

REPORT AND VALUATION

Of the

Land at Wilmington Grove, Sheepscar, Leeds, LS7 2BQ

As of

6 July 2022

Prepared for

**Moorgarth Property Investments Limited
47 St. Pauls Street
Leeds
LS1 2TE**

Prepared by

**Kroll Advisory Ltd
Real Estate Advisory Group**

Private and Confidential

04 August 2022

Moorgarth Property Investments Limited
47 St. Pauls Street
Leeds
LS1 2TE

Direct line 0207 089 4898
markwhittingham@duffandphelps.com

Dear Sirs

Addressee: Moorgarth Property Investments Limited
47 St. Pauls Street
Leeds
LS1 2TE

The Property: Land at Wilmington Grove, Sheepscar, Leeds, LS7 2BQ (the "Property")

Ownership Purpose: Investment and Future Development

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: 6 July 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 2020 (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 6 July 2022 specifically for this valuation.

Personnel: The valuation has been prepared by Mark Whittingham MRICS (Managing Director), Alex Smith (Vice President) and Dan Worrall MRICS (Senior Associate).

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 2020 and are RICS Registered Valuers.

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: 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.

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.

Variation from Standard Assumptions: None.

Special Assumptions: We have made no special assumptions.

Sources of Information: 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.

We have not measured the premises and have relied on the floor areas provided.

We have been provided with the following documents, which we have relied upon:

- Lease between Moorgarth Property Investments Limited and Vertu Motors (Property) Limited dated 20th November 2017.
- Tenancy at Will between Moorgarth Property Investments Limited and A.E. Spink Limited dated 10th December 2018
- Land Registry Leasehold Title Plan's WYK585103 and YWE66038.
- Site Plan produced by Bowman Riley Architects dated November 2009.

Market Rent: **£145,000**
(ONE HUNDRED AND FORTY FIVE THOUSAND POUNDS)

Market Value: **£1,450,000**
(ONE MILLION FOUR HUNDRED AND FIFTY THOUSAND POUNDS)

Market Value subject to Vacant Possession Value: **£1,345,000**
(ONE MILLION THREE HUNDRED AND FORTY FIVE THOUSAND POUNDS)

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)



Alex Smith MRICS, RICS Registered Valuer
Vice President

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Property Record

Land at Wilmington Grove, Sheepscar, Leeds, LS7
2BQ

Valuer

Alex Smith MRICS

Inspection Date

6 July 2022



Vertu Land



Spink Land

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.

Communications

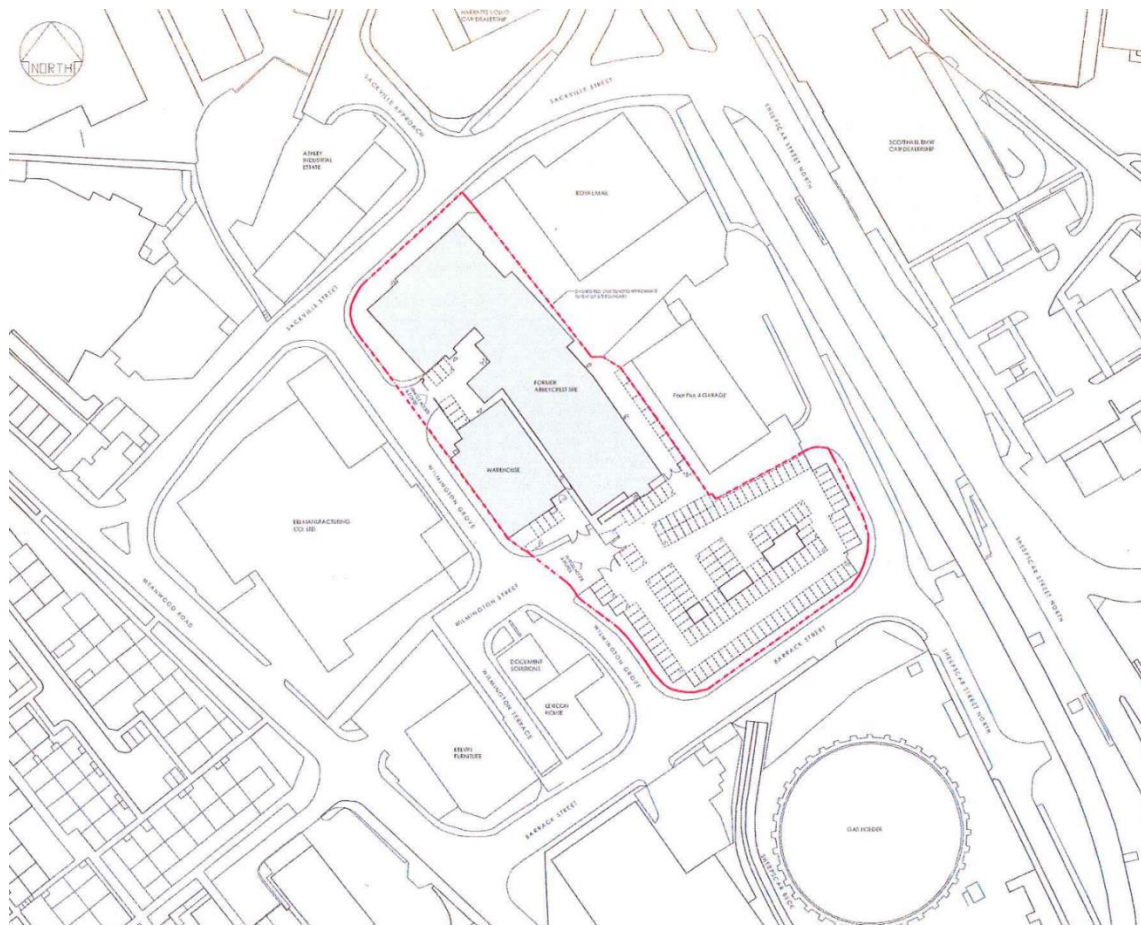
- Leeds sits at the heart of the Yorkshire region's transport infrastructure, with direct access onto the M62 and M1 motorways, alongside key regional trunk routes including the M621 and A1.
- Leeds train station is one of the UK's busiest, serving 38 million passengers a year and connecting the city 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

- The site is located approximately 0.85 miles north east of Leeds City Centre situated in an area known as Sheepscar. The property is located in a prominent setting set back from the A61, one of the main arterial routes in Leeds and linking to the A64 which is a major through road connecting the centre of Leeds to York and the M1.
- Sheepscar is a mixed residential and commercial area of Leeds. The immediate area surrounding the site is characterised as a commercial area, including a number of small industrial estates, trade counters and business parks. Nearby occupiers include: Royal Mail, Marshall Volvo, The Gym Group and McCarthys Storage. The site neighbours the Spinks building merchants and Vertu car dealership, who are both also tenants at the subject property.

Location and Site Plans

- The Property is identified on the Ordnance Survey extract below with the boundary 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 is formed of two adjacent plots sloping gently downwards from north to south. The northern plot formerly housed an industrial building, demolished and cleared earlier this year, and now surfaced in a combination of crushed rock, tarmac and the concrete base of the former building. The southern plot is a largely tarmac surfaced former car park now used for vehicle storage. Both plots are secured by palisade fencing, and are assumed to benefit from mains electricity, water and drainage.
- There are no buildings on the site.

Site

- The site is accessed and has frontage on Wilmington Grove, but also has frontages on Barrack Street and Sackville Street. We understand that the total site area extends to approximately 2.41 acres (0.975 hectares).

Condition

- From our inspection for valuation purposes, we consider that the property which comprises a site only, is in a repair commensurate with its use and location.

- Our valuation has been undertaken on the basis that the Property is in good repair and condition and contains no deleterious materials and that the services function satisfactorily.

Life Expectancy

- Given that there are no buildings on the site, subject to satisfactory maintenance we would not expect the property to suffer from physical or economic obsolescence.

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 any future 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.
- 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.

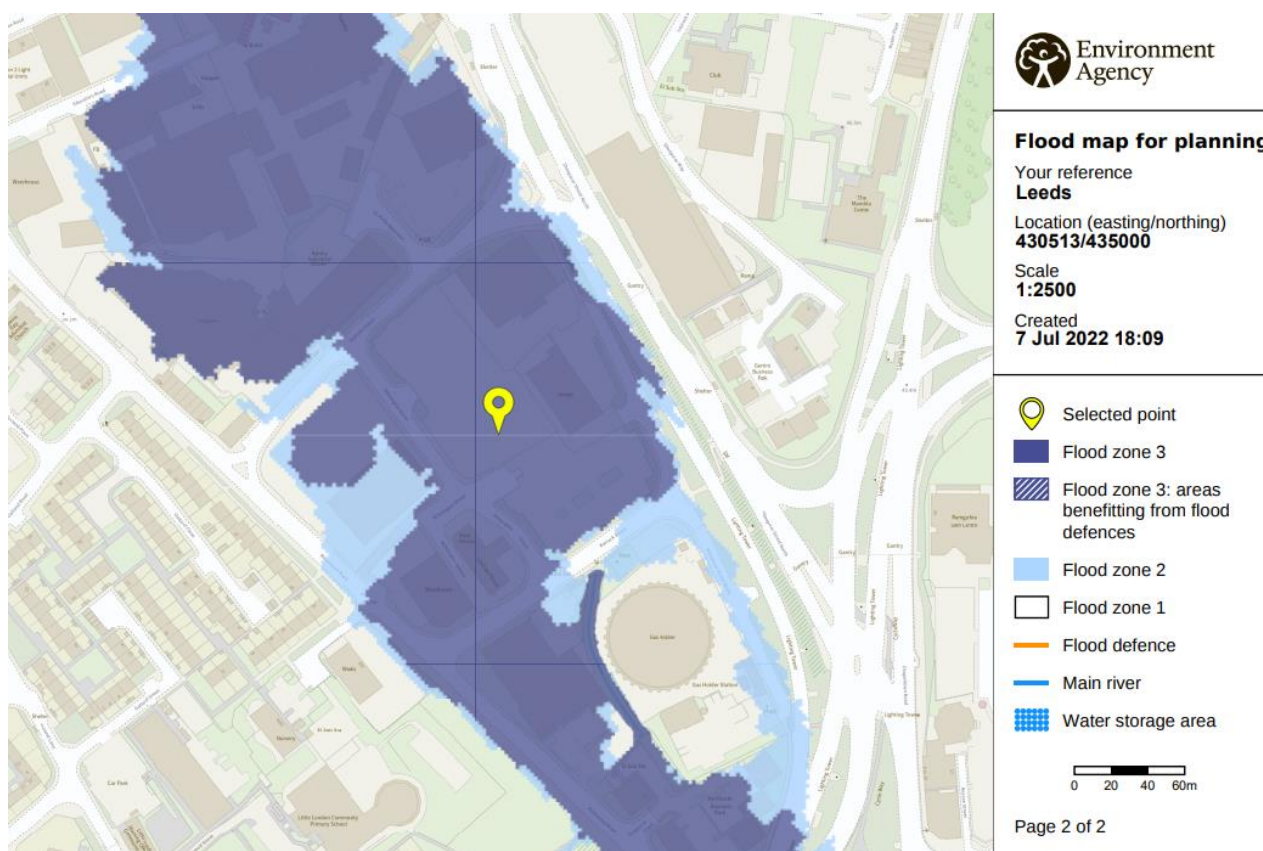
Ground Conditions

- 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 3, which defines land as being assessed as having a 1 in 100 or greater annual probability of river flooding (>1%). Or a 1 in 200 or greater annual probability of flooding from the sea (>0.5%).
- On the basis of the existing commercial development on land neighbouring the site which is also located within Flood Zone 3, we do not consider the location of the subject Property in a flood zone has a material impact on the valuation. Whilst this may constrain certain forms of future development at the subject property, we consider the location within Flood Zone 3 would not impact on potential commercial redevelopment of the site in future.



Planning

- The Property is located within the jurisdiction of Leeds City Council.
- The Property is not situated within a conservation area and is not listed.
- The Adopted Local Plan forms part of the statutory development plan for the Leeds district. It sets out the council's vision and strategy for the area until 2033, and provides the basis for decisions on planning applications.
- We have accessed Leeds City Council's planning portal. There are no recent planning applications associated with the subject Property.
- 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 premises should become vacant then your borrower 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
11 -15, Wilmington Grove, Leeds, LS7 2BQ	Land used for storage and premises	£36,500
Car Park At 11/15, Wilmington Grove, Leeds, LS7 2BQ	Car Park and Premises	£47,500
		£84,000

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 has a complex ownership structure but is primarily held long leasehold. The majority is held under the lease dated 27 September 1995 (WYK585103) for 125 years from 29/09/1995 at a peppercorn rent without review, delineated by the red and blue edging on the plan below.



- Use under classes B1(c) and B8 are permitted, as is (after 2013) class A1 use of "sites 6 and 7" (thought to be the southern plot, edged in blue above). The tenant is obliged to keep any buildings in good repair and decorative order, and the landlord's consent (not to be unreasonably withheld) is required for structural alterations. The tenant is prohibited from building on the line of the culverted Sheepscar Beck. Whole and part underletting and assignment of whole is permitted with consent, but part assignment is prohibited. There is a requirement to observe restrictions in another title and indemnify the landlord in the context of observing the provisions of various other titles, and we have assumed that none of those have a material adverse impact on the enjoyment of the subject title.
- The remainder of the current holding, under YWE66038, is coloured red on the plan below.

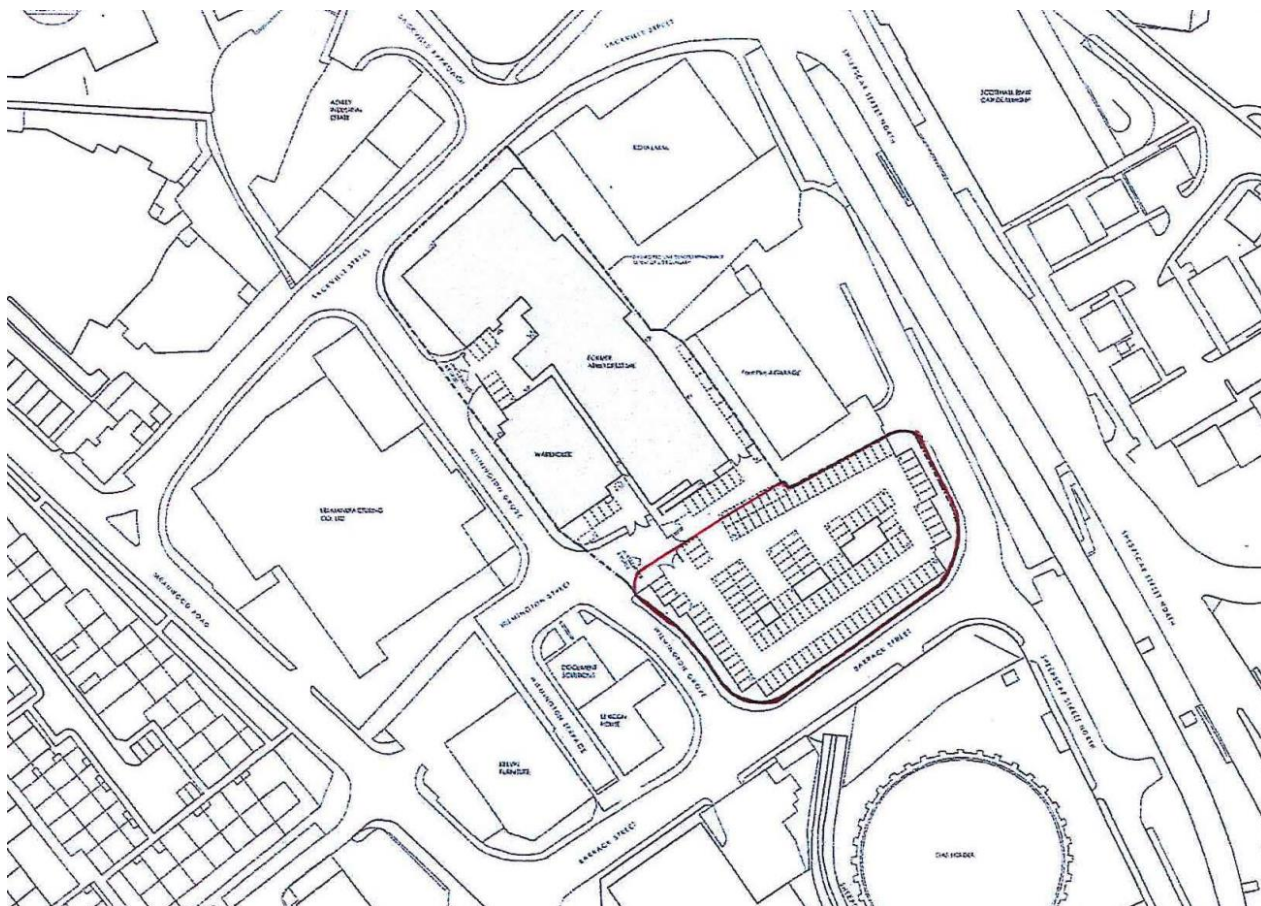


- The lease is for 85 years commencing 31 May 1973 at a current rent of £6,750pa effective 2015 subject to 21 yearly rent reviews to OMRV of the land without buildings. Use is restricted to "wholesale clothiers buildings", which we assume has been widened subsequently to B1(c) and B8 use. There are tenant-repairing and decorating obligations, and alienation is permitted with landlord's consent (not to be unreasonably withheld).
- Landholding of Trinity College (Moorgarth's landlord) is understood to be freehold (WYK667882) and, in the immediate context, believed to be bounded by Sheepscar Street North, Barrack Street, Meanwood Road and Sackville Street.
- In addition, we understand the central section of the site is unregistered.
- We understand that both Wilmington Grove and Wilmington Street are adopted as public highways.
- 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 leasehold 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.

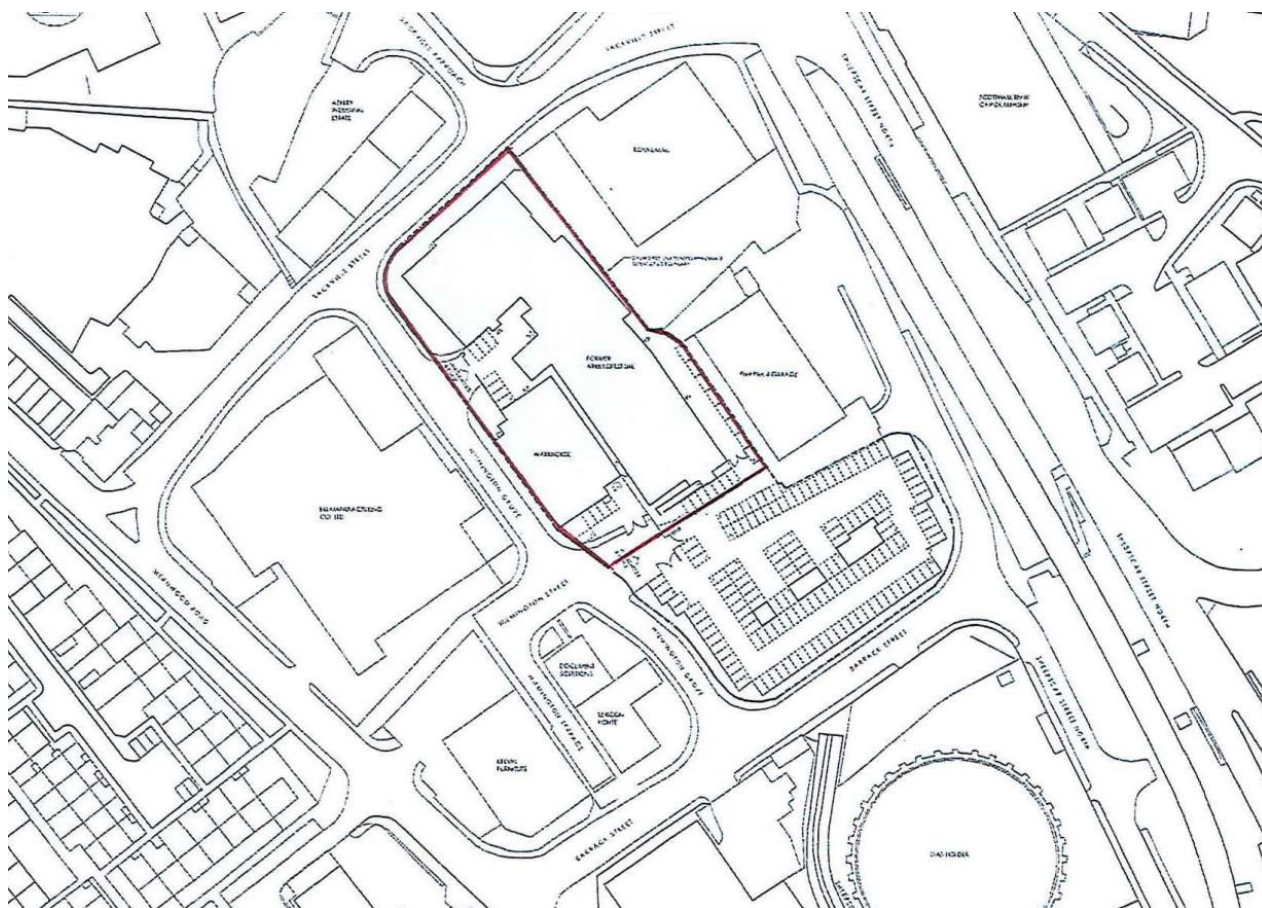
- If we are subsequently provided with a report on title we would be able to comment upon any impact its content would have upon the valuation reported herein. We would remind you that if information should come to light which contradicts the assumptions made herein this could have a material effect 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 following leases by Management, which we have relied upon.
- The Lease to Vertu Motors (Property) Ltd dated 20 November 2017 is for a term of 10 years commencing 20 November 2017 at a rent of £50,000 pa subject to a 5th anniversary RPI-indexed rent review.
- There is a landlord break option at any time after the 3rd anniversary with a 6 months' rent equivalent penalty, and a tenant break option on the 5th anniversary. The lease is excluded from the security of tenure provisions of the 1954 Act.
- An extract from the lease plan is shown below, with the Property edged in red.



- The lease may be summarised as full repairing (in the context of the tarmac surface and the boundary fences); alterations are prohibited; user is restricted to a car park associated with the tenant's business (car dealership); and whole alienation is permitted with consent, and provided sublettings exclude the security of tenure provisions of the 1954 Act.
- The remainder of the Property is the subject of a Tenancy at Will to A.E. Spink Ltd, dated 10th December 2018, at a rent of £65,004.04 per annum, which is paid on the last day of each month in arrears.
- The lease plan is extracted below;



Covenant Strength

- The parent company of Vertu Motors (Property) Ltd is Vertu Motors PLC is a car dealership group based in the UK and is listed on the AIM. We have reviewed the most recent accounts for the Vertu Motors (Property) Ltd for the year ending 28th February 2021. Turnover for the year increased by £0.4m from the prior year to £13.1m (3.2%) and profit before tax increased by £2.8m (71.4%) to £6.8m as a result of a £3.5m impairment charge in the 2020 financial year. Net assets as at 28th February 2021 were £5.474m. After analysing the financials, we believe the tenant is in a robust position financially and therefore providing a strong covenant for the subject Property.
- A.E. Spink Ltd is a building merchants established in 1926 with branches in Doncaster, Sheffield, Leeds and Worksop. We have reviewed the most recent accounts for the company for the year ending 30th November 2021. Turnover increased 31% from £38,433,937 to £50,502,629, with operating margin remaining consistent at 24-25%. Net profit increased from £1,519,259 to £2,727,689 in 2021. Net assets also increased from £14,242,064 to £16,856,259 in 2021. After analysing the financials, we believe the tenant is in a robust position financially and therefore providing a good local covenant for the subject Property.
- Overall, we are of the opinion that the Property would be viewed by the investment market as having a strong covenant strength for the local market. The risks of the existing tenants vacating is considered to be low, due to the proximity of the subject site to the tenants neighbouring facilities and limited storage/car parking land in the vicinity.

The Market and Valuation

Economic Background

UK Economic Overview

- After the strong rebound for the UK economy in 2021, growth appears to have slowed in the face of rising inflation, supply chain problems and elevated geo-political risks. Moreover, policymakers are now taking steps that will inevitably slow growth, with the Bank of England hiking rates while the Treasury is increasing taxes, such as National Insurance. UK GDP grew q-on-q by 0.8% in Q1 2022, which lifted the economy to 0.7% above its pre-Covid level.
- Nevertheless, the monthly breakdown of the data showed all the growth occurred in January, and February saw the economy stall. This was followed by a GDP contraction in March and April. We view the economy as currently in a period of slowdown, which will see isolated quarters where growth turns negative, but probably not a technical recession.
- April saw the Services sector contract by 0.3% month-on-month, in part due to a large contraction for the Healthcare industry, as the government scaled down Test & Trace. The Production sector shrank by 0.6% because of supply chain problems for manufacturing firms. Construction activity fell by 0.4% as the sector retreated back from a particularly strong March.
- The number of Covid cases in the UK had fallen to just 9,400 on 12th June. This is well below the pandemic peak of 276,000 on 4th January 2022, although there has been a recent uptick. All Covid restrictions have now ended in the UK.
- The Covid risk has fallen significantly in the UK, however this has coincided with the war between Russia and Ukraine. This has caused sharp rises in commodity prices and increased pressure on supply chains. Evidence is building that the war is acting as a brake on growth in the UK, but not to the extent being seen in some central and east European nations.
- The UK government ran a budget deficit of -£8.6 billion in April 2022, which is down on the April 2021 figure of -£25.0 billion when the government was still operating Pandemic support measures. Total public sector debt stands at just over £2.0 trillion, the equivalent of 82.6% of GDP.
- The IHS Markit composite Purchasing Managers' Index (PMI) for May achieved a net balance of 53.1, down from the 58.2 recorded in April, due to falls for all three industry sectors. Nevertheless, the index remains well above the 50.0 level which indicates expansion, and it is remarkable how well private sector activity has held up since the outbreak of the war in Ukraine.
- The services sector PMI fell from 58.9 in April to 53.4 in May, probably reflecting the squeeze on household incomes hitting consumer facing firms. The construction sector fell from 58.2 to 56.4, while the manufacturing sector declined from 55.8 to 54.6.
- BoE data reported that consumer borrowing grew by £4.9 billion in April, which was down on the £7.3 billion increase recorded in March. This was mainly driven by more mortgage lending, which may indicate home buyers rushed to lock in current interest rates before anticipated further rises later this year.
- Gfk's consumer confidence index decreased to -40 in May from -38 in April, reflecting concerns over cost-of-living increases. This takes the index to an historic low, so worse than during the first wave of Covid or the darkest hours of the Global Financial Crisis.
- Retail sales volumes rose by 1.4% in April compared to -1.2% in March, due to a rebound for non-store retailing (which is mostly online shopping) thanks to strong clothing sales. Online accounted for 27.0% of retail sales, having peaked at 37.7% in February 2021, although this is still well above pre-Covid levels.

Employment

- The employment rate stood at 75.6% in the three months to April 2022, which is below the 76.6% figure recorded in February 2020 before the pandemic. This is due to a higher inactivity rate today. The unemployment rate was

3.8% in April, 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 should be remembered that employment figures are lagging indicators, and the recent deceleration in GDP growth may point to a weaker jobs market later this year.
- Nonetheless, labour demand continues to outpace supply, with job vacancies in April reaching a fresh record of 1.3 million. Pay growth peaked in the Summer of 2021, and stands at 4.2% in nominal terms, but is negative in real terms. This is contributing to the household incomes squeeze this year.

Inflation

- CPI inflation increased by 9.0% in the year to April 2022, up on 7.0% in March and the highest figure since the early 1980s. As in previous months energy and motor fuels contributed significantly to the rise in inflation. There is also evidence pubs, hotels and restaurants are passing on the VAT increase to customers, thus pushing up prices.
- In the June meeting of the BoE's Monetary Policy Committee (MPC), the decision was taken to increase the UK base rate by 25 bps to 1.25%. The previous day saw the US Federal Reserve hike its policy rate by 75 bps to 1.75%. That the Bank of England is not matching the Fed's rate of increase in interest rates could result in a weaker pound compared to the dollar.
- 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 riskaverse investors are likely to look toward the industrial sector, due to better prospects for rental growth relative to other commercial sectors.

Outlook

- While the risks to the UK economy of Covid have receded considerably as this year has progressed, the consumer squeeze and above expectations inflation has hit GDP growth. The war in Ukraine has exacerbated a number of existing risks, such as high commodity prices and supply chain problems. As a result, nearly all economic commentators have slashed their GDP forecasts for this year and next, with Oxford Economics anticipating 3.6% growth in 2022 and 1.4% in 2023.
- Higher living costs, including five interest rate hikes, a rise in national insurance payments and the energy price cap increase in April, are weighing heavily on the consumer side of the economy. This situation is expected to worsen in the autumn when a second rise for the energy price cap is widely expected. Fortunately, the PMI figures suggest the commercial side of the economy is holding up reasonably well.
- Further increases in inflation are anticipated in 2022, with Bank of England forecasting inflation to reach 11.0% in the second half of the year. The base rate is also expected to rise to 1.50% by the end of this year according to Oxford Economics, following May's increase to 1.25%. However, some are expecting the rate to go higher, with Capital Economics predicting 2.25% by year end.
- It is worth noting that for most major global economies there is concern over the outlook for growth and inflation. Inevitably, the rate hikes that central banks are implementing to bring inflation under control will slow economic growth. Given this is occurring at a time when growth is low in most advanced economies, there is an increased possibility that GDP growth will slip into negative territory.
- While we do expect the UK to avoid an outright recession, we are anticipating individual calendar quarters where growth turns negative during the next 12 to 18 months.

Industrial Market Q2 2022

- The industrial market continues to enjoy buoyant conditions with total returns reaching 42.4% in April 2022, up from 38.6% in December 2021. Take-up of Grade A space over 100,000 sq ft surpassed 49 million sq ft in 2021, according to forecasts figures, with e-commerce a major driver of demand.
- While the announcement that Amazon plans to freeze its expansion programme has sparked debate over the outlook, there remains a large pool of unsatisfied demand in the occupier market. Moreover, rising build cost inflation is expected to keep supply under pressure this year.
- Investment volumes for industrial assets stood at £17.8 billion in the year to April 2022. This is down on the £18.4 billion recorded in the year to March 2022, but well above the £7.7 billion figure for the year to December 2019.
- The sector continues to see strong capital value growth, with the MSCI index for industrial rising by 1.43% month-on-month in April 2022. Since the pandemic began there have been only four months when industrial values fell, which was the period March to June 2020.

Leeds Local Market Overview

- Leeds hosts one of the UK's largest and most dynamic industrial markets, aided partly by its links to the M62 and M1 motorways. As well as serving as a key logistics hub, it is home to one of the UK's largest clusters of manufacturing businesses, which generate around 12% of the City Region's economic output. Significant warehouse occupiers in Leeds include Amazon, Marks & Spencer, Coca-Cola and The Range. Industrial market conditions in Leeds have rarely been stronger. Vacancies (currently 2.3%) have trended below the UK national average since 2015 and are the lowest among the nation's industrial markets with 100 million SF of stock or more. Large lettings by the likes of Amazon, Next, Easy Bathrooms and RMD Kwikform illustrate the market's diverse demand base at the larger end. Meanwhile, at the smaller end, many of Leeds's multi-let estates have reached or are nearing full occupancy, with tenants competing over units and driving rents higher
- Rental growth has been particularly pronounced in industrial estates near Leeds city centre and benefitting from access to the motorway network. Record rents have been achieved at Elland Road Industrial Park and Towngate Link in recent months. On the investment side, buyers remain encouraged by the positive supply-demand dynamics in the local market as well as the industrial sector more generally. Investment volumes have amounted to £748 million over the past 12 months, the highest annual tally on record and more than 50% above the five-year average. The tail end of last year saw the UK's largest ever single occupier warehouse investment transaction (Arrow Capital's £233-million purchase an Amazon-let robotic logistics facility). Average transaction-based yields have compressed markedly over the past several years, reflecting the weight of capital chasing opportunities in the industrial sector.

Leasing

- The industrial sector continues to enjoy tailwinds from the shift to e-commerce, post-Brexit trade arrangements and the increasing space needs of industries whose growth has been aided by the pandemic. Broad-based demand has supported several years of positive net absorption, which has outweighed deliveries, and thus kept Leeds's industrial vacancy rate near historic lows (currently 2.3%). E-commerce-related demand remains a significant feature of the market. Amazon's letting of over half a million SF at Wakefield 515 in mid-2021 followed Mountpark's Wakefield Hub gaining planning consent. The online giant agreed terms on a 2 million-SF fulfilment centre at the 200-acre scheme off junction 30 of the M62 in 2020. Argos, which reported strong online sales growth during the pandemic, and online pureplay retailer AO.com have also been involved in notable deals in recent months. The former leased just under 60,000 SF at 62 Leeds in the first half of 2021, while the latter took over 35,000 SF at Total Park in the second half of the year. Lettings to the likes of Yusen Logistics, parcel delivery firm DX and Peckover Transport Services can also be linked to the online shopping boom. The recent spike in home improvement projects has also been a key demand driver. Easy Bathrooms leased a 330,000-SF purpose-built headquarters and distribution hub at Calder Park in Wakefield in Q3 2021. The new warehouse has an 18-metre eaves height, 32 dock levellers and space for 58,000 pallets, with the firm keen to increase its storage capacity amid supply chain disruption. Building materials supplier Saint-Gobain and furniture suppliers like Aspire Furniture and Furniture and Choice have also taken on extra space in Leeds of late. Bedmaker Aspire Furniture's letting of 64,000 SF at the recently refurbished Sixty2 Leeds will allow the firm to expand its UK business alongside

export plans. The manufacturing sector, which accounts for an outsized share of local jobs relative to the UK overall, continues to support industrial demand as well. Large 100,000-SF-plus lettings by CarnaudMetalbox Engineering and RMD Kwikform sit alongside a host of other deals by the likes of heating and hot water solutions provider Joule UK, industrial valves manufacturer Alco Valves and EV charging, solar power and battery specialist Phoenix Works. Leeds City Region is home to over 7,000 manufacturing and engineering businesses, which generate £7 billion per year, equivalent to 12% of the region's economic output. Market conditions further down the size scale remain tight. The vacancy rate in sub-10,000-SF properties sat below 2% in March 2022 as net absorption stayed positive for a fourth straight year and virtually nothing in that size bracket was delivered. Meanwhile, in the mid box segment (20,000–50,000 SF), voids represented less than 3% of inventory as annual net absorption largely kept pace with five- and 10-year averages of around 300,000 SF in the year to January. Looking ahead, Leeds's diverse base of demand should keep vacancies in check in the face of mounting deliveries. All three industrial subsectors are projected to remain tight, with specialised properties, which include manufacturing units, in particularly short supply.

Rents

- Fuelled by low vacancies, average industrial rent growth in Leeds is running well above its historical average (3.4%) at an annualised growth rate of 10.2%. The industrial sector's positive supply-demand dynamics are perhaps best reflected in CoStar's Moderate Upside forecast scenario. However, even in the Base Case, rent growth clocks in at 8.5% for the year in 2022, comfortably above expectations for the local office and retail sectors. Rents are rising across nearly all segments of the industrial sector, though owners of light industrial units with access to major roads and Leeds city centre are realising some of the strongest gains. AXA recently pushed rents at Elland Road Industrial Park north of £8.50/SF. Best Electric agreed to pay £8.75/SF there in the latter part of 2021, which compares to £5.50/SF agreed by Yesss Electrical and Toolstation in 2013.
- New build rents continue to edge upwards as well. Coop recently signed a deal at £7.50/SF for 17,500 SF at Towngate Link, setting a record headline rent in the process. The grocer pre-let the speculatively developed unit known as TL5 for a 20-year term. Meanwhile, online electronics retailer AO.com agreed to pay £7.25/SF for over 35,000 SF at Total Park. Both schemes are located in the LS9 postcode area with access to junction 45 of the M1 and Leeds city centre within 2–3 miles. At submarket level, Leeds Core is where the highest rents are paid. Bradford sits at the other end of the affordability spectrum. In terms of rent growth, Wakefield has been the strongest performer recently and over the past five years, averaging rent gains north of 5% on 12-month basis.

Construction

- With 162 million SF of industrial stock, Leeds is the fourth largest of the UK's 55 industrial markets. Encouraged by multiple years of positive net absorption and decent rent growth, developers are underway on 4.3 million SF, which is equivalent to 2.6% of current inventory. As is the case in many industrial markets across the country, there is virtually no risk of overbuilding as pre-leasing rates remain high. The largest projects underway are build-to-suits for retailers. Next will open an 830,000-SF distribution centre at South Elmsall later this year after agreeing a 23-year unbroken lease at the new development which is being funded by Ayr's Long Income Fund. Easy Bathrooms' 330,000-SF distribution centre is slated to deliver around the same time after it broke ground in September 2021. The new facility is being developed by Tungsten Properties and will allow the firm to expand beyond its existing 125,000-SF headquarters in Birstall, which will become a showroom. By far the largest project underway is a 2 million-SF robotics 'super shed' for Amazon, which is expected to deliver in the latter part of this year.
- There are also several smaller multi-let schemes underway on a speculative basis. One of the most noteworthy is Gelderd Park, which extends to over 125,000 SF. Manufacturing firm Sovereign Air Movement acquired 23,000 SF there in the first half of 2021 with around half of the scheme's floorspace available as of December. Another key scheme is OP65, located just off junction 27 of the M62. The 65,000-SF development is the final phase of the 180,000-SF Overland Park. It features a 10-metre eaves height, seven loading dock levellers and a low site density of 30%. Wakefield 515 represents one of Leeds's biggest recent deliveries. Developed by Panattoni, the half a million-SF-plus, cross-docked, speculative logistics facility off junction 33 of the M62 near Knottingley was pre-let by Amazon. The online retail giant created 500 new jobs at the warehouse, which is the market's largest speculative industrial development in a decade.

Rental Evidence

- Given the nature of the site there are limited occupational comparables given that the majority of such sites are either developed or owner occupied, however in arriving at our opinion of Market Rent we have had regard to the following transactions:

Address	Date	Size (acres)	£ per acre	Comment
Land at Queen Street, Leeds, West Yorkshire, LS10	Under Offer	19.53	£60,000	<ul style="list-style-type: none"> • Open Storage Land • Fully secure site • B1 Planning Permission • The site is under offer on a three year lease at an annual rent equating to £60,000 per acre. We understand that another party offered to lease the site on a 20 year lease at a rent of £100,000 per acre, but the owner intends to redevelop the property in the medium term. • <i>This site is located nearby, however, it is in an inferior location and is compromised by the triangular shape of the plot. We would expect the subject property to achieve a slightly higher rent per acre.</i>
Plot 8 Old Mill Business Park, Hunslet, Leeds	Available	1.6	£50,000	<ul style="list-style-type: none"> • The property comprises a plot of future development land suitable for occupation for storage purposes. • Secure paladin fence • Level, hardcore surface • Upgrades/alterations available via negotiation • <i>This site is similar in nature being hardstanding and currently used for storage, however, is arguably in a inferior location within Leeds despite having river frontage. We note that this is a smaller site which limits potential uses. We would expect the subject property to achieve a higher rent per acre.</i>
Yard/Compound, Shaw Lane, Elland, HX5	Available	5	£25,000	<ul style="list-style-type: none"> • The property comprises a substantial rectangular shaped concrete surface site of level topography. • Secure gates access • Close proximity to the M62 Motorway Network • Concrete hard surface • <i>This site is similar in nature and a similar size, however, is situated in an inferior location. We would expect the subject property to achieve a higher price per acre.</i>
Hobson Avenue, Off Penistone Road, Sheffield, S6 2GR	Under Offer	1	£30,000	<ul style="list-style-type: none"> • The site is majority hard standing and was previously used as open storage for vehicles. • The site is secured by a perimeter fence and close to the main arterial route of the A61 linking Sheffield city centre to the North. • On site the property includes a 2 storey building previously used as a site office. • <i>This site is similar in nature to the subject property due to the fact it is hardstanding and currently uses for storage, however, is a smaller site and situated in an inferior location in Sheffield. We would expect</i>

				<i>the subject property to achieve a higher price per acre.</i>
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- The most pertinent transaction is the land at Queen Street in Leeds under offer for a new three year lease at a rent reflecting £60,000 per acre. However we have spoken to the marketing agent and whilst the land has a similar use we understand that the location and plot shape are reflected in the rental value of this land. There is a higher rental offer of £100,000 per acre on the table, but we understand that the owner intends to redevelop the property in the medium term and was therefore not willing to enter into a 20 year lease with the other party.
- The recent rental evidence above demonstrates rents ranging from £25,000 to £60,000 per acre. However we have spoken to experienced industrial agents in the local market who are familiar with the subject property, and we are of the opinion that the subject property would achieve rents in the region of £65,000-£75,000 per annum, based on standard lease terms with 5 year terms. There is a low supply of similar land in the local market which has led to rental growth since the leases at the subject property were agreed in 2016/17.

Parcel of Land	Tenant	Size (acres)	£ per acre	Market Rent
South	Vertu Motors (Property) Ltd	0.85	£75,000	£63,750
North	A.E. Spink Ltd	1.25	£65,000	£81,250
Total		2.10	£69,048	£145,000

- We have not rentalised the excess land off Wilmington Grove, which is currently used as an informal parking area.
- We are therefore of the opinion that the aggregate Market Rent for the subject Property is £145,000 per annum. We are therefore of the opinion that the Property is 26% under-rented based on the current passing rents.

Marketability

Typical Void Letting Period:	12 months
Typical Lease Length:	5 years

Investment Market

UK Industrial Investment Q2 2022

- Investor appetite for industrial and logistics property is at an all-time high. Investment volumes over the past 12 months have amounted to £748 million, which compares to £609 million in the previous year and a five-year rolling annual average of £429 million. Average transaction-based yields have compressed accordingly and now sit at 5.3%, down from north of 8% as recently as 2017.
- Investors have deployed £130 million so far in 2022. This year's total was boosted by GIC's acquisition of Project Tiger from EQT Exeter. The Singapore-based investor paid more than £630 million for the UK portion of the pan-European portfolio CoStar's price allocation model estimated the value of XL in Normanton at £82.2 million. The sale also included assets at Capitol Park and First Point Logistics Park in Doncaster, South Yorkshire.
- Arrow Capital's acquisition of Amazon's Wakefield Hub warehouse boosted volumes at the tail end of last year. The £233-million purchase remains the UK's largest ever logistics investment deal involving a single-tenant warehouse. The high specification and sustainable warehouse will be operated as one of Amazon's robotic sortable facilities. The long term lease incorporates annual CPI-linked rent reviews.
- Leeds City Council's sale of Logic Leeds underlines the strength of investor demand for prime industrial assets. The local authority sold the 250-year long leasehold interest in the four units totalling 180,000 SF to a private

investor for £29.3 million, reflecting a 3.6% yield and a capital value of £162/SF. The fully let scheme counts Amazon among its tenants and had a weighted unexpired lease term of nine years and generated over £1.1 million in annual rent at its time of sale in August last year.

- As has been the case in other markets, industrial sales volumes in Leeds were lifted by Blackstone's purchase of 'Project Alaska' in mid-2021. The US private equity giant acquired the 25-strong distribution centre network of 'big four' supermarket Asda in a sale-and-leaseback deal worth £1.7 billion, or a 4% yield. Included in the transaction were assets at Wakefield Europort and Elmsall, which CoStar's price allocation model has estimated to be worth around £122 million.
- Abrdn's acquisition of a Next-let facility at South Elmsall is another of the market's larger recent transactions. The Edinburgh-headquartered institutional investor funded the development, on behalf of its Long Income Fund, at a cost of £114.8 million, with the deal reflecting a 4.5% yield. On completion, Next will sign a 23-year unbroken lease with inflation-linked rent reviews. Abrdn also recently paid £42.5 million to acquire a Royal Mail distribution hub in the LS10 postcode district as part of larger portfolio including assets in Sheffield, Swindon and Peterborough. Smaller last mile facilities remain key targets as well. Mirastar was involved in one of the standout deals of this type in the first half of 2021 when it acquired DHL's Gildersome Spur distribution centre for £7.6 million (a 4.4% yield). The 70,000-SF parcel hub was let to DHL for a further 8.5 years at its time of sale in May. Mirastar's recent acquisitions also include a reversionary DHL-let urban logistics asset in Enfield, Greater London, for which it paid £43 million, or a 1.9% yield.

Land 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	Size (Acres)	Sale Price	NIY	Comment
Land at Apsley Way, London, NW2 7HF	Mar 22	FH	1	£171,000	4.64%	<ul style="list-style-type: none"> Land currently used for storage purposes sold at Auction. Currently let at a rent of £8,100pa. The site has development potential. <i>This transaction is similar in nature to the subject property in terms of use, however, is currently held freehold and in a superior location. We would expect the subject property to command a higher yield.</i>
Nook Ln, Warrington Cheshire, WA3 3JE	Sep 21	FH	4.02	£3.8m	7.40%	<ul style="list-style-type: none"> Stone Cross Enterprises sold the freehold interest in 9, Stone Cross Park, Yew Tree Way to Urban Logistics for £3.8m reflecting a net initial yield of 7.40%. This is the site purchase for the expansion of Alpa (a global packaging and recycling specialist). Alpa currently occupies 9 and 136 Stone Cross Park. The sales price equates to £945,274 per acre. <i>This transaction comprises a similar sized parcel of land, however, the subject property comprises hardstanding land only and is of a long leasehold nature. On balance, we would expect the subject property to command a higher yield.</i>

Site at Dutch River Side, Goole, East Yorkshire, DN14 5TB	Oct 19	FH	0.97	£217,500	6.96%	<ul style="list-style-type: none"> • Freehold Industrial Site 0.97 Acre Arranged As Concrete Batching Plant Tenanted • Vendor: Canal & River Trust • Tenant: Breedon Southern Limited • Income £15,500 • Lease Details: 10 Yr, commencing 02/01/2017 (RR.2022.) • Sales price equates to £224,227 per acre. • <i>The subject property comprises a similar industrial site but is a long leasehold interest. On balance, we would expect the subject property to command a higher yield.</i>
Civic Amenity Site, St. Margarets Park, Pengam Road, Aberbargoed, Caerphilly CF81	Sept 2021	FH	0.68	£495k	6.78%	<ul style="list-style-type: none"> • Recycling Centre Let to Caerphilly County Borough Council • Let until 2030 (no breaks) • 5 yearly uncapped upward only RPI linked rent reviews • £35,136.22 Per Annum • The site is located at the rear of St Margaret's Park adjoining the well established Bowen Industrial Estate. The site is accessed via Pengham Road (A4049), the principal thoroughfare through Aberbargoed. • <i>The subject property comprises hardstanding land only and is of a long leasehold nature. On balance, we would expect the subject property to command a higher yield.</i>

- Due to the specialist nature of the property, there is limited recent evidence for similar investments in the local market, so we have looked for other transactions further afield with similar income profiles.
- The above sales of investments show net initial yields ranging between 4.64% and 7.40%. This range is attributable to the differences in location, covenants, reversionary potential, unexpired term and development potential.
- We note that the sales comparables above are all Freehold, therefore, the value of the subject property would need to be discounted to reflect the long leasehold nature. In order to reflect the long leasehold nature of the subject property we have implicitly discounted the subject property by 200bps.
- We have adopted an equivalent yield of 8.00%, which reflects the long leasehold nature of the property and the risks associated with the tenure, with the existing long leasehold interests expiring in 2058 and 2120. On this basis, the valuation reflects a net initial yield of 7.11% and reflects the covenant strength of the existing tenants.

Vacant Possession/Development Comparables

- As a cross check, we have also had regard to sales of land with similar fundamental, including development potential.

Address	Date	Tenure	Size (Acres)	Sale Price	£ per acre	Comment
Land next to Salford Community Stadium, Barton Upon Irwell, Eccles, Manchester, M30 7EY	July 22	FH	4.5	£8.5m	£1,888,889	<ul style="list-style-type: none"> The developer is to pay around £8.5m to acquire Plot 3 next to the stadium to build an industrial, logistics and trade counter scheme of around 92,000 sq ft on a 4.5 acre site. Chancerygate's proposals for the site are understood to include 14 units ranging between 4,700 sq ft and 11,600 sq ft, targeted at a range of occupiers. The site around the stadium, known as the AJ Bell Stadium, was formerly earmarked for retail and was once set to host an IKEA. However, in recent years the land has been flipped to industrial use, with fellow developer Cole Waterhouse putting in plans earlier this month for two units of 173,179 sq ft and 126,555 sq ft on a neighbouring plot. <i>This transaction is a good barometer for pricing uplifts for development land. We note that this property is situated in a far superior location and has the benefit of being freehold. We would therefore expect the subject property to command a lower value per acre.</i>
Former Maritime Transport, Stourton, Leeds	Nov 21	FH/LLH	28.94	£35.5m	£1,226,675	<ul style="list-style-type: none"> Sale of an industrial complex of four warehouses and one office building that had been owned and occupied by Maritime Transport of the Maritime Group. Baytree, the logistics arm of AXA Investment Managers, acquired the site for £35.5m. The property is a complex of two freestanding sheds and two sheds sharing a single abutting wall. (that features 4.7m eaves to the underside of the eaves increasing to 8.56m at the apex of the roof. Sodium pod lighting

						<p>units also light the warehouse. The whole of the lot is securely fenced.</p> <ul style="list-style-type: none"> • The title includes a burden by a long leasehold for a 99 year term for a section of the land. Please see marketing for more details. • Overall, the sheds are dated and the project was marketing as offering a strong redevelopment potential. • <i>This transaction is for a significantly larger site, but provide good evidence for prime land values. The evidence is also pertinent due to the inclusion of long leasehold land.</i> • <i>On balance, we would expect the subject property to command a lower price per acre despite being a smaller plot.</i>
Land at Great North Road, Brotherton, Knottingley, WF11 9EP	May-21	FH	3.43	£1.75m	£510,203	<ul style="list-style-type: none"> • The premises comprise a large secure yard and parking facility formerly used as a car auction site and extending to 3.43 acres. • The site is part tarmac and part compacted hardcore surface with electricity and water services. • Cox Automotive has sold the freehold interest for the land off Belmont road in Knottingley for £1,750,000 to Van Star. • <i>This transaction is a similar in size and being also the fact the current use is a hardstanding storage site. We note that this property is situated in an inferior location, however, does have the benefit of freehold tenure. On balance, we would expect the subject property to command a higher value per acre.</i>
Triangle 45, Pontrefact Lane, Cross Green, Leeds, LS9 0PS	Jul-21	FH	11.14	£6m	£583,600	<ul style="list-style-type: none"> • A joint venture between Bridges Fund Management and Chancerygate has acquired the 11.45 acre site known as Triangle 45 in Leeds from Halifax Estates for £6m as an investment. • A total of 23 units ranging from 4,000 sq ft to 34,000 sq ft are planned. The two companies

						<p>anticipate that, once complete, it will be worth £31 million. The scheme will be aimed at the owner-occupier market and will offer units for sale on a freehold basis.</p> <ul style="list-style-type: none"> • The joint venture is expecting to submit a planning application to Leeds City Council shortly. • <i>This site is larger than the subject property and is of freehold tenure, however, is situated in a similar location. On balance, we would expect the subject property to achieve a slightly higher value per acre due to the smaller quantum.</i>
1-1a Queen Street, Leeds, LS10 1SB	Mar-21	FH	16.88	£4m	£236,967	<ul style="list-style-type: none"> • 1-1a Queen Street was sold for £4,000,000 • The Site was sold by Schlumberger and acquired by Brownridge Transport • The site extends to 16.88 acres. • <i>This property is situated in a similar location but comprises a larger plot size, therefore, an element of quantum would be reflected in the pricing. On balance, we would expect the subject property to command a higher value per acre.</i>
Pontefract Road Stourton Leeds LS10 1SW	Jun-18	FH	3.57	£2.35m	£658,264	<ul style="list-style-type: none"> • The property is positioned in a prominent position within one mile of Junction 44 of the M1 motorway and Junction 7 of the M621 as well as being situated less than 3 miles from Leeds city centre. • Secure surfaced transport depot extending to 3.57 acres. • The site is fully surfaced with approximately 80% of the surface being concrete and 20% tarmac. The perimeter of the site is secured by a palisade fence. • The site has historically been used for manufacturing. However, for the past 8 years, it has been used as a haulage depot by Arla Foods. • <i>This property is similar in nature due to the current use, size and location; therefore we would expect the subject property to</i>

						<i>command a similar value per acre.</i>
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Our Market Value on the basis of the existing leases reflects £601,660 based on the total area of 2.41 acres. Having regard to the evidence of VP and development land listed above, which ranges from £236,967 - £1,888,889 per acre, reflecting the location, tenure, size and development potential of the plots.

We consider the most relevant evidence is provided by the sale of 3.57 acres on Pontefract Road in Stourton, although this evidence is now slightly historical. This comparable has a similar land use and is a similar plot size. As the subject property is held long leasehold we consider it attract a discount, but reflecting the historical nature of the transaction, we consider it would achieve a slightly lower price per acre.

Whilst the subject property is currently subject to two occupational leases, due to effort required to find a new occupier if the existing tenants were not in the market, we consider a slight discount to our opinion of Market Value would be applicable. On the basis of vacant possession as at the valuation date, we are of the opinion that the Vacant Possession Value is £1,345,000, reflecting £558,091 per acre, which is largely underpinned by the development potential of the subject property.

Hope Value

Hope Value

- 'Hope value' is the term valuers use to represent that element of value which would be realised on the sale of the asset on the open market that relates to the future use of the site, rather than the current one. 'Hope value' need not be conditional on any future events but reflects the market expectations that future development might be permitted and represents the price that market participants would pay today accepting the risk attached to that future development taking place. 'Hope Value' is therefore correctly treated as an element of Market Value for an unconditional sale of the property today. It should not be viewed as a contingent value which would not be reflected in the price until some trigger event occurred, such as the grant of planning consent, but that does not mean that there is no hope value attached to the property in its current circumstances.
- In respect of the potential development (for which planning consent has lapsed and would need to be formally reinstated) our approach to this element of potential additional value is discussed and detailed below:

The investment market approach:

- A development opportunity is generally reflected in the price paid /valuation in one of three ways:
 1. No Value Reflected: No value is reflected if potential investors consider the development opportunity to be viable or not or in such early stages that there is no reason to reflect any additional value
 2. Explicitly: Hope value is reflected explicitly within the pricing by calculating development appraisals and referencing the upside as a capital receipt or within the cashflow. In the current investment market there is a strong demand for viable 'value add' opportunities but as a general rule of thumb no explicit value is reflected until there is clear occupier/buyer demand for the development in the form of pre-lets, detailed negotiations with potential tenants or Heads of Terms being negotiated. Without a number of pre-lets/pre-sales or comfort in respect of demand for potential investors would generally be suspicions regarding the viability of the development and therefore be less likely to explicitly reflect any value for a proposed development.
 3. Implicitly: Hope value is reflected within the notional yield that a potential purchaser may pay. If a development opportunity is not yet at the stage of having agreed pre-lets/pre-sales a planning permission has yet to be granted but there is a good possibility of securing consent for development potential investors might be in our opinion, be likely to reflect an element of additional value within the yield they would be willing to pay. The quantity of value within the yield is extremely difficult to quantify and is dependent on the individual potential purchaser's opinion surrounding the viability and the level of competition in purchasing the asset.

- Accordingly, for the purposes of our valuation of the potential developments envisaged, in our opinion potential bidders are likely to reflect an element of “hope value” explicitly given to viability of these proposals and the strong expectation that the planning consent being reinstated.
- Accordingly, for the purposes of this valuation “as existing” in our opinion potential bidders would reflect such an element of hope value explicitly. However, as yet, no scheme have been devised or planning permission sought for redevelopment and as such there remains an element of risk in this regard, as a result, for the purposes of our valuation we have reflected this development potential in the equivalent yield.

Principle Valuation Considerations

Principle Valuation Considerations

- The principal factors that have an impact on the value of the Property are summarised below:
 - The Property is predominantly held on two long leasehold interests with c.98 years unexpired on the large parcel of land at a peppercorn rent. The small parcel of land is held long leasehold with c.36 years unexpired, subject to a ground rent of £6,750 per annum, subject to 21 yearly rent reviews.
 - It comprises well located industrial land in a prominent setting on a main arterial route close to Leeds City Centre.
 - The immediate vicinity is characterised by mixed commercial land uses, including trade counters and car dealerships.
 - The access route via Wilmington Grove would not appeal to all potential tenants.
 - The property is leased to Vertu Motors (Property) Ltd for the remainder of a ten year lease expiring in November 2027. The tenant has a strong covenant strength.
 - The property is also subject to a Tenancy at Will to A.E. Spink Ltd. The tenant owns a number of units in the immediate vicinity and is considered unlikely to vacate, but there is still a risk attached to this.
 - Strong underlying demand from commercial owner occupiers, developers and investors.
 - Medium term redevelopment potential subject to regearing the leasehold interests, achieving vacant possession and securing planning consent for a viable commercial scheme. There is also an opportunity to amalgamate the site with neighbouring land to provide a larger more optimised development scheme.
 - The Site would be well suited to a trade counter or other commercial uses such as a car showroom or potentially a supermarket if the neighbouring land was acquired.

Marketability

The Property is well positioned in Leeds and will in our opinion always attract a good level of occupier and investor interest.

In regards to occupational demand, if the land at the subject property were to become available, we would anticipate a void period in the order of 6 to 12 months. There is good demand for industrial land in this location, especially due to its close proximity to the centre of Leeds and the lack of supply in the local market.

During any void there will be associated holding costs including empty rates, security and maintenance.

Liquidity (Saleability)

The lot size of approximately £1.5m is within the reach of private purchasers and small 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, small property companies and private individuals. Accordingly, we would anticipate a sale period in the order of 6-9 months.

With regard to a sale with vacant possession the market can be more volatile and to secure an owner occupier the marketing period may be extended. However, in this location there is likely to be strong owner occupier demand, including from the existing tenants, due to the lack of supply of industrial land in the local market. In addition, the value of the site is underpinned by the development potential. We consider there would be good demand from commercial developers. Therefore we consider a 9 month marketing period would be sufficient to dispose of the property with vacant possession.

Active Management

We have summarised below the potential asset management initiatives. The key ones we have identified are as follows:

- Enter into to discussion to extend the long leasehold interest for the small parcel of land, which has x years remaining on the under lease.
- Explore development opportunities for the subject property, including the opportunity to create a larger scheme by incorporating neighbouring land.
- Depending on the outcome of the above asset management initiative, Management could enter in lease negotiations with A.E Spink in regards to the land subject to a Tenancy at Will and actively discuss opportunities for a lease to capture reversionary potential.
- 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 proactive asset management cannot be underestimated. Dealing with the lease events over the next five year period, the letting of units in the event any became vacant 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 and a high level of occupancy 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

- 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 predominantly held on two long leasehold interests with a ground rent totaling of £6,750 per annum.

- The land is currently fully leased generating a rental income of £115,004 per annum
- The net income, deducting the ground rent liabilities, is currently £108,254 per annum.

Tenant Retention and Re-letting Assumptions

- The property is well let to two tenants. As the tenants have significant operations on neighbouring properties we consider the risks of them vacant to be very low. There is limited supply of similar hardstanding storage/car parking land in the local vicinity and any completing site are also likely to be targeted for redevelopment. Whilst A.E. Spink is only subject to a tenancy at will, we understand that they would like to acquire the site or enter into a lease agreement.
- Due to the tenancy at will, we have allowed for the tenant to continue leasing the property for 12 months followed by a 12 month void. However, we consider this to be a very conservative assumption.

Capital Expenditure

- The Property is 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 3.67%, and 1.8% 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 industrial land investments in urban locations achieve net initial yields within a range of 4.64% and 7.40%. This range is attributable to the differences in location, covenants, reversionary potential, unexpired term and development potential.
- However, the subject property is held long leasehold, with c.98 years unexpired on the large parcel of land at a peppercorn rent and c.36 years unexpired on a small parcel of land and the associated ground rent of £6,750 per annum, subject to 21 yearly rent reviews. As a result hypothetical purchaser as at the valuation date would expect a discount to reflect the length of the leases and the risk associated in extending these leasehold interests. The value of the subject property is largely under pinned by the development potential, but the leasehold need to be expended to enable future development.
- On balance we consider the property would achieve an equivalent yield in the region of 6.00% based on the reversionary nature of the income profile with good forecasts for future rental growth, as we as the covenant strength of the existing tenants (albeit the Spink is only subject to a tenancy at will).
- However, due to the long leasehold interests and risk associated, we have adopted a discount of 200 bps. Based on the 8.00% equivalent yield we have adopted this reflects a valuation discount of circa 30%.
- In assessing the Market Value of the subject Property, we have adopted an equivalent yield of 8.0% to reflect the income fundamentals with reversionary potential and medium term redevelopment potential. We have also factored the leasehold nature of the Site into our yield selection.

Market Value

- This results in a market value of the long leasehold interests subject to the occupational leases of **£1,450,000**, reflecting a net initial yield of 7.11% and an equivalent yield of 8.00%.

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 property is fully let.

- In arriving at our vacant possession value we have made the following assumptions:
 - A headline Market Rent of £145,000 per annum
 - An equivalent yield of 8.25% applied
 - A letting void of 12 months
 - Letting and Legal Fees at 15% of Market Rent
 - Void costs accounting for empty rates.
- Our overall vacant possession value is £1,345,000. This represents 93% of Market Value reported herein.

Action Points

- Confirmation on Title.
- Commission of an Environmental Report.

Valuation as at 6 July 2022

Market Value:	£1,450,000	ONE MILLION FOUR HUNDRED AND FIFTY THOUSAND POUNDS	
	Initial Yield:	Equivalent Yield:	Reversionary Yield:
	7.11%	8.00%	9.08%
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:	£145,000 per annum	£69,048 per acre overall on the lettable land	
Market Value on the Special Assumption of Vacant Possession:	£1,345,000	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

Summary Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 06/07/2022

Property

Address

Land at Wilmington Grove, Leeds,

External ID

Gross Valuation	1,523,094
Capital Costs	0
Net Value Before Fees	1,523,094

Less	Enter Item Na	@3.62% Stamp Duty	52,242
	Agents Fee	@1.00% Net Sale Price	14,448
	Legal	@0.80% Net Sale Price	11,559

Net Valuation	1,444,845
Say	1,450,000

Equivalent Yield	8%	True Equivalent Yield	8.4246%
Initial Yield (Valuation Rent)	7.1075%	Initial Yield (Contracted Rent)	7.1075%
Reversion Yield	4.1856%		

Total Valuation Rent	115,004	Total Contracted Rent	115,004
Total Rental Value	145,000	Number of Tenants	2
Capital Value Per Area	0		

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
06/07/2022	115,004	0	-6,750	108,254	7.1075%	7.4348%
20/11/2022	121,574	0	-6,750	114,824	7.5389%	7.9080%
06/07/2023	56,570	-32,500	-6,750	17,320	1.1372%	1.1453%
01/07/2024	137,820	0	-6,750	131,070	8.6055%	9.0891%
20/11/2027	81,250	-25,500	-6,750	49,000	3.2171%	3.2829%
01/12/2027	145,000	0	-6,750	138,250	9.0769%	9.6162%
31/05/2058	63,750	0	0	63,750	4.1856%	4.2974%
27/09/2120	0	0	0	0	0.0000%	0.0000%

Yields Based On Gross Value

Tenants

Tenant Name	Suite	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Vertu Motors (Prope Land		20/11/2022	19/11/2027	Land	Hardcore(8%)	50,000	50,000	63,750	762,033	6.5614%	6.5614%	8.0000%	8.3658%
A.E. Spink Ltd	Land		05/07/2023	Land	Hardcore(8%)	65,004	65,004	81,250	761,061	7.6543%	7.6543%	8.0000%	9.7890%

Appendix 2

Photographs



Access to Vertu Land



View of the Vertu Land



View of the Vertu Land



View of the Vertu Land



Barrack Street



Wilmington Grove



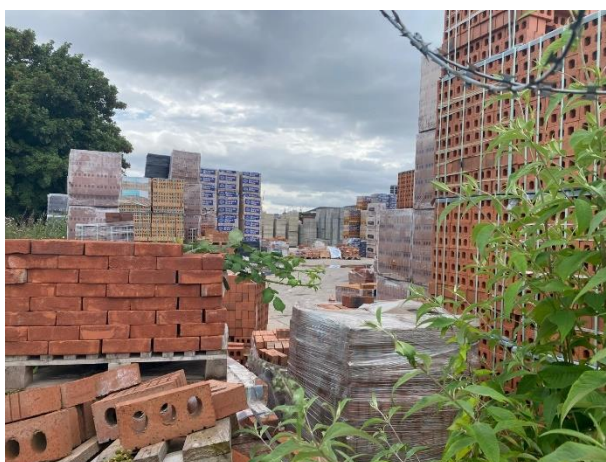
Informal Parking Area



Access to Spink Land



View of Spink Land



View of Spink Land



View of Spink Land



View of the Site from the A61

Appendix 3

Engagement Documents



Private and Confidential

24 June 2022

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

Dear Sirs,

Valuation: Loan Security
Assets: Wilmington Grove, Sheepscar, Leeds and Westbourne Centre, Barrhead, East Renfrewshire
Client: Moorgarth Property Investments 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 Property Investments 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 Principles 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.
- (viii) 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 Property Investments 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

- (i) 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:
 - Wilmington Grove, Sheepscar, Leeds
 - Westbourne Centre, Barrhead, East Renfrewshire
- (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.
- (ii) 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.
- (iii) 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) The agreed fee for the provision of the Valuation is £15,000 plus VAT and is 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 Property Investments 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,



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.

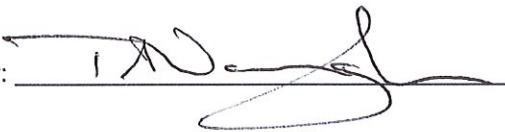
Appendix 3 – Kroll Advisory Ltd Standard Terms of Business.

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 Property Investments Limited

By: 

Date:

APPENDIX 1: 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 2 - 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 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 Property Investments 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>.