

Partners: ANDREW J. MORGAN FRICS FAARV
T. DYLAN R. DAVIES FRAEA FRANFA
MORGAN AND DAVIES CWT

Associate: RHYS AP DYLAN BA (Hons) TCP MSP
STEFFAN L. MORGAN BSc (Hons) MCBA
LIJON AP DYLAN BA (Hons) MNAA



PLEASE REPLY TO THE LAMPETER OFFICE

Andy Thompson
Woods Building Supplies Pension Scheme
Unit 21A
Glanyrafon Industrial Estate
Aberystwyth
SY23 3JQ

9th August 2018
Our Ref: AJM/sm/Surveys 18/14845

By post and e-mail: woods-andyt@outlook.com

Dear Sirs

**RE: Units 21, 21A and 21B Glanyrafon Industrial Estate, Aberystwyth, Ceredigion,
SY23 3JQ – Woods Building Supplies Pension Scheme**

I write further to your recent request for a valuation appraisal for pension fund purposes in relation to the above. We are familiar with the premises but have not had any involvement with these for some years and have no conflicts of interest in this regard. Our valuation is prepared in accordance with the RICS Valuation Professional Standards Manual "The Red Book" and is being carried out by an independent valuer and a RICS valuer under the RICS Valuers Registration Scheme.

Should you or your advisers wish to seek further clarification in any aspect covered within our valuation report then please do not hesitate to contact the writer at the above office. In the meantime we have pleasure in enclosing herewith a note of our professional fee in this regard which takes into consideration the quantum and the nature of the task undertaken and the due diligence involved and experience required.

We thank you for your kind instructions.

Yours faithfully,

Andrew J Morgan FRICS FAARV
andrew@morgananddaves.co.uk

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Partners: ANDREW J. MORGAN RICS FRAV
T. DYLAN R. DAVIES FRAEA FRAHA
MORGAN AND DAVIES CIF

Associate: RHYS AP DYLAN BA (Hons) SCP MIP
STEFFAN L. MORGAN BSc (Hons) MCBA
LIION AP DYLAN BA (Hons) MNAA



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9th August 2018

Account Number: 14845

VAT NO: 485 1070 50

Andy Thompson
Woods Building Supplies Pension Scheme
Unit 21A
Glanyrafon Industrial Estate
Aberystwyth
SY23 3JQ

Woods Building Supplies Pension Scheme

Morgan & Davies present with their compliments their professional fee in respect of the report and valuation carried out on the property known as

**Units 21, 21A and 21B Glanyrafon Industrial Estate, Aberystwyth,
Ceredigion, SY23 3JQ**

Sub Total: £750.00

VAT: £150.00

TOTAL FEE: £900.00

BACS Payment

**Barclays Bank Plc
Sort Code: 20-18-41
Account No: 40632066
Account Name: Morgan & Davies Office A/C**

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THE PROPERTY PROFESSIONALS™

Aberaeron - 01545 571 600
Aberaeron@morgananddavies.co.uk

Lampeter - 01570 423 623
Lampeter@morgananddavies.co.uk

**VALUATION REPORT
IN RESPECT OF**

**UNITS 21, 21A AND 21B AND ASSOCIATED
UNITS AT GLANYRAFON INDUSTRIAL
ESTATE, ABERYSTWYTH IN THE COUNTY
OF CEREDIGION, SY23 3JQ**

Partners: ANDREW J. MORGAN
T. DYLAN R. DAVIES
MORGAN AND DAVIES

Associate: RHYS AP DYLAN
STEFFAN L. MORGAN
LION AP DYLAN

RICS RAIN
FNAEA FNAEA
CITF

BA (Hons) RCP MRP
Bsc (Hons) MCBIA
BA (Hons) MNAEA



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Contents of Valuation Report in Respect of the Property Known as

**UNITS 21, 21A AND 21B AND ASSOCIATED UNITS AT GLANYRAFON INDUSTRIAL ESTATE,
ABERYSTWYTH IN THE COUNTY OF CEREDIGION, SY23 3JQ**

Executive Summary

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Natural Resources Wales Flood Map

Location Plan

Report Assumptions and Valuation Methodology

Original Instructions

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Partners: ANDREW J. MORGAN
T. DYLAN R. DAVIES
MORGAN AND DAVIES

Associate: RHYS AP DYLAN
STEFFAN L. MORGAN
LIJON AP DYLAN



PLEASE REPLY TO THE LAMPETER OFFICE

VALUATION REPORT IN RESPECT OF THE FREEHOLD PROPERTY AND
INVESTMENT PORTFOLIO KNOWN AS

UNITS 21, 21A AND 21B AND ASSOCIATED UNITS AT GLANYRAFON INDUSTRIAL ESTATE,
ABERYSTWYTH IN THE COUNTY OF CEREDIGION, SY23 3JQ

Date of Valuation: 9th August 2018

EXECUTIVE SUMMARY

Address: Units 21, 21A and 2B and associated units at Glanyrafon Industrial Estate, Aberystwyth, Ceredigion, SY23 3JQ

Date of Inspection: 7th August 2018

Location: The properties are located on the noted Glanyrafon Industrial Estate within the Llanbadarn Fawr area of the coastal resort and University town and administrative centre of Aberystwyth being a major satellite centre within Mid Wales and located on the A44 and A487 Cardigan Bay coast road. Llanbadarn Fawr is a village on the edge of the University town and the Glanyrafon Industrial Estate is noted as the main trading estate and business park for the township and includes occupiers such as Jewson, Screwfix, Post Office, Rachel's Dairies, Yodel and numerous other major business industrial and B1, B2 and B8 occupiers.

Description: A portfolio of some 11 business and light industrial units located on the Glanyrafon industrial estate of the county town of Aberystwyth and offering a lucrative and well let commercial investment portfolio more particularly providing a gross rental income of £200,743.00 and dividing more particularly as:

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1. Rachel's Dairy Warehouse, 1 Parc Merlin, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3FF.

2. Yodel Warehouse, Parc Merlin, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion, SY23 3FF.

3. Unit 21A, let to Stephen Woods Limited, Building Supplies, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.

4. Unit 21B, divided into 8 individual smaller sized units together with together with separately let compound.

Tenure: The assessment is based on a current let portfolio deriving an annual income gross believed to be £200,743 per annum based as follows:-

1. Rachel's dairy - £78,160 p.a. Lease expiring 2020.
2. Yodel Unit - £63,000 p.a. Lease expiring 2022.
3. Stephen Woods Ltd let on annual rolling Lease £21,000 p.a. rent.
4. Units 21B gross rent £38,583 p.a. let on various annual licences.

Valuation: **£2,900,000 (Two million nine hundred thousand pounds) gross** (representing yields circa 7%).

Inspecting Surveyor: Andrew Morgan, FRICS FAAV

Inspecting Source: **Trustees of Woods Building Supplies Pension Scheme c/o unit 21A Glanyrafon Industrial Estate, Aberystwyth, SY23 3JU**

Partners:

ANDREW J. MORGAN
T. DYLAN R. DAVIES
MORGAN AND DAVIES

RICS SUK
FNAEA FNAEA
CIV

Associate:

RHYS AP DYLAN
STEFFAN L. MORGAN
LIION AP DYLAN

BA (Hons) TCP MIP
BSc (Hons) MRCBA
BA (Hons) MMASA



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*PHOTOGRAPHS APPERTAINING TO THE VALUATION REPORT IN RESPECT
OF THE FREEHOLD PROPERTY KNOWN AS*

**UNITS 21, 21A AND 21B AND ASSOCIATED UNITS AT GLANYRAFON INDUSTRIAL ESTATE,
ABERYSTWYTH IN THE COUNTY OF CEREDIGION, SY23 3JQ**

Front Elevation 1



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ABERAERON

4 MARKET STREET, ABERAERON, CEREDIGION SA94 5AS
TEL: 01545 571 600 FAX: 01545 571 770
E-mail: aberaeron@morgananddaves.co.uk

www.morgananddaves.co.uk

LAMPETER

11 HARFORD SQUARE, LAMPETER, CEREDIGION SA48 7DF
TEL: 01570 423 623 FAX: 01570 421 512
E-mail: lampeter@morgananddaves.co.uk

Front Elevation 2



Side Elevation



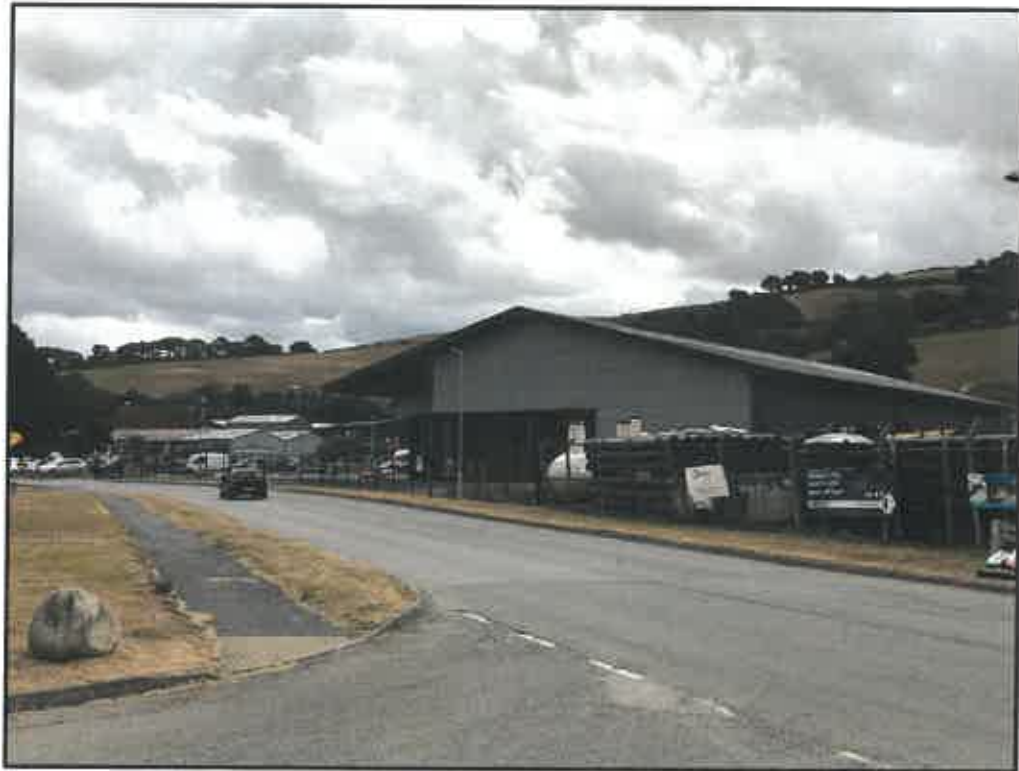
Street View



Adjacent View



Nearby New Development



Partners: ANDREW J. MORGAN FRICS FRAV
T. DYLAN R. DAVIES FHEA FRAA
MORGAN AND DAVIES CIPF

Associate: RHYS AP DYLAN BA (Hons) TCP MIP
STEFFAN L. MORGAN BSc (Hons) MCBA
LIION AP DYLAN BA (Hons) MNMBA



PLEASE REPLY TO THE LAMPETER OFFICE

VALUATION REPORT IN RESPECT OF THE FREEHOLD COMMERCIAL
INVESTMENT PROPERTY PORTFOLIO OF THE TRUSTEES OF WOOD
BUILDING SUPPLIES PENSION SCHEME ON THE PROPERTIES KNOWN AS

**UNITS 21, 21A AND 21B AND ASSOCIATED UNITS AT GLANYRAFON INDUSTRIAL ESTATE,
ABERYSTWYTH IN THE COUNTY OF CEREDIGION, SY23 3JQ**

As inspected by Andrew Morgan, FRICS FAAV

As inspected on: 7th August 2018

Date of Valuation: 9th August 2018

1) INSTRUCTIONS

1.1) We confirm we have been instructed by Trustees of Woods Building Supplies Pension Scheme c/o unit 21A Glanyrafon Industrial Estate, Aberystwyth, SY23 3JU to provide a valuation report in respect of the above Freehold property portfolio which is let as a commercial investment. We understand that the valuation is being relied upon for financial transactional purposes inter alia between the Trustees and Trust members.

1.2) Our valuation is based on a present day open market value, as defined by the RICS Valuation Professional Standards (The Red Book), and has been carried out by Andrew Morgan, FRICS FAAV, being an Independent Valuer, and is an RICS Registered Valuer under the RICS Valuers Registration Scheme, having no conflict of interest in the subject property or Applicant, and can also confirm has the necessary experience of valuing commercial properties in the Mid and West Wales localities.

1.3) We have not carried out any structural appraisals of the property, nor have we liaised with any statutory, utility or Local Authority in respect of the valuation appraisal herewith provided.

1.4) No service provisions or test of any service connections have been carried out as part of this assessment.

1.5) We have not carried out a survey of the property, but merely a superficial inspection, for the purposes of this report to confirm our opinion of value.

Regulated by RICS

2) SCHEDULE OF ASSUMPTIONS AND BASIS OF VALUATION

2.1) This report and valuation is prepared in accordance with the Schedule of Assumptions, Limitations, Caveats and Basis of Valuation, which is appended to the rear of the report, and in accordance with the Royal Institute of Chartered Surveyors Valuation Professional Standards (The Red Book).

3) DATE OF INSPECTION

3.1) The property was inspected on the 7th August 2018 by Andrew Morgan, FRICS FAAV who is an RICS Registered Valuer under the RICS Valuers Registration Scheme, and who has the appropriate experience in valuing commercial properties in the Mid and West Wales localities.

3.2) The weather at the time of our inspection was dry but overcast.

4) LOCATION

4.1) The properties are located on the noted Glanyrafon Industrial Estate within the Llanbadarn Fawr area of the coastal resort and University town and administrative centre of Aberystwyth being a major satellite centre within Mid Wales and located on the A44 and A487 Cardigan Bay coast road. Llanbadarn Fawr is a village on the edge of the University town and the Glanyrafon Industrial Estate is noted as the main trading estate and business park for the township and includes occupiers such as Jewson, Screwfix, Post Office, Rachel's Dairies, Yodel and numerous other major business industrial and B1, B2 and B8 occupiers.

5) GENERAL DESCRIPTION

5.1) A portfolio of some 11 business and light industrial units located on the Glanyrafon industrial estate of the county town of Aberystwyth and offering a lucrative and well let commercial investment portfolio more particularly providing a gross rental income of £200,743.00 and dividing more particularly as:

1. Rachel's Dairy Warehouse, 1 Parc Merlin, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3FF.

A modern well equipped fully operational warehouse let to a nearby dairy and yoghurt and dairy products manufacturing occupier. Overall floor area 1,440 sq. ft. External yard facility and management office.

2. **Yodel Warehouse, Parc Merlin, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion, SY23 3FF.**

Warehouse distribution premises and extensive tarmacadamed yardage warehouse gross 901.8 sq. m. but fenced and enclosed yard of 1,000 sq. m.

3. **Unit 21A, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Let to Stephen Woods Building Supplies comprises of workshop, office, staff welfare facilities, reception area and mezzanine storage plus extensive ground floor builder's covered storage in gross 938.25 sq. m. let at £21,000 p.a.

4. **Unit 21B (Unit 1), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Let on a Licence at £6,360 pa to Ultimate Alloys. Workshop and premises extending to 76.9 sq. ft including staff facilities.

5. **Unit 21 B (Unit 2), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Let to Home Grow Centre Hydroponics at a rental of £7,440 p.a.

6. **Unit 21 B (Unit 3), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Let to Mark Skitt, local builders as building storage, rental £6,360 per annum.

7. **Unit 21 B (Unit 4), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Currently vacant but let subject to contract at an asking rent of £5,200 p.a. and extending to 76.9 sq. ft. with workshop and staff amenities.

8. **Unit 21 B (Unit 5), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Let to J Thomas for storage at £3,000 p.a. providing workshop and staff amenities 76.9 sq. m.

9. **Unit 21 B (Unit 6), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.**

Let to Wynford Williams Car Washing, Car Retailing and Valeting Services at £7,560 p.a. extending 126.38 sq. ft. workshop and staff amenities.

10. Unit 21 B (Unit 7), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.

Let to Gifts in Time, storage at rental of £3,600 p.a. for premises extending to 57.04 sq. m. with warehouse and staff toilets.

11. Unit 21 B (Unit 8), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.

Let to K & K Cleaning as a storage unit for rental £1,320 p.a.

12. Unit 21 B (Unit 9), Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ.

Compound let to J.D.M. Construction as a storage facility at a rental of £4,300 p.a.

Units 21A and B in total 9 units are let on 12 month Leases with various expiry dates therefore requirement of ongoing management however most occupiers have been in occupation for some years on a rolling occupational term. All rents are subject to VAT.

6) TENURE

6.1) Our valuations are provided on a Freehold let basis in accordance with the Leases which we understand are held by the Pension Provider. The primary Lease is dated 27th June 2012 between Merlin Homes Wales and Rachel's Dairy Limited for Unit 1 which is subsequently subdivided to incorporate the older unit also. The 21A and B Leases are Licenses as far as the valuer is able to establish and no documents have been disclosed for this purpose. We have assumed thus that some of these units would be becoming available on a pro rata basis and as with current market conditions necessary void periods have been taken into consideration in the due diligence in the preparation of this report and accordingly factored into our assessment of valuation and quantum.

7) SERVICES

7.1) We understand the property is connected to mains water, mains electricity, mains drainage and BT Telecom connection.

8) PLANNING AND OTHER STATUTORY REQUIREMENTS

8.1) Planning

The Local Planning Authority, Ceredigion County Council, Website has been perused to reveal that there are no entries that would have a detrimental impact on our valuation appraisal.

8.2) **Building Regulations**

The Local Authority, Ceredigion County Council, Website has been perused to confirm that there are no entries in respect of Building Regulation Applications that would have a detrimental impact on our valuation.

8.3) **Energy Efficiency**

An Energy Performance Certificate has been carried out on the following units.

Unit 21

- a) The current Energy Performance Certificate was issued on 9th February 2011 and is valid until 8th February 2021.
- b) The rating: E.
- c) The proposals are included in the recommendations report and these should be noted.

Yodel Warehouse

- a) The current Energy Performance Certificate was issued on 11th April 2014 and is valid until 10th April 2024.
- b) The rating: E.
- c) The proposals are included in the recommendations report and these should be noted.
- d) We do not consider that the Client should obtain a new Energy Performance Certificate.
- e) Research has also identified that energy performance certificates (EPCs) understate the thermal efficiency of solid walls. Many PRS properties have solid walls. Usually they were built pre-1918 but can be later. Again the Government are proposing to recalibrate EPCs to give a truer reading. This could mean that some solid wall properties currently rated F under an EPC will no longer require any work and less work may be required in the case of a G rated property. The Government has yet to bring forward the relevant regulations to implement these changes. Landlords of F and G rated solid wall properties are therefore strongly advised to await Developments.
- f) From April 2018 it will not be possible to let Residential or Commercial Real Estate with an Energy Performance Certificate rating less than E.
- g) The Applicants should ensure that the property has an Energy Performance Certificate rating of no less than E and, if the property's expected energy rating does not exceed this level, then arrangements for improvements should be carried out with advice from a recognised specialist together with budgeting for capital expenditure.

9) OUTGOINGS

9.1) The property is listed under the Local Authority of Ceredigion County Council and has the following charges.

	Address of property	Rateable Value 2018/19	Rates payable 2018/19
a)	Rachel's Dairy Warehouse	£56,000	£28,784.00
b)	Yodel, Parc Merlin	£42,500	£21,845.00
c)	Unit 21A, Stephens Woods Ltd	£35,750	£18,375.50
d)	Unit 21B (Unit 1) Ultimate Alloys	£ 5,200	£ 2,672.80
e)	Unit 21B (Unit 2) Home Grow	£ 5,200	£ 2,672.80
f)	Unit 21B (Unit 3) Mark Skitt	£ 5,200	£ 2,672.80
g)	Unit 21B (Unit 4) –VACANT UNIT		
h)	Unit 21B (Unit 5) J Thomas Storage	£ 5,200	£ 2,672.80
i)	Unit 21B (Unit 6) Wynford Williams	£ 7,300	£ 3,752.20
j)	Unit 21B (Unit 7) Gifts in Time	£ 3,850	£ 1,978.90

10) ENVIRONMENTAL ISSUES

10.1) We have not been asked to commission a Site Guard Report and associated Land Use Questionnaire in respect of the subject property for secured lending purposes.

10.2) Our inspection has not shown any evidence of land contamination. Furthermore, our enquiries have not revealed any contamination issues affecting the subject property, or neighbouring properties, which will affect our valuation.

10.3) However, should it be established subsequently that contamination exists at the property, or on any neighbouring land or property, that is so great as to affect the saleability of the property, this may reduce the value now reported, and we reserve the right to submit a further valuation on submission of a detailed report quantifying the costs of dealing with the contamination (to our satisfaction).

Asbestos Management Plan

10.4) Since 2004, all commercial buildings should have an asbestos report and an asbestos management plan.

10.5) We have not been provided any of these details of the purpose of the report, although you should ensure that, if required for this subject property, these reports and plans are made available.

Invasive Species

10.6) The subject property and site was inspected and no evidence of Invasive Species was present on the subject property/adjoining property.

10.7) The presence of Invasive Species, such as Japanese Knotweed/Himalayan Balsam/Ragwort, can seriously affect marketability, and subsequently the value of properties, and can be very expensive to eradicate, resulting in the classification of the land as contaminated.

10.8) If the presence of any Invasive Species is present we would recommend a full Environment Report and quotation for its management/eradication which should be referred to prior to the lending being approved for commentary.

11) RADON GAS

11.1) The National Radiological Protection Board has identified the area in which the property is situated, as one in which in more than 1% of properties, the levels of Radon Gas entering the property area such that remedial action may be necessary.

11.2) We recommend that you contact the National Radiological Protection Board, Telephone Number 0800 614 529, who can give advice and recommendations in respect of carrying out further investigations and the costs of any remedial actions that may be necessary.

12) FLOODING

12.1) The Natural Resources Wales Flood Risk Register has been perused which reveals that the property is not in an area prone to flooding and therefore we do not consider that flooding has a detrimental impact upon our valuation.

13) HIGHWAYS AND PUBLIC RIGHTS OF WAY

13.1) Highways

The properties have direct frontages to a Local Authority maintained highways at public expense.

13.2) Public Rights of Way

Our inspection of the Local OS Land Ranger Plan does not indicate that the property is affected by any Public Rights of Way.

14) CONDITION

14.1) We have not carried out a full structural survey of the property. However, the properties were found to be in good tenable order and are relatively modern in the context of generality.

14.2) The general state of repair of the properties was found to be satisfactory for normal occupational commercial lettings.

14.3) We confirm the properties will retain a useful economic life of at least 25 years subject to ongoing maintenance.

15) FIRE REGULATIONS

15.1) The Regulatory Reform (Fire Safety) Order 2005 requires the "responsible person", to make a suitable and sufficient assessment of the risks and to identify the fire precautions required to comply with the Order. The Order applies to all non-domestic property.

15.2) Such fire precautions may include adaptation of the building and installation of fire safety equipment, but in all cases, they must include signage, fire safety, action plans, staff training, identifying duty holders and routine maintenance/monitoring fire signed and dated checklists.

We understand that a full Fire Risk Assessment has been undertaken for the property and our valuation is provided on this basis and that this will be updated as required under the Self-Regulation System.

16) THE EQUALITY ACT 2012

16.1) It would appear that the property would comply with the relevant Legislation under The Equality Act 2012 for accessibility under the Disabled Discrimination Act and we therefore consider that this would not have a material impact upon the value of the property.

17) F.C.A. MORTGAGE REGULATIONS

17.1) There is no residential accommodation at the property. Therefore, we do not consider that the F.C.A. Regulations in respect of Regulated Residential Mortgages needs to be considered.

18) VALUATION

18.1) It is our considered opinion the property can be valued on the following basis:-

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 have each acted knowledgeably, prudently and without compulsion.

The properties as a whole can be assessed as having a gross value of a sum in the region of £2,900,000 (Two million nine Hundred Thousand Pounds) calculated off an equivalent yield of 7%.

Suitability for Lending Purposes

- i) We do consider the properties as suitable banking security and cannot foresee any difficulties likely to arise.

- ii) The value of these properties are likely to be static in the short to medium term.
- iii) We believe the property represents suitable security for loan purposes subject to the recommendations within this report and in accordance with normal commercial lending practice.

19) MARKET COMMENTARY

19.1) This is a diverse portfolio of commercial property in a sought after location within central Wales. This site is the main hub for distribution to the wide rural areas and coastal locality of the Cardigan Bay region. The University town of Aberystwyth continues to thrive and has recently undergone major retail and strategic benefitting the rural and coastal hinterlands.

19.2) We have relied upon our own market judgement based on underlying commercial and regional and national trends within the market whereby we are aware that recent auction results have been positive for well let and quality industrial and commercial floor space and let portfolios. This type of offering would in the valuer's opinion command a good level of interest if being made available in the market to not only investors but also institutional led interests. We have relied upon our own judgement based upon marketing history of similar premises, current equivalent sales in the market including auction sales, publicised indices, sector analysis and local factors and a daily understanding and dialogue with commercial property agents in the region a sector within which this firm is engaged on a day to day basis.

19.3) There has been uncertainty in the market as a result of the Brexit vote although this has not had a major or significant impact in our region generally so far. There has recently been an increase in the underlying Bank of England interest rate this is not likely to have a detrimental on the underlying market conditions in the valuer's opinion as interest rates are still historically low.

20) VALUATION METHODOLOGY

20.1) We have taken into consideration the rent roll and the standard of the units and the state of the current regional and underlying National commercial property trends in arriving at our appraisal. We have calculated a yield based on circa 7% to arrive at our valuation appraisal. It is noted that Unit 21A is in our considered opinion underlet and this would in our considered opinion increase the yield return if a full market rent were to be payable.

21) COMPARABLE EVIDENCE

21.1) Our valuation has been based on the following comparative analysis:-

- a) **Halifax Plc Branch, 121/122 Lammas Street, Carmarthenshire, SA21 3AE.** banking hall and offices sold for £680,000 by auction 10th July 2017 until 2031 yield 5.66%.

- b) **Shoe Zone, 19 High Street, Cardigan, Ceredigion, SA43 1JJ:** retail premises sold at auction for £300,000 on 6th February 2018. Sold for £300,000 yield 10%.
- c) **Depot and Land at Caernarfon Road, Bangor, LL57 2TX:** small site with rental of £14,000 per annum sold at auction, 10th October 2016 for £212,500, yield 6.59%.
- d) **Holman House, 36/38 Newport Road, Monmouthshire, NP26 4BQ:** Retail and office investment providing 5 retail units and offices over suitable for residential development. Sold at auction 8th February 2016 for £660,000 yield 9.45%.
- e) **Bridgend, Mid Glamorgan, CF31 4LH** Freehold cash and Carry Warehouse let to Booker Ltd at £115,000 p.a. let until 2026 sold by auction 3rd July 2018 for £1,350,000 yield 8.52%.
- f) **Kwik Fit Depot, 511 Carmarthen Road, Swansea, SA5 8LL:** semi-detached equipped premises, sold at auction 21st March 2016 for £660,000 yield 6.21%.
- g) **Units 10 to 15 Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, SY23 3JQ:** small parade of units total 4,519 sq. ft. with parking only sold by auction 10th July 2017 for £310,000, income £30,035 yield 9.3%.
- h) **Clarks' Retail, 20 Great Darkgate Street, Aberystwyth, SY23 1DE:** freehold 2,300 sq. ft. shop let at £45,000 per annum sold at auction for £587,000 on 19th May 2016 yield 7.3%.

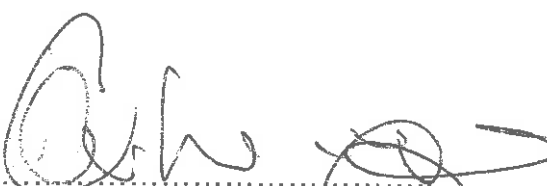
22) CONFIDENTIALITY

22.1) This report is for the use of the party to whom it is addressed and can only be used in the context of the instructions under which it is prepared. Morgan & Davies accept responsibility to the Clients alone and the report will be prepared with skill, care and diligence to be reasonably expected of a competent Chartered Surveyor, but Morgan & Davies accept no responsibility whatsoever to any person other than the Client itself/themselves or any such person or body relying upon the report do so at their own risk.

22.2) Neither the whole Nor any part of this report or any reference thereto may be included in any published documents, circular or statement, nor published in anyway without the prior written approval of Morgan & Davies as to the form and context in which it may appear.

22.3) For the purpose of this valuation we state our opinion of the market value of the property with no allowance for any grants or tax allowances which may be appropriate under current legislation.

22.4) In addition the figure does not take account of any present or future taxation liability which could become payable on the disposal of an asset owing to a change of use or development situation.

Signed 

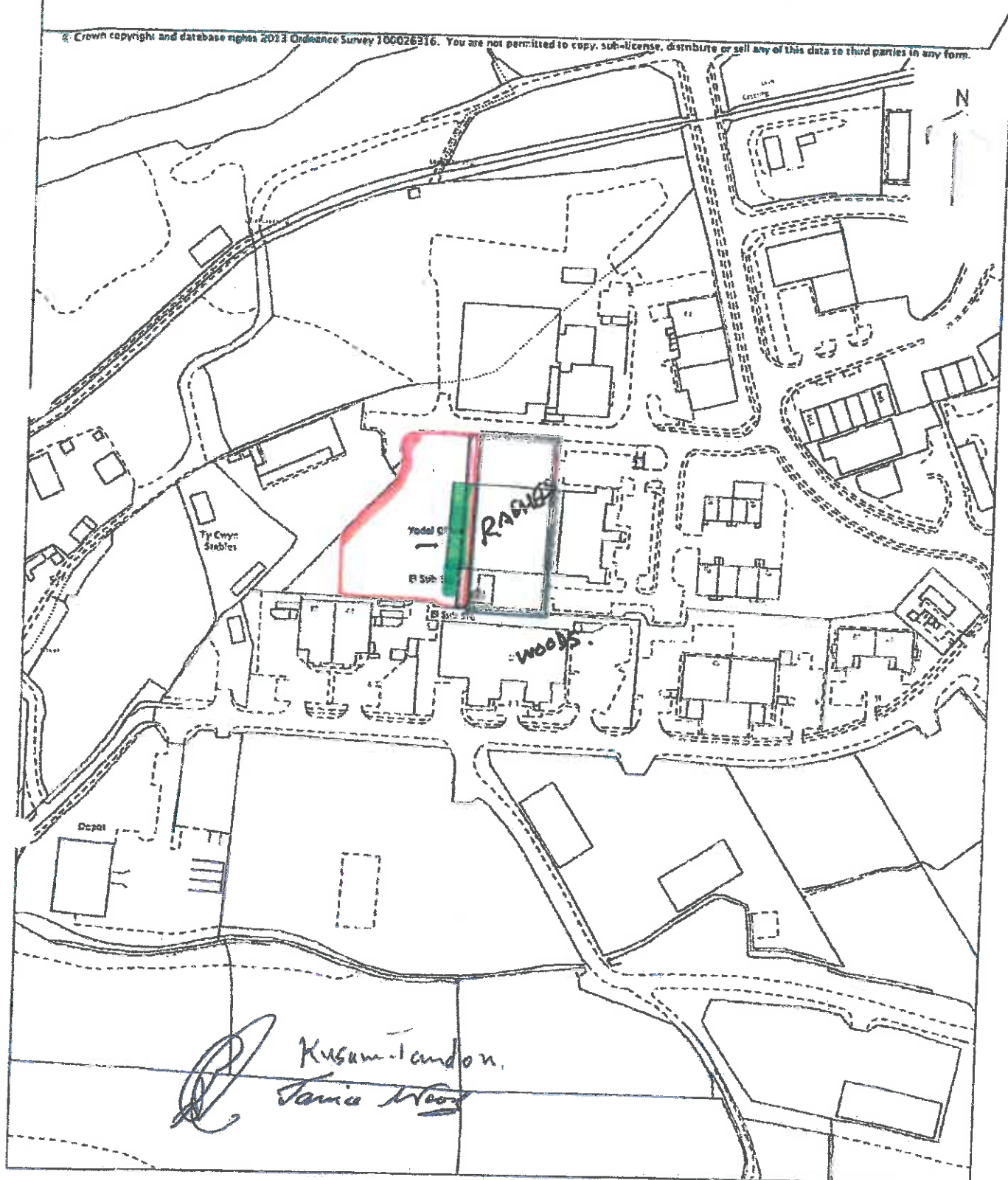
As inspected by **Andrew J. Morgan, FRICS, FAAV**

Dated this 9th Day of August 2018

Land Registry
Official copy of
title plan

Title number CYM591302
Ordnance Survey map reference SN6080SE
Scale 1:2500
Administrative area Ceredigion / Ceredigion

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Dated

17th June

2012

MERLIN HOMES (WALES) LIMITED

-and-

RACHEL'S DAIRY LIMITED

LEASE

Unit 1, Parc Merlin, Glanyrafon Industrial Estate,
Llanbadarn fawr, Aberystwyth, Ceredigion

Examined against the original
produced at our office here
this 17th day of June 2012

Morris & Bates
MORRIS & BATES Solicitors
P.O. Box 1, Ffordd Alexandra
Aberystwyth, Ceredigion SY23 1PT
Tel 02100 Aberystwyth

Alun Thomas & John
Crynfryn
Eastgate

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WA726381

LR2.2 Other title numbers

15/02/2012

- LR3. Parties to this lease**
Landlord
 MERLIN HOMES (WALES) LIMITED of Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3JQ (Company Registration no: 3203530)
Tenant
 RACHEL'S DAIRY LIMITED incorporated and registered in England and Wales whose registered office is at Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3JQ (Company Registration no: 02545149)
- LR4. Property**
 In the case of a conflict between this clause and the remainder of this lease then, for the purposes of registration, this clause shall prevail.
 The Premises as specified in clause 1.37
- LR5. Prescribed statements etc**
 None
- LR6. Term for which the Property is leased**
 The term as specified in this lease at clause 1.5 ('The Contractual Term')
- LR7. Premium**
 N/A
- LR8. Prohibitions or restrictions on disposing of this lease**
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15/02/2012

None
LR13. Application for standard form of restriction

None

THIS LEASE is made between the parties referred to in clause LR3 and the provisions that follow have effect subject to the provisions contained, and terms used, in clauses LR1 to LR13.

HM LAND REGISTRY

LAND REGISTRATION ACT 2002

Administrative area	Ceredigion
Title number out of which lease is granted	WA726361
Property let	Unit 1, Parc Merlin, Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth

THIS LEASE is made the 27th day of September 2012 BETWEEN:

- (1) MERLIN HOMES (WALES) LIMITED of Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3JQ (Company Registration no: 3203530) ('the Landlord') and
- (2) RACHEL'S DAIRY LIMITED of Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3JQ (Company Registration no: 02545149) ('the Tenant')

NOW THIS DEED WITNESSES as follows:

1 DEFINITIONS AND INTERPRETATION

For all purposes of this Lease the terms defined in this clause have the meanings specified.

1.1 'The Adjoining Conduits'

'The Adjoining Conduits' means the pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, laser optical fibres, data or impulse transmission, communication or reception systems, channels, flues and all other conducting media—including any fixings, louvres, covers, covers and other ancillary apparatus—that are in, on, over or under the Estate that serve the Premises.

1.2 'Adjoining property of the Landlord'

References to 'adjoining property of the Landlord' are references to each and every part of the land neighbouring or adjoining the Premises, including the rest of the Estate, in which the Landlord, or a company that is a member of the same group as the Landlord within the meaning of the 1954 Act Section 42, has or during the Term acquires an interest or estate.

15/02/2012

- 1.3 **'The CDM Regulations'**
'The CDM Regulations' means the Construction (Design and Management) Regulations 2007.
- 1.4 **'The Conduits'**
'The Conduits' means the pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, laser optical fibres, data or impulse transmission, communication or reception systems, channels, flues and all other conducting media—including any fixings, louvres, covers, covers and any other ancillary apparatus—that are in, on, over or under the Premises.
- 1.5 **'The Contractual Term'**
'The Contractual Term' means eight years commencing on and including the date of this lease
- 1.6 **'Development'**
 References to 'development' are references to development as defined by the Town and Country Planning Act 1990 Section 55.
- 1.7 **'The Estate'**
'The Estate' means the land and buildings known as the Parc Merlin, Glanrhyon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion comprised within title number WA 726381.
- 1.8 **'The Estate Roads'**
'The Estate Roads' means the roads comprised within the Estate.
- 1.9 **'The Fire Safety Regulations'**
'The Fire Safety Regulations' means the Regulatory Reform (Fire Safety) Order 2005.
- 1.10 **Gender and number**
 Words that indicate one gender include all other genders, words that indicate the singular include the plural and vice versa and words that indicate persons shall be interpreted as extending to a corporate body or a partnership and vice versa.
- 1.11 **Headings**
 The clause, paragraph and schedule headings and the table of contents do not form part of this document and must not be taken into account in its construction or interpretation.
- 1.12 **'The Industrial Covenants'**
'The Industrial Covenants' means the covenants set out in schedule 4 THE INDUSTRIAL COVENANTS.
- 1.13 **'The Initial Rent'**
'The Initial Rent' means the sum of £ 78,180 a year.
- 1.14 **'The Insurance Rent'**
'The Insurance Rent' means a fair proportion reasonably attributable to the Premises of the gross sums including any commission that the Landlord is from time to time liable to pay:
- 1.14.1 by way of premium for insuring the Estate, including insuring for loss of rent, in accordance with his obligations contained in this Lease or, where the insurance includes the Estate and other property, the proportion of those sums reasonably attributable to the Estate, such proportion to be determined from time to time by the Surveyor acting as an expert and not as an arbitrator.

- 1.14.2 by way of premium for insuring in such a manner and on such terms as the Landlord acting reasonably considers appropriate against all liability of the Landlord to third parties arising out of or in connection with any matter including or relating to the Estate and
- 1.14.3 for insurance valuations and all of any increased premium payable because of any act or omission of the Tenant.
- 1.15 **'The Insured Risks'**
'The Insured Risks' means the risks of loss or damage by fire, storm, tempest, earthquake, lightning, explosion, riot, civil commotion, malicious damage, terrorism, impact by vehicles and by aircraft and articles dropped from aircraft - other than war risks-flood damage and bursting and overflowing of water pipes and tanks, and such other risks, whether or not in the nature of the foregoing, as the Landlord acting reasonably from time to time decides to insure against.
- 1.16 **'Interest'**
References to 'interest' are references to interest payable during the period from the date on which the payment is due to the date of payment, both before and after any judgment, at the Interest Rate then prevailing (where the interest rate is defined by reference to a bank base rate) or, should the base rate referred to in clause 1.17 'THE INTEREST RATE' cease to exist, at another rate of interest closely comparable with the Interest Rate to be decided on by the Landlord acting reasonably.
- 1.17 **'The Interest Rate'**
'The Interest Rate' means the rate of 3 % a year above the base lending rate of HSBC Bank PLC or such other bank being a member of the British Bankers Association as the Landlord may from time to time nominate in writing.
- 1.18 **Interpretation of 'consent' and 'approved'**
- 1.18.1 **Prior written consent or approval**
References to 'consent of the Landlord' or words to similar effect and references to a prior written consent signed by or on behalf of the Landlord and references to the need for anything to be 'approved by the Landlord' or words to similar effect are references to the need for a prior written approval by or on behalf of the Landlord.
- 1.18.2 **Consent or approval of mortgagee**
Any provisions in this Lease referring to the consent or approval of the Landlord are to be construed as also requiring the consent or approval of any mortgagee of the Premises. Nothing in this Lease is to be construed as imposing any obligation on a mortgagee not to refuse any such consent or approval unreasonably.
- 1.19 **Interpretation of 'the Landlord'**
The expression 'the Landlord' includes the person or persons from time to time entitled to possession of the Premises when this Lease comes to an end.
- 1.20 **Interpretation of 'the last year of the Term' and 'the end of the Term'**

References to 'the last year of the Term' are references to the actual last year of the Term howsoever it determines and references to the 'end of the Term' are references to the end of the Term whensoever and howsoever it determines.

1.21 Interpretation of 'the Tenant'

'The Tenant' includes any person who is for the time being bound by the tenant covenants of this Lease.

1.22 Interpretation of 'this Lease'

Unless expressly stated to the contrary, the expression 'this Lease' includes any document supplemental to or collateral with this document or entered into in accordance with this document.

1.23 Joint and several liability

Where any party to this Lease for the time being comprises two or more persons, obligations expressed or implied to be made by or with that party are deemed to be made by or with the persons comprising that party jointly and severally.

1.24 'Losses'

References to 'losses' are references to liabilities, damages or losses, awards of damages or compensation, penalties, costs, disbursements or expenses arising from any claim, demand, action or proceedings.

1.25 'The 1954 Act'

'The 1954 Act' means the Landlord and Tenant Act 1954 and all statutes, regulations and orders included by virtue of clause 1.36 REFERENCES TO STATUTES.

1.26 'The 1995 Act'

'The 1995 Act' means the Landlord and Tenant (Covenants) Act 1995 and all statutes, regulations and orders included by virtue of clause 1.36 REFERENCES TO STATUTES.

1.27 Obligation not to permit or suffer

Any covenant by the Tenant not to do anything includes an obligation not to permit or suffer that thing to be done by another person.

1.28 'The Open Land'

'The Open Land' means any part of the Premises that is not built on.

1.29 'Other buildings'

References to 'other buildings' are references to any buildings now or at any time during the Term erected on any adjoining property of the Landlord.

1.30 'The Permitted Use'

'The Permitted Use' means as a warehouse or any other use falling within Classes B1, B2 or B8 of the Schedule to the Town and Country Planning (Use Classes) Order 1987, notwithstanding any amendment or revocation of that Order, as the Landlord from time to time approves, such approval not to be unreasonably withheld or delayed.

1.31 'The Plan'

'The Plan' means the plan annexed to this Lease.

- 1.32 'The Planning Acts'**
 The Planning Acts' means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning (Hazardous Substances) Act 1990, the Planning and Compensation Act 1991, the Planning and Compulsory Purchase Act 2004 and all statutes, regulations and orders included by virtue of clause 1.36 REFERENCES TO STATUTES.
- 1.33 'The Premises'**
- 1.33.1 Definition of 'the Premises'**
 'The Premises' means all that land and building known as Unit 1 on the Estate shown for the purpose of identification only edged red on the Plan excluding the premises comprised within title number CYM550951.
- 1.33.2 Interpretation of 'the Premises'**
 The expression 'the Premises' includes:
- 1.33.2.1** all buildings, erections, structures, fixtures, fittings and appurtenances on the Premises from time to time,
- 1.33.2.2** the boundary structures on the boundaries of the Premises,
- 1.33.2.3** all additions, alterations and improvements carried out during the Term and
- 1.33.2.4** the Conduits
 but excludes the air space above and any fixtures installed by the Tenant that can be removed from the Premises without defacing the Premises. Unless the contrary is expressly stated 'the Premises' includes any part or parts of the Premises.
- 1.34 References to clauses and schedules**
 Any reference in this document to a clause, paragraph or schedule without further designation is to be construed as a reference to the clause, paragraph or schedule of this document so numbered.
- 1.35 References to rights of access**
 References to any right of the Landlord to have access to the Premises are to be construed as extending to any mortgagee of the Premises and to all persons authorised in writing by the Landlord and any head landlord or mortgagee, including agents, professional advisers, contractors, workmen and others.
- 1.36 References to statutes**
 Unless expressly stated to the contrary, any reference to a specific statute includes any statutory extension or modification, amendment or re-enactment of that statute and any regulations or orders made under it and any general reference to a statute includes any regulations or orders made under that statute.
- 1.37 'The Rent'**
 Until the First Review Date 'the Rent' means the Initial Rent. Thereafter 'the Rent' means the sum ascertained in accordance with schedule 3 THE RENT AND RENT REVIEW. 'The Rent' does not

- include the Insurance Rent but the term 'the Lease Rents' means together the Rent, the Insurance Rent and Security Fence Rent.
- 1.38 **'The Rent Commencement Date'** *27th June 2012*
'The Rent Commencement Date' means *(insert the date on which payment of the rent is to start).*
- 1.39 **'The Review Dates'**
'The First Review Date' means *the fourth anniversary thereof.* **'The Review Dates'** means the First Review Date and every anniversary of that date during the Contractual Term. References to 'a review date' are references to any one of the Review Dates.
- 1.40 **'The Security Fence Rent'**
'The Security Fence Rent' means the sum of £500 per annum payable in respect of the security fence at the Premises.
- 1.41 **'The Schedule of Condition'**
'The Schedule of Condition' means the schedule of condition of the Premises attached hereto.
- 1.42 **'The Surveyor'**
'The Surveyor' means Andrew Morgan of Morgan & Davies, Harford Square, Lampeter, Ceredigion or any person or firm appointed by the Landlord in his place. The Surveyor may be an employee of the Landlord or a company that is a member of the same group as the Landlord within the meaning of the 1954 Act Section 42. The expression 'the Surveyor' includes the person or firm appointed by the Landlord to collect the Lease Rents.
- 1.43 **Terms from the 1995 Act**
Where the expressions 'landlord covenants', 'tenant covenants' or 'authorised guarantee agreement' are used in this Lease they are to have the same meaning as is given by the 1995 Act Section 28(1).
- 1.44 **'The Uninsured Risks'**
'The Uninsured Risks' means any risk or element of risk against which insurance cover is not generally available for property such as the Estate or is available only on terms or subject to conditions making it unreasonable in all the circumstances to take out insurance against that risk or element of risk.
- 1.45 **'VAT'**
'VAT' means value added tax or any other tax of a similar nature and unless otherwise expressly stated all references to rents or other sums payable by the Tenant are exclusive of VAT.
- 2 **DEMISE**
The Landlord lets the Premises to the Tenant with full title guarantee, together with the rights specified in schedule 1 THE RIGHTS GRANTED, but excepting and reserving to the Landlord the rights specified in schedule 2 THE RIGHTS RESERVED, to hold the Premises to the Tenant for the Contractual Term, subject to all rights, easements, privileges, restrictions, covenants and stipulations of whatever nature affecting the Premises including any matters contained or referred to in schedule 5 THE SUBJECTIONS yielding and paying to the Landlord:

- 2.1 the Rent and Security Fence Rent, without any deduction or set off, by actual quarterly payments in advance on the usual quarter days in every year and proportionately for any period of less than a year, the first such payment, being a proportionate sum in respect of the period from and including the Rent Commencement Date to and including the day before the quarter day next after the Rent Commencement Date, to be paid on the date of this document; and
- 2.2 by way of further rent the Insurance Rent payable on demand in accordance with clause 5.4
- PAYMENT OF THE INSURANCE RENT.**
- 3 THE TENANT'S COVENANTS**
- The Tenant covenants with the Landlord to observe and perform the requirements of this clause
- 3.1 Rent**
- 3.1.1 *Payment of the Lease Rents***
- The Tenant must pay the Lease Rents on the days and in the manner set out in this Lease and must not exercise or seek to exercise any right or claim to withhold rent or any right or claim to legal or equitable set-off.
- 3.1.2 *Payment by banker's order***
- If so required in writing by the Landlord, the Tenant must pay the Lease Rents by banker's order or credit transfer to any bank and account in the United Kingdom that the Landlord nominates from time to time.
- 3.2 Outgoings and VAT**
- 3.2.1 *Outgoings exclusive to the Premises***
- The Tenant must pay, and must indemnify the Landlord against:
- 3.2.1.1** all rates, taxes, assessments, duties, charges, impositions and outgoings that are now or may at any time during the Term be charged, assessed or imposed upon the Premises or upon the owner or occupier of them, excluding any payable by the Landlord occasioned by receipt of the Lease Rents or by any disposition of or dealing with this Lease or ownership of any interest reversionary to the interest created by it;
- 3.2.1.2** all VAT that may from time to time be charged on the Lease Rents or other sums payable by the Tenant under this Lease; and
- 3.2.1.3** all VAT incurred in relation to any costs that the Tenant is obliged to pay or in respect of which he is required to indemnify the Landlord under the terms of this Lease, save where such VAT is recoverable or available for set-off by the Landlord as input tax.
- 3.2.2 *Outgoings assessed on the Premises and other property***
- The Tenant must pay, and must indemnify the Landlord against, the proportion reasonably attributable to the Premises—to be determined from time to time by the Surveyor, acting as an expert and not as an arbitrator—of all rates, taxes, assessments, duties, charges, impositions and outgoings that are now or at any time during the Term

may be charged, assessed or imposed on the Premises and any other property, including any adjoining property of the Landlord, or on their owners or occupiers.

3.3 Cost of services consumed

The Tenant must pay to the suppliers, and indemnify the Landlord against, all charges for electricity, water, gas, telecommunications and other services consumed or used at or in relation to the Premises, including meter rents and standing charges, and must comply with the lawful requirements and regulations of the respective suppliers.

3.4 Repair, cleaning and decoration

3.4.1 Repair of the Premises

The Tenant must repair the Premises and keep them in good condition and repair, in accordance with the Schedule of Condition except for damage caused by one or more of:

3.4.1.1 the Insured Risks save to the extent that any insurance money is irrecoverable due to any deliberate act or default of the Tenant or anyone at the Premises expressly or by implication with his authority; and

3.4.1.2 the Uninsured Risks where the damage is to the whole of the Premises and is such as to prevent occupation except to the extent that the damage is caused by any deliberate act or default of the Tenant or anyone at the Premises expressly or by implication with his authority.

3.4.2 Replacement of landlord's fixtures

The Tenant must replace from time to time any landlord's fixtures and fittings in the Premises that are beyond repair at any time during or at the end of the Term.

3.4.3 Cleaning and tidying

The Tenant must keep the Premises clean and tidy and clear of all rubbish and, without prejudice to the generality of the above, must clean both sides of all windows in the Premises as often as is reasonably necessary.

3.4.4 The Open Land

3.4.4.1 Care of the Open Land

The Tenant must keep the Open Land adequately surfaced, in good condition and free from weeds and must keep all landscaped areas properly cultivated.

3.4.4.2 Storage on the Open Land

The Tenant must not store anything on the Open Land other than wooden pallets or bring anything onto it that is or might become untidy, unclean, unsightly or in any way detrimental to the Premises or any adjoining property of the Landlord or the area generally.

3.4.4.3 Rubbish on the Open Land

The Tenant must not deposit any waste, rubbish or refuse on the Open Land or place any receptacle for them on it.

3.4.4.4 Vehicles on the Open Land

The Tenant must not keep or store any caravan or movable dwelling on the Open Land nor park any vehicle on the Open Land save in the designated parking spaces.

3.4.5 Care of adjoining property and abutting land

The Tenant must not cause any adjoining property of the Landlord or any other land, roads or pavements abutting the Premises to be untidy or dirty and in particular, but without prejudice to the generality of the foregoing, must not deposit refuse or other materials on them.

3.4.6 Decoration

The Tenant must redecorate the outside and inside of the Premises as often as is necessary in the reasonable opinion of the Surveyor in a good and workmanlike manner and with appropriate materials of good quality, to any change in the tints, colours and patterns of the decoration to be approved by the Landlord, whose approval may not be unreasonably withheld or delayed.

3.4.7 Shared facilities

Where the use of any of the Conduits or any boundary structures or other things is common to the Premises and any adjoining or neighbouring premises, other than any adjoining property of the Landlord, the Tenant must be responsible for, and indemnify the Landlord against, all sums due from the owner, tenant or occupier of the Premises in relation to those Conduits, boundary structures or other things and must undertake all work in relation to them that is his responsibility.

3.5 Waste and alterations

3.5.1 Waste, additions and alterations

The Tenant must not commit any waste, make any addition to the Premises, unite the Premises with any adjoining premises or make any alteration to the Premises save as permitted by the provisions of this clause 3.5.

3.5.2 Pre-conditions for alterations

The Tenant must not make any alterations to the Premises unless he first:

- 3.5.2.1** obtains and complies with the necessary consents of the competent authorities and pays their charges for them;
- 3.5.2.2** makes an application to the Landlord for consent, supported by drawings and where appropriate a specification in duplicate prepared by an architect who must supervise the work throughout to completion if required by the Landlord;
- 3.5.2.3** pays the fees of the Landlord, any mortgagee and their respective professional advisers;

- 3.5.2.4 enters into any covenants the Landlord requires as to the execution and reinstatement of the alterations; and
- 3.5.2.5 obtains the consent of the Landlord, whose consent may not be unreasonably withheld or delayed.
In the case of any works of a substantial nature, the Landlord may require the Tenant to provide, before starting the works, adequate security in the form of a deposit of money or the provision of a bond, as assurance to the Landlord that any works he permits from time to time will be fully completed.
- 3.5.3 **Removal of alterations**
At the end of the Term, if so requested by the Landlord, the Tenant must remove any additional buildings, additions, alterations or improvements made to the Premises and must make good any part or parts of the Premises that may be damaged by their removal.
- 3.5.4 **Connection to the Conduits**
The Tenant must not make any connection with the Conduits except in accordance with plans and specifications approved by the Landlord, whose approval may not be unreasonably withheld or delayed, and subject to consent to make the connection having previously been obtained from the competent authority, undertaker or supplier.
- 3.6 **Aerials, signs and advertisements**
 - 3.6.1 **Masts and wires**
The Tenant must not erect any pole or mast on the Premises, whether in connection with telecommunications or otherwise.
 - 3.6.2 **Advertisements**
The Tenant must not, without the consent of the Landlord, fix to or exhibit on the outside of the Premises or fix to or exhibit through any window of the Premises or display anywhere on the Premises any placard, sign, notice, fascia board or advertisement.
- 3.7 **Statutory obligations**
 - 3.7.1 **General provision**
The Tenant must comply in all respects with the requirements of any statutes, and any other obligations imposed by law or by any byelaws, applicable to the Premises or the trade or business for the time being carried on there.
 - 3.7.2 **Particular obligations**
 - 3.7.2.1 **Works required by statute, department or authority**
Without prejudice to the generality of clause 3.7.1, the Tenant must execute all works and provide and maintain all arrangements on or in respect of the Premises or the use to which they are being put that are required in order to comply with the requirements of any statute already or in the future to be

passed or the requirements of any government department, local authority or other public or competent authority or court of competent jurisdiction regardless of whether the requirements are imposed on the owner, the occupier or any other person.

3.7.2.2 Acts causing losses

Without prejudice to the generality of clause 3.7.1, the Tenant must not do anything in or near the Premises by reason of which the Landlord may incur any losses under any statute.

3.7.2.3 CDM Regulations

Without prejudice to the generality of clause 3.7.1, the Tenant must comply with the provisions of the CDM Regulations, be the only client, as defined in the provisions of the CDM Regulations, fulfil, in relation to all and any works, all the obligations of the client as set out in or reasonably to be inferred from the CDM Regulations and make a declaration to that effect to the Health and Safety Executive in accordance with the Approved Code of Practice published from time to time by the Health and Safety Executive in relation to the CDM Regulations. The provisions of clause 5.9.2 FIRE SAFETY are to have effect in any circumstances to which these obligations apply.

3.7.2.4 Delivery of health and safety files

At the end of the Term, the Tenant must forthwith deliver to the Landlord any and all health and safety files relating to the Premises required to be maintained under the CDM Regulations.

3.8 Entry to inspect and notice to repair

3.8.1 Entry and notice

The Tenant must permit the Landlord on reasonable notice during normal business hours except in emergency:

- 3.8.1.1 to enter the Premises to ascertain whether or not the covenants and conditions of this Lease have been observed and performed,
- 3.8.1.2 to view the state of repair and condition of the Premises and to open up floors and other parts of the Premises (including the soil, subsoil and substructure) where that is necessary in order to do so and
- 3.8.1.3 to give to the Tenant, or notwithstanding clause 7.8 NOTICES leave on the Premises, a notice ("a notice to repair") specifying the works required to remedy any breach of the Tenant's obligations as to the repair and condition of the Premises in this Lease provided that any opening-up must be made good by and at the cost of the Landlord if it reveals no breach of the terms of this Lease.

3.8.2 Works to be carried out

The Tenant must carry out the works specified in a notice to repair immediately including making good any opening up that revealed a breach of the terms of this Lease.

3.8.3 Landlord's power in default

If within 1 month of the service of a notice to repair the Tenant has not started to execute the work referred to in that notice, or is not proceeding diligently with it, or if the Tenant fails to finish the work within 2 months, or if in the Landlord's reasonable opinion the Tenant is unlikely to finish the work within that period, the Tenant must permit the Landlord to enter the Premises to execute the outstanding work and must within 14 days of a written demand pay to the Landlord the cost of so doing and all expenses incurred by the Landlord, including legal costs and surveyor's fees.

3.9 Alienation

3.9.1 Alienation prohibited

The Tenant must not hold the Premises on trust for another. The Tenant must not part with possession of the Premises or any part of the Premises or permit another to occupy them or any part of them except pursuant to a transaction permitted by and effected in accordance with the provisions of this Lease.

3.9.2 Assignment, subletting and charging

The Tenant must not assign, sublet or charge the whole or any part of the Premises.

3.9.3 Sharing with a group company

Notwithstanding clause 3.9.1 ALIENATION PROHIBITED, the Tenant may share the occupation of the whole or any part of the Premises with a company that is a member of the same group as the Tenant within the meaning of the 1954 Act Section 42, for so long as both companies remain members of that group and otherwise than in a manner that transfers or creates a legal estate.

3.10 Nuisance and residential restrictions

3.10.1 Nuisance

The Tenant must not do anything on the Premises or allow anything to remain on them, that may be or become a nuisance or cause annoyance, disturbance, inconvenience, injury or damage to the Landlord or his tenants or the owners or occupiers of any adjoining property of the Landlord or any other adjacent or neighbouring premises.

3.10.2 Auctions, trades and immoral purposes

The Tenant must not use the Premises for any auction sale, any dangerous, noxious, noisy or offensive trade, business, manufacture or occupation or for any illegal or immoral act or purpose.

3.10.3 Residential use, sleeping and animals

The Tenant must not use the Premises as sleeping accommodation or for residential purposes or keep any animal, bird or reptile on them.

- 3.11 Costs of applications, notices and recovery of arrears**
The Tenant must pay to the Landlord on an indemnity basis all costs, fees, charges, disbursements and expenses—including without prejudice to the generality of the above those payable to counsel, solicitors, surveyors and bailiffs incurred by the Landlord in relation to or incidental to:
- 3.11.1 every application made by the Tenant for a consent or licence required by the provisions of this Lease, whether it is granted, refused or offered subject to any lawful qualification or condition or the application is withdrawn;
 - 3.11.2 the contemplation, preparation and service of a notice under the Law of Property Act 1925 Section 146 or by reason of the contemplation or taking of proceedings under Sections 146 or 147 of that Act, even if forfeiture is avoided otherwise than by relief granted by the court;
 - 3.11.3 the recovery or attempted recovery of arrears of rent or other sums due under this Lease; and
 - 3.11.4 any other steps taken in contemplation of or in connection with the enforcement of the covenants on the part of the Tenant contained in this Lease whether during or after the end of the Term including without prejudice to the generality of the foregoing the preparation, service and negotiation of schedules of dilapidations.
- 3.12 Planning and development**
- 3.12.1 ***Compliance with the Planning Acts***
The Tenant must observe and comply with the provisions and requirements of the Planning Acts affecting the Premises and their use and must indemnify the Landlord and keep him indemnified, both during the Term and following the end of it, against all losses in respect of any contravention of those Acts.
 - 3.12.2 ***Consent for applications***
The Tenant must not make any application for planning permission without the consent of the Landlord.
 - 3.12.3 ***Permissions and notices***
The Tenant must at his expense obtain any planning permissions and serve any notices that may be required for the carrying out of any development on or at the Premises.
 - 3.12.4 ***Charges and levies***
Subject only to any statutory direction to the contrary, the Tenant must pay and satisfy any charge or levy that may subsequently be imposed under the Planning Acts in respect of the carrying out or maintenance of any development on or at the Premises.
 - 3.12.5 ***Pre-conditions for development***
Notwithstanding any consent that may be granted by the Landlord under this Lease, the Tenant must not carry out any development on or at the Premises until all necessary notices under the Planning Acts have been served and copies produced to the Landlord, all necessary permissions under the Planning Acts have been obtained

and produced to the Landlord and the Landlord has acknowledged that every necessary planning permission is acceptable to him, such acknowledgement not to be unreasonably withheld. The Landlord may refuse to acknowledge his acceptance of a planning permission on the grounds that any condition contained in it or anything omitted from it or the period referred to in it would, in the reasonable opinion of the Surveyor, be, or be likely to be, prejudicial to the Landlord or to his reversionary interest in the Premises or any of adjoining property of the Landlord whether during the Term or following the end of it.

3.12.6 Completion of development

Where a condition of any planning permission granted for development begun before the end of the Term requires works to be carried out to the Premises by a date after the end of the Term, the Tenant must, unless the Landlord directs otherwise, finish those works before the end of the Term.

3.12.7 Security for compliance with conditions

In any case where a planning permission is granted subject to conditions, and if the Landlord reasonably so requires, the Tenant must provide sufficient security for his compliance with the conditions and must not implement the planning permission until that security has been provided.

3.13 Plans, documents and information

3.13.1 Evidence of compliance with this Lease

If so requested, the Tenant must produce to the Landlord or the Surveyor any plans, documents and other evidence the Landlord reasonably requires in order to satisfy himself that the provisions of this Lease have been complied with.

3.13.2 Information for renewal or rent review

If so requested, the Tenant must produce to the Landlord, the Surveyor or any person acting as the third party determining the Rent in default of agreement between the Landlord and the Tenant under any provisions for rent review contained in this Lease any information reasonably requested in writing in relation to any pending or intended step under the 1954 Act or the implementation of any provisions for rent review.

3.14 Indemnities

The Tenant must keep the Landlord fully indemnified against all losses arising directly or indirectly out of any act, omission or negligence of the Tenant or any persons at the Estate expressly or impliedly with his authority or any breach or non-observance by the Tenant of the covenants, conditions or other provisions of this Lease or any of the matters to which this demise is subject.

3.15 Reletting boards and viewing

At any time during the last 6 months of the Contractual Term and at any time thereafter, and whenever the Lease Rents or any part of them are in arrear and unpaid for longer than 14 days, the Tenant must permit the Landlord to enter the Premises and fix and retain anywhere on them a



board advertising them for letting. While any such board is on the Premises the Tenant must permit viewing of the Premises at reasonable times of the day.

3.16 Obstruction and encroachment

3.16.1 Obstruction of windows

The Tenant must not stop up, darken or obstruct any windows or light belonging to the Premises.

3.16.2 Encroachments

The Tenant must take all reasonable steps to prevent the construction of any new window, light, opening, doorway, path, passage, pipe or the making of any encroachment or the acquisition of any easement in relation to the Premises and must notify the Landlord immediately if any such thing is constructed, encroachment is made or easement acquired or any attempt is made to construct such a thing, to encroach or acquire an easement. At the request of the Landlord the Tenant must adopt such means as are reasonably required to prevent the construction of such a thing, the making of any encroachment or the acquisition of any easement.

3.17 Yielding up

At the end of the Term the Tenant must yield up the Premises with vacant possession, decorated and repaired in accordance with and in the condition required by the provisions of this Lease, give up all keys of the Premises to the Landlord, remove tenant's fixtures and fittings if requested to do so by the Landlord and remove any signs erected by the Tenant or any of his predecessors in title in, upon or near the Premises, immediately making good any damage caused by their removal.

3.18 Interest on arrears

The Tenant must pay interest on any of the Lease Rents or other sums due under this Lease that are not paid within 14 days of the date due whether formally demanded or not, the interest to be recoverable as rent. Nothing in this clause entitles the Tenant to withhold or delay any payment of the Rent or any other sum due under this Lease or affects the rights of the Landlord in relation to any non-payment.

3.19 Statutory notices

The Tenant must give full particulars to the Landlord of any notice, direction, order or proposal relating to the Premises made, given or issued to the Tenant by any government department or local, public, regulatory or other authority or court within 7 days of receipt and if so requested by the Landlord must produce it to the Landlord. The Tenant must without delay take all necessary steps to comply with the notice, direction or order. At the request of the Landlord, but at his own cost, the Tenant must make or join with the Landlord in making any objection or representation the Landlord deems expedient against or in respect of any notice, direction, order or proposal.

3.20 Keyholders

The Tenant must ensure that at all times the Landlord has written notice of the name, home address and home telephone number of at least 2 keyholders of the Premises.

3.21 Viewing on sale of reversion

The Tenant must, on reasonable notice, at any time during the Term, permit prospective purchasers of the Landlord's reversion or any other interest superior to the Term, or agents instructed in connection with the sale of the reversion or such an interest, to view the Premises without interruption provided they have the prior written authority of the Landlord or his agents.

3.22 Defective premises

The Tenant must give notice to the Landlord of any defect in the Premises that might give rise to an obligation on the Landlord to do or refrain from doing anything in order to comply with the provisions of this Lease or the duty of care imposed on the Landlord, whether pursuant to the Defective Premises Act 1972 or otherwise, and must at all times display and maintain any notices the Landlord from time to time reasonably requires him to display at the Premises.

3.23 Exercise of the Landlord's rights

The Tenant must permit the Landlord to exercise any of the rights granted to him by virtue of the provisions of this Lease at all times during the Term without interruption or interference.

3.24 The Industrial Covenants

The Tenant must observe and perform the Industrial Covenants.

4 THE LANDLORD'S COVENANTS

The Landlord covenants with the Tenant to observe and perform the requirements of this clause 4.

4.1 Quiet enjoyment

The Landlord must permit the Tenant peaceably and quietly to hold and enjoy the Premises without any interruption or disturbance from or by the Landlord or any person claiming under or in trust for him.

4.2 Repairs

4.2.1 The Estate Roads

The Landlord must repair the Estate Roads, maintain them and keep them reasonably clean.

4.2.2 The Adjoining Conduits

The Landlord must repair the Adjoining Conduits, maintain them and where necessary replace them.

4.2.3 Street lighting

The Landlord must light the Estate Roads to such standard and during such hours as the Landlord in his absolute discretion deems appropriate.

4.2.4 Planted areas

The Landlord must cultivate any planted or grassed parts of the Estate and keep them reasonably neat and tidy.

5 INSURANCE

5.1 Warranty as to convictions

The Tenant warrants that before the execution of this document he has disclosed to the Landlord in writing any conviction, judgment or finding of any court or tribunal relating to the Tenant, or any director, other officer or major shareholder of the Tenant, of such a nature as to be likely to affect the decision of any insurer or underwriter to grant or to continue insurance of any of the Insured Risks.

5.2 Covenant to insure

The Landlord covenants with the Tenant to insure the Premises unless the insurance is vitiated by any act of the Tenant or by anyone at the Premises expressly or by implication with the Tenant's authority.

5.3 Details of the insurance

5.3.1 Office, underwriters and agency

Insurance is to be taken out in such insurance office, or with such underwriters, and through such agency as the Landlord from time to time decides.

5.3.2 Insurance cover

Insurance must be taken out for the following amounts:

5.3.2.1 the sum that the Landlord is from time to time advised is the full cost of rebuilding and reinstating the Premises, including VAT, architects', surveyors', engineers', solicitors' and all other professional persons' fees, the fees payable on any applications for planning permission or other permits or consents that may be required in relation to rebuilding or reinstating the Premises, the cost of preparation of the site including shoring-up, debris removal, demolition, site clearance and any works that may be required by statute and incidental expenses; and

5.3.2.2 loss of the Rent, taking account of any rent review that may be due, for 3 years or such longer period as the Landlord from time to time reasonably requires for planning and carrying out the rebuilding or reinstatement.

5.3.3 Risks insured

Insurance must be taken out against damage or destruction by any of the Insured Risks to the extent that such insurance may ordinarily be arranged with a substantial and reputable insurer for properties such as the Premises subject to such excesses, exclusions or limitations as the insurer requires.

5.4 Payment of the Insurance Rent

The Tenant covenants to pay the Insurance Rent for the period starting on the Rent Commencement Date and ending on the day before the next policy renewal date on the date of this Lease and subsequently to pay the Insurance Rent on demand and, if so demanded, in advance of the policy renewal date.

5.5 Suspension of the Rent

5.5.1 Events giving rise to suspension

If and whenever the Premises or any part of them are damaged or destroyed so that the Premises or any part of them are unfit for occupation or use by one or more of:

5.5.1.1 the Insured Risks for properties such as the Premises unless the Landlord has in fact insured against that risk and payment of the insurance money is not wholly or partly refused because of any act or default of the Tenant or anyone at the Premises expressly or by implication with his authority; or

5.5.1.2 the Uninsured Risks and the damage or destruction is not caused by any act or default of the Tenant or anyone at the Premises expressly or by implication with his authority or the Estate Roads or the Adjoining Conduits are damaged or destroyed so that the Premises or any part of them are unfit for occupation or use and the damage or destruction is not caused by any act or default of the Tenant or anyone at the Premises expressly or by implication with his authority then the provisions of clause 5.5.2 SUSPENDING THE RENT are to have effect.

5.5.2 *Suspending the Rent*

In the circumstances mentioned in clause 5.5.1 EVENTS GIVING RISE TO SUSPENSION the Rent, or a fair proportion of it according to the nature and the extent of the damage sustained, is to cease to be payable until the Premises, or the affected part, or the Estate Roads or the Adjoining Conduits have been rebuilt or reinstated so as to render the Premises, or the affected part, fit for occupation and use, or until the end of 3 years from the destruction or damage, whichever period is the shorter, the proportion of the Rent suspended and the period of the suspension to be determined by the Surveyor acting as an expert and not as an arbitrator.

5.6 Landlord's obligation to reinstate

5.6.1 *Obligation to obtain permissions*

If and whenever:

5.6.1.1 the Premises or any part of them are damaged or destroyed by one or more of the Insured Risks for properties such as the Premises, unless the Landlord has in fact insured against that risk, or

5.6.1.2 the Estate Roads or the Adjoining Conduits are damaged or destroyed so that the Premises or any part of them are unfit for occupation or use and payment of the insurance money is not wholly or partly refused because of, or the damage to or destruction of the Estate Roads or the Adjoining Conduits is not caused by, any act or default of the Tenant or anyone at the Premises expressly or by implication with his authority, the Landlord must use his best endeavours to obtain the planning permissions and other permits and consents ('permissions') that are required under the Planning Acts or otherwise to enable him to rebuild and reinstate the Premises, the Estate Roads or the Adjoining Conduits.

5.6.2 *Obligation to reinstate*

Subject to the provisions of clause 5.6.3 RELIEF FROM THE OBLIGATION TO REINSTATE, and, if any permissions are required, after they have been obtained, the Landlord must as soon as reasonably practicable:

5.6.2.1 apply all money received in respect of the insurance taken out by the Landlord pursuant to this Lease, except sums in respect of loss of the Rent, in rebuilding or reinstating the Premises or as the case may be

5.6.2.2 rebuild or reinstate the Estate Roads or the Adjoining Conduits.

5.6.3 *Relief from the obligation to reinstate*

The Landlord need not rebuild or reinstate the Premises, the Estate Roads or the Adjoining Conduits if and for so long as rebuilding or reinstating is prevented because:

5.6.3.1 the Landlord, despite using his reasonable endeavours, cannot obtain any necessary permission,

5.6.3.2 any permission is granted subject to a lawful condition with which in all the circumstances it is unreasonable to expect the Landlord to comply,

5.6.3.3 there is some defect or deficiency in the site on which the rebuilding or reinstatement is to take place that means it can only be undertaken at a cost that is unreasonable in all the circumstances,

5.6.3.4 the Landlord is unable to obtain access to the site to rebuild or reinstate,

5.6.3.5 the rebuilding or reinstating is prevented by war, act of God, government action, strike or lock-out or

because of the occurrence of any other circumstances beyond the Landlord's control.

5.7 **Termination on failure to reinstate**

5.7.1 *Notice to terminate*

If, at the end of a period of 3 years starting on the date of the damage to or destruction of the Premises by one or more of the Insured Risks or of the Uninsured Risks or of the Estate Roads or the Adjoining Conduits, the Premises are still not fit for the Tenant's occupation and use, either the Landlord or the Tenant may by notice served at any time within 6 months of the end of that period ('a notice to terminate following failure to reinstate') implement the provisions of clause 5.7.2 TERMINATION FOLLOWING FAILURE TO REINSTATE.

5.7.2 *Termination following failure to reinstate*

On service of a notice to terminate following failure to reinstate, the Term is to cease absolutely—but without prejudice to any rights or remedies that may have accrued—and all money received in respect of the insurance taken out by the Landlord pursuant to this Lease is to belong to the Landlord absolutely.

5.8 **Termination on damage to whole by Uninsured Risk**

5.8.1 *Notice to reinstate*

If the whole of the Premises is damaged by one or more of the Uninsured Risks except to the extent that the damage or destruction is caused by any deliberate act or default of the Tenant or anyone at the Premises expressly or by implication with his authority in such a manner as to prevent occupation by the Tenant the Landlord may serve notice on the Tenant ('a notice to reinstate') that the Landlord will reinstate the Premises at the Landlord's own cost.

5.8.2 Failure to serve notice to reinstate

If the Landlord fails to serve a notice to reinstate within the period of 6 months starting on the date of the damage the Tenant may serve notice on the Landlord terminating this Lease whereupon the Term is to cease absolutely but without prejudice to any rights or remedies that may have accrued.

5.9 Tenant's further insurance covenants

The Tenant covenants with the Landlord to observe and perform the requirements of this clause 5.9.

5.9.1 Requirements of insurers

The Tenant must comply with all the requirements and recommendations of the insurers.

5.9.2 Policy avoidance and additional premiums

The Tenant must not do or omit anything that could cause any insurance policy on or in relation to the Premises to become wholly or partly void or voidable or do or omit anything by which additional insurance premiums may become payable unless he has previously notified the Landlord and has agreed to pay the increased premium.

5.9.3 Fire Safety

The Tenant must comply with the requirements of and the duties imposed by the Fire Safety Regulations and the reasonable requirements of the Landlord as to fire safety at the Premises. In particular the Tenant must:

5.9.3.1 keep the Premises supplied with such fire fighting equipment as is necessary to comply with the Fire Safety Regulations and as the insurers require, maintaining the equipment to their satisfaction and in efficient working order, having any sprinkler system and other fire fighting equipment to be inspected by a competent person at least once in every 6 months; and

5.9.3.2 not obstruct the access to any fire equipment or the means of escape from the Premises or lock any fire door while the Premises are occupied.

5.9.4 Dangerous Substances

The Tenant must not store on the Premises or bring onto them any dangerous substances as defined by the Fire Safety Regulations.

5.9.5 Notice of events affecting the policy



The Tenant must give immediate notice to the Landlord of any event that might affect any insurance policy on or relating to the Premises and any event against which the Landlord may have insured under this Lease.

5.9.6 Notice of convictions

The Tenant must give immediate notice to the Landlord of any conviction, judgment or finding of any court or tribunal relating to the Tenant, or any director, officer or major shareholder of the Tenant, of such a nature as to be likely to affect the decision of any insurer or underwriter to grant or to continue any insurance.

5.9.7 Other insurance

If at any time the Tenant is entitled to the benefit of any insurance of the Premises that is not taken out or maintained in pursuance of any obligation contained in this Lease, the Tenant must apply all money received by virtue of that insurance in making good the loss or damage in respect of which the money is received.

5.9.8 Reinstatement on refusal of money through default

If at any time the Premises or any part of them are damaged or destroyed by one or more of the Insured Risks and the insurance money under the policy of insurance taken out by the Landlord pursuant to his obligations contained in this Lease is wholly or partly irrecoverable because of any act or default of the Tenant or of anyone at the Premises expressly or by implication with his authority, the Tenant must immediately, at the option of the Landlord, either rebuild and reinstate the Premises or the part of them destroyed or damaged, to the reasonable satisfaction and under the supervision of the Surveyor—in which case, on completion of the rebuilding and refurbishment, the Landlord must pay to the Tenant the amount that the Landlord has actually received under the insurance policy in respect of the destruction or damage—or pay to the Landlord on demand with interest the amount of the insurance money so irrecoverable—in which case the provisions of clauses 5.5 SUSPENSION OF THE RENT, 5.6 LANDLORD'S OBLIGATION TO REINSTATE and 5.7 TERMINATION ON FAILURE TO REINSTATE are to apply.

5.10 Landlord's further insurance covenants

The Landlord covenants with the Tenant to observe and perform the requirements set out in this clause 5.10 in relation to the insurance policy taken out by the Landlord pursuant to his obligations contained in this Lease.

5.10.1 Copy policy

The Landlord must produce to the Tenant on demand reasonable evidence of the terms of the policy and the fact that the last premium has been paid.

5.10.2 Noting of the Tenant's interest

The Landlord must ensure that the interest of the Tenant is noted or endorsed on the policy.

5.10.3 Change of risks

The Landlord must notify the Tenant of any material change in the risks covered by the policy from time to time.

6 FORFEITURE

If and whenever during the Term:

- 6.1 the Lease Rents, or any of them or any part of them, or any VAT payable on them, are outstanding for 14 days after becoming due, whether formally demanded or not, or
 - 6.2 the Tenant breaches any covenant or other term of this Lease, or
 - 6.3 the Tenant, being an individual, becomes subject to a bankruptcy order or has an interim receiver appointed to his property, or
 - 6.4 the Tenant, being a company, enters into liquidation whether compulsory or voluntary - but not if the liquidation is for amalgamation or reconstruction of a solvent company - or enters into administration or has a receiver appointed over all or any part of its assets, or
 - 6.5 the Tenant enters into or makes a proposal to enter into any voluntary arrangement pursuant to the Insolvency Act 1986 or any other arrangement or composition for the benefit of his creditors, or
 - 6.6 the Tenant has any distress, sequestration or execution levied on his goods
- and, where the Tenant is more than one person, if and whenever any of the events referred to in this clause happens to any one or more of them, the Landlord may at any time re-enter the Premises, or any part of them in the name of the whole - even if any previous right of re-entry has been waived - and thereupon the Term is to cease absolutely but without prejudice to any rights or remedies that may have accrued to the Landlord against the Tenant in respect of any breach of covenant or other term of this Lease, including the breach in respect of which the re-entry is made.

7 MISCELLANEOUS

7.1 Exclusion of warranty as to use

Nothing in this Lease or in any consent granted by the Landlord under this Lease is to imply or warrant that the Premises may lawfully be used under the Planning Acts for the Permitted Use.

7.2 Exclusion of third party rights

Nothing in this Lease is intended to confer any benefit on any person who is not a party to it.

7.3 Representations

The Tenant acknowledges that this Lease has not been entered into in reliance wholly or partly on any statement or representation made by or on behalf of the Landlord, except any such statement or representation expressly set out in this Lease.

7.4 Documents under hand



While the Landlord is a limited company or other corporation, any license, consent, approval or notice required to be given by the Landlord is to be sufficiently given if given under the hand of a director, the secretary or other duly authorised officer of the Landlord.

7.5 Tenant's property

If, after the Tenant has vacated the Premises at the end of the Term, any property of his remains in or on the Premises and he fails to remove it within 7 days after a written request from the Landlord to do so or, if the Landlord is unable to make such a request to the Tenant, within 14 days from the first attempt to make it, then the Landlord may, as the agent of the Tenant, sell that property. The Tenant must indemnify the Landlord against any liability incurred by the Landlord to any third party whose property is sold by him in the mistaken belief held in good faith—which is to be presumed unless the contrary is proved—that the property belonged to the Tenant. If, having made reasonable efforts to do so, the Landlord is unable to locate the Tenant, then the Landlord may retain the proceeds of sale absolutely unless the Tenant claims them within 6 months of the date upon which he vacated the Premises. The Tenant must indemnify the Landlord against any damage occasioned to the Premises and any losses caused by or related to the presence of the property in or on the Premises.

7.6 Compensation on vacating excluded

Any statutory right of the Tenant to claim compensation from the Landlord on vacating the Premises is excluded to the extent that the law allows.

7.7 Limitation of liability of the Landlord

The Landlord shall not be liable under his obligations contained in this Lease after the Landlord has assigned his interest in the Premises.

7.8 Notices

7.8.1 Form and service of notices

A notice under this Lease must be in writing and, unless the receiving party or his authorised agent acknowledges receipt, is valid if, and only if:

7.8.1.1 it is given by hand, sent by registered post or recorded delivery, or sent by fax provided that a confirmatory copy is given by hand or sent by registered post or recorded delivery on the same day; and

7.8.1.2 it is served:

- (a) where the receiving party is a company incorporated within Great Britain, at the registered office;
- (b) where the receiving party is the Tenant and the Tenant is not such a company, at the Premises; and
- (c) where the receiving party is the Landlord and the Landlord or that party is not such a company, at the Landlord's or that party's address shown in this Lease or at any address specified in a notice given by the Landlord to the Tenant or that party to the other parties

7.8.2 Deemed delivery

7.8.2.1 By registered post or recorded delivery

Unless it is returned through the Royal Mail undelivered, a notice sent by registered post or recorded delivery is to be treated as served on the third working day after posting whenever, and whether or not, it is received.

7.8.2.2 By fax

A notice sent by fax is to be treated as served on the day on which it is sent, or the next working day where the fax is sent after 1600 hours or on a day that is not a working day, whenever and whether or not it or the confirmatory copy is received unless the confirmatory copy is returned through the Royal Mail undelivered.

7.8.2.3 'A working day'

References to 'a working day' are references to a day when the United Kingdom clearing banks are open for business in the City of London.

7.8.3 Joint recipients

If the receiving party consists of more than one person, a notice to one of them is notice to all.

7.9 Rights and easements

The operation of the Law of Property Act 1925 Section 62 is excluded from this Lease. The only rights granted to the Tenant are those expressly set out in this Lease and the Tenant is not to be entitled to any other rights affecting any adjoining property of the Landlord.

7.10 Covenants relating to adjoining property

The Tenant is not to be entitled to the benefit of or the right to enforce or to prevent the release or modification of any covenant agreement or condition entered into by any tenant of the Landlord in respect of any adjoining property of the Landlord.

7.11 Disputes with adjoining occupiers

If any dispute arises between the Tenant and the tenants or occupiers of any adjoining property of the Landlord in connection with the Premises and any of that adjoining property, it is to be decided by the Landlord acting reasonably or in such other reasonable manner as the Landlord directs.

7.12 Effect of waiver

Each of the Tenant's covenants is to remain in full force both at law and in equity even if the Landlord has waived or released that covenant or waived or released any similar covenant affecting any adjoining property of the Landlord.

7.13 Party walls

Any walls dividing the buildings on the Premises from any other buildings are to be party walls within the meaning of the Law of Property Act 1925 Section 38 and must be maintained at the equally shared expense of the Tenant and the other party.

7.14 New lease



This Lease is a new tenancy for the purposes of the 1995 Act Section 1

7.15 Break clause

Either party shall be entitled to determine this Lease on the fourth anniversary hereof and on every fourth anniversary thereafter by serving not less than three months' notice in writing provided in the case of the Tenant that both at the date of the notice and at the date of its expiry there are neither any outstanding arrears of rent nor any subsisting breach of covenant by the Tenant for which the Landlord will be entitled to recover damages of more than a nominal amount and on expiry of such a notice this Lease shall automatically determine but without prejudice to any antecedent claim that either party may have against the other party to this Lease.

7.16 Exclusion of the 1954 Act Sections 24-28

7.16.1 Notice and declaration

On (date) ^{8 June 2012} the Landlord served notice on the Tenant pursuant to the provisions of the 1954 Act Section 38A(3) and on (date) ^{8 June 2012} the Tenant made a ~~(to be completed by the Tenant)~~ statutory declaration pursuant to schedule 2 of the Regulatory Reform (Business Tenancies) (England and Wales) Order 2003.

7.16.2 Agreement to exclude

Pursuant to the provisions of the 1954 Act Section 38A(1), the parties agree that the provisions of the 1954 Act Sections 24-28 inclusive are to be excluded in relation to the tenancy created by this Lease.

IN WITNESS whereof the parties hereto have executed this Lease as a Deed.

SCHEDULE 1: THE RIGHTS GRANTED

1 Rights of way

The right, subject to temporary interruption for repair, alteration, rebuilding or replacement, for the Tenant and all persons expressly or by implication authorised by him in common with the Landlord and all other persons having a like right to pass and repass to and from the Premises over and along the Estate Roads at all times for all purposes connected with the use and enjoyment of the Premises but not otherwise, with or without vehicles of any description.

2 Passage and running through Adjoining Conduits

The right, subject to temporary interruption for repair, alteration or replacement, to the free passage and running of all services to and from the Premises through the appropriate Adjoining Conduits, in common with the Landlord and all other persons having a like right.

SCHEDULE 2: THE RIGHTS RESERVED

1 Passage and running through the Conduits

The right to the free and uninterrupted passage and running of all appropriate services and supplies from and to other parts of the Estate or any adjoining property of the Landlord in and through the appropriate Conduits and through any structures of a similar use or nature that may at any time be constructed in, on, over or under the Premises as permitted by paragraph 2 RIGHT TO CONSTRUCT CONDUITS.

2 Right to construct conduits

The right to construct and to maintain at any time during the Term any pipes, sewers, drains, mains, ducts, conduits, gutters, watercourses, wires, cables, laser optical fibres, data or impulse transmission, communication or reception systems, channels, flues and other necessary conducting media for the provision of services or supplies—including any fixings, louvres, covers and any other ancillary apparatus—for the benefit of any part of the Estate or any other adjoining property of the Landlord.

3 Access

3.1 Access to inspect etc

The right to enter, or in emergency to break into and enter, the Premises at reasonable times and on reasonable notice except in emergency:

- 3.1.1 to inspect the condition and state of repair of the Premises;
- 3.1.2 to inspect, clean, connect to, lay, repair, remove, replace with others, alter or execute any works whatever to or in connection with the conduits, easements, services or supplies referred to in paragraphs 1 PASSAGE AND RUNNING THROUGH THE CONDUITS and 2 RIGHT TO CONSTRUCT CONDUITS;
- 3.1.3 to carry out work of any kind to any adjoining property of the Landlord or any other buildings that cannot conveniently be carried out without access to the Premises;
- 3.1.4 to carry out work or do anything whatever that the Landlord is obliged to do under this Lease;
- 3.1.5 to take schedules or inventories of fixtures and other items to be yielded up at the end of the Term; and
- 3.1.6 to exercise any of the rights granted to the Landlord by this Lease.

4 Right to erect new buildings

Full right and liberty at any time to build, rebuild, alter or raise the height of any building on any adjoining property of the Landlord in such manner as the Landlord thinks fit, even if doing so obstructs, affects or interferes with the amenity of or the access to the Premises or the passage of light and air to the Premises provided it does not materially affect the Premises or the use and enjoyment of the Premises.

SCHEDULE 3: THE RENT AND RENT REVIEW

1 The review

15/02/2012



The rent is to be reviewed on the First Review Date. It is to be increased by the percentage rise (if any) in the Index of Retail Prices when the last published figure is compared with the index figure for four years earlier. Thereafter the rent is to be reviewed with effect from every anniversary of the First Review Date. It is to be increased by the percentage rise (if any) in Index of Retail Prices, when the last published Index figure is compared with the index figure for one year earlier.

2 Upward review only

Under no circumstances will the rent payable be affected by any percentage fall in the Index of Retail Prices, should the last published index figure be lower than the Index figure for one year earlier.

3 Change of method

If the basis for the calculation of the Index is changed and any method of reconciliation between the new and old figures is officially published, that method is to be used for the purposes of the comparisons under this clause.

4 Basis of payment

4.1 The Tenant is to continue to pay rent at the rate applying before the rent review date until the next rent day after the new rent is determined

4.2 Starting on that rent day, the Tenant is to pay the new rent

4.3 On that rent day, the Tenant is also to pay any amount by which the new rent since the rent review date exceeds the rent paid, with interest on that amount at the Interest Rate 2% below the Law Society's Interest rate.

SCHEDULE 4: THE INDUSTRIAL COVENANTS

1 Use

1.1 Permitted Use only

The Tenant must use the Premises for the Permitted Use only.

1.2 Cesser of business

The Tenant must not cease carrying on business in the Premises or leave the Premises continuously unoccupied for more than 1 month.

2 Smoke abatement

2.1 Furnace construction

The Tenant must ensure that every furnace, boiler or heater at the Premises is constructed and used so as substantially to consume or burn the smoke arising from it.

2.2 Noxious emissions

The Tenant must not cause or permit any gritty, noxious or offensive emissions from any engine, furnace, chimney or other apparatus on the Premises without using the best possible means for preventing or counteracting the emissions.

2.3 Statutory controls

The Tenant must comply with the provisions of the Clean Air Act 1993 and with the requirements of any notice served under it by the relevant authority or body.

3 Environmental protection

3.1 Discharge of dangerous substances

3.1.1 Damage to the Conduits and environment

The Tenant must not permit any oil or grease or any deleterious, objectionable, dangerous, poisonous or explosive matter or substance to be discharged into any of the Conduits and must take all reasonable measures to ensure that any effluent discharged into the Conduits does not harm the environment or corrode or otherwise harm the Conduits or cause any obstruction or deposit in them.

3.1.2 Poisons and pollutants

The Tenant must not permit the discharge into any of the Conduits of any fluid of a poisonous or noxious nature or of a kind likely to sicken or injure the fish, or that does in fact destroy them, or likely to contaminate or pollute the water of any stream or river.

3.2 Spillages and contamination

The Tenant must take all practicable precautions to ensure that no noxious substances are spilled or deposited on the Premises and that contamination does not occur.

3.3 Controlled, hazardous or radioactive waste

The Tenant must not deposit on the Premises any controlled waste as defined in the Environmental Protection Act 1990 Section 75 or hazardous waste as defined in the Hazardous Waste (England and Wales) Regulations 2005 Regulation 6 or radioactive waste as defined in the Radioactive Substances Act 1993 Section 2 or any other substance that may produce concentrations or accumulations of noxious gasses or noxious liquids that may cause pollution of the environment or harm to human health.

3.4 Notice of spillages and inspection

Within 14 days of the spilling or deposit on the Premises of any noxious substance in a quantity that may cause serious damage to or pollution of the environment or serious damage to property or serious harm to human health, the Tenant must inform the Landlord of this and permit him to enter and inspect the Premises.

3.5 Indemnity for damage and pollution

The Tenant must indemnify the Landlord, and keep him indemnified, against any losses in respect of damage to, or pollution of, the environment or damage to property or harm to human health caused by the Premises or any substance on them whether in liquid or solid form or in the form of gas or vapour.



- 4 **Roof and floor loading**
- 4.1 **Heavy items**
The Tenant must not bring into or permit to remain in any building on the Premises any safes, machinery, goods or other articles that will or may strain or damage the building or any part of it.
- 4.2 **Protection of the roof**
The Tenant must not, without the consent of the Landlord, suspend any weight from the portal frames, stanchions or roof purlins of any building on the Premises or use them for the storage of goods or place any weight on them.
- 4.3 **Expert advice**
If the Tenant applies for the Landlord's consent under paragraph 4.2 PROTECTION OF THE ROOF the Landlord may consult any engineer or other person in relation to the roof or floor loading proposed by the Tenant and the Tenant must repay the fees of the engineer or other person to the Landlord on demand.
- 5 **Machinery**
- 5.1 **Maintenance of machinery**
The Tenant must keep all plant, apparatus and machinery, including any boilers and furnaces on the Premises, ('the Machinery') properly maintained and in good working order, and for that purpose must employ reputable contractors ('the Contractors') to carry out regular periodic inspection and maintenance of the Machinery.
- 5.2 **Renewal of parts**
The Tenant must renew all working and other parts of the Machinery as and when necessary or when recommended by the Contractors.
- 5.3 **Operation**
The Tenant must ensure by directions to his staff and otherwise that the Machinery is properly operated.
- 5.4 **Damage from the Machinery**
The Tenant must avoid damage to the Premises by vibration or otherwise.
- 6 **Signs**
The Tenant must at all times display and maintain, at a point on the Premises to be specified in writing by the Landlord, a suitable sign, of a size and kind first approved by the Landlord, showing the Tenant's trading name and business.
- 7 **Parking**
The Tenant must not permit any vehicles belonging to him or to any persons calling on the Premises expressly or by implication with his authority to stand on the Estate Roads or on the pavements, and must use his best endeavours to ensure that such persons do not permit any vehicle so to stand on any of the Estate Roads or pavements.
- 8 **Regulations**

The Tenant must comply with all reasonable regulations made by the Landlord from time to time for the management of the Estate and notified to the Tenant in writing.

SCHEDULE 5: THE SUBJECTIONS

The rights covenants and conditions contained or referred to in the Charges Register of title number WA726381.

EXECUTED by MERLIN HOMES (WALES) LIMITED)
acting by a director in the presence of)

S. I. O. O. O.
C. J. A. R. J.
E. C. T. G. O. D.
A. B. E. R. Y. S. T. L. W. H.
(Secretary)



EXECUTED by RACHEL'S DAIRY LIMITED)
acting by a director in the presence of)

To: Rachel's Dairy Ltd
of: Glanyrafon Industrial Estate, Llanbadarn Fawr, Aberystwyth, Ceredigion. SY23 3JQ

NOTICE OF ASSIGNMENT OF REVERSION

All that land and building known as Unit 1, Glanyrafon Industrial Estate shown for the purposes of identification only edged red on the plan annexed hereto ('the Property')

RE: A Lease made on 27 June 2012 between Merlin Homes (Wales) Ltd and Rachel's Dairy Ltd relating to the above property ('the Lease')

We, David Stephen Wood, Janice wood and Kusum Tandon of Nantllan, Clarach, Aberystwyth, Ceredigion SY233DT the current landlord of the Property under the Lease GIVE YOU NOTICE as follows:

1. By Transfer dated 7 June 2013 and made between Merlin Homes (Wales) Ltd (1) and David Stephen Wood, Janice Wood and Kusum Tandon as Trustees of the Woods Building Supplies Pension Trust (2) the freehold reversion in the Property was conveyed by Merlin Homes (Wales) Ltd, your former landlord, to us.
2. We require you to pay all rent, service charge and insurance rent now due and payable or that becomes payable after the date of this notice in respect of the Property to us or our duly authorised agent.
3. We notify you under the Landlord and Tenant Act 1985 section 3 that our name and address is: -

David Stephen Wood, Janice Wood and Kusum Tandon of Nantllan, Clarach, Aberystwyth, Ceredigion SY233DT

I request you to acknowledge receipt by signing and returning the accompanying copy of this notice.

Dated: 13/06/13

Signed:

Godwins Solicitors
Solicitors and Agents for the Landlord

Received a notice of which the above is a true copy

Dated:

Signed:



Land Registry
Official copy of
title plan

Title number CYM490649
Ordnance Survey map reference SN6CB05E
Scale 1:1250
Administrative area CEREDIGION / SIR.
CEREDIGION



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Ty Gwyn
Stables



Energy Performance Certificate

Non-Domestic Building



Yodel

Yodel Office, Glan yr Afon Industrial Estate

Llanbadarn Fawr

ABERYSTWYTH

SY23 3JQ

Certificate Reference Number:

0130-0534-9489-5504-2006

This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information in the guidance document *Energy Performance Certificates for the construction, sale and let of non-dwellings* available on the Government's website at www.gov.uk/government/collections/energy-performance-certificates.

Energy Performance Asset Rating

More energy efficient

A+

..... Net zero CO₂ emissions

A 0-25

B 26-50

C 51-75

D 76-100

E 101-125

◀ 103

This is how energy efficient the building is.

F 126-150

G Over 150

Less energy efficient

Technical Information

Main heating fuel:	Grid Supplied Electricity
Building environment:	Heating and Natural Ventilation
Total useful floor area (m ²):	910
Assessment Level:	3
Building emission rate (kgCO ₂ /m ² per year):	24.95
Primary energy use (kWh/m ² per year):	Not available

Benchmarks

Buildings similar to this one could have ratings as follows:

43

If newly built

113

If typical of the existing stock

Administrative Information

This is an Energy Performance Certificate as defined in the Energy Performance of Buildings Regulations 2012 as amended.

Assessment Software:	ISBEM v4.1.e using calculation engine SBEM v4.1.e.5
Property Reference:	356425590000
Assessor Name:	Ieuan Stevens
Assessor Number:	STRO002630
Accreditation Scheme:	Stroma Accreditation
Employer/Trading Name:	Dragon Energy
Employer/Trading Address:	Pen y Rhw, Carno, Caersws, Powys SY17 5LX
Issue Date:	11 Apr 2014
Valid Until:	10 Apr 2024 (unless superseded by a later certificate)
Related Party Disclosure:	Not related to the owner.

Recommendations for improving the energy performance of the building are contained in the associated Recommendation Report - 0040-3942-0484-9150-5050.

About this document and the data in it

This document has been produced following an energy assessment undertaken by a qualified Energy Assessor, accredited by Stroma Accreditation. You can obtain contact details of the Accreditation Scheme at www.stroma.com.

A copy of this certificate has been lodged on a national register as a requirement under the Energy Performance of Buildings Regulations 2012 as amended. It will be made available via the online search function at www.ndepcregister.com. The certificate (including the building address) and other data about the building collected during the energy assessment but not shown on the certificate, for instance heating system data, will be made publicly available at www.opendatacommunities.org.

This certificate and other data about the building may be shared with other bodies (including government departments and enforcement agencies) for research, statistical and enforcement purposes. Any personal data it contains will be processed in accordance with the General Data Protection Regulation and all applicable laws and regulations relating to the processing of personal data and privacy. For further information about this and how data about the property are used, please visit www.ndepcregister.com. To opt out of having information about your building made publicly available, please visit www.ndepcregister.com/optout.

There is more information in the guidance document *Energy Performance Certificates for the construction, sale and let of non-dwellings* available on the Government website at: www.gov.uk/government/collections/energy-performance-certificates. It explains the content and use of this document, advises on how to identify the authenticity of a certificate and how to make a complaint.

Opportunity to benefit from a Green Deal on this property

The Green Deal can help you cut your energy bills by making energy efficiency improvements at no upfront costs. Use the Green Deal to find trusted advisors who will come to your property, recommend measures that are right for you and help you access a range of accredited installers. Responsibility for repayments stays with the property – whoever pays the energy bills benefits so they are responsible for the payments.

To find out how you could use Green Deal finance to improve your property please call 0300 123 1234.

Recommendation Report HM Government

This report is associated with an Energy Performance Certificate.

Report Reference Number: 0040-3942-0484-9150-5050

Yodel

Yodel Office, Glan yr Afon Industrial Estate

Llanbadarn Fawr

ABERYSTWYTH

SY23 3JQ

Building Type(s): B8 Storage or Distribution

ADMINISTRATIVE INFORMATION	
Issue Date:	11 Apr 2014
Valid Until:	10 Apr 2024 (*)
Total Useful Floor Area (m ²):	910
Building Environment:	Heating and Natural Ventilation
Calculation Tool Used:	CLG, ISBEM, v4.1.e, SBEM, v4.1.e.5
Property Reference:	358425590000
Energy Performance Certificate for the property is contained in Report Reference Number: 0130-0534-9489-5504-2006	

ENERGY ASSESSOR DETAILS	
Assessor Name:	leau Stevens
Employer/Trading Name:	Dragon Energy
Employer/Trading Address:	Pen y Rhiw, Carno, Caersws, Powys SY17 5LX
Assessor Number:	STRO002630
Accreditation Scheme:	Stroma Accreditation
Related Party Disclosure:	Not related to the owner.

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1. Introduction

This is a Recommendation Report as defined in the Energy Performance of Buildings (England and Wales) Regulations 2012 as amended which implements the requirements of the Energy Performance of Building Directive 2010/31/EU. This Recommendation Report accompanies the relevant Non Domestic Energy Performance Certificate.

This Recommendation Report was developed based on an inspection of the building. This Recommendation Report was produced in line with the Government's approved methodology.

In accordance with Government's current guidance, the Energy Assessor is required to use plans or undertake a building inspection in order to gather information to produce this Recommendation Report.

2. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential impact
In some spaces, the solar gain limit in criterion 3 of ADL2A 2010 is exceeded, which might cause overheating. Consider solar control measures such as the application of reflective coating or shading devices to windows.	MEDIUM

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
Consider replacing T8 lamps with retrofit T5 conversion kit.	MEDIUM
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential impact
Consider installing building mounted wind turbine(s).	LOW
Consider installing solar water heating.	LOW
Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	MEDIUM
Consider installing an air source heat pump.	HIGH
Consider installing a ground source heat pump.	HIGH

d) Other Recommendations

This section lists other recommendations **selected** by the energy assessor, based on an energy performance assessment of the building. It may take into account other reliable **relevant evidence that has been provided by the building** owner or occupier.

No recommendations are defined by the energy assessor.

3. Next Steps

a) Your Recommendation Report

As the building occupier, it is a regulatory requirement that an Energy Performance Certificate must include a Recommendation Report unless there is no reasonable potential for energy performance improvements compared to the energy performance requirements in force.

You must be able to produce a copy of this Recommendation Report within seven days if required by an Enforcement Authority.

This Recommendation Report has also been lodged on the Government's central register. Access to the report, to the data used to compile the report, and to previous similar documents relating to the same building can be obtained through the Non-Domestic Register (www.ndepcregister.com) using the report reference number of this document.

b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically generated a set of recommendations. The Energy Assessor, in the light of the energy assessment of the building, the building fabric and services, the operation of plant and equipment within the curtilage of the building, the general management of the building and its use, and other relevant reliable evidence, may remove some of the recommendations. He / She may insert additional recommendations in section 3d (Other Recommendations).

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) About this document and the data in it

This document has been produced following an energy assessment undertaken by a qualified Energy Assessor, accredited by Stroma Accreditation. You can obtain contact details of the Accreditation Scheme at www.stroma.com.

A copy of this report has been lodged on a national register as a requirement under the Energy Performance of Buildings Regulations 2012 as amended. It will be made available via the online search function at www.ndepcregister.com. The report (including the building address) and other data about the building collected during the energy assessment but not shown on the report, for instance heating system data, will be made publicly available at www.opendatacommunities.org.

This report and other data about the building may be shared with other bodies (including government departments and enforcement agencies) for research, statistical and enforcement purposes. Any personal data it contains will be processed in accordance with the General Data Protection Regulation and all applicable laws and regulations relating to the processing of personal data and privacy. For further information about this and how data about the property are used, please visit www.ndepcregister.com. To opt out of having information about your building made publicly available, please visit www.ndepcregister.com/optout.

There is more information in the guidance document *Energy Performance Certificates for the construction, sale and let of non-dwellings* available on the Government website at:

www.gov.uk/government/collections/energy-performance-certificates. It explains the content and use of this document, advises on how to identify the authenticity of a report and how to make a complaint.

4. Glossary

a) Payback

The payback periods are based on data collated through Carbon Trust energy survey reports. They provide a range of typical payback periods for different types of measures. They are likely payback periods, and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

b) Carbon impact

The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would most effectively reduce carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on the energy assessment of the building.

c) Valid report

A valid report is a report that has been:

- Produced within the past 10 years
- Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme.
- Lodged on the Register operated by or on behalf of the Secretary of State.

5. Green Deal Information

The Green Deal may enable you to improve the property to make it more energy efficient and cheaper to run.

Energy Performance Certificate

Non-Domestic Building



Unit 21

Glanyrafon Industrial Estate

ABERYSTWYTH

SY23 3JQ

Certificate Reference Number:

0390-0739-0569-3602-7006

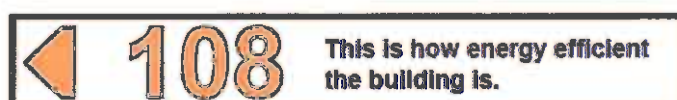
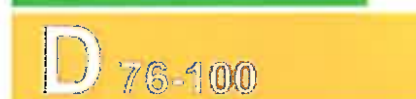
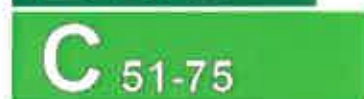
This certificate shows the energy rating of this building. It indicates the energy efficiency of the building fabric and the heating, ventilation, cooling and lighting systems. The rating is compared to two benchmarks for this type of building: one appropriate for new buildings and one appropriate for existing buildings. There is more advice on how to interpret this information on the Government's website www.communities.gov.uk/epbd.

Energy Performance Asset Rating

More energy efficient



..... Net zero CO₂ emissions



Less energy efficient

Technical information

Main heating fuel:	Oil
Building environment:	Heating and Natural Ventilation
Total useful floor area (m ²):	2074
Building complexity (NOS level):	3
Building emission rate (kgCO ₂ /m ²):	71.73

Benchmarks

Buildings similar to this one could have ratings as follows:

44 If newly built

81 If typical of the existing stock

Administrative information

This is an Energy Performance Certificate as defined in SI2007:991 as amended

Assessment Software: ISBEM v3.5.b using calculation engine SBEM v3.5.b.0

Property Reference: 936577600000

Assessor Name: Roger Higgs

Assessor Number: BREC400147

Accreditation Scheme: BRE Global

Employer/Trading Name: Benbrow +Co (Iron Mongers) Ltd

Employer/Trading Address: Tygwyn, Llandinam, Powys, SY17 5AA

Issue Date: 09 Feb 2011

Valid Until: 08 Feb 2021 (unless superseded by a later certificate)

Related Party Disclosure: Not related to the owner

Recommendations for improving the property are contained in Report Reference Number: 0020-9957-0469-0360-7030

If you have a complaint or wish to confirm that the certificate is genuine

Details of the assessor and the relevant accreditation scheme are on the certificate. You can get contact details of the accreditation scheme from the Government's website at www.communities.gov.uk/epbd, together with details of the procedures for confirming authenticity of a certificate and for making a complaint.



For advice on how to take action and to find out about technical and financial assistance schemes to help make buildings more energy efficient visit www.carbontrust.co.uk or call us on 0800 085 2005

Recommendation Report

**Report Reference Number: 0020-9957-0469-0360-7030****Unit 21****Glanyrafon Industrial Estate****ABERYSTWYTH****SY23 3JQ****Building Type(s): Warehouse and storage****ADMINISTRATIVE INFORMATION**

Issue Date:	09 Feb 2011
Valid Until:	08 Feb 2021 (*)
Total Useful Floor Area (m²):	2074
Calculation Tool Used:	iSBEM v3.5.b using calculation engine SBEM v3.5.b.0
Property Reference:	936577600000
Energy Performance Certificate for the property is contained in Report Reference Number: 0390-0739-0569-3602-7006	

ENERGY ASSESSOR DETAILS

Assessor Name:	Roger Higgs
Employer/Trading Name:	Benbrow +Co (Iron Mongers) Ltd
Employer/Trading Address:	Tygwyn, Llandinam, Powys, SY17 5AA
Assessor Number:	BREC400147
Accreditation scheme:	BRE Global
Related Party Disclosure:	Not related to the owner

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1. Background

Statutory Instrument 2007 No. 991, *The Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007*, as amended, transposes the requirements of Articles 7.2 and 7.3 of the Energy Performance of Buildings Directive 2002/91/EC.

This report is a Recommendation Report as required under regulations 16(2)(a) and 19 of the Statutory Instrument SI 2007:991.

This section provides general information regarding the building:

Total Useful Floor Area (m ²):	2074
Building Environment:	Heating and Natural Ventilation

2. Introduction

This Recommendation Report was produced in line with the Government's approved methodology and is based on calculation tool iSBEM v3.5.b using calculation engine SBEM v3.5.b.0 .

In accordance with Government's current guidance, the Energy Assessor did undertake a walk around survey of the building prior to producing this Recommendation Report.

3. Recommendations

The following sections list recommendations selected by the energy assessor for the improvement of the energy performance of the building. The recommendations are listed under four headings: short payback, medium payback, long payback, and other measures.

a) Recommendations with a short payback

This section lists recommendations with a payback of less than 3 years:

Recommendation	Potential Impact
Replace tungsten GLS lamps with CFLs: Payback period dependent on hours of use.	LOW
Consider replacing T8 lamps with retrofit T5 conversion kit.	HIGH
Some spaces have a significant risk of overheating. Consider solar control measures such as the application of reflective coating or shading devices to windows.	MEDIUM
Introduce HF (high frequency) ballasts for fluorescent tubes: Reduced number of fittings required.	LOW

b) Recommendations with a medium payback

This section lists recommendations with a payback of between 3 and 7 years:

Recommendation	Potential impact
The default heat generator efficiency is chosen. It is recommended that the heat generator system be investigated to gain an understanding of its efficiency and possible improvements.	HIGH

c) Recommendations with a long payback

This section lists recommendations with a payback of more than 7 years:

Recommendation	Potential Impact
Some windows have high U-values - consider installing secondary glazing.	MEDIUM
Add local time control to heating system.	MEDIUM

Carry out a pressure test, identify and treat identified air leakage. Enter result in EPC calculation.	MEDIUM
Some glazing is poorly insulated. Replace/improve glazing and/or frames.	MEDIUM
Consider installing building mounted wind turbine(s).	LOW

d) Other recommendations

This section lists other recommendations selected by the energy assessor, based on an understanding of the building, and / or based on a valid existing energy report.

No recommendations defined by the energy assessor have been identified

4. Next steps

a) Your Recommendation Report

As the building occupier, regulation 10(1) of SI 2007:991 **requires that an Energy Performance Certificate "must be accompanied by a recommendation report"**.

You must be able to produce a copy of this Recommendation Report within seven days if requested by an Enforcement Authority under regulation 39 of SI 2007:991.

This Recommendation Report has also been lodged on the Government's central register. Access to the report, to the data used to compile the report, and to previous similar documents relating to the same building can be obtained by request through the Non-Dwellings Register (www.epcregister.com) using the report reference number of this document.

b) Implementing recommendations

The recommendations are provided as an indication of opportunities that appear to exist to improve the building's energy efficiency.

The calculation tool has automatically produced a set of recommendations, which the Energy Assessor has reviewed in the light of his / her knowledge of the building and its use. The Energy Assessor may have comments on the recommendations based on his / her knowledge of the building and its use. The Energy Assessor may have inserted additional measures in section 3d (Other Recommendations). He / she may have removed some automatically generated recommendations or added additional recommendations.

These recommendations do not include matters relating to operation and maintenance which cannot be identified from the calculation procedure.

c) Legal disclaimer

The advice provided in this Recommendation Report is intended to be for information only. Recipients of this Recommendation Report are advised to seek further detailed professional advice before reaching any decision on how to improve the energy performance of the building.

d) Complaints

Details of the assessor and the relevant accreditation scheme are on this report and the energy performance certificate. You can get contact details of the accreditation scheme from our website at www.communities.gov.uk/epbd, together with details of their procedures for confirming authenticity of a certificate and for making a complaint.

5. Glossary

a) Payback

The payback periods **are based on data provided by Good Practice Guides and Carbon Trust energy survey reports and are average figures calculated using a simple payback method. It is assumed that the source data is correct and accurate using up to date information.**

The figures have been calculated as an average across a range of buildings and may differ from the actual payback period for the building being assessed. Therefore, it is recommended that each suggested measure be further investigated before reaching any decision on how to improve the energy efficiency of the building.

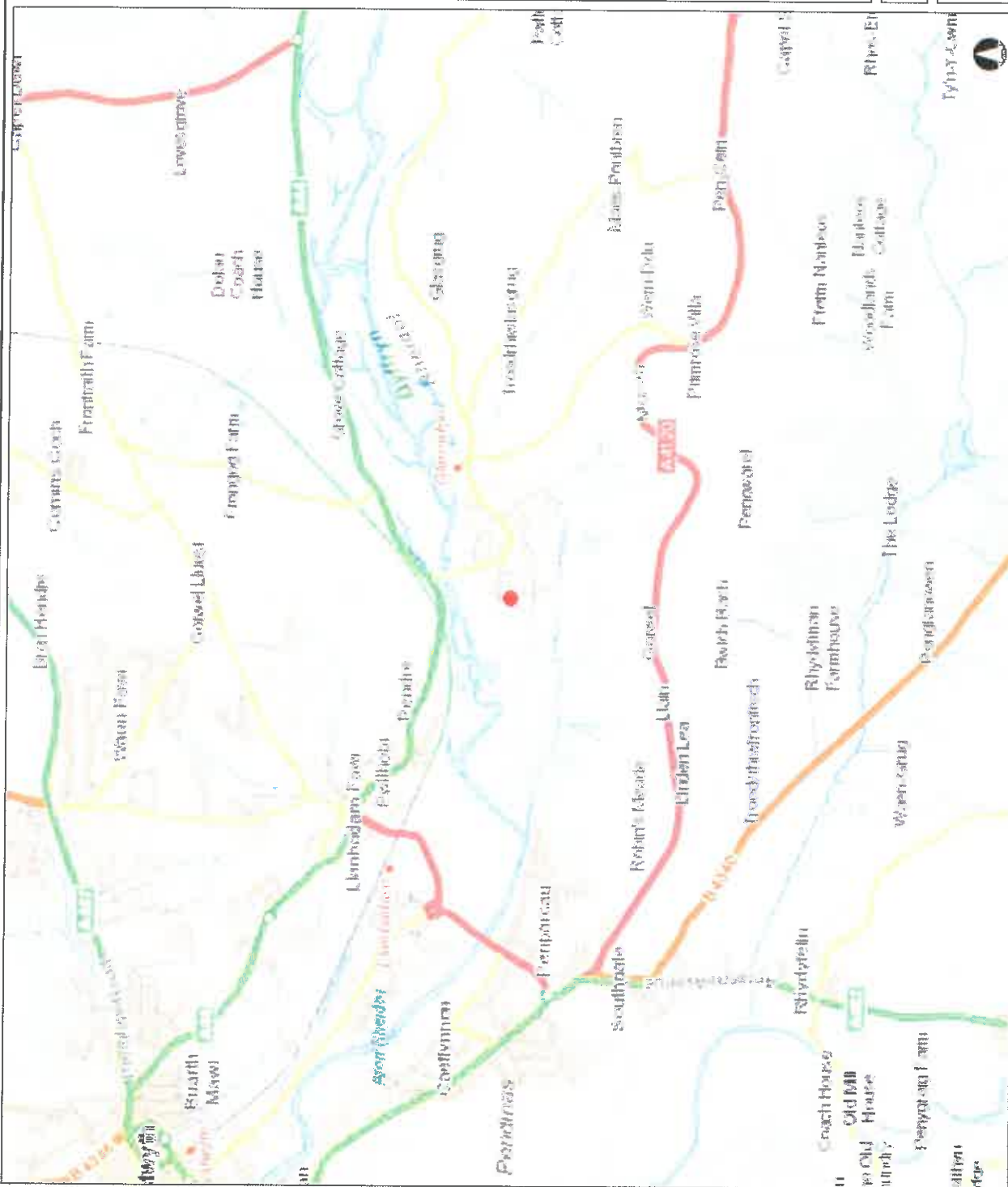
b) Carbon impact

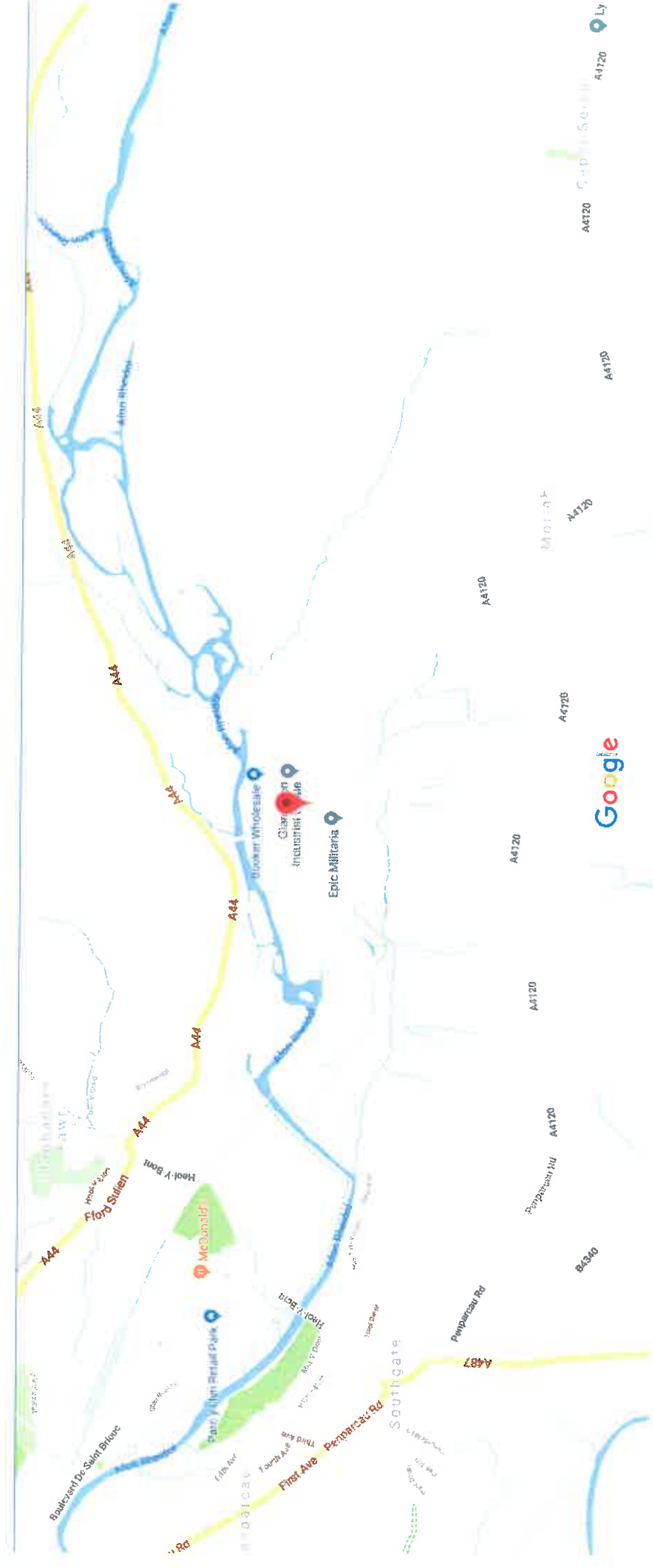
The High / Medium / Low carbon impact indicators against each recommendation are provided to distinguish, between the suggested recommendations, those that would have most impact on carbon emissions from the building. For automatically generated recommendations, the carbon impact indicators are determined by software, but may have been adjusted by the Energy Assessor based on his / her knowledge of the building. The impact of other recommendations are determined by the assessor.

c) Valid report

A valid report is a report that has been:

- **Produced within the past 10 years**
- **Produced by an Energy Assessor who is accredited to produce Recommendation Reports through a Government Approved Accreditation Scheme**
- **Lodged on the Register operated by or on behalf of the Secretary of State.**





Report Assumptions and Valuation Methodology

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

1. Title

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

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

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

The Freehold or Leasehold title is assumed to be held with the benefit of full vacant possession unless stated otherwise.

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

2. Trade Fixtures and Fittings

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

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

3. The Inspection and site Conditions

In preparing the report regard has been had to the apparent state of repair, construction and condition of the property, taking into consideration major defects which are obvious in the course of a visual inspection of so much of the exterior and interior of the property as is accessible at the time of inspection with safety, and without undue difficulty. During the course of the inspection, we viewed those parts of the property as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which the supplier considers reasonably necessary to provide the report, having regard to its purpose.

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

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

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

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

The client has not commissioned a survey of the property, structural or otherwise. To the extent that the client has disclosed the report in accordance with these conditions, the client shall, in addition to the obligations imposed at clause 3.2 in the standard conditions of engagement, notify the proposed borrower in writing that:

- the proposed borrower must not assume that, if defects are not mentioned in the report, all parts of the structure are free from defect;
- where attention is drawn to the report to some defects, it does not mean that other defects may not exist;
- if a proposed borrower wishes to be satisfied as to the condition of the property, the proposed borrower should have surveyors' detailed inspection and report of its/their own before deciding whether to enter into a contract.

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

We have not carried out, nor have we commissioned a site investigation, geographical or geophysical survey and therefore can give no opinion, assurance or guarantee that the ground has sufficient load bearing strength to support the existing constructions or any other construction that may be erected upon it in the future. We cannot give any opinion, assurance or guarantee that there are no underground minerals or other workings beneath the site or in the vicinity nor that there is any fault of disability underground. It is not possible, therefore, to certify that any land is capable of further development or redevelopment.

4. Measurements

Where given, any floor areas and dimensions are taken from inspection unless otherwise specified and are approximate measurements only. Areas quoted are calculated in accordance with the Code of Measuring Practice published by The Royal Institution of Chartered surveyors where applicable.

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

Site areas are quoted as advised by the client/vendor/proposed borrower, unless specifically stated to the contrary. They are not derived from a physical site survey and are approximate unless otherwise indicated.

5. Environmental Health

The Food Safety Act 1990 and its subordinate regulations introduced a system of compulsory registration applying to most types of businesses with few exceptions. Full details of this legislation can be found at http://www.opsi.gov.uk/ACTS/acts1990/Ukpga_19900016_en_1.htm and also at http://www.opsi.gov.uk/si/si1991/Uksi_19912825_en_1.htm.

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

6. Disabled Access

Under the Disability Discrimination Act 1995 Part III, it is necessary for all providers of services to the general public to ensure, as far as possible, that disabled customers are treated in the same way as non-disabled customers. By October 2004, all service providers should have taken reasonable measures to remove, alter or avoid physical barriers to access of their service by disabled people, or provide the service by other means.

Further guidelines and the code of practice are available from the Disability Rights Commission at <http://www.drc-gb.org> with full details at <http://www.opsi.gov.uk/acts/acts1995/1995050/htm>.

For valuation purposes we have assumed that no significant costs of a capital nature are required to achieve compliance with this legislation. Should this not be the case then we may wish to review the valuation opinion provided, upon receipt of a costs schedule of the required works.

7. Fire

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

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

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

8. Planning

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

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

9. Licensing

The provisions of the Licensing Act 2003 are now in force and appropriate new-style 'Premises' and 'Personal' Licenses as issued by the local authority should be in place. Full details can be found at <http://www.opsi.gov.uk/ACTS/acts2003/200300017.htm>. Such licences have been assumed to be in place for valuation purposes, although solicitors should verify that the 'Premises' licence contains no onerous conditions.

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

10. Environmental Matters

Details of the legislative framework relating to contaminated land can be found at <http://www.netregs.gov.uk/netregs/275207/276318/277712/?lang=e>.

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

The supplier does not carry out an investigation into past or present uses, either of the property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the property from these uses or sites, and the supplier therefore assumes that none exists. Any such investigations are the responsibility of the client.

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

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

11. Energy Performance Certificates

In England and Wales, from October 2008, the sale, letting and construction of all residential and commercial property requires the provision of an Energy Performance Certificate (EPC). The aim of the EPCs is to provide purchasers and tenants with information regarding the energy efficiency of their building.

Generally, an EPC for commercial buildings is valid for 10 years, or until a new EPC is prepared. In respect of residential properties, and EPC forms a compulsory part of the Home Information Pack (HIP). For further information please contact the EPBD Helpline (help@epbduck.info).

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

In respect of the rental requirements, the provision of accommodation with attendant services and without the right of exclusive possession of any part of the premises would not usually constitute a rental in terms of the EPC requirements. Therefore the residency of care homes, student accommodation, hotel rooms and other short stay accommodation, where exclusive possession is not provided, are likely to fall outside the reach of this legislation in respect of property rentals. However, should the accommodation be let as a whole of a group of individuals, where they informally sub-divide the property between themselves, in these circumstances an EPC will be required upon rental.

In respect of Scotland, there is phased implementation of Energy Performance Certificate requirements, however, from 4 January 2009, all properties will require any EPC when constructed, sold or rented. Further details can be obtained from www.scotland.gov.uk.

We comment that we are not specialists in these matters and further advice should be sought from a solicitor or approved assessor.

12. Asbestos

Under the Control of Asbestos Regulations 2002 (as amended in 2006) it is necessary for property owners/occupiers to undertake an inspection for asbestos in all non-domestic properties (to include common parts of shared residential dwellings). Following this exercise there are a number of requirements, including the need for an asbestos management plan to be drawn up and implemented. The timescale for completion of this process was 21 May 2004. Full details are available at <http://www.hse.gov.uk/asbestos/> or <http://www.opsi.gov.uk/SI/si2006/20062739.htm>.

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

13. Flooding

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

14. Landslip/Subsidence

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

15. Mining

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

16. Mundic Block

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

Guidance produced by The Royal Institution of Chartered Surveyors under GNA3 of the Appraisal and Valuation Manual suggests that it is less likely that unsuitable material was used after 1950. An exception may relate to the surrounding district of Liskeard when the period is extended to pre-1960. This relates to the area within the postcodes PL12, 13, 14, 15, 17, 18, 22 and 23.

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

17. Radon

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

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

18 Valuations of Businesses

The valuations provided in respect of the property and/or business are made on the assumptions stated within the report and these Conditions of Engagement and, unless otherwise agreed in writing, on whichever of the following other bases that have been agreed between Morgan & Davies Surveyors and the client (such bases where applicable to be as defined or referred to in the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors).

The report is based upon our own investigations and such other sources as detailed in the report, and makes the following assumptions:

- that the business shall at all times be managed and operated by a competent and diligent owner devoting all due time and care of the affairs of the business;
- that the business shall at all times be properly capitalised, stocked and staffed;
- that the trading position, financial and market situation prevailing at the date of the report shall not vary during the period of assessment;
- that the nature, character, extent and pricing structure of the business shall not materially alter, unless specifically stated to the contrary in the report;
- that all proper and prudent insurance cover for the business shall be taken out and maintained;
- that there has been no suppression, deception or falsification of material facts by the vendor, proprietor, and/or proposed borrower;
- that there are no known onerous features of the business against which the proposed borrower should make specific provision.

The assumptions set out are not verified and the client should therefore make its own written enquiries before relying upon them.

In the event of a future change in the trading potential or actual level of trade from that indicated by the information and assumptions utilised, the values reported could vary.

We do not accept responsibility for losses or damages or any nature whatsoever which may result directly or indirectly from mismanagement, under funding or understaffing of the business, market trends or fluctuations or any other factors whatever which are outside our influence or control or changes in the nature, character, extent or pricing structure of the business, or the absence of adequate insurance cover for the business or for the suppression of material facts.

Whether or not stated in the report, if there is any qualification as the source of any particular information, it remains the responsibility of the client and the proposed borrower to ensure that all the usual prudent and appropriate enquiries are made prior to the offer of finance. Such enquiries shall include, without limitation, the taking of independent professional advice from solicitors and accountants, the entering into of a professional drawn up acquisition agreement with the appropriate warranties being taken from the vendor or

proprietor, the taking up of all necessary trade and bank references, the inspection of the accounts of the vendor of proprietor or proposed borrower, examinations of all necessary consents, regulations, permissions, licences and bylaws, and all the usual searches and other precautions taken by a solicitor, accountant or other professional adviser in connection with the purchase or mortgage of a property and/or a business.

The report is not intended to replace any of the investigations or enquiries referred to above and the supplier does not accept responsibility for losses or changes of any nature whatsoever whether directly or indirectly arising out of the failure of the client (and the proposed borrower) to make such enquiries. The report may, indeed, point to further enquiries being necessary.

It is the client's responsibility to ensure that all trading information provided is substantiated by audited/certified accounts and, where appropriate, an accountant's certificate. Any discrepancy which results from such documentation should be reported to the supplier as soon as practicable in order that any necessary adjustments may be made to the report.

The report does not offer advice as to whether money should be advanced or lent, whether or not appropriate security should be taken or, indeed, whether the business itself should properly be acquired by the proposed borrower.

To the extent relevant (and in any event, only in respect of businesses), consumable stocks and any glassware are excluded from the valuation.

19. Basis of Valuation

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

Any special assumptions made in calculating the market value will be agreed with the client in advance and referred to within the report. Any other basis of valuation considered appropriate in individual instances will be detailed separately.

The Royal Institution of Chartered Surveyors defines market rent as "The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lesser and a willing lessee on appropriate lease terms in an arm's length transaction after property marketing wherein the parties had acted knowledgeably, prudently and without compulsion."

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

20. Valuation Methodology – Trading Entities

In respect of businesses, where the valuation(s) provided are to be on the basis of the property as a fully equipped operational entity valued having regard to trading potential, the valuation of the operational entity includes:

- the land and buildings;
- trade fixtures, fittings, furniture, furnishings and equipment (certain items may not be owned and the report will make clear which are excluded from the valuation);
- the market's perception of the trading potential, excluding personal goodwill, together with the assumption that all existing licences, permits and consents will be retained.

In all cases, any additional value attributable to personal goodwill which is not transferable or to fixture and fittings which are only of value *in situ* to the present occupier is excluded.

The principal method for valuing trading entities is a capitalisation of profits approach having regard to the assessed level of *fair maintainable profit*. In arriving at this figure, any items of a personal/nonrecurring nature, which the market would perceive as not necessarily applying to a hypothetical purchaser, are normally disregarded. Typically, such items would include owners' drawings/directors' remuneration, depreciation, finance costs and taxation. Allowance would also normally be made for any exceptional costs relating to her current operation, such examples being excessive transport costs and/or insurance costs not

directly related to the business. Consequently, the profit utilised for valuation purposes may differ from that shown in actual trading accounts.

If available, historic accounts for the business will normally be analysed and subsequent trading information will also be sought in order to examine trends within the business and allow an assessment of current/future performance.

The multiplier utilised, which is an inverse of yield, will have direct regard to the available market evidence, taking into account factors such as location, the extent of owners' accommodation (if any), development potential and the envisaged medium term sustainability of the business. Variances in yields occur within the operation of the market to reflect the perceived security/risk to the income stream. Income streams perceived to be secure will produce lower yields and hence higher multiples of earnings than less secure income streams.

The valuer will also have regard to direct comparable evidence and use cross checks such as price: turnover ratio or 'per bedroom' analysis (for hotels and/or care homes) particularly where trading information for comparables may not be available.

In certain locations, notably rural areas, the market adopts a "built-up" approach, normally having regard to possible alternative use values. Similarly, in High Street retail locations, where appropriate, the open market rental value will be assessed and capitalised at the prevailing yield, with an addition made from an assessment of the goodwill and fixtures and fittings, based upon the capitalisation of profits methodology.

Any rental income resulting from a formal or potential letting of any part(s) of the property has been considered upon the investment method, based upon the principle that an investor will pay capital to obtain an annual return in the form of rental income. The yield that the investor will accept, will depend upon numerous factors, to include the security and regularity of the rental income, the quality, suitability and strength of the tenants' covenant and the quality and terms of the tenancy/Lease.

If consideration has been given to an alternative use value, this has been assessed having regard to the likelihood of planning permission for such use being granted and also having regard to the estimated cost of conversion to such alternative use. Such conversion costs are often significant.

In the event of future changes in the trading potential or actual level of trade from that indicated by the information and assumptions utilised or in market conditions, the values reported could vary. New or relaunched competition could also have a dramatic effect of profitability and hence value.

Market value could be significantly affected if the business has been closed, the inventory has been depleted or removed, licences have been lost or breached and/or accounts or records of trade would not be available to a prospective purchaser. Where requested, we have provided valuations on the basis of such or other special assumptions.

21. Estimate of Reinstatement Cost Assessment

If the report includes an estimate of reinstatement cost assessment, this is an informal guide of the cost for insurance purposes of reinstating the property and is given without liability. A formal assessment for insurance purposes can only be given by a Quantity/Building Surveyor or other professional with sufficient current experience of such costs, following the preparation of a full bill of quantities. This is particularly relevant in the case of Architecturally Listed buildings and those properties situated within conservation areas, national parks and the like or in cramped city centre of other unusual locations. The guide provided within our report assumes:

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

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

Standard Conditions of Engagement (non-residential)

1. Interpretation

1.1 In these Conditions the following terms shall have the following meanings:

"Business"	If relevant, the Business, trade or profession carried on or to be carried on by the Client or the Proposed Borrower.
"Conditions"	The terms of engagement set out in this document, any applicable supplemental terms of the Supplier and, unless the context otherwise requires, any special terms agreed in writing between the Supplier and the Client.
"Contract"	The Contract for the supply of the Services to be provided by the Supplier to the Client.
"Client"	A person who accepts a quotation from the Supplier for the supply of the Services, or whose order for Services is accepted by the Supplier. For the avoidance of doubt, reference to the client shall not include the Proposed Borrower unless a Director of the Supplier agrees otherwise in writing.
"Date of Valuation"	The date as of which the valuation and /or appraisal contained in the report is stated to be expressed.
"Normal Working Hours"	The hours between 9.00am and 5.00pm each day excluding Saturdays, Sundays and the English public holidays.
"Property"	Those Freehold and/or Leasehold premises which the Supplier agrees in writing with the client shall form the subject matter (or part of the subject matter, as the case may be) of the report.
"Proposed Borrower"	The individuals or undertakings (whether incorporated or unincorporated) proposing to obtain finance on the property and/or business referred to in the report.
"Report"	A report prepared by the Supplier in accordance with the Royal Institution of Chartered Surveyors Valuation Standards, sixth edition, and the International Valuation Standards unless otherwise agreed with the Client in writing. The Report is prepared for the Client only and is a business appraisal/valuation only. For the avoidance of doubt, the Report is not a Report of a survey, whether a 'building condition survey', 'structural survey' or otherwise and no such building condition or structural survey is carried out.
"Services"	The Services which the Supplier is to provide to the Client under the Contract, including the Report and is set out in the confirmation of the Terms of Engagement.
"Supplier"	Morgan & Davies, a company incorporated in England & Wales under registered number XXXXXXXX. The registered address is 12 Harford Square, Lampeter, Ceredigion SA48 7DT.

1.2 The headings in these Conditions are for convenience only and shall not affect their interpretation. Unless the context requires otherwise, the singular shall include the plural and vice versa. References to any statute shall include any amendment, variation or replacement of the same.

1.3 In the event of any conflict or discrepancy between the Report and these Conditions, then unless specifically stated otherwise, these Conditions shall prevail.

2 Basis of Supply

2.1 The Supplier shall supply the Services to the Client in accordance with these Conditions.

2.2 Save as expressly agreed in writing by the Supplier, these Conditions are the only terms and conditions on which the Supplier is prepared to deal with the Client and shall apply to the exclusion of any other express or implied conditions, including any terms and conditions to which the order of the Client may purport to be subject.

2.3 No variation or addition to these Conditions shall be binding upon the Supplier unless agreed in writing between a Director of the Supplier and a duly authorised representative of the Client.

2.4 Subject to any variation in accordance with clause 2.3, these Conditions (together with any matters referred to on the face of the Supplier's quotation and/or order confirmation)

embody the entire understanding of the parties and override any prior promises, undertakings or representations.

- 2.5 Any quotation, tender or price list in whatever form given to the Client is subject to these Conditions and does not constitute an offer to supply.
- 2.6 The Supplier shall only be bound by an order when written confirmation of the order has been given to the Client by the Supplier.
- 2.7 The Supplier's employees or agents are not authorised to make any representations concerning the Report unless confirmed by the Supplier in writing. The client acknowledges that it does not rely on, and waives any claim for breach of, any such representations which are not so confirmed.
- 2.8 The Supplier does not guarantee that the report and/or other services provided by the Supplier following agreement with an intermediary or the prospective borrower will be acceptable to a potential lending client.

3. No Reliance on Report by Third Parties

- 3.1 The Report and any other Services provided by the Supplier under the Contract are prepared for and supplied for the Client only. The parties envisage that the Report and Services may not be relied upon by any third party, including the Proposed Borrower.
- 3.2 To the extent that the Client discloses the Report to any third party (including, without limitation, the Proposed Borrower and the prospective lender (noted in clause 6.4.2)) (the "Third Party") in accordance with these Conditions (including, without limitation, clause 16 "Confidentiality"), and notwithstanding the provisions of clause 9.5 (which the Client shall comply with in addition to these clause 3.2), the Client shall notify the Third Party to whom disclosure is made in writing of the following:
 - 3.2.1 that the Third Party is not a party to the Contract;
 - 3.2.2 that the Report and the Services are provided to the Client only and are not provided for the benefit of the Third Party;
 - 3.2.3 that the Third Party may not rely on the Report or other Services in any way;
 - 3.2.4 that the Third Party should obtain its own report in respect of the Property and/or Business if it wishes to find out about the Property and/or the Business.

4. Charges

- 4.1 The Supplier's charges shall be the Supplier's quoted charges or, where no charges have been quoted shall be calculated by reference to the charges, retainers, daily and hourly rates set out in the Supplier's list of charges last published before the date on which the Client's order is accepted by the Supplier.
- 4.2 All charges are exclusive of any applicable value added tax or any other taxes, levies or duties which will be added or charged on invoices at the appropriate rates.

5. Payment

- 5.1 Unless otherwise specified in these Conditions or agreed in writing:
 - 5.1.1 the Supplier may invoice the client at any time for the price of the services;
 - 5.1.2 the Client shall pay the invoice (in full without any set off, deduction or counterclaim) within 30 days of the date of the invoice. Time of payment of the price shall be of the essence of the Contract.
- 5.2 If the Client fails to make any payment at the time or within the period prescribed by these Conditions, then without prejudice to any other right or remedy available, the Supplier may in its sole discretion:
 - 5.2.1 suspend the performance of any or all of its obligations under the Contract; and/or
 - 5.2.2 charge interest (both before and after any judgement) on a day to day basis at the rate of 4% above the base lending rate of Barclays Bank plc from time to time until payment; and/or
 - 5.2.3 terminate the Contract and any other Contract between the Supplier and the client for the provision by the Supplier of the Services.

6. Services

- 6.1 The Services shall be provided by the Supplier in accordance with these Conditions and

- any description set out in the Supplier's confirmation of the Terms of Engagement.
- 6.2 Where the timescales are given in the Supplier's quotation or documentation for the performance of any Services, such timescales are given as estimates only and accordingly no liability shall accrue to the Supplier in the event that any such timescales are not met.
- 6.3 Except where otherwise agreed by the Supplier in writing, the Services shall only be provided during normal working hours.
- 6.4 The Supplier shall prepare and supply the Report to the Client. It is for the sole use of:
- 6.4.1 if the Client is a commercial secured lender, the client to assist in its appraisal of an application made by the Proposed Borrower in respect of the Property and/or the Business; or
- 6.4.2 if the Client is an intermediary, the Client and the prospective lender to assist them in assessing whether the prospective lender wishes to instruct its own Report for secured lending purposes and for no other purpose whatsoever PROVIDED THAT the Supplier shall not be liable to any such prospective lender in respect of any of the Services to be performed under the Contract with the Client; or
- 6.4.3 if the Client is not described in clauses 6.4.1 or 6.4.2, the Client to assist for the specific purposes as agreed in writing by the parties.

For the avoidance of doubt, the Report and any other Services are not intended for the Proposed Borrower or the prospective lender unless a Director of the Supplier agrees in writing otherwise or unless the Report states otherwise.

7

Valuations of Businesses

- 7.1 This clause 7 shall apply to the extent that the Services which the Supplier has agreed to provide to the Client include the valuation of a business. The other clauses of these Conditions generally will apply to the valuation of businesses.
- 7.2 If the Report includes comments and projections as to the potential of the Business concerned, the projection of trading potential of the Business concerned over the next twelve months or other specified period stated in the Report is based upon the Supplier's own investigations and such other sources as detailed in the Report and makes the following assumptions:
- 7.2.1 that the Business shall at all times be managed and operated by a competent and diligent owner devoting all due time and care to the affairs of the Business;
- 7.2.2 that the Business shall at all times be properly capitalised, stocked and staffed;
- 7.2.3 that the trading position, financial and market situation prevailing at the date of the Report shall not vary during the period of assessment;
- 7.2.4 that the nature, character, extent and pricing structure of the Business shall not materially alter, unless specifically stated to the contrary in the Report;
- 7.2.5 that all proper and prudent insurance cover for the Business shall be taken out and maintained;
- 7.2.6 that there has been no suppression, deception or falsification of material facts by the vendor, proprietor, and/or Proposed Borrower;
- 7.2.7 that there are no known onerous features of the Business against which the Proposed Borrower should make specific provision;
- 7.3 The assumptions set out in the clause above are not verified by the Supplier and the Client should therefore make its own written enquiries before relying upon them. In the event of a future change in the trading potential or actual level of trade from that indicated by the information and assumptions utilised, the values reported could vary.
- 7.4 The Supplier does not accept responsibility for losses or damages of any nature whatsoever which may result directly or indirectly from mismanagement, under funding or understaffing of the Business, market trends or fluctuations or any other factors whatever which are outside the Supplier's influence or control or changes in the nature, character, extent or pricing structure of the Business, or the absence of adequate insurance cover for the Business or for the suppression of material facts from the Supplier.
- 7.5 Whether or not stated in the Report if there is any qualification as to the source of any particularly information, it remains the responsibility of the Client and the Proposed Borrower to ensure that all the usual prudent and appropriate enquiries are made prior to

any offer of finance or placing any reliance upon this report. Such enquiries shall include, without limitation, the taking of independent professional advice from solicitors and accountants, the entering into of a professionally drawn up acquisition agreement with the appropriate warranties being taken from the vendor or proprietor, the taking up of all necessary trade and bank references, the inspection of the accounts of the vendor or proprietor or Proposed Borrower, examinations of all necessary consents, regulations, permissions, licences and bylaws, and all of the usual searches and other precautions taken by a solicitor, accountant or other professional adviser in connection with the purchase or mortgage of a Property and/or Business.

- 7.6 The Report is not intended to replace any of the investigations or enquiries referred to above and the Supplier does not accept responsibility for losses or changes of any nature whatsoever whether directly or indirectly arising out of the failure of the Client (and the Proposed Borrower) to make such enquiries. The Report may, indeed, point to further enquiries being necessary.
- 7.7 It is the Client's responsibility to ensure that all trading information provided to the Supplier is substantiated by audited/certified accounts and, where appropriate, an accountant's certificate. Any discrepancy which results from such documentation should be reported to the Supplier as soon as practicable in order that any necessary adjustments may be made to the Report.
- 7.8 The Report does not offer advice as to whether money should be advanced or lent, whether or not appropriate security should be taken or, indeed, whether the Business itself should properly be acquired by the Proposed Borrower.
- 7.9 The Supplier does not supply "investment advice" either for the purposes of the Financial Services Act 1986 or at all. The Supplier does not offer advice as to whether shareholdings or debentures should be taken in the case of an incorporated business or equity acquired in the case of an unincorporated business or partnership. Should the Client and/or the Proposed Borrower require such advice, they should seek assistance from their independent financial adviser/solicitor. Except as expressly stated in the Report, the Supplier does not advise as to the nature of adequacy of the insurance requirements to the Business and the Client and Proposed Borrower are advised to consult an insurance broker or another suitably qualified adviser in this respect.

8. The Report – Assumptions

- 8.1 In making the Report the Supplier makes the assumptions set out in this clause. The Supplier shall be under no obligation to verify any of these assumptions. It remains the responsibility of the Client, its professional advisers and the Proposed Borrower to ensure that all appropriate enquiries and investigations are made and the Report is not intended to replace any of those enquiries/investigations. The assumptions referred to in this clause 8.1 are as follows:
 - 8.1.1 no arrangements are made for any investigation to be carried out to determine whether or not any deleterious or hazardous materials, substances or gases have been used in the construction of the Property (or stored on it at any time), or has since been incorporated, and the Supplier is therefore unable to report whether the Property is free from risk in this respect. For the purpose of this Report the Supplier assumes that such investigation would not disclose the presence of any such material to any significant extent;
 - 8.1.2 that the Property is not subject to any unusual or especially onerous covenants, easements, rights of way, restrictions, encumbrances or outgoing which might affect the Supplier's valuation or which might prevent all or part of the Property from being properly used (whether in its own right or, if relevant, in connection with the Business).
 - 8.1.3 that the title to the Property is as described to the Supplier by the Client/vendor/Proposed Borrower and as referred to in this Report and that the Client/vendor/Proposed Borrower has a good and marketable title to the estate or interest which the Supplier has valued. Unless indicated to the contrary, title deeds and/or lease documents are not inspected or seen. Any interpretation of leases and other legal documents and any legal assumptions are given in the Supplier's capacity as business valuer and appraiser and must be verified by a suitably qualified lawyer if they are to be relied upon;
 - 8.1.4. that the valuation of the Property and/or Business is unaffected by any matters which would be revealed by any searches and replies to such enquiries as are raised or should properly be raised by the Client and/or the Proposed Borrower

and/or by solicitors acting on its/his behalf or by any statutory notice, restriction or liability; the Supplier must be advised immediately of any variations as to this assumption as any such matters could adversely affect the Valuation of the Property and/or Business;

- 8.1.5 that the Property and/or Business, its use or intended use, or its condition are not in any way unlawful or in breach of any lease, licence, contract or provisions of Planning legislation, Building Control, Licensing Acts, Care Standards Acts, Environmental Health Acts, or any other statutory provisions;
- 8.1.6. if relevant, that the plant, machinery, equipment, fixtures and fittings are in serviceable order, (and where relevant, are adequate for the effective trading of the Business) and shall remain so for the foreseeable future;
- 8.1.7 that the Property has lawful and proper direct access from a publicly maintained highway without payment of any fee or contribution;
- 8.1.8 that no contaminative or potentially contaminative uses have ever been carried out in the Property. Unless otherwise stated, the Supplier is not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the Property and which may draw attention to any contamination or the possibility of any such contamination. The Supplier does not carry out an investigation into past or present uses, either of the Property or of any neighbouring land, to establish whether there is any contamination or potential for contamination to the Property from these uses or sites, and the supplier therefore assumes that none exists. Any such investigations are the responsibility of the client. However, should it be established subsequently that any contamination seepage or pollution exists at the Property or on any neighbouring land, or that the Property has been or is being put to a contaminative use, this might reduce the values reported;
- 8.1.9 value added tax, taxation, grants and allowances are not included in capital and rental values and, unless specified otherwise in the Report, these are always stated on a basis exclusive of any VAT liability, even though VAT will in certain circumstances be payable. It is assumed for the purposes of Valuation that any potential purchaser is able to reclaim VAT, unless stated otherwise;
- 8.1.10 in preparing the Report on a Business or Property which is/will be owned by operated by a limited company the Supplier does not make any enquiries about any aspects of the limited company, its members or Directors and the Supplier's enquiries shall be limited to enquiries concerning the limited company's assets.

9. The Inspection and Site Conditions

- 9.1 In making the Report regard will be had to the apparent state of repair, construction and condition of the Property, taking into consideration major defects which are obvious in the course of a visual inspection of so much of the exterior and interior of the Property as is accessible at the time of inspection with safety, and without undue difficulty. The inspection will view those parts of the property as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which the Supplier considers reasonably necessary to provide the Report, having regard to its purpose.
- 9.2 The Supplier shall be under no duty to examine those parts of the Property which are covered, unexposed or inaccessible, or to raise boards, inspect woodwork move anything, or use a moisture detecting meter. Neither shall the Supplier have a duty to verify the existence of and/or arrange for the testing of plant and equipment, including but not limited to electrical, heating, drainage or other services, service installations and appliances which, unless indicated to the contrary, shall be assumed to be in a working and serviceable condition. The Supplier, unless stated to the contrary shall not inspect roof voids.
- 9.3 If the Supplier's inspection suggests that there may be material hidden defects the Supplier shall so advise and may exceptionally defer submitting a final Report until the results of further investigations are available. In circumstances where parts of the Building have not been inspected or where not available for inspection, then in respect of those uninspected parts to assumptions about material defects are made and it is the responsibility of the Client to arrange for those parts to be inspected.
- 9.4 Unless otherwise stated, the photographs published within the Report are taken during the inspection of the premises.

- 9.5 The Client has not commissioned a survey of the Property, structural or otherwise. To the extent that the Client has disclosed the Report in accordance with these Conditions, the Client shall, in addition to the obligations imposed at clause 3.2, notify the Proposed Borrower in writing that:
- 9.5.1 the Proposed Borrower must not assume that if defects are not mentioned in the Report, all parts of the structure are free from defect;
 - 9.5.2 where attention is drawn in the Report to some defects, it does not mean that other defects may not exist;
 - 9.5.3 if a Proposed Borrower wishes to be satisfied as to the condition of the property, the Proposed Borrower should have a Surveyors' detailed inspection and Report of its/their own before deciding whether to enter into a contract;
 - 9.5.4 if the Property is of architectural or historic interest, or listed as such, or is in a conservation area or of an unusual construction, appropriate specialist advice should be sought before carrying out works.
- 9.6 The Supplier does not carry out, nor has it commissioned a site investigation, geographical or geophysical survey and therefore can give no opinion, assurance or guarantee that the ground has sufficient load bearing strength to support the existing constructions or any other construction that may be erected upon it in the future. The supplier cannot give any opinion, assurance or guarantee that there are no underground minerals or workings beneath the site or in the vicinity now that there is any fault of disability underground. It is not possible for the Supplier, therefore, to certify that any land is capable of further development or redevelopment.
- 9.7 The Supplier cannot give any opinion, assurance or guarantee whatsoever regarding the structural design of any construction upon the Property nor as to the suitability of any foundations to such construction.

10. Measurements

- 10.1 Floor areas and dimensions are taken from inspection unless otherwise specified and are approximate measurements only. Areas quoted are calculated in accordance with the Code of Measuring Practice (where applicable) published by the Royal Institution of Chartered Surveyors.
- 10.2 The Supplier's understanding of the boundaries of the Property is as noted in the Report but should not be relied upon and should be verified by the Client and the Supplier has no knowledge of any responsibilities for fencing or of any boundary disputes or claims and legal advice should be sought in this respect.
- 10.3 Site areas are quoted as advised by the client/Vendor/Proposed Borrower, unless specifically stated to the contrary. They are not derived from a physical site survey and are approximate unless otherwise indicated.

11. Valuations – Property and Business

- 11.1 The valuations provided in respect of the Property and/or Business are made on the assumptions stated within the Report on these Conditions of Engagement and, unless otherwise agreed in writing on whichever of the following or other bases that have been agreed between the Supplier and the Client (such bases were applicable to be defined or referred to in the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors).
- 11.2 In respect of Businesses, where the Valuation(s) provided are to be on the basis of the Property fully equipped as an operational entity and valued having regard to trading potential, the valuation of the operational entity includes:
 - 11.2.1 the land and buildings;
 - 11.2.2 trade fixtures, fittings, furniture, furnishings and equipment (certain items may not be owned and the report will make clear which are excluded from the Valuation);
 - 11.2.3 the market's perception of the trading potential, excluding personal goodwill, with an assumed ability to renew existing licenses, consents, certificates, registrations and permits.
- 11.3 To the extent relevant (and in any event, only in respect of Businesses), consumable stocks and any glassware are excluded from the Valuation.
- 11.4 The Royal Institution of Chartered Surveyors considers that the appropriate basis of value to be used for all Valuations or appraisals undertaken for secured lending is 'Market

Value'. Market value is defined in this clause 11.4 for the purpose of these Conditions as the estimated amount for which an asset should exchange on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after property marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Further, market value is understood as the value of an asset estimated without regard to costs of sale or purchase and without offset of any associated taxes.

- 11.5 Any special assumptions made in calculating the market value will be agreed with the client in advance and referred to in the report.
- 11.6 In all cases (except where the Property to be valued is equipped as an operational entity), any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier is excluded.

12. Estimate of Reinstatement Cost Assessment

- 12.1 If the Report includes an 'estimate of reinstatement cost assessment', this shall be a guide of the cost for insurance purposes or reinstating the Property. However, a formal assessment for insurance purpose can be given only by a quantity surveyor or other person with sufficient current experience of such costs, following the preparation of a full bill of quantities.
- 12.2 The guide provided within our Report assumes:
 - 12.2.1 reinstating the property with an equivalent structure;
 - 12.2.2 the use of modern materials and construction techniques;
 - 12.2.3 the adherence to all current statutory requirements;
 - 12.2.4 demolition and site clearance; and
 - 12.2.5 professional and statutory feesbut excludes VAT (including that payable on fees) and loss of rent and/or cost of alternative accommodation for the reinstatement period.

13 Warranties

- 13.1 The Supplier warrants to the Client that it will perform the Services with reasonable care and skill.
- 13.2 The express terms of the Contract are in lieu of all warranties, conditions, undertakings, terms and obligations implied by statute, common-law, trade usage, course of dealing or otherwise all of which are excluded to the fullest extent permitted by law.

IF THE CLIENT IS PURCHASING THE SERVICES AS A CONSUMER, NOTHING CONTAINED IN THESE CONDITIONS AFFECTS HIS OR HER STATUTORY RIGHTS.

14. Termination

- 14.1 The Supplier may terminate the Contract forthwith by notice in writing to the Client:
 - 14.1.1 commits a breach of the Contract provided that if the breach is capable of remedy (being actual remedy as opposed to remedy by payment of damages or compensation) the notice shall only be given if the Client shall not have remedied the same within 30 days of having been given notice in writing specifying the breach and requiring it to be remedied; or
 - 14.1.2 has a winding up petition presented against it and does not make an application to set aside the same within 7 days or goes into liquidation whether compulsorily or voluntarily (unless as part of a bona fide scheme for amalgamation or reconstruction first approved in writing by the Supplier), becomes subject to an administration order or has an administrator appointed, has a receiver or administrative receiver appointed over or encumbrancer to take possession of the whole or any part of its assets, compounds with its creditors or any class of the same, ceases to carry on its business or threatens to do the same or becomes unable to pay its debts within the meaning of S.123 of The Insolvency Act 1986; or
 - 14.1.3 being an individual, has a bankruptcy order made against him or, being a partnership, has a bankruptcy order made against any of the partners or a notice served by a partner for the dissolution of the partnership.
- 14.2 Termination of the Contract for any reason shall not affect any accrued rights or liabilities of either party nor shall it affect the coming into or continuance in force of any provision of the Contract which is expressly or by implication intended to come into or continue in force

on or after such termination.

15. Limitation of Liability

- 15.1 The Supplier shall accept liability to the client for any loss of or damage to any property or injury to or death of person caused by a negligent act of omission or wilful misconduct of the Supplier, its employees, agents or sub-contractors.
- 15.2 Except for injury to or death of any person (for which no limit applies) the liability of the Supplier under clause 15.1 in respect of each event or series of connected events shall not exceed £500,000.
- 15.3 Except for the type of liability referred to at clause 15.1 and except for any other matters for which the Supplier's liability may not by law be restricted or excluded, the Supplier's total liability in respect of any contractual breach or representation, statement or tortious act or omission arising under or in connection with the Contract (a "Default") shall not exceed the total sums paid or payable by the client to the Supplier in respect of those services in the six month period preceding the Default.
- 15.4 Notwithstanding anything else contained in these Conditions (and without limiting the Supplier's liability in respect of injury to or death of any person caused by a negligent act or omission or wilful misconduct of the Supplier, its employees or sub-contractors), the Supplier shall not be liable to the Client for any loss of profits, goodwill or any type of special, indirect or consequential loss whether arising from negligence, breach of contract or otherwise howsoever.
- 15.5 The Supplier shall not be liable to the Client for any loss arising out of any failure by the Client to comply with its obligations under the Contract. If a number of defaults give rise to substantially the same loss then they shall be regarded as the same default for the purpose of calculating the Supplier's maximum liability pursuant to clause 15.3. The client shall afford the Supplier not less than 30 days (following notification by the Client) in which (if redeemable) to remedy any Default.
- 15.6 Nothing in this clause 15 shall confer any right or remedy upon the Client to which it would not otherwise be legally entitled.
- 15.7 It is a condition of the Contract that (save where the Supplier instructs independent experts, consultants or other third parties on the client's behalf), the duties and responsibilities owed to the Client are solely and exclusively those of the Supplier and that no employee of the Supplier shall owe the Client any personal duty of care or be liable to the Client for any loss or damage however arising as a consequence of its acts or omissions of such employee (including negligent acts or omissions) save and to the extent that such loss or damage is caused by the fraud, dishonesty, wilful misconduct or unauthorised conduct on the part of such employee. This term is intended to be enforceable by and for the benefit of the employees of the Supplier.
- 15.8 The Company accepts no responsibility in respect of information (published or otherwise) provided by third party sources.
- 15.9 The Valuation shall be invalid after a maximum period of six months has passed from the date of valuation. However it should be noted that the property market is constantly changing and is susceptible to many external factors which can affect business confidence and property values. The Valuation is applicable at the valuation date and therefore will not reflect any market changes since this date. If any reliance is to be placed upon the Valuation following any changes which could affect business confidence and property values, then further consultation should be undertaken with the Supplier before placing any reliance upon this report.

16. Confidentiality

- 16.1 Each party shall keep confidential all information obtained from the other pursuant to or in contemplation of the Contract (including, without limitation, the Report), shall use the same only for the purposes of the Contract and, subject to clauses 16.2 and 16.3, shall not disclose such information to any person without the other's prior written consent.
- 16.2 Each party may disclose the information mentioned in clause 16.1 to its own employees (and, in the case of the Supplier, its sub-contractors) and then only to those employees or sub-contractors who need to know the same. Subject to clauses 3.2 and 6.4m, the Client may, if it wishes, disclose the Report to its professional advisers and third parties are made aware of the confidential nature of the Report and PROVIDED FURTHER THAT, in the case of disclosure of the Report to third parties, the Client complies with the obligations set out in clauses 3 and 9.5.
- 16.3 Neither the Supplier or its servants or agents accept any responsibility for losses or damages of any nature whatsoever and howsoever incurred in the event of the contents of

the Report being copied, disclosed, distributed or published in any manner to any other person, without the prior written consent of the Supplier. Neither the whole nor any part of the Report, nor any reference thereto is to be included in any published document, circular or statement, nor published in any way without the prior written approval of the Supplier as to the form and context in which it may appear.

- 16.4 The obligations of the parties pursuant to clause 16.1 shall not extend to any information which was rightfully in the possession of the receiving party (and at its free disposal) prior to the commencement of negotiations leading to the Contract; which is already public knowledge or becomes so at a future date otherwise than as a result of a breach of this clause 16; which is trivial or obvious; or whose disclosure is required (and to the extent that it is required) by law.
- 16.5 Where personal information is disclosed to the Supplier and processed by the Supplier as part of the performance of the Services, the Client shall be responsible for obtaining all necessary consents and approvals to ensure that such processing is carried out in accordance with the Data Protection Act 1998 and will provide evidence of such consents and approvals to the Supplier on request.

17. Force Majeure

- 17.1 The Supplier shall not be liable to the Client or be deemed to be in breach of Contract by reason of any delay in performing, or any failure to perform any of the Supplier's obligations under the Contract if the delay or failure was due to any cause beyond the Supplier's reasonable control including, without limitation, industrial action, war, fire, flood, inability to access the Property, prohibition or legal enactment of any kind or any act or omission by the Client and/or the Proposed Borrower.

18. Notices

- 18.1 All notices to be given under the Contract shall be in writing and shall be delivered by hand or sent by registered post or facsimile to the party concerned at the address set out in the Contract or such other address as one party may from time to time designate by written notice to the other. Any such notice or other document shall be deemed to have been received by the addressee if delivered, upon delivery; if posted, on the second working day following the date of posting; and if sent by facsimile, when the communication is transmitted to the recipient's fax number PROVIDED THAT a copy of the communication is sent by registered post or delivered by hand as soon as practicable thereafter.

19 General

- 19.1 The Contract shall be binding upon and endure to the benefit of the parties and legal successors of the Supplier but shall not be assignable by the Client without the prior written consent of the Supplier. The Supplier may sub-contract all or any part of its obligations under the Contract without the consent of the client.
- 19.2 No waiver by the Supplier of any breach of these Conditions by the client shall be considered as a waiver of any subsequent breach of the same or any other provisions. Any waiver must be in writing to be effective.
- 19.3 If any provision of these Conditions is held by any competent authority to be invalid or unenforceable in whole or in part the validity of other provisions of these Conditions and the remainder of the provision in question shall not be affected thereby.
- 19.4 The Supplier shall be treated as an "Independent Valuer" and unless stated to the contrary is deemed to be an "External Valuer" with no other current or presently foreseeable fee earning relationship concerning the Property and/or Business apart from the Valuation fee. The Supplier shall use its reasonable endeavours to disclose previous inspections which have been carried out by it on the Property and/or Business.
- 19.5 A person who is not a party to the Contract has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Contract.
- 19.6 The Contract is governed by the laws of England and the English courts shall have exclusive jurisdiction to resolve any disputes arising as a result of or in connection with it.

Morgan and Davies (Surveys)

From: Morgan and Davies (Lampeter)
Sent: 10 August 2018 16:08
To: Morgan and Davies (Surveys)
Subject: FW: Valuation

From: Stephen Woods Ltd <wbs120@yahoo.co.uk>
Sent: 16 July 2018 12:20
To: Morgan and Davies (Lampeter) <lampeter@morgananddavies.co.uk>
Subject: Valuation

F.A.O Andrew Morgan

Dear Andrew,

I would be grateful if you would kindly arrange to carry out a valuation of the properties owned by Woods Building Supplies Pension Scheme. A summary of the properties and tenant's are.

Unit Rachel's Dairy, Glanyrafon Industrial Estate, Aberystwyth. 8 year lease expiring 26/06/2020. Rent £78,100.00 + vat per year. Repairs, Insurance and utilities are tenant's responsibility.

Unit Yodel, Glanyrafon Industrial Estate, Aberystwyth. 5 year lease expiring 15/03/2022. Rent 63,000.00 + vat per year. Repairs, Insurance and utilities are tenant's responsibility.

Units 21A and 21B Glanyrafon Industrial Estate, Aberystwyth.

Unit 21A. Stephen Woods Ltd, Builders Merchant. Rent £21,000.00 per year + vat.

Unit 21B (1). Ultimate Alloys, Alloy wheel repairs. Rent £6,360.00 per year + vat.

Unit 21B (2). Homegrow Centre. Hydroponics. Rent £7,440.00 per year + vat.

Unit 21B (3). Mark Skitt, Storage. Rent £6,360.00 per year + vat.

Unit 21B (4). Empty

Unit 21B (5). J. Thomas, Storage. Rent £3,000.00 per year.

Unit 21B (6). Wynford William's Cars, Car valeting. Rent £7,560.00 + vat per year.

Unit 21B (7). Gifts in Time, Storage. Rent £3,600.00 + vat per year.

Unit 21B. K&K Cleaning, Storage. Rent £1,320.00 per year.

Compound. JDM Construction, parking area. Rent £4,300.00 per year.

Tenants are responsible for their own expenses.

I am away for a couple of weeks, but would appreciate if I could have the valuations ready on my return. If you need further information please do not hesitate to contact Andy on 01970 82016 in the office.

Kind regards
S K Tandon