach

We will consider the following approaches when estimating Market Value: The Income Approach, the Market Approach, and the Net Underlying Assets Approach.

- Income Approach: The Income Approach is a valuation technique that provides an estimation of the Fair Market Value of a business/asset based on the cash flows that a business/asset can be expected to generate in the future. The Income Approach begins with an estimation of the annual cash flows a hypothetical buyer would expect the subject business/asset to generate over a discrete projection period. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows. The present value of the estimated cash flows are then added to the present value equivalent of the residual value of the business/asset at the end of the discrete projection period to arrive at an estimate of Fair Market Value.
- Market Approach: The Market Approach is a valuation technique that provides an estimation of Fair Market Value based on market prices in actual transactions and on asking prices for businesses/assets. The valuation process is a comparison and correlation between the subject business/assets and other similar businesses/assets. Considerations such as time and condition of sale and terms of agreements are analyzed for comparable businesses/assets and are adjusted to arrive at an estimation of the Fair Market Value of the subject business/assets.
- Net Underlying Assets Approach: The Net Underlying Assets Approach indicates the Fair Market Value of the equity of a business by adjusting the asset and liability balances on the subject

company's balance sheet to their Fair Market Value equivalents.

Procedures

Our analysis will be performed in accordance with the guidelines set forth by the Valuation Standards. The procedures that we will follow will likely include, but will not be limited to, the following:

- Analysis of conditions in, and the economic outlook for, the relevant industries;
- Analysis of general market data, including economic, governmental, and environmental forces;
- Discussions with Management concerning the history, current state, and expected future performance of the real estate assets;
- Valuation of the Subject Real Properties, utilising standard and accepted appraisal methodology; we anticipate that the scope of Services will include the following:
 - We will review the market by means of publications to measure current market conditions, supply and demand factors, and growth patterns to determine their effect on the Subject Real Properties;
 - We will conduct a personal site inspection of each Subject Real Property;
 - We will not be measuring the Subject Real Properties, but instead will rely on the floor areas provided.
 - We will complete the Sales Comparison Approach for vacant land parcels;
 - We will complete the Income Capitalization Approach using either a discounted cash flow methodology or direct capitalization analysis; and
 - We reconcile the value indications from the Sales Comparison and Income Capitalization approaches, where applicable, and conclude upon a point estimate.

Liability

We confirm that Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd holds Professional Indemnity Insurance in respect of the service provided, on a per claim basis, and subject to the liability cap (Paragraph 12, sub paragraph 12.2). The indemnity is for the sole use of Moorgarth Group Limited and is confidential to it. We accept no responsibility to any other party.

For further details we refer to Paragraph 12 of our Standard Terms of Business (attached) headed "Exclusions and limitation of liability", the wording of which will apply for this instruction.

Reliance

As stated above, we accept responsibility for our Report only to the addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to

extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

Sub-contracting

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

Confidentiality

We undertake to keep in the strictest confidence all information which will be disclosed to us by yourselves, and any other confidential information which we obtain in connection with this valuation project. We shall restrict disclosure of such confidential material to our personnel directly engaged in providing this work and shall ensure that all such personnel are subject to obligations of confidentiality corresponding to those which bind us.

For the avoidance of doubt, the valuer may use such information to the extent reasonably required in providing the valuations. The valuer may disclose such information if it is required to do so by law, regulation or other competent authority.

All confidential information will be held by us in safe custody at our own risk and maintained and kept safe by us. It shall not be disposed of or used other than in accordance with your written instructions or authorisation.

We shall not make public that fact that we are acting for yourselves except with your written consent.

Data Protection

We acknowledge that some information provided to us by yourselves may constitute 'personal data' for the purposes of the Data Protection Act 1998 ('DPA'). We shall at times comply with the requirements of the DPA and at all times comply with the Client's instructions in relation to such personal data.

Acknowledgement and Acceptance

This letter and attachments constitutes our Terms of Engagement, and we trust they meet with your approval. If the scope and terms of the Engagement Letter and the attached Terms and Conditions are acceptable, please acknowledge your acceptance by signing the confirmation below and returning this Engagement Letter to us via email. Pending receipt of your written confirmation we will provide the Services on the basis that the terms of this letter and the Terms and Conditions are agreed. Please be aware that your continuing instructions in relation to this matter will amount to your acceptance of the terms of the Engagement. If there is any matter that requires clarification please do not hesitate to contact me.

Finally, many thanks for your instructions.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M Whittingham', followed by a long horizontal flourish.

By: Mark Whittingham MRICS
Managing Director
Kroll Advisory Ltd
Copy to: Mark Whittingham, Kroll

ENCs:

Appendix 1 – Basis of Valuation – definitions.
Appendix 2 - General Principles adopted for the preparation of Valuations and Reports.
Appendix 3 – Kroll Advisory Ltd Standard Terms of Business.

Confirmation of Terms of Engagement

Re: Engagement Letter for Valuation Services in Connection Wilmington Grove, Sheepscar, Leeds and Westbourne Centre, Barrhead, East Renfrewshire

Having read this Engagement Letter and the attached Terms and Conditions, I acknowledge acceptance of and agree to engage Duff & Phelps in accordance with the terms and provisions of this Engagement Letter and the attached Terms and Conditions.

Moorgarth Group Limited

By: _____

A handwritten signature in black ink, consisting of a stylized 'M' followed by a large, sweeping flourish that extends to the right and then loops back down.

Date: 09.08.2022 .

APPENDIX 1a: LIST OF PROPERTIES AND PROPERTY COMPANIES

Property	City	Asset Class	Owner
71-73 Carter Lane, London	London	Office	Moorgarth Living Limited
Avon View Apartments, Clapham	London	Residential	Wandle Point Limited
Brodricks Building, Cookridge St, Leeds	Leeds	Office	Moorgarth Maple Limited
Tagwright House, Shoreditch	London	Mixed - Office / Resi	Inception Living Sarl
140 High Street Bromsgrove	Birmingham	Retail	Moorgarth Properties (Lux) Sarl
Ogden Road, Doncaster	Doncaster	Mixed	Moorgarth Properties (Lux) Sarl
Bitterne Precinct, Southampton	Southampton	Retail	Moorgarth Properties (Lux) Sarl
St Catherines Retail Park (South) Perth	Perth, Scotland	Retail	Moorgarth Properties (Lux) Sarl
Central House, 47 St Pauls St, Leeds	Leeds	Office	Moorgarth Properties (Lux) Sarl
128 Wigmore St, London	London	Office	Moorgarth Properties (Lux) Sarl
175-185 Grays Inn Road, London	London	Office	Moorgarth Properties (Lux) Sarl
13/14 Park Place, Leeds	Leeds	Office	Moorgarth Properties (Lux) Sarl
Parkgate Centre, Shirley	Birmingham	Retail	Moolmoor Investments Limited
25-26 Lime Street	London	Office	London Office Sarl

APPENDIX 1b: LIST OF LIST OF ASSETS AND FEES

Property	City	Fee
71-73 Carter Lane, London	London	£12,000
Avon View Apartments, Clapham	London	£10,000
Brodricks Building, Cookridge St, Leeds	Leeds	£7,500
Tagwright House, Shoreditch	London	£12,000
140 High Street Bromsgrove	Birmingham	£5,000
Ogden Road, Doncaster	Doncaster	£7,500
Bitterne Precinct, Southampton	Southampton	£7,500
St Catherines Retail Park (South) Perth	Perth, Scotland	£12,000
Central House, 47 St Pauls St, Leeds	Leeds	£7,500
128 Wigmore St, London	London	£7,500
175-185 Grays Inn Road, London	London	£12,000
13/14 Park Place, Leeds	Leeds	£5,000
Parkgate Centre, Shirley	Birmingham	£12,000
25-26 Lime Street	London	£7,500
		£125,000

APPENDIX 2: BASIS OF VALUATION – DEFINITIONS

Depreciated Replacement Cost: The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

Existing Use 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 acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

Fair Value: Valuations based on Fair Value will adopt one of two definitions — depending upon the purpose, namely:

The International Valuation Standard's 2013 definition: *The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties, or*

The International Financial Reporting Standard's 2013 definition: *The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.*

Gross development value (GDV) - The aggregate Market Value of the proposed development assessed on the special assumption that the development is complete as at the Valuation date in the market conditions prevailing at that date.

Investment value: Investment value is the value of an asset to the owner or prospective owner for individual investment or operational purposes.

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

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.*

Discount rate: is a rate of return used to convert a future monetary sum or cash flow into present value, (IVSC).

Initial Yield or Cap Rate: is the initial immediate return of the property at the stated valuation/price based on the present income the property produces. Calculated by reference to current passing rent divided by the Gross Value before deduction of purchase costs.

APPENDIX 3 - GENERAL PRINCIPLES ADOPTED IN THE PREPARATION OF VALUATIONS AND REPORTS

Unless otherwise agreed in writing, our Valuation will be carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event we reserve the right to revisit our calculations.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.
2. That we have been supplied with all information likely to have an effect on the value of the Property, and that the information supplied to us and summarised in this Report is both complete and correct.
3. That the building has been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.
4. That the Property is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice.
5. That the building is structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair. Our inspection of the Property and our Report do not constitute a building survey or any warranty as to the state of repair of the Property.
6. That the Property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like. We have not carried out any investigations into these matters.
8. That the Property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
9. That any tenants are capable of meeting their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.
10. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and Country Planning (Assessment of Environmental Effects) Regulations 1988, that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.

11. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
12. Our Valuation will be exclusive of VAT (if applicable).
13. No allowance will be made for any expenses of realisation.
14. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
15. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.
16. In the case of a Property where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property in either of these scenarios.
17. No allowance will be been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.
18. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which Duff and Phelps subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct

APPENDIX 3: TERMS AND CONDITIONS

Duff & Phelps, A Kroll Business operating as Kroll Advisory Ltd. (“Duff & Phelps” or “we” or “us”)

The following are the terms and conditions (the “Terms and Conditions”) on which we will provide the Services set forth in the Engagement Letter. Together, these Terms and Conditions and the Engagement Letter are referred to as the “Contract”, which forms the entire agreement between Duff & Phelps and you relating to the Services.

1 Fees

- 1.1 Our invoices are payable upon receipt by the Company or its solicitor, agent or representative. If we do not receive payment of any invoice within forty-five (45) days of the invoice date, we shall be entitled, without prejudice to any other rights that we may have, to suspend provision of the Services until all sums due are paid in full.
- 1.2 If any amounts payable hereunder are not paid within thirty (30) days, such amounts shall accrue interest at a rate equal to two percent (2%) per month. In the event that we are required to initiate legal proceedings or instruct legal representatives or collection agents to collect any overdue amounts, in addition to any other rights and remedies available to us, we shall be entitled to reimbursement in full of all costs and disbursements incurred in doing so.
- 1.3 Where the Report is for loan security purposes and we agree to accept payment of our fee from the borrower, the fee remains due from you until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.
- 1.4 We have no responsibility to update any Report, analysis or any other document relating to this Engagement for any events or circumstances occurring subsequent to the date of such Report, analysis or other document. Any such subsequent consultations or work shall be subject to arrangements at our then standard fees plus VAT and expenses.
- 1.5 Either party may request changes to the Services. We shall work with you to consider and, if appropriate, to vary any aspect of the Engagement, subject to payment of reasonable additional fees and a reasonable additional period to provide any additional or more extensive services.

2 Limitation of liability

- 2.1 Duff & Phelps total aggregate liability to you (or any person claiming through you) arising under or in connection with this Contract for any loss or damage suffered by you as a direct result of the breach of this Agreement or non-performance no matter how fundamental (including by reason of negligence or breach of statutory duty) in contract, tort or otherwise shall be limited in all circumstances in the aggregate to (a) £100,000 or (b) the total professional fees paid by you to us under this Contract for the one year period preceding the date on which the claim arose. This amount is an aggregate cap on our liability to you and all addressees and relying parties together.
- 2.2 We shall not be liable to you whether in contract, tort (including negligence), for breach of statutory duty, or otherwise, arising under or in connection with our provision of the Services for:
 - a. any loss or damage suffered by you where such damage or loss resulted from incomplete, inaccurate or erroneous information or instructions provided or made available to us by you or by any third party acting on your behalf including the provision to us of the same upon which any Special Assumptions are based; or your or others’ failure to supply any appropriate

information or your failure to act on our advice or respond promptly to communications from us or other relevant authorities; or

- b. in any event, any loss of profits, account of profits, loss of revenue sale or business, loss of turnover, loss of agreements or contracts, loss of or damage to goodwill, loss or damage to reputation, loss of customers, or liability in relation to any other contract you may have entered into or any indirect or consequential loss or damage.
- 2.3 If you suffer loss as a direct result of our breach of contract or negligence, our liability shall be limited first to clause 12.1 above and thereafter to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. In particular, our liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause.
 - 2.4 You accept and acknowledge that any legal proceedings arising from or in connection with this Contract (or any variation or addition thereto) must be commenced within one (1) year from the date when you become aware of or ought reasonably to have become aware of the facts, which give rise to our alleged liability. You also agree that no action or claims will be brought against any Duff & Phelps employees personally.
 - 2.5 You agree to indemnify and hold harmless Duff & Phelps, its affiliates and their respective employees from and against any and all third party claims, liabilities, losses, costs, demands and reasonable expenses, including but not limited to reasonable legal fees and expenses, internal management time and administrative costs, relating to Services we render under this Contract or otherwise arising under this Contract. The foregoing indemnification obligations shall not apply in the event that a court of competent jurisdiction finally determines that such claims resulted directly from the gross negligence, willful misconduct or fraudulent acts of Duff & Phelps.
 - 2.6 You accept and acknowledge that we have not made any warranties or guarantees, whether express or implied, with respect to the Services or the results that you may obtain as a result of the provision of the Services.
 - 2.7 Except for your payment obligations, neither of us will be liable to the other for any delay or failure to fulfill obligations caused by circumstances outside our reasonable control.
 - 2.8 This Contract constitutes the entire agreement between the parties hereto regarding the subject matter hereof and supersedes any prior agreements (whether written or oral) between the parties regarding the subject matter hereof. This Contract may be executed in any number of counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument.
 - 2.9 This Contract shall be governed by and interpreted in accordance with the internal laws of England and Wales and the courts of England and Wales shall have exclusive jurisdiction in relation to any claim arising out of this Contract.

3 Termination

- 3.1 Either party may terminate this Contract in the event that the other party has breached any material provision of this contract and such breach has not been cured within ten (10) days after receipt of written notice from the then non-breaching party.
- 3.2 Upon termination of this Contract, each party shall, upon written request from the other, return to the other all property and documentation of the other that is in its possession, except that we shall be

entitled to retain one copy of such documents in order to maintain a professional record of our involvement in the Engagement, subject to our continuing confidentiality obligations hereunder.

- 3.3 The provisions included within “Fees”, “Preservation of Confidential Information” and “Limitation of Liability” shall survive the termination or expiration of this Contract.

4 Valuation Work Products and Report

- 4.1 Any advice given or Report issued by us is provided solely for your use and benefit and only in connection with the Services that are provided hereunder. Except as required by law, you shall not provide such Report to any third party, except that it may be provided to the Company’s independent auditors.
- 4.2 Without prejudice to the foregoing:
- 4.2.1 you shall not refer to us either directly by name or indirectly as an independent valuation service provider (or by any other indirect reference or description), or to the Services, the Report or the Valuation, in any public filing or other document, without our prior written consent, which we may at our discretion grant, withhold, or grant subject to conditions;
 - 4.2.2 our Report, when prepared for a tax reporting/planning purpose as stated in our Engagement Letter and/or Report, may be submitted to your tax counsel, tax advisers, and/or the tax authority if such Report submission is directly related to the stated tax reporting/planning purpose; and
 - 4.2.3 you agree to provide us with prior notice of, and the opportunity to participate in, any discussion, negotiation or settlement with the tax authority, to the extent that such discussion, negotiation or settlement could have a material effect on us or our estimate of the Market Value. In no event, regardless of whether consent or pre-approval has been provided, shall we assume any responsibility to any third party to which any advice or Report is disclosed or otherwise made available.
- 4.3 It is understood and agreed that the final Report resulting from this Engagement shall remain your property. To the extent that Duff & Phelps utilises any of its property (including, without limitation, any hardware or software) in connection with this Engagement, such property shall remain the property of Duff & Phelps, and you shall not acquire any right or interest in such property or in any partially completed Report.
- 4.4 Similarly, our file and working papers will at all times remain our property. Unless agreed otherwise, we will retain such documents for seven years following the completion of the Engagement and will destroy them thereafter.
- 4.5 We shall have ownership (including, without limitation, copyright and intellectual property ownership) and all rights to use and disclose our ideas, concepts, know-how, methods, techniques, processes and skills, and adaptations thereof in conducting our business (collectively, “Know-How”) regardless of whether such Know-How is incorporated in any way in the final Report.
- 4.6 Save as set out above or unless expressly agreed in writing, all intellectual property rights in all reports, drawings, accounts and other documentation created, prepared or produced by us in relation to the Engagement belongs to us.

- 4.7 Any analyses we perform should not be taken to supplant any procedures that you should undertake in your consideration of the transaction contemplated in connection with this engagement or any other past present or future transaction.
- 4.8 By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgment.

5 Confidentiality and restrictions on use

- 5.1 Our Report shall be confidential to, and for the use only of Moorgarth Group Limited. The Report shall not be disclosed to any third party (except as required by law or regulation).
- 5.2 We will keep confidential all confidential information which will be disclosed to us by you, and any other confidential information which we obtain in connection with the Valuation. We shall restrict disclosure of such confidential material to our personnel directly engaged in providing this work and shall ensure that all such personnel are subject to obligations of confidentiality corresponding to those which bind you.
- 5.3 For the avoidance of doubt, we may use such confidential information to the extent reasonably required in providing the Valuations. We may also disclose such information if required to do so by law, regulation or other competent authority.
- 5.4 Neither party will disclose to any third party without the prior written consent of the other party any confidential information which is received from the other party for the purposes of providing or receiving the Services which if disclosed in tangible form is marked confidential or if disclosed otherwise is confirmed in writing as being confidential or, if disclosed in tangible form or otherwise, is manifestly confidential. Both of us agree that any confidential information received from the other party shall only be used for the purposes of providing or receiving the Services under this or any other contract between us.
- 5.5 These restrictions will not apply to any information which: (i) is or becomes generally available to the public other than as a result of a breach of an obligation by the receiving party; (ii) is acquired from a third party who owes no obligation of confidence with respect to the information; or (iii) is or has been independently developed by the recipient.
- 5.6 Notwithstanding the foregoing, either party will be entitled to disclose confidential information of the other (i) to our respective insurers or professional advisors, or (ii) to a third party to the extent that this is required, by any court of competent jurisdiction, or by a governmental or regulatory authority or where there is a legal right, duty or requirement to disclose, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than two (2) business days' notice in writing is first given to the other party.

6 Investment services

- 6.1 We are not authorised by the Financial Conduct Authority to conduct investment business and we will not offer any investment advice as part of this engagement.

7 Commissions or other benefits

- 7.1 Commissions or other benefits may sometimes become payable to us in respect of introductions to other professionals or transactions we arrange for you, in which case you will be notified in writing of the amount, the terms of payment and receipt of any such commissions or benefits. You consent to

such commissions or other benefits being retained by us without our being liable to account to you for any such amounts.

8 General Data Protection Regulation

- 8.1 Duff & Phelps will be the processor and you will be the controller of any personal data that you may provide to Duff & Phelps in connection with the services agreed under this engagement letter. Duff & Phelps will process such personal data solely to the extent required to perform such services or as otherwise required by law or regulation. You represent that you are in compliance with any applicable data privacy regulations in connection with provision of such personal data.
- 8.2 We may obtain, use, process and disclose personal data about you or certain individuals in order that we may discharge the services agreed under this engagement letter, and for other related purposes including updating and enhancing client records, analysis for management purposes and statutory returns, crime prevention and legal and regulatory compliance.
- 8.3 Any such individual has a right of access, under data protection legislation, to the personal data that we hold about such individual. You confirm that, where appropriate to do so, you will inform any individuals whose information has been disclosed to us and advise them to contact us if they require details of personal data relating to them held by us.
- 8.4 We confirm that when processing data on your or any individual's behalf we will comply with any data privacy regulations in connection with its provision of such personal data. We will not, without consent (a) process any personal data for any purpose other than the provision of the services agreed under this engagement letter; or (b) provide any personal data to any third party (other than affiliates and/or sub-contractors for the purpose of performance of the services agreed under this engagement letter), except where we are required to do so by operation of law or regulation.
- 8.5 Our privacy statement explaining how we process personal data can be accessed on our website at www.duffandphelps.com/privacy. A paper copy can be provided on request.

9 Help us to give you the right service

- 9.1 If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please let us know.
- 9.2 Duff & Phelps has formal procedures for dealing with complaints and these should be sent to the Vice President in charge of Technical and Compliance by email to london@duffandphelps.com, or by post to The Shard, 32 London Bridge Street, London SE1 9SG (Telephone 020 7089 4700). We will endeavour to deal with any complaint within ten working days of their being received, by way of rectification, apology or explanation.

10 Applicable law

- 10.1 This Contract is governed by, and construed in accordance with, English law. The Courts of England will have exclusive jurisdiction in relation to any claim, dispute or difference concerning this Contract and any matter arising from it. Each party irrevocably waives any right it may have to object to any action being brought in those courts, to claim that the action has been brought in an inappropriate forum, or to claim that those courts do not have jurisdiction.

11 Internet communication

- 11.1 Internet communications are capable of data corruption and therefore we do not accept any responsibility for changes made to such communications after their dispatch. It may therefore be inappropriate to rely on advice contained in an e-mail without obtaining confirmation of it. We do not accept responsibility for any errors or problems that may arise through the use of internet communication and all risks connected with sending commercially sensitive information relating to your business are borne by you. If you do not agree to accept this risk, you should notify us in writing that e-mail is not an acceptable means of communication.
- 11.2 It is the responsibility of the recipient to carry out a virus check on any attachments received.

12 Contracts (Rights of Third Parties) Act 1999

- 12.1 Persons who are not party to this agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement. This clause does not affect any right or remedy of any person, which exists or is available otherwise than pursuant to that Act.
- 12.2 The advice that we give to you is for your sole use and does not constitute advice to any third party to whom you may communicate it. We accept no responsibility to third parties for any aspect of our professional services or work that is made available to them.

13 Money laundering

- 13.1 We have a duty to report to the National Crime Agency ("NCA") if we know, or have reasonable cause to suspect, that you, or anyone connected with your business, are or have been involved in money laundering. Failure on our part to make a report where we have knowledge or reasonable grounds for suspicion would constitute a criminal offence.
- 13.2 We are obliged by law to report any instances of money laundering to NCA without your knowledge or consent. In fact, we may commit the criminal offence of tipping off under the Proceeds of Crime Act if we were to inform you that a report had been made. We will not therefore enter into any correspondence or discussions with you or anyone connected with your business regarding such matters.
- 13.3 Electronic identity verification checks will be conducted using the services of a third party provider.

14 Other Terms and Provisions

- 14.1 Except for your payment obligations, neither of us will be liable to the other for any delay or failure to fulfil obligations caused by circumstances outside our reasonable control.
- 14.2 This Contract constitutes the entire agreement between the parties hereto regarding the subject matter hereof and supersedes any prior agreements (whether written or oral) between the parties regarding the subject matter hereof. This Contract may be executed in any number of counterparts each of which shall be an original, but all of which together shall constitute one and the same instrument.

15 Provision of Services Regulations 2009

- 15.1 Information required under section 8 of the Provision of Services Regulations 2009 can be found at <https://www.duffandphelps.co.uk/provision-of-services-regulation-2009>.