

Valuation Report



**9 Martinfield,
Welwyn Garden City,
Herts,
AL7 1HG**

Valuation Details

Property	9 Martinfield, Welwyn Garden City, AL7 1HG
Purpose of Valuation	Pension fund valuation for potential purchase
Applicant	Lucy Bee SSAS, The Moat House, 228 Hertingfordbury Road, Hertford, SG14 2LB
Date and time of inspection	10.00am 21 st January 2025
Prepared by	Hanway Commercial Surveyors Limited 111 Charterhouse Street London EC1M 6AW Tel No: 020 7637 7554
Surveyor Details	Mark Short MRICS RICS Registered Valuer Mshort@hanwaycommercial.com
Date of Report	23 rd January 2024
Important notice to Purchasers	<i>The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate. Applicants acquiring property interests are strongly advised to obtain their own detailed advice from suitably qualified professionals before exchanging contracts.</i>

CONTENTS

1.	INSTRUCTIONS	4
2.	EXECUTIVE SUMMARY.....	5
3.	PROPERTY LOCATION	7
4.	PROPERTY DESCRIPTION, CONSTRUCTION AND SERVICES.....	9
5.	ACCOMMODATION	12
6.	CONDITION	14
7.	TENURE	15
8.	LOCAL AUTHORITY AND STATUTORY CONSIDERATIONS.....	16
9.	ENVIRONMENTAL MATTERS.....	20
10.	LOCAL TAXATION	23
11.	MARKET COMMENTARY	24
12.	GENERAL OBSERVATIONS.....	31
13.	SPECIFIC COMMENTS, METHODOLOGY AND SUITABILITY FOR SECURITY	33
14.	VALUATION	37
15.	REINSTATEMENT COST	38
16.	DATE OF VALUATION.....	39
APPENDIX A: STANDARD TERMS, CONDITIONS AND LIMITATIONS FOR PROPERTY VALUATIONS UNDERTAKEN IN ACCORDANCE WITH RED BOOK		40

1. INSTRUCTIONS

In accordance with your written instructions dated 16th January 2025 to provide a valuation of the property for private valuation purposes, we can confirm that the property was inspected at 10:00 am on the 21st January 2025 by Mark Short BSc (Hons), MRICS, RICS Registered Valuer.

The weather conditions at the time of inspection were cold and sunny. Access was provided by the selling agents (Brasier Freeth).

We would confirm the surveyor has the required knowledge, skills and understanding to undertake the valuation competently and has in excess of 5 years post qualification experience.

The inspection and report is prepared in accordance with the attached assumptions and limitations contained at appendix A.

We confirm that a valuation is required on the basis of Market Value and Market Rent as defined by the RICS Valuation – Global Standards 2022 (with effect from 31st January 2022) produced by the Royal Institution of Chartered Surveyors, (also known as “The Red Book- 2022 Edition”). We understand that valuations are required for .

We confirm we have no financial interest in this transaction and that we have no conflict of interest and have had no dealings with this property within the last twelve months.

We can confirm that Hanway Commercial Surveyors Limited holds Professional Indemnity Insurance for £5 million underwritten by various London markets. Confirmation of our insurance is provided on our website at www.hanwaycommercial.com with further details available on request.

2. EXECUTIVE SUMMARY

2.1 Type of Security:	Freehold vacant business unit for owner occupation
2.2 Location:	The property is located in Welwyn Garden City, Hertfordshire being approximately 20 miles north of Central London and falling within the jurisdiction of Welwyn and Hatfield Council.
2.3 Description:	The property comprises a terraced two storey modern business unit comprising a mixture of storage and office space. The unit is of steel portal frame construction with a front elevation that comprises a mix of brickwork and feature glazing to full height with metal cladding to the reast of the unit.
2.4 Construction Type:	Traditional
2.5 Age:	Circa 1980’s
2.6 Planning Use:	E Commercial (formerly B1 Use)
2.7 Area:	<u>Industrial Unit</u> Ground Floor 131.90m2 1,420sq.ft First Floor 131.90m2 1,420sq.ft TOTAL 263.80m2 2,840sq.ft
2.8.1 Tenure:	Freehold
2.8.2 Tenancies	None – vacant
2.9 Overall Condition:	Fair condition but in need of redecoration and minor repairs throughout
2.10 Specialist Reports:	None
2.11 Important issues and matters for further legal advice:	None apparent

2.12 Market Factors:	<p>Freehold tenure</p> <p>Vacant possession</p> <p>Small modern business unit</p> <p>Weakening occupier market and demand</p>
2.13 Valuation Date:	21 st January 2025
2.14.1 Market Value:	£550,000 (Five Hundred and Fifty Thousand Pounds).
2.14.2 Market Rent:	£38,500 p.a. (Thirty Eight Thousand Five Hundred Pounds per annum).
2.15 Reinstatement value	£400,000 (Four Hundred Thousand Pounds).

Please note that this summary is a guide only and should not be used in isolation of the main report.

3. PROPERTY LOCATION

3.1 Location

The property is located in Welwyn Garden City being approximately 20 miles north of Central London and falling within the county of Hertfordshire and jurisdiction of Welwyn Hatfield Borough Council. To the north is Stevenage, to the east is Hertford, to the south-west is St Albans and immediately to the south is Hatfield.

The property is situated on the east side of Martinfield Business Centre, situated within an established commercial centre within a central position close to city/town centre. The unit forms part of a terrace of similar industrial units comprising a small estate of 20 units predominantly occupied by local independent traders.

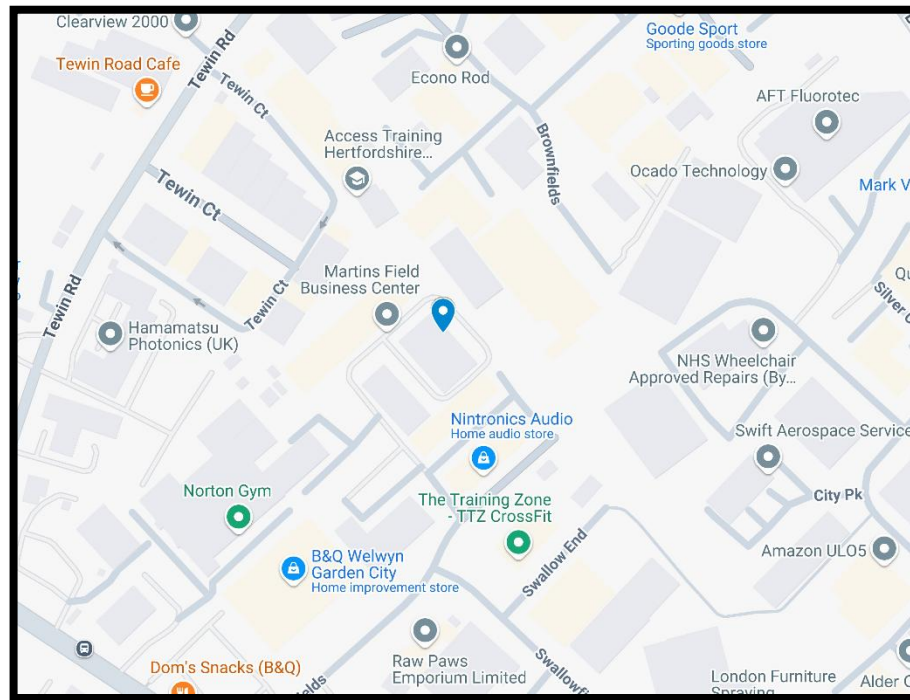
The immediate locality is served by Welwyn Garden City train station providing Great Northern and Thameslink line services being situated within a half mile to the west.

There are good vehicular transport links provided by the nearby A1000, A1 and A414 together with regular bus stops along the close by Bridge Road East providing links into the surrounding area.

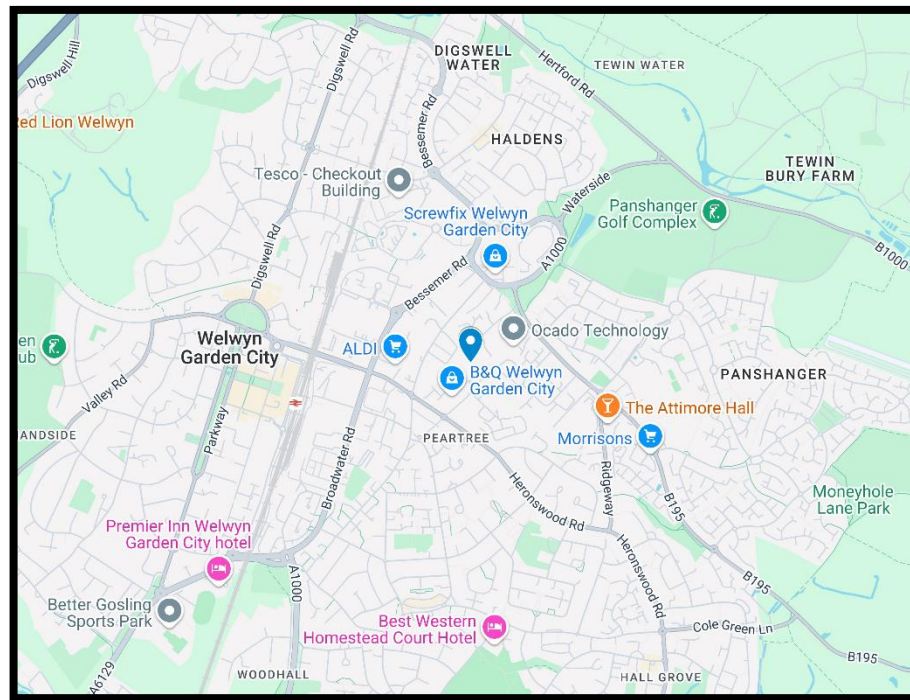
The surrounding area is of mixed use with a high proportion of office and industrial units in the surrounding roads with residential stock further afield.

Most other amenities and services are within the surrounding 1 mile radius.

Map Level 1



Map Level 2



4. PROPERTY DESCRIPTION, CONSTRUCTION AND SERVICES

4.1 Description

The property comprises a mid-terraced modern industrial/business unit constructed over 2 floors circa 1980s/90s and offering a mixture of storage and office space. The unit is of steel portal frame construction with a front elevation that comprises a mix of brickwork and feature glazing to full height, and profile steel cladding to the first floor elevations and roof.

Originally constructed as a single storey industrial unit, a first floor/mezzanine has been added across the whole floor plate to create a two storey business unit comprising mostly office space.

The ground floor provides a mix of office and storage space to an eaves height of 2.4 metres. The stores are accessed by a roller shutter door with a width of approx. 3.5 metres beneath a loading canopy. The offices are partitioned and provided with carpets, suspended ceilings and central heating. W.C and electrical cupboard also provided at ground floor.

The first floor is accessed internally and provides portioned office accommodation, together with a kitchen. W.C and boiler cupboard. The offices are provided with carpets, suspended ceilings and wall and ceiling mounted air conditioning.

Approximately 3 car parking spaces are provided directly in front of the unit with an additional parking space demised directly opposite. Further parking areas are provided around the estate for the benefit of all occupiers. The current owners appear to have installed 2 vehicle electric charging points.

The unit is understood to be freehold and will be offered with vacant possession upon completion.



FRONT ELEVATION



FRONT ELEVATION



FRONT ELEVATION



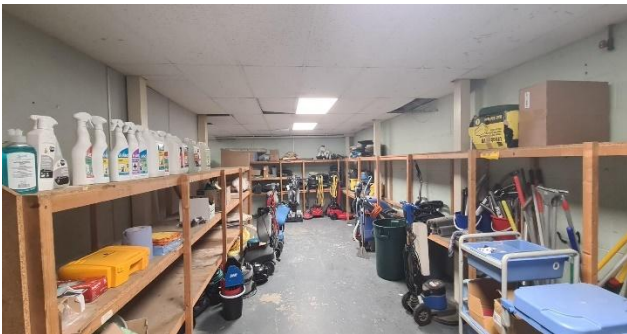
ESTATE VIEW/ACCESS



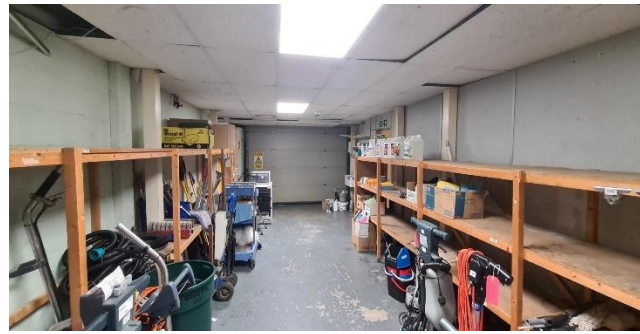
GROUND FLOOR



GROUND FLOOR



GROUND FLOOR



GROUND FLOOR



GROUND FLOOR



FIRST FLOOR



FIRST FLOOR



FIRST FLOOR

4.2 Construction

	Description
Age of Construction	Circa 1980's
Roof	Pitched roof covered in corrugated steel sheeting.
External walls	Cavity brick and block elevations to 1.5 metres with profile steel cladding above.
Floors	Soid concrete to ground with steel supported mezzanine/first floor.
Windows	Double glazed Upvc windows throughout.

We have not undertaken any investigations to establish whether high alumina cement, calcium chloride additive, reinforced autoclaved aerated concrete (RAAC) or any deleterious materials have been used in the construction of the property and are therefore unable to report that the property is free from risk in this respect. For the purpose of our valuation it is assumed that further investigation would not disclose the presence of such materials.

Notwithstanding the above comment, from our inspection there would not appear to be any composite cladding panels used within the construction or subsequently added to the elevations of the building.

4.3 Services:

We understand that mains supplies of gas, electricity and drainage are available.

The unit has a gas fired central heating system to radiators on ground floor with air conditioning to first floor via ceiling/wall mounted units.

No tests of these installations have been undertaken and our valuation assumes that they are fit for their purpose and retain a useful economic life.

5. ACCOMMODATION

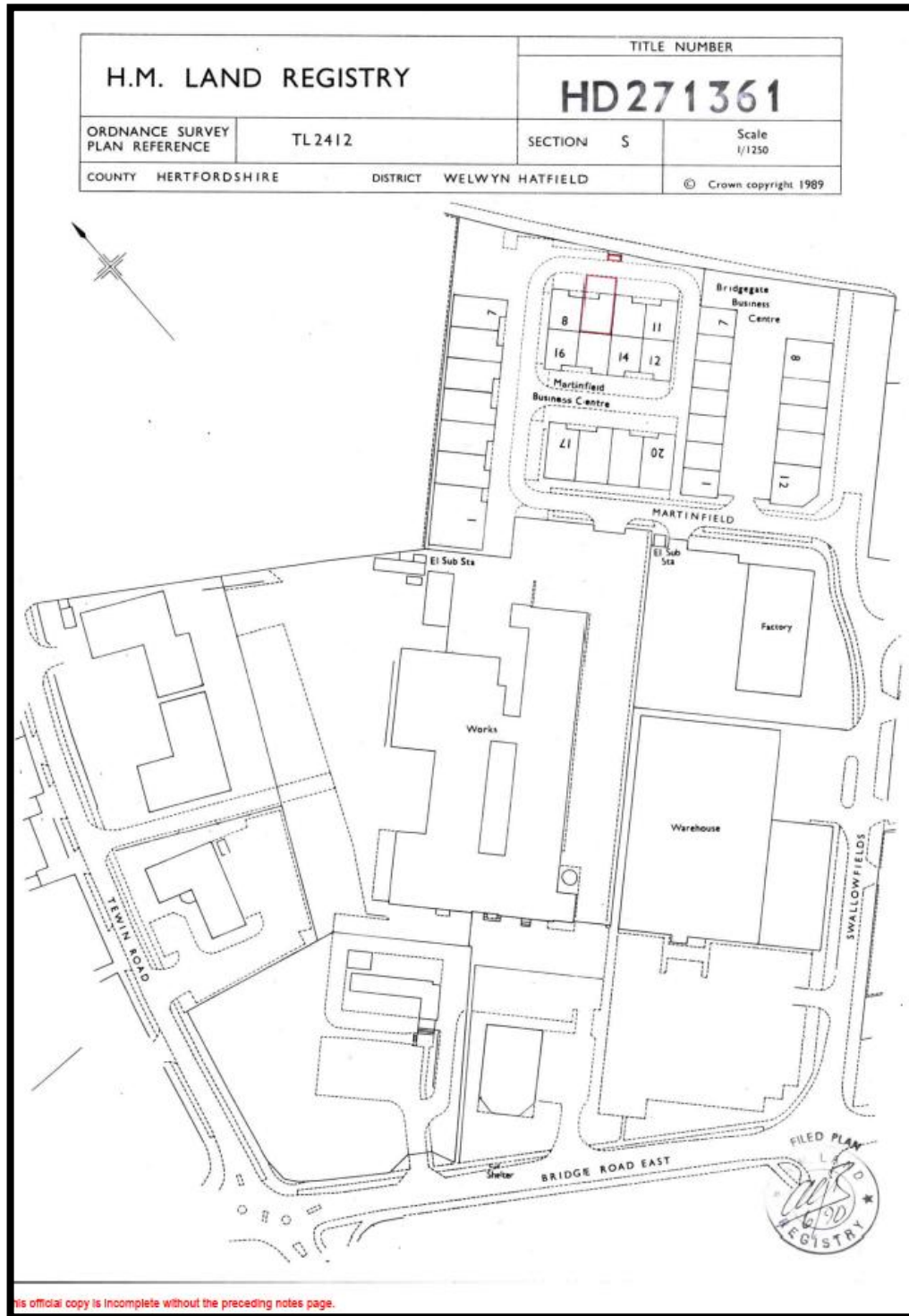
We have measured the accommodation on a gross internal area (GIA) basis in accordance with the Royal Institution of Chartered Surveyors RICS code of measuring practice 6th edition as follows:

Floors	Description/Accommodation	m ² (GIA)	Sq ft (GIA)
Business unit			
<i>Ground</i>	Store, Office, WC	131.90m2	1,420sq.ft
<i>First</i>	Office, Kitchen, WC	131.90m2	1,420sq.ft
TOTAL GROSS INTERNAL AREA		263.80m2	2,840sq.ft

5.1 Site:

The property is situated on a broadly rectangular shaped site having maximum dimensions of 11m wide by 20m deep with the total area extending to 0.05 acres / 0.022 hectares. The site is 75% fully built out and covered by buildings with loading/parking to front. The property is bound by neighbouring buildings to both sides and rear and by a service road to the front. There is an additional parking space directly opposite included within the demise. We do not foresee any difficulty arising from the continued use of the site for E class Commercial purposes.

We have included copies of the Freehold Title Plan below detailing our understanding of the boundaries of the properties edged red which comprises the land and buildings valued.



6. CONDITION

We confirm that we have not undertaken a structural survey nor inspected those parts of the property, which are covered, unexposed or inaccessible and such parts are assumed to be in good condition and repair. We would also confirm that we have not undertaken or arranged for testing of electric, gas, heating, drainage, plumbing or other services.

We have assumed that the inspection of those parts which have not been inspected will neither reveal material defects nor cause an alteration in the valuation now reported.

Generally, the property is presented in a fair condition with no significant defects or items of repair noted, however would benefit from redecoration throughout internally with replacement of suspended ceiling tiles and carpets required. Some staining of ceiling tiles was apparent indicating previous signs of leak/water ingress and it is assumed that this has been resolved.

Externally some maintenance will be required in line with expectations for a property of this type and age. The roof appeared to be the original roof (now 35-40 years old) and it is likely that some ongoing maintenance will be required with potential overhaul required in short-medium term.

We have not tested the services and in particular the air-conditioning which looked dated. The purchaser would be advised to obtain maintenance/service records and potentially obtain a report on its condition and whether significant expenditure/overhaul required in the short term.



Evidence of past water ingress/leak

7. TENURE

7.1 Tenure

We have not had the opportunity of inspecting the Title Deeds or had sight of any report on Title. We have therefore made what we consider to be reasonable assumptions.

We understand that the property is held Freehold and we have assumed that there are no unusual or onerous covenants contained within these titles.

7.2 Tenancies

The unit is presently owner occupied and we understand will be offered with vacant possession upon completion.

We recommend your solicitors make enquiries to verify the details and refer back any discrepancies. Any significant variations of the details given above should be referred back as it may affect the valuation now reported.

8. LOCAL AUTHORITY AND STATUTORY CONSIDERATIONS

8.1 Town Planning

The property lies within the jurisdiction of – Welwyn Hatfield Borough Council

Internet/informal online enquiries with the local authority confirm the following:

8.2 Current Use

The current use of the property would appear to be Class E (Commercial Business and Service) which incorporates the former B1 light industrial class.

Your legal advisers should confirm the property benefits from the appropriate planning permissions for the continued current use and that there are no outstanding applications, breaches of planning permission or enforcement action.

8.3 Planning History

We have carried out brief investigations on the Welwyn Hatfield Council Planning Database, and are aware of the following recent planning history:

N6/2006/0127/FP

Location: Unit 9 Martinfield Business Centre Martinfield Welwyn Garden City AL7 1HG

Proposal: INSTALLATION OF NEW DOORS AND WINDOWS AND ASSOCIATED INTERNAL ALTERATIONS

Decision: Granted

Decision Date: 27/03/2006

8.4 Conservation

The property does not appear to be listed, nor is it situated in a conservation area.

8.5 Article 4 Direction

The property is located in the Welwyn Hatfield Article 4 Direction which removes the right to convert to residential use.

8.6 Developments in locality

We are not aware of any planning, highways or development schemes proposed that are likely to have a detrimental impact on the value of the property.

8.7 Highways

It is understood that the service roads within Martinfield Business Centre are maintained by Martinfield Management Company Limited, with the cost recouped through the service charge. Details of any contributions and future planned expenditure should be obtained.

8.8 Fire Regulations

In compliance with The Regulatory Reform (Fire Precautions) Order 2005 all commercial property owners/occupiers are now under an obligation to carry out and keep under review a risk assessment of their property.

We have not been provided a copy of the risk assessment; therefore we have assumed that all the necessary measures are in place and no additional costs will be accrued in complying with these measures. However we would ordinarily recommend to the occupier that a risk assessment is carried out in the near future to ensure that the suitable standards are adhered to.

8.9 Equality Act 2010

The Equality Act 2010 supersedes a number of Acts made under equality and discrimination legislation. One of the Acts that it replaces is the Disability Discrimination Act which has specific references to property and the workplace.

The Acts place a duty of care upon employers to make reasonable changes within the workplace to enable disabled access to the property and to allow disabled persons to carry out their job. These changes may extend to carrying out physical changes to the property; therefore building owners and occupiers should be aware of the potential liabilities for work to comply with the legislation especially where the property is used for the provision of goods or services to the public.

Whilst we are not experts within this field it was apparent upon inspection that the property would appear to require some works to comply with the Act. For the purpose of this valuation however we have assumed that compliance with the provisions of the Act will not have a material impact upon our valuation.

8.10 Control of Asbestos Regulations 2012

This Act came into effect on 6th April 2012 and brought together the previous regulations covering the prohibition of asbestos including The Control of Asbestos at Work Regulations 2002 (and Control of Asbestos Regulations 2006). The Act places a duty of care on the building owners/occupiers or other parties who have a legal responsibility for the premises to:

- a) Take reasonable steps to find materials in the premises which are likely to contain asbestos and to check their condition;
- b) Presume that materials contain asbestos unless there is strong evidence to suppose that they do not;
- c) Produce a written record of the location and condition of asbestos and presumed asbestos containing material (ACM) and to keep the record up to date;
- d) To produce an action plan as to how the asbestos containing material (ACM) is to be managed.

We have briefly inspected this report and it appears that no asbestos is present. We have assumed that the owner/occupier is aware of their responsibilities under the Act and that a management plan is in place and therefore have made no allowance for costs. We would however comment that should it become obvious that remedial works will be required these could prove costly and we assume that any incoming occupier or new owner would appoint a suitably qualified surveyor to carry out an asbestos audit if it is likely that this material is present.

8.11 Energy Act 2011

The Energy Act 2011 has been brought into force as a vehicle for implementing the Government's "Green Deal" policy. The four key points are as follow:-

- (i) Landlords will be unable to let properties which fall below a prescribed level of energy efficiency unless they make certain improvements;
- (ii) Landlords of certain domestic properties will not be able to withhold consent unreasonably to a request by their tenants to carry out qualifying improvements to make premises more energy efficient;
- (iii) Access to the register of Energy Performance Certificates may be widened; and,
- (iv) The "Green Deal" will enable energy efficiency improvements to be made to properties at no up-front cost to the energy consumer, with repayments via energy bills.

The Energy Act 2011 applies to both residential and commercial property and it stipulates that properties with energy efficiency in bands F and G of the Energy Performance Certificate (EPC) will no longer be permitted to be let from April 2018, without improvement works being undertaken. Improvements can be undertaken through the "Green Deal" with no up-front cost. There may be an adverse effect on the value and marketability for those properties with a pre-April 2018 EPC rating below E.

freeholders and leaseholders should be aware of the risks and timeline and start to review property portfolios and prepare. Where a property has an EPC, the provision only applies where an EPC exists, the energy performance rating should be examined. There is a requirement for new lettings and sales to be accompanied by an EPC and therefore this could result in buildings which require improvements having reduced marketability if landlords are passing on these costs through energy bills. There is, to

date, little market evidence indicating whether there are differences in how tenants consider properties with reduced energy efficiency.

EPC information has been obtained from the Department of Communities and Local Government websites, the below information has been obtained:

EPC Rating: D

EPC Valid Until: 21 June 2028

The existing EPC certificate that has been obtained indicates that the subject property will fall within the acceptable energy performance range for the purposes of the Act. However, the method of assessment changed in June 2022 which is after the EPC certificates was issued. It is therefore advisable to obtain an expert's opinion on whether the building would still comply with the minimum standard if re-certified under the current methodology.

For the purpose of this valuation we have assumed the property will comply and recommend the updated EPC is referred back to us to report on any potential impact on value.

We comment that commercial EPC legislation is changing as the minimum rating for new tenancies is rising to C from 1st April 2025 and for all existing tenancies from 2028 and rising again to a rating of B from 1st April 2030. In light of the current rating and the expiry date upgrading works are considered required in the near term.

8.12 Licences.

We are not aware of any licenses at the subject property.

We recommend your solicitors make enquiries and refer back any discrepancies.

9. ENVIRONMENTAL MATTERS

9.1 Contamination

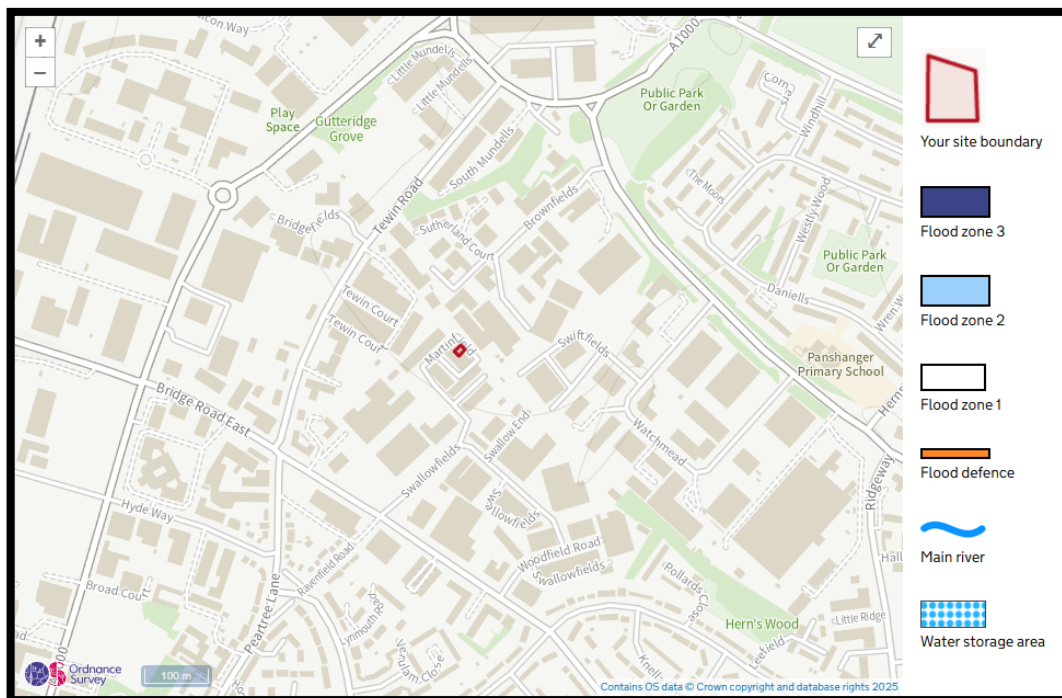
No indications of past or present contaminative land uses were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated sub-soils or ground waters.

In the event of contamination being discovered further specialist advice should be obtained. You are advised to ensure that your legal advisers take up the usual enquiries on your behalf, in respect of possible contamination issues.

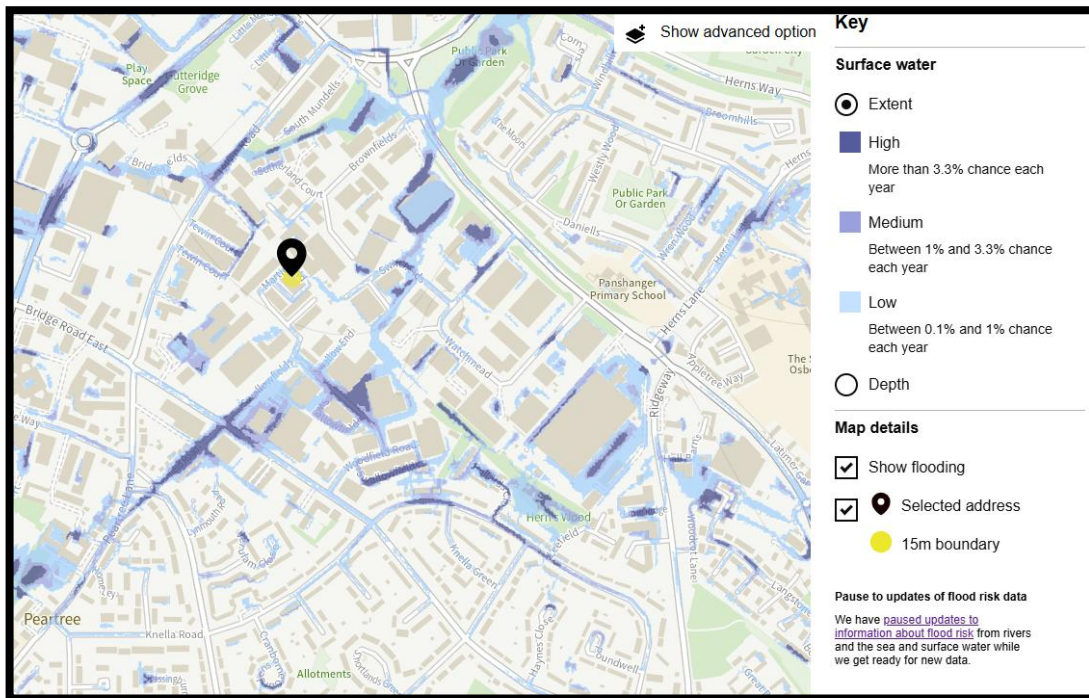
9.2 Flooding

Inspection of the Environment Agency website indicates that the property is located within an area having a very low at risk of flooding from rivers or sea and within an area having a low risk of flooding from surface water.

Flood Risk Map – Rivers and Sea



Flood Risk Map – Surface Water



It must be appreciated that surface water flood risk, reportedly through global warming, is increasing and may continue to worsen in severity and frequency. Any properties subject to flooding can see their value and mortgageability severely affected.

9.3 Radon

To our knowledge the property is not situated in an area where above average levels of Radon gas may occur. However, if it subsequently transpires the property is within an area where above average levels of Radon gas may occur we would recommend that the purchasers Legal Advisers ensure that insurance is available and in place covering this.

9.4 Made up ground

To our knowledge the property is not situated on made up ground.

9.5 Coal Mining

To our knowledge the property is not situated in an area with a mining history and we have therefore made no allowance in our valuation for any problems that may arise.

9.6 High Voltage Electrical Supply

This may cause noise, disturbance or interference and so possibly deter some buyers, limiting saleability. The possible effects of electromagnetic fields have been the subject of media coverage. The National Radiological Protection Board (replaced by the Health Protection Agency), an independent body with responsibility for advising on electromagnetic fields, has advised that, following studies in 2000 and 2001 there may be a risk in specified circumstances to the health of certain categories of people.

On inspection of the subject property, we were able to determine that high voltage electrical supply equipment was not situated close to the property.

9.7 Invasive Species

The RICS have issued an Information Paper (27/2012) on Japanese Knotweed. This states that, the presence and effects of Japanese Knotweed is just one of the many considerations that may affect value, and just one of the variety of factors that valuers and surveyors need to take into account when assessing market value. While this invasive, non-native plant can be difficult to control, it should be recognised that timely and persistent treatment programmes can minimise its impact. As the treatment industry develops and matures, it is hoped that surveyors will be able to provide more informed advice to their clients. Adopt a more consistent and balanced policies, Japanese Knotweed should soon become just one more consideration in the complex valuation process.

Japanese Knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. By quantifying the likely cost of treatment and any necessary repairs the impact of Japanese Knotweed can be taken into account in the valuation process and reflected in the same way as any other defect or item of disrepair. As valuers, we are not in a position to comment on the costs of any potential treatment as this is a specialist area but can advise as to whether there was the existence of the plant. How invasive this has become may not be readily identified by a visual inspection.

There is no evidence of any of the above on the site occupied by the property.

10. LOCAL TAXATION

Inspection of the Valuation Office Agency website indicates that the property is assessed as follows:

ADDRESS	DESCRIPTION	RATEABLE VALUE (2023 LIST)
Unit 9, Martinfield Business Centre, Martinfield, Welwyn Garden City, AL7 1HG	Offices and premises	£37,750

The Uniform Business Rate for the financial year 2024/2025 is currently fixed at a standard multiplier of 54.6 pence per pound of Rateable Value and the small business rate multiplier is 49.9 pence for properties with a rateable value under £51,000.

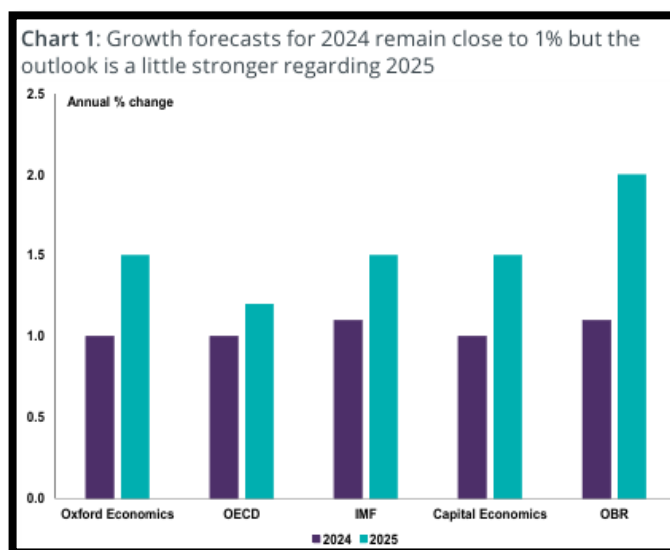
Properties with a Rateable Value of less than £15,000 may be entitled to Small Business Rates Relief.

We advise that under The Rating (Empty Properties) Act 2007 which was implemented with effect from 1st April 2008, vacant office properties will have 0% liability for a period of three months and then the full occupied charge (100% liability).

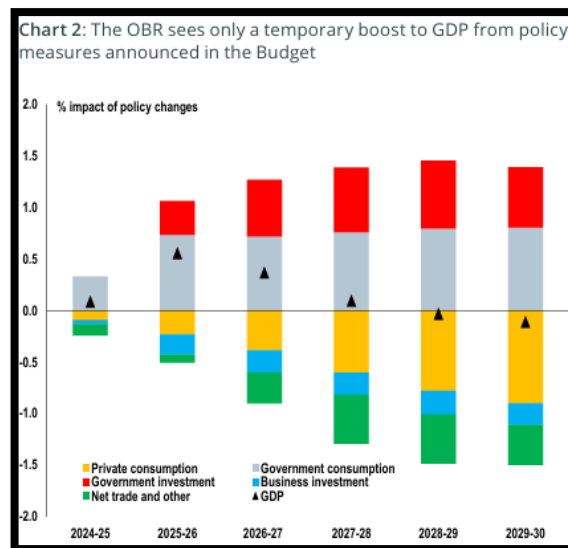
11. MARKET COMMENTARY

11.1 UK Economy Update November 2024

The latest data tracking activity across the UK economy suggests momentum has faded recently, with the composite purchasing managers index for October posting the softest reading over the past eleven months. Moreover, ONS statistics show GDP growth slowed to just 0.1% in Q3, noticeably softer than the 0.5% expansion seen in Q2. Nevertheless, consensus forecasts still point to the UK GDP expanding at an average annual rate of approximately 1% for 2024 (Chart 1), marking an improvement on the stagnation seen in 2023. Also reflected in Chart 1, the outlook for 2025 is somewhat more positive, with average growth projections hovering closer to the 1.5% mark.



The highly anticipated Autumn budget delivered by Chancellor Rachel Reeves is expected to provide a short term boost to the economy, given the direct impact of the policy changes announced increases current spending by £25bn this fiscal year. That said, this near-term support is expected to be transient for a few reasons. Firstly, the Office for Budget Responsibility estimates that Budget policies will push up inflation by around 50 basis points, leading to fewer interest rate cuts from than Bank of England than would have otherwise been delivered. In addition, the fiscal watchdog sees the rise in employer national insurance contributions as likely to reduce labour supply by around 0.2% (a little over 50,000 on an average-hours equivalent basis). Meanwhile, although the plans announced in the Budget raise cumulative public investment spending by £100 billion by 2029/30, the OBR expects this to crowd out some private investment in an economy with little spare capacity (Chart 2).



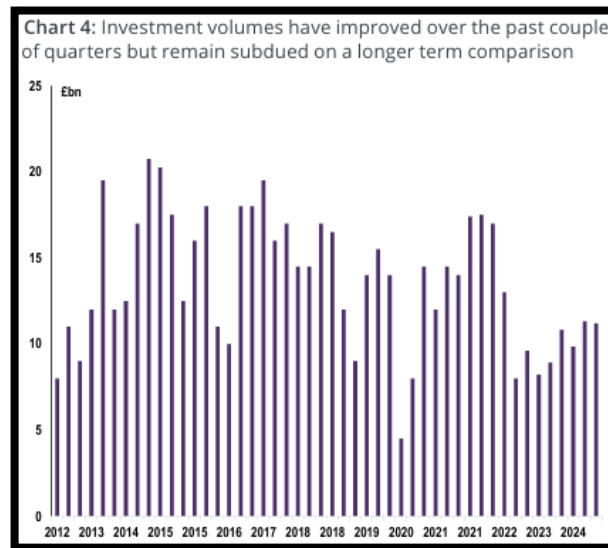
Turning to monetary policy, the recent MPC meeting saw base rates cut by 25bps to 4.75%, the second reduction in policy rates since the easing cycle was initiated in August. However, the likelihood of a further cut as soon as December seems uncertain. The latest data from Refinitiv shows that 65% of respondents now believe a December cut is probable, down from 85% last week, with the Bank of England now expected to take a more cautious approach to unwinding monetary policy. Nonetheless, with the UK unemployment rate ticking up to 4.3% recently (compared to an estimated 4.1% last month) this is one factor that could perhaps raise the chances of seeing one further cut before the end of the year. Indeed, this suggests labour market conditions are continuing to weaken, which should place further downward pressure on wage growth moving forward. As it stands, though, pay growth across the private sector is still running at an annual pace of 4.9% (Chart 3).



The Bank of England would be more comfortable with a rate of closer to 3-3.5%, as this pace of earnings growth is seen to be consistent with inflation remaining sustainably around the 2% target. As such, there remains plenty of reasons for the MPC to tread carefully for now, even if the headline rate of consumer price inflation has fallen in recent months.

11.2 UK Commercial Property Market Update November 2024

Buyer activity across the UK commercial property market remains relatively subdued, despite a modest improvement emerging over the summer period. The latest data from Lambert Smith Hampton (Chart 4) shows CRE investment volumes came in at £11.2bn during Q3, up from £9bn in the same quarter of 2023, albeit still 6% below the five-year average. On a more positive note, the number of transactions increased by 30% compared to Q2, with the number of deals completed reaching a three-year high. Similar to last quarter, the data points to something of a resurgence in the retail segment, with £2.7bn of assets changing hands, the strongest total in over seven years.



The latest results from the RICS UK Commercial Property monitor included a few tentative signs of encouragement for the market going forward, even if momentum remains quite underwhelming at present. Chart 5 depicts that just under half (44%) of respondents now believe that market conditions are consistent with the early stages of an upturn, marking a continued increase 38% and 41% in Q1 and Q2 respectively. Supporting this shift in sentiment, recent rate cuts from the Bank of England, alongside the prospect of further cuts in the coming quarters, appears to be feeding into an improved credit environment across the sector. Indeed, a net balance of +27% of respondents reported some degree of easing in credit conditions during Q3, up significantly from last quarter's +7%. That said, the recent rise in bond yields, on the back of what has been seen as an inflationary Budget, may prove a headwind for the market moving forward. Even so, this is likely to slow the rate of recovery in buyer activity, rather than derail it entirely.

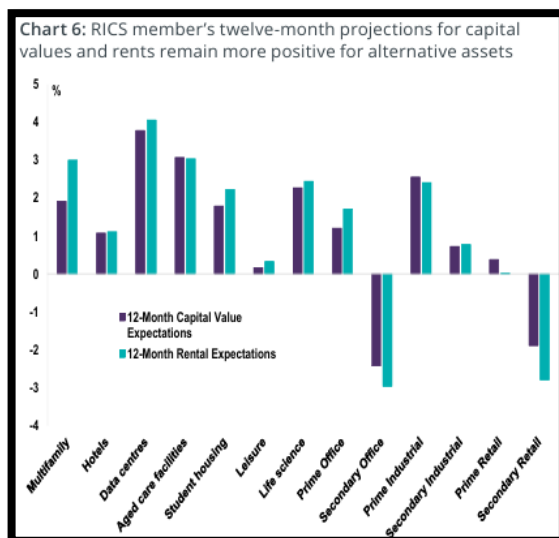
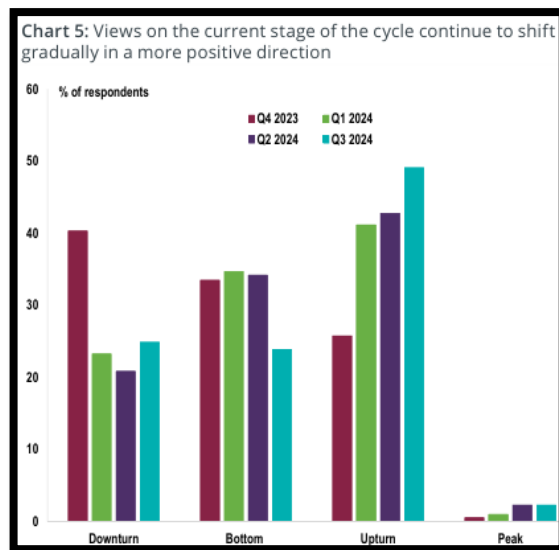


Chart 6 illustrates expectations (captured from RICS members) for both rents and capital values amongst different asset classes at a twelve-month time horizon. All alternative asset classes featured in the survey display positive expectations for both variables, with the most upbeat projections being exhibited across multifamily residential, data centres, aged care facilities and student housing. Once again, prime properties are expected to continue to outperform their secondary counterparts, reinforcing the divergence seen in recent quarters. This disparity is most evident within the office market, where positive capital value and rental expectations for prime stand in stark contrast to the continued negative views on secondary. On a similar note, research conducted by Savills found that the UK office market saw strong office take up in Q3 (the best since 2018), primarily driven by businesses increasingly seeking out grade A buildings which comply to environmental and sustainability standards.

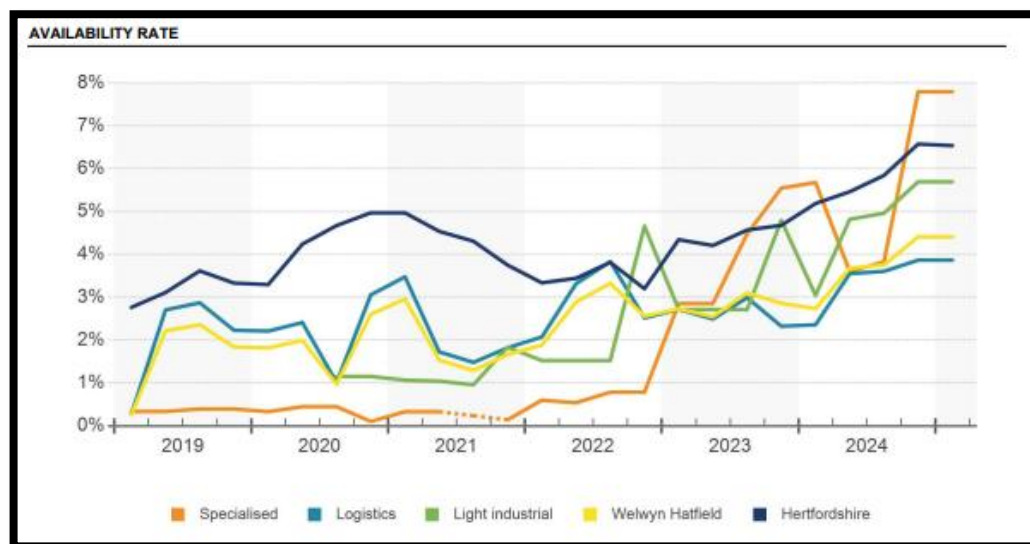
11.4 Local Market Commentary – Costar Welwyn Hatfield Industrial Sub Market Report

Vacancy in the Welwyn Hatfield industrial submarket is 3.9% and has increased 1.1% over the past 12 months. Meanwhile, the rate of increase in the broader market was 2.8%. During this period, inventory shrunk by 37,000 SF due to demolitions, and there has been 120,000 SF of negative absorption. Total availability, which includes sublease space, is 4.4% of all inventory.

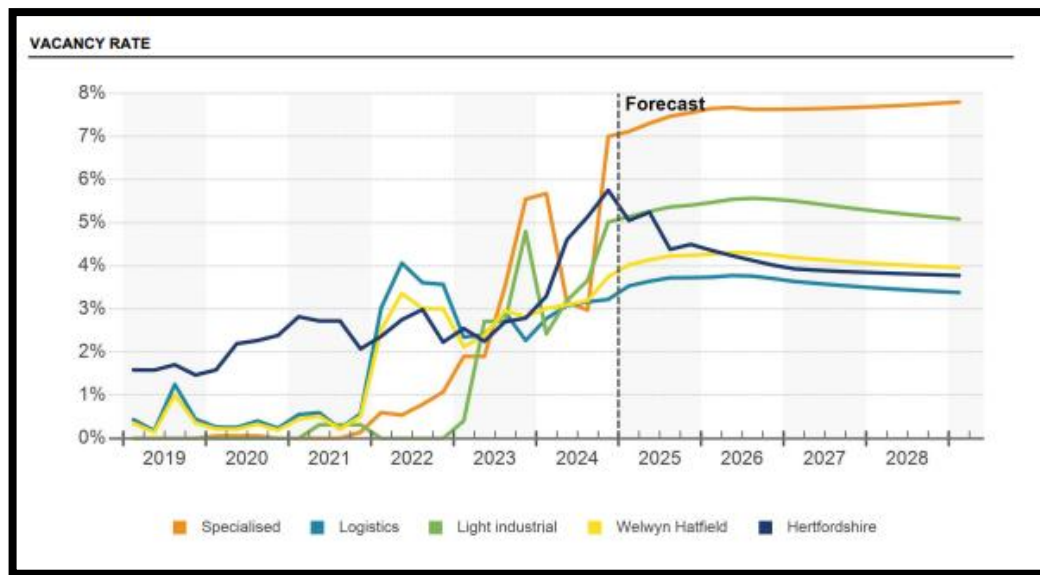
Rents are around £14.40/SF, which is a 3.2% increase from where they were a year ago. In the past three years, rents have increased a cumulative 20.7%. This submarket matches that of the market as a whole, where average rents are also £14.40/SF.

While there is nothing under construction, there has been some recent activity. Around 140,000 SF of net deliveries have been brought online in the past three years.

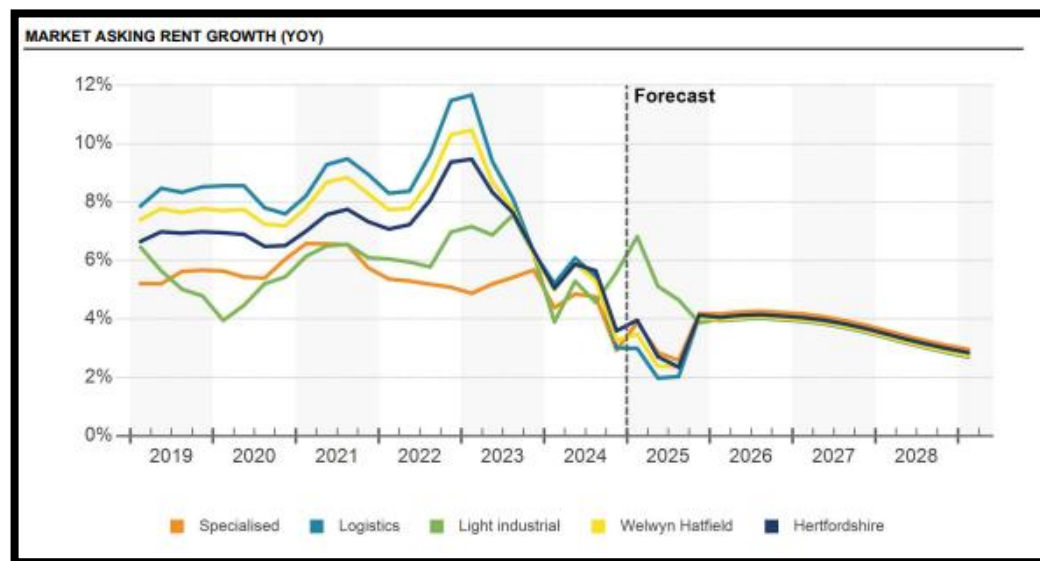
Only one sale has taken place over the past year. Over the past three years, there have been 21 sales. During this time, the market yield for Welwyn Hatfield has increased to 5.4%, higher than its trailing three-year average of 4.9%.



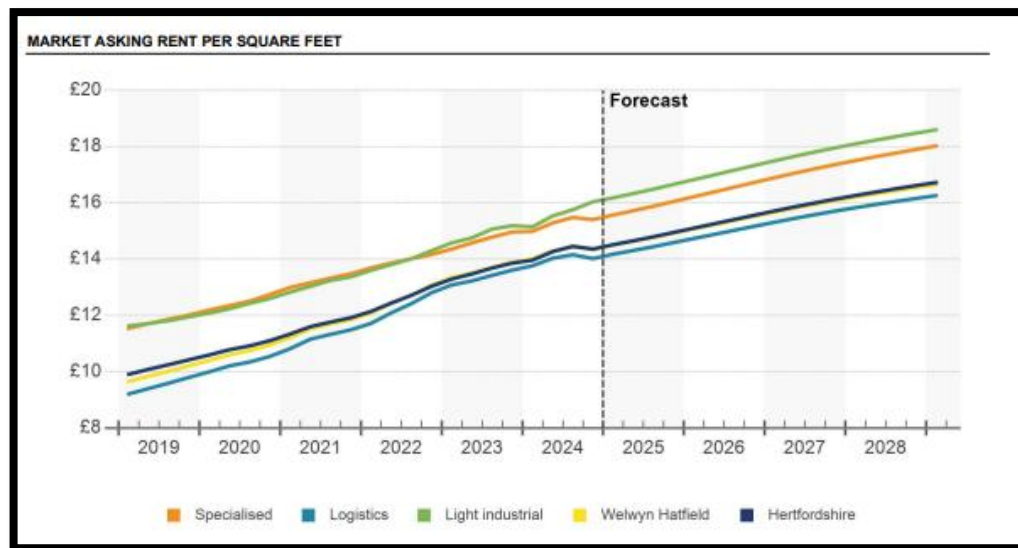
The availability rate has fluctuated between circa 0.25% and circa 4.50% over the last 5 years or so and whilst on inspection we noted high occupancy levels within the estate. This may indicate that there is presently good demand from industrial tenants. We note from the graph above availability rates have been increasing in recent months.



We note from the above graph the vacancy rate has fluctuated between circa 0.10% and circa 4.00% over the last 5 years or so. The current vacancy rate trend appears to be upwards. As commented upon above we noted high occupancy levels within the estate.



From the graph above it is apparent retail rental growth has been experiencing a correction during last 24 months and currently in a period of decline at circa 3.80%.



From our inspection we noted that currently the subject estate appears well occupied, whilst neighboring estates have some vacancies. The vacant units are predominantly available on a leasehold basis with small freeholds still being relatively rare. From our investigations the local market for the freehold of this type of unit is predominantly made up of owner occupiers and some local investors/SIPPs.

In light of the location of the unit being within a secondary industrial estate and increasing supply of available units to let we anticipate average levels of demand from prospective tenants. We consider a marketing period in the region of 6-9 months would be required to secure a tenant assuming appropriate marketing and pricing. The most likely lease would be on full repairing and insuring terms for a period of 5-10 years and subject to review of the rent. A midterm tenant's break clause may also be negotiated and we consider a small rent free period may be required to induce a letting.

12. GENERAL OBSERVATIONS

The property comprises a 1980s mid-terraced modern industrial/business unit located in an established commercial location in Welwyn Garden City. Originally constructed as a single storey industrial unit, a first floor/mezzanine has been added across the whole floor plate to create a two storey business unit comprising mostly office space.

The ground floor offers a mix of office and storage accommodation to an eaves height of 2.4m and accessed via a recessed roller shutter from the front of the building. The eaves height has been compromised by the mezzanine floor and as such unit is more suited to office/light industrial occupiers rather than warehousing which generally require higher eaves and better loading/access.

The first floor/mezzanine provides predominantly office accommodation which has been heavily partitioned. There is a lack of natural light within the first floor with low level windows to the front of the building only and accommodation may be more suited by an 'open plan' layout. Air conditioning is provided although we recommend that this is tested to establish whether significant future expenditure should be anticipated.

In general, the building was in fair condition but would benefit from refurbishment internally and a programme of routine maintenance for the external parts. It may be worth considering a roof survey to establish condition and likelihood of requiring overhaul in near future.

The estate itself is well located in an established commercial/business location with close proximity to Town Centre and train station. Road links are considered good with easy access to the A1(M).

Martinfield Business Centre comprises an estate of 20 similar small business units with some overspill/estate parking and appears relatively well maintained and fully occupied. We assume a maintenance/estate charge is payable by each occupier and purchaser would be prudent to ascertain current levels of estate/service charge.

We comment that commercial EPC legislation is likely to change in the future as the minimum rating for new tenancies is proposed to rise to C from 1st April 2028. In light of the current rating and the expiry date upgrading works are considered to be required in the near term.

As indicated earlier in the report, there has been a slowdown in demand for commercial premises on a leasehold basis and this is evidenced by a significant number of available premises in the locality. There remains however a strong demand from owner occupiers for freehold properties and a lack of availability and we would not envisage any particular difficulty in re-selling the unit should this be necessary.

Strengths	Opportunities
<ul style="list-style-type: none"> • Freehold tenure • Small business unit of good lot size • Strong owner occupier demand 	<ul style="list-style-type: none"> • None apparent • Let unit to produce income • Refurbish / update unit to improve marketability
Weaknesses	Threats
<ul style="list-style-type: none"> • Weakening leasehold demand for commercial space • Limited eaves height to ground floor storage • Limited natural light to first floor • Refurbishment required 	<ul style="list-style-type: none"> • Changes to EPC legislation could impact rental income • Increased inflationary pressures on household incomes • Escalation of situation in Ukraine and Middle East • Potential further interest rate changes could impact upon property prices

13. SPECIFIC COMMENTS, METHODOLOGY AND SUITABILITY FOR SECURITY

13.1 Market Evidence

In preparing our valuation we have had regard to the sales of similar properties in the locality and the accommodation proposed at the subject property. A schedule of some of the comparables used in preparing our valuation is provided in the appendices.

The reporting of transactional activity will always be subject to the information provided and its accuracy for which it is not always possible to be fully aware of the clarity of data. We have in the course of arriving at our opinion of market value spoken to a number of local agents.

13.2 Valuation Methodology

We have considered a comparable method of valuation looking at a direct comparison on a rate/sq.ft as most buildings are sold with vacant possession to owner occupiers. We believe this is how most purchasers would assess the value of the property.

13.3 Market Rental Value

SCHEDULE OF COMPARABLES – COMMERCIAL LETTINGS

Address	Floor Area (sq. ft.)	Date	Rent (£ p.a.)	Comments
14 Tewin Court Tewin Rd Welwyn Garden City, AL7 1AU	2,345sq.ft	July 2024	£38,000	A 1970's built ground floor industrial unit in close proximity. The unit has been let on a 10-year term to Mariolan UK. The lease included a tenant break in the fifth year and three months rent free. Older but recently refurbished and more industrial style than subject. Rent equates to £16.20/sqft
Unit 4 Polaris Centre 41 Brownfields Welwyn Garden City, AL7 1AN	2,421 + mezz 669 sq.ft	Dec 2023	£40,000	A 2008 built warehouse/industrial unit in close proximity. The unit has been let on a 5-year term to Stargens Power Solutions . The lease included a tenant break in the 3 rd year and two months rent free. Rent equates to £16.52/sq.ft excluding mezz
20 Tewin Court Tewin Rd Welwyn Garden City, AL7 1AU	4,948sq.ft	Dec 2023	£70,000	A 1970's built ground floor industrial unit in close proximity. The unit has been let on undisclosed terms. Older but recently refurbished and more industrial style than subject. Rent equates to £14.25/sqft

Unit 11 Mundells Court Welwyn Garden City AL7 1EN	2065sq.ft	Nov 2023	£30,000	A 1980s (refurb 2009) built ground floor industrial unit in close proximity. The unit has been let on undisclosed terms. All ground floor with 4.5m eaves. Rent equates to £14.53/sqft
Unit 18 Martinfield Welwyn Garden City, AL7 1HG	3,994sq.ft	June 2023	£42,000	A 1980's-built Ground (1,997 sqft) and first-floor (1997 sqft) industrial unit let on the subject estate. The unit has fully fitted open plan first floor offices and 3 parking spaces. The unit was let on a 10year FRI lease Rent equates to £10.51/sqft
Unit 10 Bridgegate Centre Welwyn Garden City, AL7 1HG	2896sq.ft	May 2023	£35,000	A 1990's-built Ground and first-floor industrial unit let on the adjacent estate. The unit has a fully fitted open plan first floor offices and workshop/offices on ground floor. The unit was let on a 10year FRI lease Rent equates to £12.07/sqft

In addition to the transactional evidence above we are aware of the following units currently on the market:

Unit 10 Bridgegate Centre Welwyn Garden City, AL7 1JG	2896sq.ft	£42,000p.a £14.50/sq.ft	2 storey 1990s unit on adjacent estate
Unit 7 Bridgegate Centre Welwyn Garden City, AL7 1JG	2414sq.ft	£34,000p.a £14.08/sq.ft	2 storey 1990s unit on adjacent estate
Unit 6 Bridgegate Centre Welwyn Garden City, AL7 1JG	2335sq.ft	£27,500p.a £11.77/sq.ft	2 storey 1990s unit on adjacent estate
Arundel House, Garnell Bus Patk Welwyn Garden City, AL7 1AY	2,896sq.ft	£47,785p.a £16.50/sq.ft	2 storey 1990s unit
5 Bleinheim Court Welwyn Garden City	1,922sq.ft	£30,000 £15.16/sq.ft	Mainly single storey 1980s warehouse
Unit 1 Bridgegate Centre Welwyn Garden City, AL7 1JG	2,324 sq.ft	£30,000p.a £12.90/sq.ft	2 storey 1990s unit on adjacent estate

Our lettings evidence provides for a range between £10.51/sq.ft and £16.52/sq.ft overall and after having considered suitable adjustments to the evidence we consider the property would command a rent of £13.50/sq.ft which provides for a rounded market rental value of £38,500 p.a., as set out below:

MARKET RENT CALCULATION			
Floor Area (GIA)	2,840 sq.ft	£13.50/sq.ft	£38,340 p.a.
Total Market Rental Value	say		£38,500 p.a.

13.4 Market Value

SCHEDULE OF COMPARABLES –VACANT POSSESSION SALES

Address	Type	Size Sq ft	Sale Date	Price	£/Sq Ft
Unit 12 Bridgegate Centre Welwyn Garden City, AL7 1HG	Vacant business unit	4,478	July 2024	£800,000	£178
Comments	A Freehold 1990's-built business unit sold on the next-door estate. The unit provides two storey unit with storage/office on ground floor and offices on a full mezz/first floor. Similar to subject property but with greater prominence and larger.				

Address	Type	Size Sq ft	Sale Date	Price	£/sqft
6 Blenheim Court Welwyn Garden City AL7 1AD	Vacant business unit	3,002	Dec 2024	£670,000	£223
Comments	A Freehold 1980's-built ground floor industrial building sold on nearby estate. The unit provides fully fitted open plan air-conditioned offices, lobby with male and female toilets and shower and 7 car parking spaces.				

Address	Type	Size Sq ft	Sale Date	Price	£/sqft
1 Martinfield Business Centre Hertfordshire AL7 1HG	Vacant Business Unit	4,343	March 2023	£1,000,000	£230
Comments	A Freehold 1980's-built ground floor industrial building sold with vacant possession on the subject estate. The unit was sold to Easthill Faraday by the company director, who now occupy the space.				

Address	Type	Size Sq ft	Sale Date	Price	£/sqft
4 Martinfield Business Centre Hertfordshire AL7 1HG	Vacant industrial building	3,819	Aug 2022	£680,000	£178
Comments	A Freehold 1980's-built ground floor industrial building sold with vacant possession on the subject estate. The unit provides storage and offices throughout with air conditioning.				

Address	Type	Size Sq ft	Sale Date	Price	£/sqft
16 Woodfield Rd Welwyn Garden City AL7 1JQ	Vacant industrial building	2545 + mezz 860	On Market	£550,000	£216 (excl mezz)
Comments	A Freehold 1960s-built industrial building on market with vacant possession. 3m eaves and storage Mezz floor.				

Having regard to the above, the freehold sales indicate a sale price of between £178/sq.ft and £230/sq.ft. We are of the opinion that a value of £195/sq.ft is applicable to the subject property which gives a Market Value of £550,000.

Whilst this represents a 6.7% net initial yield against the market rent, which we believe to be slightly lower than one would expect in the market, it reflects the strength and demand of the owner occupation market, with small freehold properties available to purchase still being relatively rare.

13.5 Market Value Calculation

MARKET VALUE CALCULATION			
Floor Area (GIA)	2,840 sq.ft	£195/sq.ft	£553,800
Total Market Rental Value	say		£550,000

13.6 Recent Transactional Activity

The property is currently being marketed and is under offer for £550,000 with vacant possession.

We are not aware of any previous transactional history in relation to the property. Should any further information come to light before completion, the matter must be referred back to us for further consideration

14. VALUATION

14.1 Market Value

In our opinion the Market Value of the freehold interest in the above property in the condition as at the date of our inspection and subject to vacant possession is fairly represented by the sum of **£550,000 (Five Hundred and Fifty Thousand Pounds)**.

14.2 Market Rent

In our opinion the Market Rent for the property is fairly represented by the sum of **£38,500 p.a. (Thirty Eight Thousand Five Hundred Pounds per annum)**. This is assuming a full repairing and insuring lease for a term of 5-10 years.

15. REINSTATEMENT COST

The figure below is provided as an informal indication only of the perceived rebuilding costs of the unit. Please refer to our Standard Limitations and Assumptions.

The figure below is quoted inclusive of site clearance fees and demolition but specifically excludes consequential loss, fixtures & fittings, stock, loss of rent and VAT on construction costs.

Building reinstatement figure: **£400,000 (Four Hundred Thousand Pounds)**

16. DATE OF VALUATION

16.1 The date of valuation is the date of inspection 21st January 2024

16.2 Signed



Surveyor/Qualifications: Mark Short, BSc (Hons) MRICS
RICS Registered Valuer

Philip Treadwell, BSc (Hons) MRICS
RICS Registered Valuer

Hanway Commercial Surveyors Limited
111 Charterhouse Street
London
EC1M 6AW

Tel No. 020 7637 7554
E-mail: mshort@hanwaycommercial.com

Date Signed: 23rd January 2024

APPENDIX A: STANDARD TERMS, CONDITIONS AND LIMITATIONS FOR PROPERTY VALUATIONS UNDERTAKEN IN ACCORDANCE WITH RED BOOK

1.0 Compliance

The report and valuation is undertaken in accordance with the RICS Valuation – Global Standards 2022 Edition. The Valuer will conform to the requirements of the manual unless stated within the report.

2.0 Inspection limitations

A visual inspection of the exterior and interior only is undertaken, to the extent which is accessible with safety and without undue difficulty. Furnishings are not moved, floor coverings are not lifted, nor are floor voids or concealed ducts inspected.

We have assumed that the inspection of those parts which have not been inspected will neither reveal material defects nor cause an alteration in the valuation now reported.

This report is for valuation purposes only and must not be considered nor relied on as a condition report.

3.0 Definitions

3.1 Market Value

Unless otherwise stated the basis of valuation will be Market Value which is defined by the Royal Institution of Chartered Surveyors as:

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

A full interpretive commentary is produced by the RICS under VPS 4 of the RICS Global Standards 2022 Edition, available on request.

3.2 Market Rent

The basis of valuation will be Market Rent which is defined by the Royal Institution of Chartered Surveyors as:

“the estimated amount for which an interest in real property should be leased on the *valuation date* between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length

transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

A full interpretive commentary is produced by the RICS under VPS 4 of the RICS Global Standards 2022 Edition, available on request.

In certain circumstances the Valuer/Surveyor may take into consideration Special Assumptions when arriving at the opinion of Projected Market Value. These are detailed in the relevant section.

Unless stated the valuations do not represent an auction sale or based on the mortgagee in possession or any other distressed sale situation.

3.3 Reinstatement Cost

An indication is provided for insurance purposes unless otherwise advised (which is given solely as a guide and should not be relied upon, as a formal estimate for insurance purposes can only be given by a Quantity Surveyor or Building Surveyor) of the current replacement cost of –

- a) The buildings in their present form (unless otherwise stated);
- b) Buildings being constructed as proposed to be completed, and
- c) The business fixtures and fittings and any plant and equipment included in the valuation should be separately stated.

each including the cost of clearance and professional fees, but excluding –

- d) VAT (except on fees);
- e) Loss of rent or turnover; and/or
- f) Cost of alternative accommodation for the reinstatement period, and
- g) Any other consequential loss.

4.0 Additional Assumptions

Unless expressly agreed to the contrary in making the report, the following assumptions will be made:

- a) The Valuer should wherever possible be provided with a report on title by the client’s legal advisor. However in the absence of this the Valuer will assume that no unusual or

especially onerous restrictions, encumbrances, or outgoings exist, and that good Title can be shown.

b) That the property and its value are unaffected by any matters which would be revealed by a local Search and Replies to the Usual Enquiries, or by any Statutory Notice, and that neither the property nor its condition, nor its use, nor its intended use, is or will be unlawful.

c) The Valuer/Surveyor shall have regard to the apparent state of repair and condition of the property but shall not be under a duty to carry out a structural survey nor to inspect those parts of the property which are covered, unexposed or inaccessible, and such parts are assumed to be in good repair and condition; neither shall the Valuer/Surveyor arrange for the testing of electrical, gas, heating, drainage, plumbing drainage or other services.

d) That inspection of those parts which have not been inspected would neither reveal material defects nor cause the Valuer/Surveyor to alter the valuation materially.

e) The property is valued on the basis of full vacant possession unless valued as an investment. Where the property is tenanted the Valuer will reflect a general understanding of the tenant's status and will undertake limited enquiries as to the financial strength of the tenant however it is recommended that the client undertake further investigation into a tenant's financial strength if covenant strength is an important investment consideration.

f) That the date of valuation will be the date inspection unless otherwise stated within the report.

g) Measurements are undertaken in accordance with the Code of Measuring Practice issued by the RICS.

h) The Valuer/Surveyor has no financial interest in the property.

i) All figures and rentals are quoted exclusive of VAT.

j) Hanway Commercial Surveyors Limited and their insurers offer no comment or liability into any aspect of Fire safety including cladding and balconies

5.0 Confidentiality

The Valuation report is provided for the stated purpose(s) and for the sole use of the named Client. It is confidential to the Client and their professional advisers and the Valuer accepts no responsibility whatsoever to any other person. Neither the whole nor any part of this Valuation Report or any

reference thereto may be included in any published document, circular, or statement or published in any way, without the Valuer's written approval of the form and context in which it may appear.

6.0 Fees

The Client shall pay the Valuer in respect of the said advice a fee to be agreed between the Client and the Valuer. In addition, where appropriate, the Client will reimburse the Valuer for the cost of all reasonable disbursements or out of pocket expenses which the Valuer may incur. All fees and expenses shall be subject to VAT at the prevailing rate.

Fees paid in advance are not considered to be "Clients Money" as defined by the RICS Rules of Conduct but will be refunded in accordance with the Standard Terms of Engagement if instructions are cancelled before the day of inspection. In the event of cancellation on the day of inspection a fee equivalent to half of the full fee will be charged to cover administrative costs.

Interest at 4% above Barclay Bank Plc base rate may be applicable and charged on any unpaid amount 28 days after invoice date.

7.0 Professional Indemnity Insurance

Hanway Commercial Surveyors Limited shall effect and continuously maintain a Professional Indemnity Insurance (PII) policy to cover reports for the level of the valuation instructions received. The insurance will be maintained annually and copies will be provided on request.

Hanway Commercial Surveyors Limited and their insurers do not offer reimbursement for any loss of unpaid interest payments charged by the applicant over and above the Homeowner Variable (mortgage) Rate charged by Lloyd Bank PLC.

Any claim against the Surveyor arising out of or in connection with the valuation shall be resolved by the procedures set out in this clause.

NOTICE OF CLAIM: No Notice of Claim may be served until first complied with the clauses below.

Obtain own current valuation of the property using two surveyors from a mutually agreed list of companies. In the absence of such a list, the matter should be referred to the RICS to obtain a suitable provider.

The parties will agree that if the Independent Mortgage Valuation is less than or equal to 10% of the value stated in the valuation, then shall have no entitlement to bring a claim.

If the Mortgage Valuation is more than 10% of the value stated in the valuation and the applicant decides to make a claim against the surveyor in respect of the valuation then the applicant shall:

- a) 28 days after the service of the Notice of Claim apply in the prescribed form to the RICS for the appointment of an Independent Valuer;
- b) The Independent Valuer will provide a written reasoned determination of the applicant financial entitlement, if any, within 28 days of receipt of the request;
- c) The Independent Valuer's fees for the independent valuation shall be shared equally between the applicant and the Surveyor;
- d) The independent valuation shall be binding until final resolution by legal proceedings or by using the procedure set out below.
- e) If either party wishes to challenge the determination, then it shall serve a Notice of Challenge on the other party within 28 days of the date of determination. This must set out its reasons for challenging the determination.

NOTICE OF CHALLENGE/AJUDICATION: The appointment for an Adjudicator will be with reference to the RICS.

The Adjudicator will give full reasons for his decision. The decision of the Adjudicator shall be binding.

The Adjudicator's fees will be shared equally between the applicant and the Surveyor.

The applicant and surveyor are to bear their own costs of the procedure set out in this clause.

8.0 Complaints Procedure

In the unlikely event of the client being dissatisfied with the service or report, a copy of the firm's complaints Handling Procedure is available on request.

9.0 RICS Audit

The report and valuation may be subject to RICS audit for compliance purposes.