

Eddisons

Incorporating **Barker Storey Matthews**

Valuation Report



Property:	48-50 Papyrus Road, Werrington, Peterborough, Cambridgeshire, PE4 5BH
Date of Inspections:	17 and 20 May 2022
Date of Valuation:	20 May 2022
Date of Report:	14 June 2022
Our Reference:	805.157464

Contents

1	Confirmation of Instructions.....	3
2	Executive Summary	4
3	Location	6
4	Property	9
5	Tenure	18
6	Contamination and Environmental Issues	24
7	Statutory Enquiries.....	26
8	Market Conditions	28
9	Market Valuation	34
10	Report Assumptions and Valuation Methodology	43
Appendix 1	Letter of Instruction/Terms of Engagement	
Appendix 2	Valuation Calculations	

1 Confirmation of Instructions

Client:	Turner Enterprises Ltd Retirement Benefit Plan, The Meadows, Askews Lane, Yaxley, Peterborough, PE7 3LA
Property Address:	48-50 Papyrus Road, Werrington, Peterborough, Cambridgeshire, PE4 5BH
Property Type:	Office and Industrial
Purpose of Valuation:	To establish the value of the pension scheme
Previous Visits:	As previously confirmed, we have acted on behalf of the client in the letting of parts of the property but do not consider that this represents a conflict of interest.
Tenure:	Freehold
Date of Inspection	17 and 20 May 2022
Date of valuation:	20 May 2022
Compliance:	<p>Other than as highlights above as far as we are aware no conflict of interest, either personal or in relation to the Company, exists.</p> <p>The valuation may be subject to monitoring by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.</p>

Confirmation:

The property has been valued in accordance with RICS Valuation – Global Standards (effective from 31 January 2022) incorporating IVSC International Valuation Standards, together with the UK National Supplement (effective from January 2019).

Eddisons has appropriate Professional Indemnity Insurance cover on a per claim basis in respect of this instruction.

The inspection was undertaken by T W Campbell Bsc (Hons) MRICS and the Report contents discussed and agreed with M A Hughes BSc (Hons) MRICS, both of whom are RICS Registered Valuers and have appropriate experience, qualifications and expertise in valuing similar properties.

This report must be read in conjunction with the Report Assumptions and Valuation Methodology section and has been prepared in accordance with our letter of instruction and terms of business as previously supplied and agreed.

All valuation special assumptions have previously been agreed with the client.

We were unable to inspect the treatment rooms of 48 Papyrus Road, due to them being occupied, however we have agreed with the client that we will rely on our Agency inspection and notes on this part of the property as we have previously inspected and marketed this part of the property for and on behalf of the client.

2 Executive Summary

Location

- The property is located within Werrington and just off the Werrington Parkway.
- The property is located on the western side of Papyrus Road which is around 4 miles north of Peterborough city centre.

Property

- The property comprises an industrial unit dating back to the 1970s/early 1980s and is of steel portal frame construction with a combination of metal, cladding and rendered elevations under a shallow pitched asbestos sheet roof. A rear extension was constructed around 15 years ago to the rear under a mono-pitched cement sheet roof with translucent light panels fitted throughout.

Accommodation

- The property was formerly in single occupation but has subsequently been subdivided into a number of elements comprising two storey offices to the front (48 Papyrus Road) and the warehouse being split into three separate units (48a, 48b and 50 Papyrus Road).
- 48 Papyrus Road has been fitted out as a wellbeing clinic with a number of separate treatment rooms.
- 48a and 50 Papyrus Road are used for car repairs.
- 48b Papyrus Road is used as a Church hall.
- We have calculated the net internal area of 48 Papyrus Road to be 171.41 sq m (1,845 sq ft) or 224.90 sq m (2,420 sq ft) gross internal area.
- We have further calculated the gross internal area of the remainder of the property to be 1,096.73 sq m (11,805 sq ft). Individual unit measurements are set out in section 4.2.

Tenure

- Freehold.

Leases/Tenancies

- The property is currently let under 4 leases with a total passing rent of £60,530 per annum exclusive although this does include some landlord repairing obligations as one of the leases is internal repairing only.

- A service charge is understood to be levied, where permitted under the leases, for the maintenance and upkeep of communal areas.

Valuations

We are of the opinion that the market rent of the whole property assuming lettings on standard full repairing and insuring commercial leases as detailed herein and following an appropriate marketing period is in the region of around £64,700 per annum (Sixty Four Thousand Seven Hundred Pounds).

We are of the opinion that the market value of the freehold interest of the property subject to the existing leases, following an appropriate marketing period and subject to the comments and recommendations herein is in the region of around £770,000 (Seven Hundred and Seventy Thousand Pounds).

Comments and Recommendations

- We recommend that future leases are granted on FRI terms outside the Security of Tenure provisions of the Landlord and Tenant Act 1954.
- We are valuing on the assumption that the elements which do not currently have an EPC assessment will achieve an EPC assessment of at least the minimum required standard of Band 'E' or above will be achieved. If the property should achieve below this level this could impact on the ability to re-let the property without investment in the accommodation. Our market rent assumes the EPC would be above MEES to allow the property to be let.
- We have not had sight of the asbestos survey. You should ensure that the tenants are meeting their statutory obligations in this respect. We recommend that the asbestos report be reviewed to confirm our assumptions that there are no matters requiring urgent/costly action.
- In 48 Papyrus Road there appears to be a number of different users within the individual treatments. We assume that these are on service agreements with no landlord and tenant relationship formed as the tenant is not permitted to sub-let part. We recommend that this is clarified and confirmed.
- We noted to the rear of the property located behind 50 Papyrus Road, there is staining to the external walls and gravelled area where oil drums are being stored. As the drums are being stored on gravel, we recommend that further specialist advice is sought in case any remedial works will be required to confirm that contamination does not exist in the foundations of the site.

3 Location

3.1 Overview

Peterborough was designated as a new town in 1967, since the city has grown to a current population of approximately 197,000 people. Further expansion of the city is planned with an established increase in population to an excess of 225,000 by 2025. The city has become established as a regional centre for commerce, industry, shopping, recreation and leisure. Several major companies have relocated their headquarters to the city including Anglian Water and BGL.

Established manufacturing companies including Perkins, Hotpoint and APV Baker. Major development is planned in the city centre for North Westgate and Station Quarter and is nearing completion of Fletton Quays.

Peterborough offers good rail links being located along the East Coastline to Kings Cross with a journey time of approximately 40 minutes. The city also benefits from good road links adjacent to the A1(M), A47, A15 and A605.



3.2 Setting

The Werrington area of Peterborough lies approximately 4 miles north of the City Centre. Access to the A47/A1(M) and other major routes is via the A15 and the City's Parkway Road system. The main Werrington industrial area is located to the north where occupiers include Royal Mail Sorting Office, Peter Brotherhood, Big Motoring World and a Bannatynes Fitness Centre. An office development called Boon Court is immediately adjacent to the subject property.

The property is situated on the western side of Papyrus Road. To the rear boundary is the East-Coast railway line. The position of the subject property is identified on the location map below.



3.3 Access

Access to the subject property is directly from Papyrus Road which is understood to be a made up and adopted public highway.

Each element of the property is accessed over a shared circulation area.



View along Papyrus Road



View along Papyrus Road



Access from Papyrus Road



Shared Access

4 Property

4.1 Description

The property was formerly in single but has been subdivided into a number of elements comprising two storey offices to the front (48 Papyrus Road) and the warehouse being split into three separate units (48a, 48b and 50 Papyrus Road).

The building dates back to the 1970s/early 1980s and is of steel portal frame construction with a combination of metal, cladding and rendering elevations under a shallow pitched asbestos cement sheet roof but has been extended to the rear extension around 15 years ago which provides a mono-pitched cement sheet roof with translucent light panels.

The fenestrations are a combination of UPVC double glazed and timber single glazed. Plastic rainwater goods fitted throughout.



Front Elevation



Side Elevation



Rear Elevation



Side Elevation

4.2 Accommodation

As detailed above the accommodation has been split and subdivided into various elements more particularly described below:

48 Papyrus Road

During our inspection, we were unable to measure any of the treatment room as they were in use however, we did have brief internal access. It is agreed that we will rely on previous agency inspections in respect of measurements. This element provides a range of cellular offices on ground and first floor with kitchen and WC facilities provided at ground floor.

A personal entrance door leads to a lobby and stairwell which provides access to the first floor, kitchen and WC facilities as well as the treatment rooms, which are finished in laminate flooring, wallpapered walls and artex ceiling with LED lights.

These have been refurbished since being let and now each treatment room has been fitted to provide non-slip vinyl floor, with base units and stainless-steel single drainage sink units, artex ceiling, plaster painted walls and LED spotlights.

The kitchen accommodation is fitted with wall and base units with tiled splashback and stainless-steel single drainage sink unit, non-slip vinyl floor, plaster painted walls, artex ceiling and gas fired boiler. The WC accommodation provides laminate flooring with plaster painted walls and ceiling with LED spotlights, low level WC, wash hand basin with tiled splashback and electric radiator.



Lobby



Kitchen

48a Papyrus Road

A personnel entrance door provides access to the main workshop area which is principally served by a manual roll shutter door measuring 3.57m x 4.42m. To the rear is a fire escape door. The workshop is finished with internal blockwork plinth with solid concrete floor and suspended strip lighting. The property provides an eaves height of 5.29m. A small mezzanine is provided accessed from a metal staircase and is of steel frame construction with timber floor.

Further doors from the workshop provide access to toilet and kitchen accommodation and offices. The toilet provides low level WC, wash hand basin with tiled splashback and shower cubicle, with the kitchen providing base units with stainless-steel single drainage sink unit with tiled splashback.

The offices are located towards the rear of the unit which are accessed from the workshop and have been subdivided to provide separate office and meeting room. The offices are finished in plaster painted blockwork walls and ceiling, timber single glazed windows, perimeter trunking and strip lighting.



Workshop



Workshop



Mezzanine



Kitchen

48b Papyrus Road

A personnel entrance door provides access to an office which in turn leads into a warehouse which has been fitted to provide a church hall. There is a manually roller shutter door measuring 3.67m x 3.67m. To the rear is a fire escape door.

Further doors from the warehouse provide access to toilet accommodation, a kitchen with a staircase to the rear of the property providing access to mezzanine storage.

The office provides solid concrete floor with carpet tiles, plaster painted walls and ceiling with inset LED spot lights and single glazed timber windows with security bars. The kitchen is accessed through the office which is fitted with non-slip vinyl floor, plaster painted walls and ceiling, wall and base units with stainless-steel single drainage sink unit and tiled splashback and water heater.

The toilet accommodation comprises a separate gents, ladies and disabled toilets which each provide tiled floors and walls with artex ceiling, low level WC, wash hand basin, dryer, extractor and LED spotlights.

The warehouse provides a large open plan area that has been converted to a church hall which is fitted with solid concrete floor with carpet flooring, painted partitioning walls, suspended LED

panel drop down lights. Part of the area is finished as a café area which provides laminate flooring. A separate classroom has been also been created which provides laminate flooring, plaster painted walls and ceiling with LED inset spotlights.

A first floor steel frame, timber boarded mezzanine has been constructed with suspended LED lighting fitted.



Church Hall



Church Hall



Café Area



Classroom



Toilet



Kitchen



Office

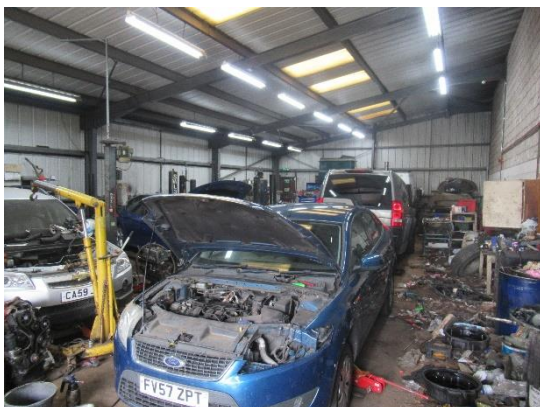
Mezzanine

50 Papyrus Road

A personnel entrance door provides access to the workshop which is principally served by a manually roller shutter door measuring 3.56m x 4.57m. To the rear is a fire escape door.

Further doors from the workshop provide access to an office area, with further access to kitchen and toilet accommodation.

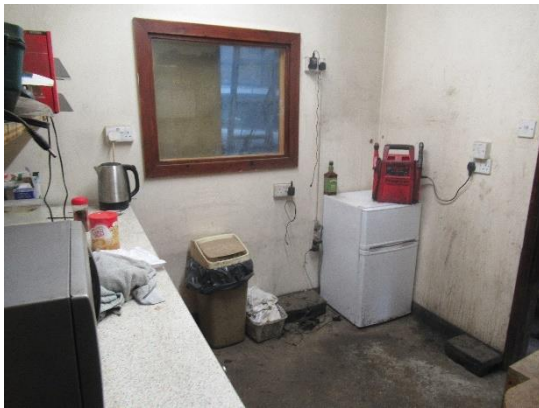
The workshop is finished in solid concrete floor with single glazed timber windows fitted throughout. The property provides an eaves height of 3.93m. The offices providing solid concrete flooring with plaster painted walls and ceiling and fluorescent strip lighting. The toilet accommodation provides a low level WC, wash hand basin, plaster painted walls and ceiling with base unit and stainless-steel single drainage sink unit. The kitchen is finished in similar specification with plaster painted walls and ceiling with base units.



Workshop



Toilet



Kitchen

Floor Areas

From our archive file we understand that the net internal area (NIA) of 48 Papyrus Road is approximately as detailed below, and we have further calculated the gross internal area (GIA) as follows:

Accommodation	Sq M	Sq Ft
48 Papyrus Road (NIA)	171.41	1,845
48 Papyrus Road (GIA)	224.90	2,420

Based on dimensions taken on site we have further calculated the gross internal areas of the balance of the accommodation to be:

Accommodation	Sq M	Sq Ft
48a Papyrus Road	259.04	2,788
Mezzanine	22.78	245
48b Papyrus Road	422.31	4,546
Mezzanine	146.67	1,579
50 Papyrus Road	254.11	2,735

The total gross internal area of the whole building is therefore estimated to be 1,329.81 sq m (14,313 sq ft).

Whilst an office building would typically be measured utilising the International Property Measurement Standards (IPMS), the lack of comparable evidence available utilising this technique means we have reported on a net internal floor area basis. We have subsequently

valued the property utilising this technique due to corresponding evidence availability. Notwithstanding this we do not consider that there would be a material difference between the net internal area and IPMS 3 for the offices.

4.3 External amenities

Assuming single occupation the property benefits from a self-contained yard which is surfaced to a combination of tarmac, concrete and gravel together with some paved parking areas. The yard is accessed via a metal double gate behind a 2m high brick wall. Due the multiple occupation however the yard now offers shared circulation and loading areas and designated parking with external areas and parking designated as follows:

48 Papyrus Road	-	18 spaces
48a Papyrus Road	-	7 spaces
48b Papyrus Road	-	2 spaces and a rear compound area
50 Papyrus Road	-	Yard area



Compound



Parking and circulation areas



Parking and circulation



Rear storage area

For more information on our Inspection, Measurement and Site Conditions/Limitations please refer to paragraphs 10.1.3 and 10.1.4 within the Report Assumptions and Valuation Methodology section.

4.4 Services

We understand that the following services are available:

Water	Mains
Gas	Mains
Electricity	Mains
Drainage	Mains
Heating	Gas fired central heating and air conditioning

We understand that each unit is separately serviced and metered.

No services have been tested; however the property is heated partially by the air conditioning units which both heat and cool the temperature of the main office areas. We were unable to gain access to the external plant area to confirm the refrigerant being used. We assume for the purposes of this report that a modern refrigerant is used rather than the now banned R22. We have not had sight of any service records for the system but assume the electrical and heating systems within the building have been maintained appropriately.

4.5 Condition

The standard of the internal and external appearance of the whole property is reasonable and in line with its peers within this location. We did however note the following

- i) Some of the windows have been replaced to the front elevation however, some of the original timber windows require attention and possible replacement.
- ii) 48a Papyrus Road, there is some cracking to the party walls which appear to be historic and we assumed are not progressive.
- iii) 48a Papyrus Road – impact damage to the roller shutter door.
- iv) 50 Papyrus Road – internally the property is in a poor condition with oil stains on the floor and walls.
- v) To the rear of 50 Papyrus Road, there are a number of petrol cans and tyres stored on site.

For the purpose of this report and valuation we have assumed that all appropriate remedial work has been completed and that there is no long-term structural damage to the building.

We note that all of the units except 50 Papyrus Road are let on full repairing leases with 48 and 48b Papyrus Road being subject to photographic schedule of conditions, although we have not had sight of these. 50 Papyrus Road is let on an internal repairing lease.



Cracking to 48a Papyrus Road



50 Papyrus Road Internally



50 Papyrus Road Internal Walls



Oil stains to the rear



Tyre Storage

5 Tenure

Freehold.

5.1 Leases/Tenancies

We have been provided with copies of leases for each unit and we set out below brief lease summaries below:

48 Papyrus Road

Landlord	Geoffrey and Jacqueline Turner as Trustees of Turner Enterprises Limited Retirement Benefit Scheme
Tenant	Kerry Lee Moore
Date of Lease	29 October 2019
Lease Term	5 years
Term outstanding	Approximately 2 years and 5 months
Security of Tenure	Inside the Landlord and Tenant Act 1954
Permitted use	No information stated
Rent passing	£9,950 per annum. Paid quarterly.
Break clause	28 March 2021, upon 2 months written notice. Not exercised.
Repairs	Tenant to keep the property clean and tidy and in good repair and condition. Tenant to keep and put the property no better state of repair as evidenced in the schedule of condition. Tenant to decorate as reasonably necessary and in last 3 months of term.
Insurance	Tenant to pay insurance rent.
Assignment	Tenant can assign or sub-let whole with Landlord consent (such consent not to be unreasonably withheld). Prohibition on part.
Alterations	Prohibition on external or structural alterations. Internal and non-structural alterations are allowed subject to Landlord written consent, such consent not to be unreasonably withheld.
Forfeiture	Yes
Service charge	Tenant to pay fair proportion towards maintenance, repair and cleaning of common parts.

There appear to be a number of different users within the individual treatments. We assume that these are on service agreements with no landlord and tenant relationship formed as the tenant is not permitted to sub-let part. We recommend that this is clarified and confirmed.

48a Papyrus Road

Landlord	Geoffrey and Jacqueline Turner as Trustees of Turner Enterprises Limited Retirement Benefit Scheme
Tenant	Andrzej Stachowski
Date of Lease	19 October 2018
Lease Term	5 years
Term outstanding	Approximately 1 year and 4 months
Security of Tenure	Outside the Landlord and Tenant Act 1954
Permitted use	Selling and installation of motor parts and accessories.
Rent passing	£11,500 per annum paid monthly. Stepped Rent: Year 1: £10,500 per annum Year 2: £10,750 per annum Year 3: £11,000 per annum Year 4: £11,500 per annum Year 5: £12,000 per annum
Break clause	On the third anniversary upon 6 months written notice. Not exercised.
Repairs	Tenant to keep the property clean and tidy and in good repair and condition. Tenant to decorate as reasonably necessary and in last 3 months of term.
Insurance	Tenant to pay insurance rent.
Assignment	Tenant can assign or sub-let whole with Landlord consent (such consent not to be unreasonably withheld). Prohibition on part.
Alterations	Prohibition on external or structural alterations. Internal and non-structural alterations are allowed subject to Landlord written consent, such consent not to be unreasonably withheld.

Forfeiture	Yes
Service charge	Tenant to pay fair proportion towards maintenance, repair and cleaning of common parts.

48b Papyrus Road

Landlord	Geoffrey and Jacqueline Turner as Trustees of Turner Enterprises Limited Retirement Benefit Scheme
Tenant	Cathedral of Revival Assembly of God
Date of Lease	19 December 2018
Lease Term	10 years
Term outstanding	Approximately 6 years and 6 months
Security of Tenure	Inside the Landlord and Tenant Act 1954
Permitted use	D1 or B8
Rent passing	£24,000 per annum. Paid quarterly.
Break clause	None
Rent Review	5 th anniversary and upwards only basis, with standard assumptions and disregards.
Repairs	Tenant to keep the property clean and tidy and in good repair and condition. Tenant to keep and put the property no better state of repair as evidenced in the schedule of condition. Tenant to decorate as reasonably necessary and in last 3 months of term.
Insurance	Tenant to pay insurance rent.
Assignment	Tenant can assign or sub-let whole with Landlord consent (such consent not to be unreasonably withheld). Prohibition on part.
Alterations	Prohibition on external or structural alterations. Internal and non-structural alterations are allowed subject to Landlord written consent, such consent not to be unreasonably withheld.
Forfeiture	Yes

Service charge	Tenant to pay fair proportion towards maintenance, repair and cleaning of common parts.
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50 Papyrus Road

Landlord	Geoffrey and Jacqueline Turner as Trustees of Turner Enterprises Limited Retirement Benefit Scheme
Tenant	Robert Crowson t/a Crowson Auto Repairs
Date of Lease	2 October 2018
Lease Term	5 years
Term outstanding	Approximately 1 year and 4 months
Security of Tenure	Outside the Landlord and Tenant Act 1954
Permitted use	Garage for domestic and commercial vehicle repair and testing.
Rent passing	£15,080 per annum. Paid weekly
Break clause	3 rd anniversary upon 3 months written notice
Rent Review	1 st anniversary and upwards only basis, with standard assumptions and disregards.
Repairs	Tenant to keep the interior of the property clean and tidy and in good repair and condition. Tenant to decorate as reasonably necessary and in last 3 months of term.
Insurance	Tenant to pay insurance rent.
Assignment	Prohibition on part or whole assigning or under letting.
Alterations	Prohibition on any alterations.
Forfeiture	Yes
Service charge	None

The current total income is therefore £60,530 per annum.

5.2 Covenant Strength

The tenants of each unit are either individuals or a religious group and we do not therefore have any financial information available.

Investors are likely to treat the covenant strengths with some caution although this mix of tenants is not unusual for properties of this nature in this location.

5.3 Site plan

We understand that the property is held under 3 freehold titles and provide below a marked site plan (Titles Numbers CB346885, CB105222 and CB338949) and confirm that the boundaries accord with those apparent at the time of inspection. We assess the site area to be approximately 0.313 hectares (0.774 acres).



For more information on our assumptions in respect of Title and Tenure please refer to paragraph 10.1.1 within the Report Assumptions and Valuation Methodology section.

6 Contamination and Environmental Issues

	Yes	No	Comments
Ground Contamination Any obvious signs of land contamination affecting the property at the time of inspection?	✓		<p>During our inspection we noted to the rear of the property located behind 50 Papyrus Road, there is staining to the external walls and gravelled area where oil drums are being stored. As the drums are being stored on gravel, we recommend that further specialist advice is sought in case any remedial works will be required to confirm that contamination does not exist in the foundations of the site.</p> <p>We are valuing on the assumption that no significant works would be required, we would need to revisit this valuation should remedial works be required.</p>
Asbestos Has an asbestos survey been completed for the property?		✓	<p>An asbestos survey is a legal requirement and one should be undertaken. This would be a responsibility of the tenants and we note this obligation is specifically referenced in the leases supplied.</p> <p>We have not had sight of an asbestos report you should ensure that the tenant is meeting all their statutory and lease obligations in this respect.</p> <p>We have valued on the assumption that no matters requiring urgent/costly action will be identified.</p>
Radon Does the property lie within a radon affected area?		✓	<p>From internet enquiries of www.ukradon.org we understand that the property is situated within an area with a maximum radon potential of 1-3%. We therefore assume that there</p>

			are no radon issues affecting the property.
Mundic Block Is the property within an area known to be affected by usage of mundic block?		✓	
Ground Conditions Were any adverse ground conditions noted at the time of inspection?		✓	We have assumed that full insurance cover is available in respect of subsidence risks and this should be confirmed.
Flood Risk Within a flood risk area as identified by the Environment Agency?		✓	From internet enquiries made of the Environment Agency website, the property is located within an area considered to be at very low risk of flooding from rivers, seas and a medium risk of flooding from surface water. We have assumed that full insurance cover is available in respect of flooding risks and this should be confirmed.
Mining Is the property within a mining area?		✓	
Invasive Species Any invasive species noted at the time of inspection?		✓	Most species are very difficult to identify at certain times of the growing season or if cut back. We are not experts in this sector.
Energy Performance Certificate Has an EPC been prepared for the property?	See below		A schedule of EPCs is provided below:

Property	EPC Rating	EPC Expiry	EPC Reference
48 Papyrus Road	E (123)	26 June 2028	9410-3086-0780-0100-6921

48a Road	Papyrus	E (110)	26 June 2028	0260-4946-0308-6650-8074
48b Road	Papyrus	None		
50 Papyrus Road		None		

Despite making enquiries of the Non-Domestic EPC Register, we have been unable to identify an EPC for 48b and 50 Papyrus Road. We are valuing on the assumption that the EPC is in excess of the Minimum Energy Efficiency Standards (Band E) when reassessed. If it is below the MEES, this will impact on the ability to re-let and could impact on the market value reported. We will need to revisit our valuation once detailed advice is obtained from an EPC consultant.

Whilst the current EPC's on units 48 and 48a Papyrus Road are above MEES there are proposals for the minimum levels to be amended from 2027 and 2030. We recommend that early advice is sought from an EPC assessor to determine appropriate costs of required remedial works to enhance the current EPC and avoid the property falling below minimum standards in the future.

For more information on our assumptions in respect of Contamination and Environmental Issues please refer to paragraphs 10.1.10 to 10.1.18 within Report Assumptions and Valuation Methodology.

7 Statutory Enquiries

Planning

We have researched the planning website of Peterborough City Council and have noted the following recent or material planning applications:

Reference	Proposal	Decision	Date
1801657/FUL	Change of Use from B1, B2, B8 to Church Hall D1 or B1, B2, B8	Permitted	13 November 2018
19/01095/FUL	Change of use of offices to well being clinic (sui generis)	Permitted	14 October 2019

We highlight that on 1 September 2020 there were changes to the planning system and categorisation of properties under the historic use classes order. There is a reduction in the number of categories meaning former use classes B1 (offices and industrial) and D1 (day centres) will now be in Category 'E', which is a much broader category including former A1 shop, A2 financial and professional services, A3 café and restaurant, D1 and D2 gym, indoor and recreation.

For the purposes of this report and valuation we have assumed that all relevant planning permissions and building regulation approvals have been obtained for the current use of the property.

The property is not listed or located within a conservation area.

We are unaware of any road schemes or compulsory purchase orders affecting the property.

Fire Regulations

We understand that the fire risk assessments has been prepared for each of the properties. We have assumed full legislative compliance for the purposes of this report.

Equality Act

The Equality Act 2010, which came into effect 1 October 2010 largely replaced the Disability Discrimination Act 2005 as well as consolidated numerous other anti-discriminatory laws. With regard to disability the Act imposes a duty on employers and businesses offering a service to the public to make reasonable changes to practices and procedures to enable disabled people to do their jobs. In addition, employers and businesses must remove or alter any feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of the services provided. The duty of compliance rests with the occupier. Although physical changes may enable a particular occupier to comply with the Act so may changes in the way it conducts its business. We did not note any obvious issues affecting the property in respect of the Equality Act however we are not experts in this field and should further comment be required advice should be sought from a suitably qualified consultant.

Rateable Value

We have researched the Valuation Office Agency website which indicates the following:

Property Address	Rateable Value/£
48 Papyrus Road	£4,800
48 Papyrus Road – Room 1	£1,250
48 Papyrus Road – Room 2	£1,025
48 Papyrus Road – Room 3	£910
48 Papyrus Road – Room 4	£1,850
48 Papyrus Road – Room 6	£2,225
48 Papyrus Road – Room 7	£1,200
48 Papyrus Road – Room 8	£1,700
48 Papyrus Road – Room 9	£1,300

48 Papyrus Road – Room 9a	£960
48 Papyrus Road – Room 10	£4,000
48a Papyrus Road	£13,000
50 Papyrus Road	£13,500

Despite making enquiries of the Rateable Value website, we have been unable to identify an assessment for 48b Papyrus Road.

As the Rateable Value is under £12,000, no business rates are likely to be payable as long as this is the only commercial property in the same occupation.

For more information on our assumptions in respect of Statutory Enquiries please refer to paragraphs 10.1.5 to 10.1.9 within the Report Assumptions and Methodology section.

8 Market Conditions

8.1 Market Commentary

Economic Overview

The latest ONS GDP quarterly national accounts, UK: October to December 2021 bulletin makes the following main points:

- *UK gross domestic product (GDP) is estimated to have increased by 1.3% in Quarter 4 (Oct to Dec) 2021, upwardly revised from the first quarterly estimate of a 1.0% increase.*
- *The level of GDP is now 0.1% below where it was pre-coronavirus (COVID-19) at Quarter 4 2019, revised from the previous estimate of 0.4% below.*
- *Annual GDP in 2021 is now estimated to have increased by a revised 7.4% (previously 7.5%), following a revised 9.3% decline in 2020 (previously 9.4% fall).*
- *In output terms, the largest contributors to the Quarter 4 increase were from human health and social work activities, driven by increased GP visits at the start of the quarter, and a large increase in coronavirus testing and tracing activities, and the extension of the vaccination programme.*
- *The UK's net borrowing position with the rest of the world reduced to negative 1.3% as a percentage of GDP in Quarter 4 2021 compared with negative 5.1% of GDP in Quarter 3 (July to Sept) 2021.*
- *The household saving ratio decreased to 6.8% in Quarter 4 2021 compared with 7.5% in Quarter 3 2021.*

The RICS Economy and Property Market Update dated May 2022 states:

Economy

“The shift in the tone regarding the economic outlook has been quite dramatic as inflationary pressures continue to worsen. The Bank of England in its latest update acknowledged that the economy will flirt with recession in the coming quarters and, indeed, it anticipates precious little growth over the coming years, a point highlighted in Chart 1. High frequency data around the household sector emphasises the impact of recent developments with the closely watched GfK measure of consumer confidence falling to its lowest level since the global financial crisis.

The tightening in policy is viewed as likely to gradually begin to reverse the adverse trend in inflation but the Bank assumes that the CPI measure will hit a high of 10% first and then only return to the 2% target by the middle of 2024. Perhaps inevitably against this backdrop, it is projected that the labour market will begin to soften as the economy falters and that as a result, the talk of skill shortages that currently prevails will give way to rising unemployment which could climb towards the 5.5% area (from under 4% at present).

In the face of these headwinds, one area of potential support for the economy could come from the corporate sector which has amassed a huge cash pile through the pandemic. The sum involved is equivalent to 50% of investment in a “normal” year. Whether business will feel minded to put this capital to work in such hostile macro conditions is open to question but it is a plausible scenario with the appropriate incentives. This raises the question of whether the government will intervene to encourage such a response; the current 130% super-deduction capital allowance on qualifying plant and machinery investments which runs until next March may be extended or replaced with a not dissimilar measure.

Significantly, although the Chancellor made a commitment to lower debt as a share of GDP in the autumn budget (from 2024 onwards), it is likely that this laudable goal will be subsumed by events. And critically, as Chart 2 from the April IMF Fiscal Monitor demonstrates, while the level of UK public debt is not low at around 90% of GDP, there appears to be more room for a budget stimulus than many other countries.

In terms of the interest rate outlook, the downbeat analysis from the Bank has fuelled speculation that the tightening in policy may not need to be quite so pronounced as previously envisaged. Chart 3 tracks how money market sentiment has shifted around the May meeting of the Monetary Policy Committee. That said, there remains considerable uncertainty as to the effectiveness of monetary policy in combatting cost-driven inflation, highlighting the potential upside risk on interest rates.”

Commercial Property

“Sentiment towards real estate continues to improve despite the increasing macro and geopolitical concerns. Significantly, the Q1 RICS Investment Sentiment Index rose to +18%, its best read since the early part of 2017. Meanwhile, the Occupier Sentiment Index recorded a more substantive gain compared with the final three months of 2021, jumping from +4% to

+16%. These trends are reflected in data from CBRE showing capital values (in aggregate) rising by 3.9% over the period and yields continuing to edge lower.

Inevitably, there continues to be a strong sector skew to the performance of the market with industrials/ logistics still keenly sought after even at higher prices while data centres and multifamily are also still attracting considerable interest. But alongside this, there are now signs emerging of an improving picture for parts of the office sector and even retail. The RICS occupier demand metric for the former shows a positive net balance of +30%, while the comparable figure for the whole of the retail sector is -1% (the least negative result since the early part of 2017).

Significantly, the better tone to the retail numbers is evident both in Saviills data tracking yield developments and in the CBRE data on pricing. In the former, the latest insights show high street retail yields slipping from 6.75% last year to 6.25% currently, with retail warehouses dropping to 4.75%. Shopping centres in general remain a little more challenging with Savills numbers putting the average yield unchanged at 7.5%. Of course, none of this is to downplay the ongoing structural and occupational issues besetting parts of the sector, while the macro risks remain significant with discretionary spending likely to come under increasing pressure this year (as a result of the uplift in inflation). It does, nevertheless, still point to some light at the end of the tunnel.

Meanwhile, the latest numbers on investment activity in the sector show transaction were firm in the first three months of the year driven by industrials/logistics and central London offices. Quarterly volumes were up 43% compared with same period of 2021 although deal numbers showed a more modest gain (10%). The twelve month rolling average of activity has now climbed back to where it was in the early part of 2019.”

Construction

“Official data tracking construction output shows healthy gains through the first quarter of the year with the volume of activity now almost 4% above its pre-pandemic level (February 2020). This is also reflected in RICS current workloads data. What is particularly striking about the latter is the broad based nature of the growth. While sentiment is particularly positive about infrastructure unsurprisingly, it is evident that the mood around development in the commercial space has gained some momentum in recent quarters. Significantly, this is also reflected in the forward looking metrics for workloads with strongly positive expectations in the feedback around both residential and non residential activity.

The generally upbeat tone is also reflected in the monthly S&P Global/ CIPS PMI for the construction sector with the headline result for activity coming in at 58.2 (well above the flat trend signalled by a read of 50). The expectations series from this survey also remains positive suggesting that for now at least, the sector doesn't appear unduly concerned by the interest rate hikes sanctioned or some of the downbeat macro commentary. Meanwhile, the most recent forecasts from the Construction Products Association show output expected to grow by 2.8 % this year (down from 4.3% previously) and by 2.2% in 2023.

At the present time, a key concern for the industry is rising building costs as material prices continue to soar; official data shows them to be 25% higher than a year ago. For some parts of the sector, access to construction products also continues to be a challenge. In addition, there are ongoing issues around labour scarcity with the issue around recruitment quite widespread. Evidently, a healthy proportion of businesses are looking to increase investment in workforce development and training in response.

Projections for both tender prices and construction costs over the next twelve months and suggests that while activity may remain resilient, at this point there is no suggestion that pressures linked to supply chains and labour will ease materially. This is also evident in the RICS indicator looking at expectations for profit margins over the next twelve months, which remains broadly flat.”

Commercial Market in More Detail

The Q1 2022 RICS UK Commercial Property Survey results:

“point to the market gaining momentum over the quarter, with demand growth accelerating in relation to both occupiers and investors at the headline level. Nevertheless, despite the general improvement in the survey results, contributors remain cautious on the outlook for the economy given pressures caused by rising living costs and higher interest rates.

Across the UK, a net balance of +32% of respondents reported an increase in occupier demand at the all-sector level. This is up noticeably from a reading of +16% in the previous quarter and marks the strongest return for this indicator since 2015. When disaggregated, the industrial sector continues to post the strongest pick-up in tenant demand, registering a net balance of +60% this time (virtually unchanged from +61% in Q4). Significantly, respondents cited a clear upward shift in demand across the office occupier market in Q1, with the net balance improving to +30% from -3% beforehand. For the retail sector, the occupier demand indicator moved into relatively neutral territory at -1%, compared to -23% in Q4.

With regards to supply, both the office and retail sectors continue to see an increase in the availability of leasable space, albeit the pace of this growth (in net balance terms) is significantly reduced compared to last year. For the industrial sector, vacancy rates declined further over the quarter, with the latest net balance coming in at -47%. Interestingly, at the all-sector level, the Q1 net balance of -9% is the first outright negative reading for the overall availability measure since 2017.

As a result, headline rental expectations for the near term moved further into expansionary territory during Q1, posting a net balance of +19% compared to +7% last time. This was mainly driven by the office sector, where the outlook turned from negative in Q4 to positive in the latest results (net balance -11% vs +9%). With respect to the next twelve months, prime office rents are now envisaged rising by a net balance of +42% of respondents (up from +18% previously). That said, expectations are flat to marginally negative for secondary office rents. On the same basis, rents are anticipated to rise by a net balance of +81% and +66%

of respondents for prime and secondary industrial space respectively in the year ahead. For prime retail, the negativity around the rental outlook seen for some time has largely diminished, with the latest net balance of -14% the least downbeat return 2017. Even so, expectations remain steeped in negative territory for secondary retail, evidence by a net balance of -29% of contributors envisaging a fall in rents.

From a regional perspective, rental growth across the prime office market in Central London is anticipated to outpace most other regions over the coming twelve months. Interestingly however, the secondary office market in the South East now displays slightly positive annual rental projections, making it the only region in which an upturn in the secondary office sector is expected.

On the investment side of the market, a net balance of +32% of contributors saw an increase in buyer enquiries at the all-property level during Q1. This is up from a reading of +19% in each of the past two quarters and is in fact the strongest figure posted since Q3 2015. Moreover, for the first time since 2017, the investment enquiries indicator is now in positive territory across each of the three traditional market sectors (office, industrial and retail), albeit only marginally so for retail.

In net balance terms, capital value expectations for the year ahead were revised higher (or became less negative) in both prime and secondary portions of the office and retail markets. For prime retail, the latest net balance of zero represents the first non-negative return in almost five years. For the prime office sector, the net balance of +37% of respondents expecting a rise in capital values over the next twelve months is the firmest figure since Q4 2019. Meanwhile, although sentiment regarding the twelve-month capital value outlook across the industrial sector remains robust, the latest net balances edged down slightly from recent highs.

Turning to the alternative sectors tracked in the survey results, respondents envisage a firmly positive trend in both rents and capital values for data centres, multifamily residential, and aged care facilities over the year ahead. Furthermore, the outlook is also positive, albeit to a slightly more moderate degree, for student housing and hotels. With respect to the latter, respondents now envisage a more consistent recovery progressing over the next twelve months having been hit hard by the pandemic since early 2020.”

8.2 Local Market Commentary and Property Specific Issues

The local market echoes that being experienced nationally with the industrial market continuing to perform well even during the covid pandemic and the uncertainty created by Brexit. This is in part due to the continued availability of cheaper finance and a lack of stock within the marketplace.

Demand remains at relatively strong levels, both on the leasehold basis and for freehold opportunities whether on a vacant possession basis or subject to lease.

The subject property is located within an established industrial area along Papyrus Road, however historically Werrington has not achieved the same levels of demand and value as other

industrial estates on the southern or eastern side of the city which offer better access to the A1(M).

The property was formerly in single occupation and therefore benefitted from a self-contained yard. However in subdividing the building the benefit of the yard is lost to shared circulation and loading areas.

The tenants are all individuals and therefore limited financial information is available and therefore investors would treat the covenants with caution, although the tenant mix is not unusual for a property of this nature.

With the multi-let nature of the property the yard is slightly compromised with loading and parking issues. Investors may have regard to the underlying vacant possession value of the subject property, although two of the leases are inside the security provisions of the Landlord and Tenant Act 1954 and therefore vacant possession is not readily available which would deter an owner occupier and indeed some investors given the physical compromises created by subdividing the accommodation and the vehicle related uses on parts of the accommodation.

50 Papyrus Road is let on internal repairing terms and as detailed above there do not appear to be any provisions for recovery through a service charge of repairs and maintenance of the external or common parts. An adjustment in the rent would therefore be needed to reflect landlord liabilities in this respect.

We note that this unit needs some repair works as the existing tenant has caused staining to the walls. Whilst some patch repairs are likely to be required as a minimum, we have assumed that no significant repairs would be required, we would need to revisit this valuation should material remedial works be required.

The other units are FRI and all pay a fair proportion towards the service charge in relation to common parts.

All parts of the property are let, with an average unexpired lease term of 3 years 9 months. The total rental income is £58,450 per annum although after adjusting the rent on 50 Papyrus Road to take account of landlord liabilities, at say 10% the net rent would be closer to say £57,150 per annum.

Two of the occupiers are car repairs although we note that both leases are outside the Security of Tenure provisions. It is possible that some purchasers may seek vacant possession of these elements at lease expiry and seek to re-let to occupiers who do not require the use of external areas to the same extent. We would recommend that all future leases granted are outside the Landlord and Tenant Act 1954 Security of Tenure provisions.

We consider that the property would attract interest from investors although they may look to regularise the leases with all tenants to have FRI terms with service charge provisions. Given that vacant possession is not readily available we would not envisage interest from owner occupiers.

We are of the opinion that a marketing period of around 6 months would be required to achieve a sale of the property. A similar marketing period is likely to be required to achieve a letting of the property on a leasehold basis as a whole however a longer marketing period may be required to let the individual parts as and when they fall vacant.

9 Market Valuation

9.1 Valuation Approach

Methods Utilised

In preparing our advice we have primarily utilised the market and income approaches with reference to comparable evidence.

The property has been valued in accordance with RICS Valuation – Global Standards (effective from 31 January 2022) incorporating IVSC International Valuation Standards, together with the UK National Supplement (effective from January 2019). The conventional valuation methods are however dependent upon comparable evidence and where a lack of open market transactional activity causes uncertainty to exist throughout this process we have also relied upon our own market assessment/judgement based upon several considerations to include any marketing history, current equivalent sale processes, publicised indices, sector analysis, local factors and daily dialogue with the active agents.

Comparable Evidence

In undertaking our valuation we have had regard to comparable evidence. In some instances confidentiality prevents us from disclosing full details. Where there is a lack of available evidence regard has been given to valuer judgement. We have made this clear in our assessment where relevant.

Where the property has been subject to a recent transaction or a provisionally agreed price, enquiries have been made to ascertain the price agreed/realised and the effect of other factors including any marketing undertaken has been paid in this respect. We have also indicated the extent to which this information has been accepted as evidence of Market Value.

If our enquiries have not revealed such details or the agreed purchase price has changed and such information comes to light prior to the proposed loan being finalised, then this information should be referred back to us for further consideration.

Market Rent

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

We have considered the following market evidence:

Commercial Property

Address	Date	Rent (pa)	Comments
74 Werrington Business Centre, Peterborough	May 2022	£18,250	A mid-terraced industrial / workshop unit extending to 2,281 sq ft with an additional mezzanine of 2,281 sq ft. Applying 25%, to the mezzanine provides an equated area of 2,851 sq ft. The unit was let on a 3 year FRI lease, the agreed rent equates to £6.40/sq ft.
80 Werrington Business Centre, Peterborough	May 2022	£18,950	A mid-terraced industrial / workshop unit extending to 2,864 sq ft. The unit was let on a 3 year FRI lease. The agreed rent equates to £6.61/sq ft.
9 Maxwell Road, Woodston, Peterborough	February 2022	£19,800 average rent	A mid terraced unit extending to 3,021 sq ft with an eaves height of 3.9m. The property was let on 5 year FRI lease on a stepped rent basis. Year 1: £23,000 per annum and thereafter £19,000 per annum. Average rent: £19,800 per annum. Average rent equates to £6.55/sq ft.
70 Werrington Business Centre, Peterborough	February 2022	£15,000	A mid-terrace industrial / workshop unit extending to 2,303 sq ft with a mezzanine of 888 sq ft. Applying 25% to the mezzanine produces an equated area of 2,525 sq ft. The property was let on a 3 year FRI lease with the agreed rent equating to £5.94/sq ft.
Unit D Peartree Business Centre, Peterborough	January 2022	£14,125	An end of terrace unit extending to 2,270 sq ft was let on a 6 year lease with a rent equating to £6.22/sq ft.
16 Maxwell Road, Woodston, Peterborough	November 2021	£17,500	A mid-terrace unit extending to 3,021 sq ft with a good level of quality offices with an eaves height of 3.9m. The property was let on a 10 year FRI lease with 5 yearly upward only rent reviews and tenant only break option

			upon 6 months written notice. The agreed rent equates to £5.79/sq ft.
15 Maxwell Road, Woodston, Peterborough	August 2021	£17,500	A mid terrace unit with a good level of quality offices with an eaves height of 6.2m. The unit extends to 3,021 sq ft. The unit let on a 5 year FRI lease, the rent equates to £5.79/sq ft.
Speedyhire Premises, Fengate, Peterborough	July 2021	£44,000	Detached trade counter of 5,708 sq ft with mezzanine of 1,405 sq ft on a self-contained site of 0.53 acres. Lease renewal agreed with tenant for a new 5 year term at a rent equating to £5.94/sq ft after making an allowance for the additional yard at £40,000/acre and the mezzanine accommodation at £1.50/sq ft.
18 Maxwell Road, Woodston, Peterborough	June 2021	£17,500	A mid terrace unit of steel portal frame construction extending to 3,021 sq ft with a eaves height of 3.9m. The property was let on a 5 year FRI lease with a rent equating to £5.79/sq ft. The lease included a break option after year 3 and 3 months' rent free.
17 Maxwell Road, Woodston, Peterborough	May 2021	£17,500	A mid terrace unit of steel portal frame construction extending to 3,021 sq ft with a eaves height of 3.9m. The property was let on a 5 year FRI lease with a rent equating to £5.79/sq ft. The lease included a break option after year 3.
Unit L Peartree Business Centre, Peterborough	April 2021	£19,482	An end of terrace unit extending to 3,247 sq ft. The unit let for a 3 year lease with a rent equating to £6.00/sq ft.
Empire House, Saville Road, Peterborough	March 2021	£70,000	Detached workshop with 6.67m eaves extending to 11,315 sq ft with mezzanine of 1,048 sq ft on a site of 0.96 acres. Approximately 0.31 acres additional yard surfaced in combination of concrete, tarmac and

			hardcore. Let on a new 10 year lease with tenant break end of the 5th year and 5 yearly upward only rent reviews. Rent agreed equates to £5.22/sq ft after applying £30,000/acre to the additional yard and £1.50/sq ft to the mezzanine accommodation.
Unit 2 Provident Place, Empson Road, Peterborough	March 2021	£25,000	A mid terraced unit extending to 3,849 sq ft with a 1,156 sq ft mezzanine. Let on a 3 year FRI lease. Rent agreed equates to £6.04/sq ft after applying £1.50/sq ft to the mezzanine.
Unit 1, A1 Parkway, Orton Southgate, Peterborough	February 2021	£58,500	A front facing terrace industrial / distribution unit of steel portal frame construction extending to 10,062 sq ft. The property was let on a new 5 year lease with the first 6 months at half rent, the headline rent equates to £5.52/sq ft .
10 Coningsby Road, Bretton, Peterborough	September 2020	£44,137	Refurbished terraced industrial unit of 9,300 sq ft let in a new 10 year lease with 5 year tenant only break. The headline rent equates to £4.75/sq ft .

Rental Value Analysis

The above evidence provides a range between £4.75/sq ft to £6.61/sq ft, the higher end of the range are smaller units where quantum will be reflected.

The closest comparable geographically is that at Werrington Business Centre which is also located within Papyrus Road. This provides an established estate of terraced units with central courtyard and loading area. Rents on the estate have been steadily increasing in recent years. This is a similar case with the units located at Peartree Business Centre.

The historic letting at Coningsby Road, is located in a similar area to the subject property being located on the northern side of the city whereas units located at Provident Place and Maxwell Road are located in more established industrial locations that are more popular especially in Eastern Industry and Woodston areas.

Whilst the majority of the comparables are terraced units as with the subject units the loading, profile and access is poorer to the three warehouse/workshop bays of the subject property than many of their peers which will be reflected in the rents achieved.

Two of the subject units are let to car users which can sometimes attract a premium to properties as there are a limited number of alternatives for such related users. As the property is located in a predominantly industrial area, the offices have a limited market which will be reflected in the rent achieved

We analyse the passing rents as follows:

Address	Area	Size / sq ft	Passing Rent/ £ / per annum	£ / sq ft
48	Office	1,845 sq ft (NIA)	£9,950	£5.39/sq ft
48a	Workshop Mezzanine	2,788 sq ft (GIA) 245 sq ft (GIA)	£11,500	£3.99/sq ft applying £1.50/sq ft to the mezzanine
48b	Warehouse Mezzanine	4,546 sq ft (GIA) 1,579 sq ft (GIA)	£24,000	£4.76/sq ft applying £1.50/sq ft to the mezzanine
50	Workshop	2,735 sq ft (GIA)	£15,080	£4.96/sq ft after 10% adjustment to reflect landlord liabilities.

The above produces a total rental income of £60,530 per annum. However adjusting for landlord repairs under the lease on unit 50 the net income would be say £59,022 pa.

In relation to the industrial aspects of the subject property, we are of the opinion that the passing rents are currently under rented with rents around £5.50/sq ft being more realistic for properties of this size and nature. However an adjustment for quantum has been made in respect of 48b given it almost twice the size of units 48a and 50.

We are of the opinion that the market rents for the property are around as set out below assuming standard full repairing and insuring on each unit;

Address	Size	£/sq ft	Market Rent	Say
48	1,845 sq ft	£5.50/sq ft	£10,147	£10,000 per annum
48a	2,788 sq ft	£5.50/sq ft	£15,334	
Mezzanine	245 sq ft	£1.50/sq ft	<u>£367.50</u>	
			15,701.50	£15,700 per annum

48b	4,546 sq ft	£4.75/sq ft	£21,594	
Mezzanine	1,579 sq ft	£1.50/sq ft	<u>£2,368.50</u>	
			£23,962.50	£24,000 per annum

50	2,735 sq ft	£5.50/sq ft	£15,042	£15,000 per annum
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This produces a total rental income of £68,200 per annum, **say £64,700 per annum** assuming the grant of effective full repairing leases.

Market Value

The RICS definition of Market Value is “*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 where the parties had each acted knowledgeably, prudently and without compulsion.*” Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for any associate taxes.

We have considered the following market evidence:

Commercial Property – Investment Sales

Address	Date	Price	Comments
1-7 Springwater Business Park, Whittlesey	December 2021	£675,000	An established industrial estate of 5 units occupied by 3 tenants. The units are of steel frame construction ranging between 2,369 sq ft and 4,725 sq ft. The units were all let with a total rental income of £53,042 per annum. The property sold at auction for a price reflecting a net initial yield 7.47% after purchasers costs at 1.8% and stamp duty at the prevailing rate.
Unit 2 Broad End Road Industrial Estate, Wisbech	June 2021	£790,000	Insulated basic terraced industrial unit of 22,133 sq ft with limited external areas. Let on a 10 year lease from December 2020 without breaks at a rent of £58,500 pax. The investment sold at auction at a price reflecting a net initial yield of 7.02% after costs.
Millennium Enterprise Works, Way, Wisbech	March 2021	£3,450,000	Accommodation totalling 50,383 sq ft in three detached buildings providing modern accommodation. Let to SB

			Components (International) Limited on a 25 year full repairing and insuring lease with five yearly reviews to RPI with collar and cap of 2% and 5% respectively. Initial rent of £230,000 pax. The investment sold at a price of £3,450,000 reflecting a net initial yield of 6.26% after costs.
Unit 3 Broad End Road Industrial Estate, Wisbech	February 2021	£755,000	Single storey ground industrial unit / warehouse with ancillary offices totalling 21,365 sq ft. Let on a new 10 year lease from December 2020 at a rent of £60,000 per annum. Sale reflects a net initial yield of 7.54% after costs.
Roundhouse Close, Peterborough	June 2020	£1,750,000	Multi-let industrial estate providing 7 industrial units totalling just over 35,000 sq ft and let to a combination of national, regional and local covenants with occupiers including BEW Electrical and GAP Group. Passing income of £123,437 pax but considered reversionary with an ERV of £174,500 pax. The investment sold reflecting a NIY of 6.64% but a reversionary yield of 9.39% or alternatively approximately £50/sq ft.

Market Value Analysis

There have been a limited number of transactions of properties which are similar to the subject property. The above yield range is between 6.26% and 7.47% although the lower end of this reflects more historic sales and a combination of less desirable locations including Whittlesey and Wisbech. However, the yield on Millennium Works is reflective of the lease length and covenant strength. The yield achieved on the investment sale at Broad End Road is considered low for the asset type with the sale completed at auction. The capital value assuming vacant possession in that instance would, in our view, be materially lower.

The investment market remains strong even when relatively short terms remain under leases however covenant and marketability are still key factors in determining yields.

We consider that investors will take the following factors into account:

- (i) Multiple occupation with more intensive management may deter some investors, albeit management costs are reflected in the net income estimate.
- (ii) There is an average unexpired lease term of 3 years 9 months. years
- (iii) There are landlord liabilities under the existing lease on 50 Papyrus Road however under a new lease full repairing terms would likely be sought by a landlord
- (iv) Unable to readily secure full vacant possession given two of the leases are within the Security of Tenure provisions however the value with full vacant possession is likely to be higher than the value subject to the current leases.

Our approach to valuation the subject property has been to apply a yield of 7.5% to the current net income of £57,150 per annum assuming 3 month voids at lease expiries with a similar period for lease incentives. Reversionary yields of 8% have then been applied to our market rents, assuming FRI lease terms, under new leases following the respective lease expiries. This produces a value of say **£770,000** which reflects a net initial yield of 7.245%, a true equivalent yield of 8.021% and a reversionary yield of 7.942% after allowing for purchasers costs at 1.8% and stamp duty at the prevailing rate. A copy of our valuation calculation is provided at Appendix 2.

A value at this level would equate to approximately £53.80/sq ft after a lower value has been ascribed to the mezzanine accommodation. This is lower than we would expect if the property were to be available with full vacant possession but is reflective of the nature of the investment created due to the sub-division of the accommodation

For more information on our assumptions in respect of our Valuation Approach and Analysis please refer to paragraphs 10.1.19 to 10.1.21 within the Report Assumptions and Valuation Methodology section.

9.2 Summary of Valuations

We are of the opinion that the market rent of the whole property assuming lettings on standard full repairing and insuring commercial leases as detailed herein and following an appropriate marketing period is in the region of around £64,700 per annum (Sixty Four Thousand Seven Hundred Pounds).

We are of the opinion that the market value of the freehold interest of the property subject to the existing leases, following an appropriate marketing period and subject to the comments and recommendations herein is in the region of around £770,000 (Seven Hundred and Seventy Thousand Pounds).

9.3 Comments and Recommendations

- We recommend that future leases are granted on FRI terms outside the Security of Tenure provisions of the Landlord and Tenant Act 1954.

- We are valuing on the assumption that the elements which do not currently have an EPC assessment will achieve an EPC assessment of at least the minimum required standard of Band 'E' or above will be achieved. If the property should achieve below this level this could impact on the ability to re-let the property without investment in the accommodation. Our market rent assumes the EPC would be above MEES to allow the property to be let.
- We have not had sight of the asbestos survey. You should ensure that the tenants are meeting their statutory obligations in this respect. We recommend that the asbestos report be reviewed to confirm our assumptions that there are no matters requiring urgent/costly action.
- In 48 Papyrus Road there appears to be a number of different users within the individual treatments. We assume that these are on service agreements with no landlord and tenant relationship formed as the tenant is not permitted to sub-let part. We recommend that this is clarified and confirmed.
- We noted to the rear of the property located behind 50 Papyrus Road, there is staining to the external walls and gravelled area where oil drums are being stored. As the drums are being stored on gravel, we recommend that further specialist advice is sought in case any remedial works will be required to confirm that contamination does not exist in the foundations of the site.

9.4 Limitation and Publication

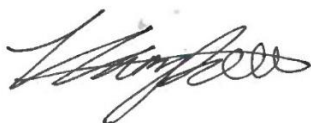
This Valuation Report is prepared solely for the use of the Client and no responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisers assisting in the respect of the purpose for which this valuation report is prepared.

Neither the whole nor any part of this Valuation Report nor any reference thereto may be included in any published document, circular or statement nor published without the Valuer's written approval of the form and context in which it may appear.

We trust that this report is satisfactory for your present purposes but should you require any further information or clarification please do not hesitate to contact us.

RICS Registered Valuer

For and on behalf of Eddisons



T W Campbell BSc (Hons) MRICS

Surveyor

RICS Registered Valuer

For and on behalf of Eddisons



M A Hughes BSc (Hons) MRICS

Regional Director

10 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:

10.1.1 Title

It is assumed that the title to the property is as described by the Client and is as referred to in this report and that the Client has a good and marketable title to the estate or interest which we have 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/commercial 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.

We assume that your solicitors will prepare a Report on Title. If this does not confirm the title assumptions made or highlights the existence of easements, restrictive covenants etc., then this may alter the Valuations reported.

10.1.2 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.

10.1.3 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 have 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 we consider 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 we 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. We are unable test the adequacy or otherwise of any private drainage system or water supply.

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 take 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.

It must not be assumed that, if defects are not mentioned in the Report, all parts of the structure are free from defect and where attention is drawn in the Report to some defects, it does not mean that other defects may not exist.

If the Client, or their customer/proposed borrower, wishes to be satisfied as to the condition of the property, they should have a Building Surveyors' detailed inspection and report of their own before deciding whether to provide finance or 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 or disability underground. It is not possible, therefore, to certify that any land is capable of further development or redevelopment.

10.1.4 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 RICS professional statement, RICS property measurement 2nd edition, January 2018 (effective from 1 May 2018), unless the Client has instructed otherwise. We have assumed, unless stated otherwise, that any difference between the IPMS 1, 2 & 3 – Office and IPMS 1, 2 & 3 Residential and the respective previously utilised definitions under gross external area (GEA), gross internal area (GIA) and net internal area (NIA), are within acceptable tolerance and therefore not material.

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, unless specifically stated to the contrary. They are not derived from a physical site survey and are approximate unless otherwise indicated.

10.1.5 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:

- www.opsi.gov.uk/ACTS/acts1990/Ukpga_19900016_en_1.htm
- 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.

10.1.6 Equality Act

The Equality Act 2010 replaces the existing anti-discrimination laws and came into effect on 1 October 2010. It protects people who access goods facilities or services from discrimination by virtue of their (actual, perceived or association with), disability, gender reassignment, pregnancy/maternity, race (ethnic, colour and nationality), religion/belief, sex and sexual orientation. Businesses are under an obligation to ensure that there is no such discrimination by making 'reasonable adjustments' to their policy/procedures, the provision of auxiliary

aids/services and the physical features of their business premises. Further guidelines are available from the Government Equalities Office www.equalities.gov.uk.

For valuation purposes we have assumed that no significant costs of a capital nature are required to comply with this 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 actions, provisions or works.

10.1.7 Fire

New UK Fire Regulations came into force on 1 October 2006. Full details can be found at www.opsi.gov.uk/si/si2005/20051541.htm. The business “occupier” of any commercial premises, as the “responsible person”, now has a primary duty 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.

10.1.8 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.

10.1.9 Licensing

The provisions of the Licensing Act 2003 are now in force and appropriate new-style ‘Premises’ and ‘Personal’ Licences as issued by the Local Authority should be in place. Full details can be found at:

- www.opsi.gov.uk/ACTS/acts2003/20030017.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. In the event that the property loses its licence there is likely to be a material effect on valuation.

10.1.10 Environmental Matters

Details of Dealing with Contaminated Land in England can be found at:

- https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/513158/State_of_contaminated_land_report.pdf .

We have assumed that no contaminative or potentially contaminative uses have ever been carried out in or adjoining the Property. Unless otherwise stated, we are 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.

We do 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 we therefore assume 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 Environmental 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.

10.1.11 Energy Performance Certificates/Energy Act 2011

In England & 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 EPC's 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 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.

On 18 October 2011 the Energy Bill became the Energy Act 2011. The Act includes a provision to ensure that from 1 April 2018 it will be unlawful to rent out business premises to new or renewing tenants that do not reach a minimum energy efficiency standard. In February 2015 the

Government confirmed that this minimum rating will be E and the new rules will be extended to cover all leases by 1 April 2023.

With effect from 6 April 2012 an EPC has to be made available prior to marketing. The EPC rating will therefore become increasingly significant over the next six years and will have an effect on values where those properties with F and G ratings become less marketable if they require material levels of expenditure in order to upgrade to an acceptable rating.

The Energy Act also provides that from April 2016, private residential landlords will be unable to refuse a tenant's reasonable request for consent to energy efficiency improvements where a finance package, such as the Green Deal and/or the Energy Company Obligation (ECO), is available. The Act further provides powers to ensure that from 1 April 2018, it will be unlawful to rent out a residential property that does not reach a minimum energy efficiency standard of E and this will be extended to all leases in 2020.

10.1.12 Asbestos

Under the Control of Asbestos Regulations 2002 (as amended in 2006 and 2012) 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:

- www.hse.gov.uk/asbestos/regulations.htm
- www.legislation.gov.uk/ukxi/2012/632/contents/made

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.

10.1.13 Flooding

Further information can be found at <http://www.environment-agency.gov.uk/flood>. 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 any history of 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.

10.1.14 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.

10.1.15 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.gov.uk/check-if-property-is-affected-by-coal-mining>. 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.

10.1.16 Mundic Block

Mundic block or concrete is a local term for concrete manufactured with deleterious material, commonly metalliferous 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 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 to 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 materials 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.

10.1.17 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.

10.1.18 Invasive Species and Japanese Knotweed

There are 36 non-native invasive species defined by The Wildlife and Countryside Act 1981, (amended in April 2010); section 14 of the act details the law relating to the introduction of new species and Schedule 9 lists those plants classified as non-native invasive species. Many

invasive plants are of limited importance in the context of value, while most are not commonly identifiable to those who are not experienced botanists.

The most deleterious non-native invasive species is Japanese Knotweed due to its destructive influence on built structures and the difficulty and cost of eradication. Due to the cost of eradication, attempts can be made by owners/vendors to disguise the presence of this plant by removal of surface vegetation and the covering of surfaces with ornamental materials or landscaping features; we have not undertaken an intrusive inspection in this regard. We recommend that enquiries are made of vendors/owners at the legal due diligence stage, when an undertaking should be sought that no infestation of Japanese Knotweed has been experienced at the property.

At the time of inspection, where non-native invasive species have been identified at the property or within the local area, we have detailed the nature of such infestation, its location and a recommended course of action. In the absence of any features which would clearly identify any invasive species our Report is provided on the assumption that no invasive species are present to a level which would require remedial action.

Further information relating to Japanese Knotweed, other invasive species, together with associated issues can be found on the following websites:

- The Wildlife and Countryside Act 1981 (www.legislation.gov.uk/ukpga/1981/69/contents)
- The Environment Agency (www.environment-agency.gov.uk)
- The Cornwall Knotweed Forum (www.cornwall.gov.uk)
- Devon County Council (www.devon.gov.uk)
- GB non-native species secretariat (<https://secure.fera.defra.gov.uk/nonnativespecies>)
- Scottish Environmental Protection Agency (www.sepa.org.uk)

10.1.19 Basis of Valuation

Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion’. Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase, and without offset for 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 bases 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 would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

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, of at least a five year term.

10.1.20 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 or 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

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

Appendix 1 Letter of Instruction/Terms of Engagement

Private & Confidential

For the attention of Mr G Turner

Turner Enterprises Ltd Retirement Benefit Plan
The Meadows
Askews Lane
Yaxley
Peterborough
PE7 3LA

The Lawns,
33 Thorpe Road,
Peterborough,
PE3 6AB

T. 01733 897722

Email: geoff@werrington.me.uk

5 May 2022

Dear Mr Turner

48-50 Papyrus Road, Werrington, Peterborough, Cambridgeshire, PE4 5BH

The purpose of this letter is to set out the terms under which Eddisons (“we”, “our” or “us”) will provide a valuation of the above to Turner Enterprises Ltd Retirement Benefit Plan (“you” or “your”).

This letter incorporates our standard terms of business and we enclose a copy of these for your attention. This letter varies our standard terms of business and to the extent that a conflict exists between this letter and our standard terms of business, the terms of this letter shall take precedence over our standard terms of business.

1. SCOPE OF SERVICES

1.1. This letter sets out the basic terms upon which we shall perform the valuation services to you. Further details of the services to be provided are set out below and shall be referred to hereinafter as the “Services”:

- (a) The rental valuation is required to establish the value of the pension scheme.
- (b) A valuation will be undertaken in accordance with the RICS Valuation – Global Standards (effective from 31 January 2022) incorporating IVSC International Valuation Standard together with the UK National Supplement (effective from January 2019).

2. SERVICE PERFORMANCE REQUIREMENTS

2.1. We propose to perform the Services in the following manner:

- (a) The valuation will be undertaken by T W Campbell BSc (Hons) MRICS or by another suitable registered valuer appointed by us.
- (b) We will undertake a full inspection of the property of the freehold interest in the property.
- (c) The basis of valuation will be market value subject to current leases.
- (d) The date of valuation will be the date of our completed report.

- (e) The report will be completed by 27 May 2022 assuming all relevant information is readily available.

3. AGREED FEE STRUCTURE

- 3.1. We estimate that the initial cost of supplying the Services in accordance with the service reporting requirements specified in paragraph 2 above, based on our standard charge out rates shall be £1,350 (plus VAT).
- 3.2. In addition to the fee structure agreed between the parties and set out above in paragraph 3.1, should additional work be necessary this shall be charged in accordance with our standard terms of business.

4. PAYMENT TERMS

- 4.1. We shall send one inclusive invoice to you incorporating all of our fees in respect of providing the Services together with any relevant VAT.
- 4.2. You shall pay the invoices in accordance with our standard payment terms which are upon presentation of the relevant invoice.
- 4.3. Payment shall be made by electronic BACS transfer to our account, details of which are set out below:

Account Name: Eddisons Commercial Limited

Account Number: 90093882

Sort Code: 40-20-80

or by cheque, made payable to Eddisons and sent to the person dealing with the matter and detailed below in paragraph 5.1.

- 4.4. Any accounting queries should be directed to Dan Yarwood on 0161 837 1700.

5. CONTACT DETAILS

- 5.1. Thomas Campbell

Tel: 01733 556492

E-mail: thomas.campbell@eddisons.com

6. LIMITATION OF LIABILITY

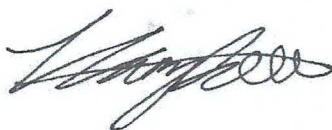
- 6.1. We shall supply the Services solely to you, exclusively for your benefit. Any advice or recommendations provided by us through performing the Services may not be used or relied on for any other purpose or by any other person unless you first obtain our permission.

- 6.2. Upon consideration of all relevant factors in the provision of the Services the parties agree that a fair and proportionate limit of our aggregate liability for any breach of contract, tort (including negligence) or otherwise arising out of our performance or non-performance of the Services will in no circumstances exceed £100,000.

I would be grateful if you are able to confirm your agreement to these arrangements by signing a copy of this letter and returning it to me.

Thank you for your instructions.

Yours sincerely



T W Campbell BSc (Hons) MRICS

Eddisons

Enc

Signed



Date 10TH MAY 2022

Eddisons

Incorporating **Barker Storey Matthews**

Terms of Business

SCOPE OF OUR SERVICES

1. The valuation will be undertaken in accordance with the International Valuation standards and the relevant edition of RICS Valuation- Professional Standards issued by The Royal Institution of Chartered Surveyors (RICS) as at the date when the valuation is carried ("the Valuation Standards").
2. We would confirm that the valuer is a Registered Valuer and is also an "External Valuer" as defined in the Valuation Standards, and has relevant experience, knowledge, skills and understanding to undertake the valuation competently.
3. The valuation will be prepared as at the date of our inspection of the Property, unless otherwise agreed.
4. The valuation will be prepared on the basis that full disclosure of all information and facts which may affect the valuation will be made to us by the parties concerned and we cannot accept any liability or responsibility in any event, unless such disclosure has been made.
5. The Property will be valued as being free from borrowings and we will not make any allowance for any potential tax liability except in so far as they may influence general levels of value.
6. Unless stated in our letter of engagement the report we produce as part of our Services will be provided for the sole use of the person to whom it is addressed and no responsibility will be accepted to any other party for the whole or part of the contents. Neither the whole, nor any part of the report may be included in any published document, circular or statement without our written consent to the form, content and context in which this may appear.
7. The valuation will be prepared on a Market Value (MV) basis. The Valuation Standards definition of Market Value is: "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 where the parties had each acted knowledgeably, prudently and without compulsion."

Fair Value under IFRS:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

8. The report may include an assessment of the Market Rent (MR). The Valuation Standards definition of Market Rent is: "The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."
9. No special assumptions will be made in arriving at our assessment of MV unless otherwise agreed and stated in the valuation report.
10. The following, where applicable, will be regarded as falling within the definition of land and buildings and will be included in the valuation:
Landlord's fixtures and fittings, electrical and lighting installations, mains switchgear, permanent heating installations, sprinkler installation within buildings, water and gas mains and fittings, drainage pipes and fittings, overhead cranes, permanent partitions, fences, yards and hardstanding.
11. We will rely upon information provided by you, or by your legal or other professional advisors as to tenure, tenancies and other relevant matters.
12. We will carry out such inspections and investigations as are, in our professional judgement, appropriate and possible in the particular circumstances.
13. We will not carry out a building survey, nor will we inspect woodwork or other parts of the property which are covered, unexposed or inaccessible and such parts are assumed to be in good repair and condition. The report does not purport to express an opinion about, or to advise upon, the condition of the property or uninspected parts and should not be taken as making any implied representation or statement about such.
14. We will not carry out any environmental assessments, access audits etc under the Equality Act, make any enquiries of the Health and Safety Executive or obtain a mining report unless specifically instructed to the contrary.
15. We will not arrange for any investigation to be carried out to determine whether or not high alumina cement, concrete or calcium chloride additive, asbestos, or any other potentially deleterious material has been used in the construction of this property or has since been incorporated and we will therefore be unable to report that the property is free from risk in this respect. For the purposes of the valuation we will assume that such investigations would not disclose the presence of any such material in any adverse conditions.
16. We will not make any written enquiries of the Local Planning Authority or Buildings Regulations Departments, (although will make verbal and/or on-line enquiries as necessary) and will assume all buildings and structures and the use thereof which require planning consent or building regulations approval have a valid consent.
17. We will not inspect the title deeds in respect of the Property and will rely upon verbal information given in respect to tenure. We will further assume a) that the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings; b) that good title can be shown; c) that the Property and its value are unaffected by any matters which would be revealed by a local search and relies to the usual enquiries, or by any statutory notice.
18. We will not undertake a Fire Risk Assessment of the property that may be required under the Regulatory Reform (Fire Safety) Order 2005, and are not able to state whether the legislation is applicable, the extent to which it is applicable and the associated implications. We will therefore assume that there are no contraventions that might affect the valuation.
19. We will not carry out an Energy Assessment but will comment upon the findings in an Energy Performance Certificate where available as far as this may affect the valuation.
20. The valuation may be subject to monitoring by the RICS for the purposes of the administration of RICS's conduct and disciplinary regulations.
21. Unless specifically agreed to the contrary the Services are supplied for your benefit only. In the event that you disclose any report being the product of the Services to any third party you agree to make the third party aware that they may not rely on any report and that we owe no duty to such third party.
22. Floor areas and dimensions are taken from inspections unless otherwise specified and are approximate measurements only.

HEALTH AND SAFETY

It is your responsibility to ensure that there are sufficient signs on the Property warning of any potential danger and that appropriate safeguards against danger are in place, and, where appropriate, to notify us in advance of any dangers. You shall be liable for all costs, expenses and damages arising from any injury occurring to our valuer or any third party as a result of hazards on the Property.

FEES AND CHARGES

By entering into this agreement, you agree that you will cover the fees and costs outlined in our letter of engagement, all of which will be subject to VAT.

The agreed fee includes one hard copy of the valuation report and one electronic PDF version. Additional hard copies of the valuation report will incur an administration fee of £100.00 plus VAT.

In the event that through no fault of their own our valuer is unable to gain access to the Property (either full or part access) or that you cancel the valuation visit such that costs of attendance at the Property have already been incurred, we reserve the right to charge additional costs of any abortive visit.

If the matter does not proceed for any reason, fees will be charged on the basis of the time spent on your matter. The level will be calculated with reference to the charges, retainers, daily or hourly rate charged by us and advised to you from time to time plus any applicable disbursements and will be based on the number and seniority of the personnel used by us up to and including the time we send our invoice to you.

Should the scope of work change following your instruction to proceed and return of the signed Terms of Engagement, we reserve the right to amend our fee accordingly. You will be advised of any additional charges and change in the scope of work required.

Relevant hourly rates £ per hour

Partner/Director 250.00

Associate Director 200.00

Surveyor 150.00

PAYMENT

Payment is due upon presentation of a fee invoice. We reserve the right, however, to require you to pay for the valuation report in advance of receiving it, in which event we will inform you of the requirement as soon as reasonably practicable. If the invoice is not paid within 30 days, our accounts department will be instructed to advise you of the outstanding debt and to give notification that the amount(s) will be actioned for legal recovery if payment is not made within a further 14 days. If settlement is not made at this point, our lawyers will be automatically instructed to take action for recovery.

If you fail to make any payment at the time or within the period prescribed by these terms of business, then without prejudice to any other right or remedy available, we may at our sole discretion:

I. suspend the performance of any or all of its obligations under the engagement; and/or

II. charge interest (both before and after any judgment) on a day to day basis at the rate of 4% above the base lending rate of HSBC Bank Plc from time to time until payment; and/or

III. terminate the engagement and any other engagement between you and us for the provision of the Services.

On matters where a third party has agreed to pay our fees, these still remain your responsibility should the third party fail for any reason to settle the account.

In the event that you dispute our fees and or charges you should ensure that any points of genuine dispute are notified to us within 14 days or receipt of our invoices. Failure to notify us within this

time of any issue and or dispute shall confirm your agreement to the invoiced amount.

WARRANTIES

We warrant to you that we will perform the Services with reasonable care and skill. These terms 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.

TERMINATION

We may terminate this agreement forthwith by notice in writing to you if you:

- (i) commit a breach of these terms of business 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 you have remedied the same within 30 days of having been given notice in writing specifying the breach and requiring it to be remedied; or
- (ii) you have a winding up petition presented against you and do not make an application to set aside the same within 7 days or you go into liquidation whether compulsorily or voluntarily (unless as part of a bona fide scheme for amalgamation or reconstruction first approved in writing by us), become subject to an administration order or have an administrator appointed, have a receiver or administrative receiver appointed over or encumbrancer take possession of the whole or any part of your assets, compound with your creditors or any class of the same, ceases to carry on its business or threatens to cease the same or becomes unable to pay your debts within the meaning of s.123 of the Insolvency Act 1986; or
- (iii) being an individual, have a bankruptcy order made against you or, being a partnership, have a bankruptcy order made against any of the partners or a notice served by a partner for the dissolution of the partnership.

Termination of the engagement 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 terms of business which is expressly or by implication intended to come into or continue in force on or after such termination.

LIMITATION OF LIABILITY

We shall accept liability to you for any loss of or damage to any property or injury to or death of person caused by our negligent act or omission or wilful misconduct or that of our employees, agents or sub-contractors.

Except for injury to or death of any person (for which no limit applies) our liability in respect of each event or series of connected events shall not exceed the amount detailed at 6.2 of the covering letter.

Notwithstanding anything else contained in these terms of business (and without limiting our liability in respect of injury to or death of any person caused by a negligent act or omission or our wilful misconduct, our employees or sub-contractors), we shall not be liable to you 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.

It is a condition of the provision of the Services that (save where we instruct independent experts, consultants or other third parties on your behalf), the duties and responsibilities owed to you are solely and exclusively those of us and that none of our employees shall owe the Client any personal duty of care or be liable to you for any loss or damage however arising as a consequence of the 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 our employees.

We accept no responsibility in respect of information (published or otherwise) provided by third party sources.

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 us before placing any reliance upon this report.

CONFIDENTIALITY

Each party shall keep confidential all information obtained from the other pursuant to or in contemplation of the engagement (including, without limitation, the Report), and shall use the same only for the purposes of the engagement and, subject to the provisions below, shall not disclose such information to any person without the other's prior written consent.

Each party may disclose confidential information to its own employees (and, in our case any sub-contractors) who need to know the same. You may disclose the report to your professional advisers PROVIDED THAT those professional advisers are made aware of the confidential nature of the report.

Together with our servants or agents we do not 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 our prior written consent. 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 our prior written approval as to the form and context in which it may appear.

Where personal information is disclosed to us and processed by us as part of the performance of the Services, you 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 us on request.

FORCE MAJEURE

We shall not be liable to you or be deemed to be in breach of our obligation under this engagement by reason of any delay in performing, or any failure to perform any of our obligations under the engagement 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 your kind or any act or omission.

NOTICES

All notices to be given under these terms of business 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 engagement letter 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 email, when the communication is transmitted to the recipient provided that it is before 5pm (otherwise it will be deemed to be received the next business day).

GENERAL

The terms of business shall be binding upon and ensure to the benefit of the parties and our legal successors but shall not be assignable by you without our prior written consent. We may sub-contract all or any part of its obligations under the engagement without your consent.

No waiver by us of any breach of these terms of business by you 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.

If any provision of these terms of business is held by any competent authority to be invalid or unenforceable in whole or in part the validity of other provisions of these terms of business and the remainder of the provision in question shall not be affected thereby.

A person who is not a party to the engagement has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the engagement.

The engagement 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.

ANTI MONEY LAUNDERING

Our engagement with you is conditional upon successful completion of our anti-money laundering and risk management procedures. We use third party electronic software to verify both your identity and residency details. By accepting these terms you agree that we may use your personal details for these purposes.

COMPLAINTS HANDLING PROCEDURE

Eddisons Taylors has a complaints handling procedure which is available via the website at www.eddisons.com or on request.

Appendix 2 Valuation Calculations



48-50 Papyrus Road, Peterborough

Reference: 805.157464

Valuation Date: 17/05/2022

Freehold

Rounded Value: 770,000

Net Rent: 59,022

Total ERV: 64,700

Total Area: 13,738 sqft

Net value / sqft 56

WAULT (to First Break): 3 yrs, 8 mths

WAULT (to Lease Expiry): 3 yrs, 8 mths

Net Initial Yield: 7.245%

Nominal Equivalent Yield: 7.652%

True Equivalent Yield: 8.021%

Reversionary Yield: 7.942%

48 Papyrus Road, Kerry Lee Moore

Current	Gross income	9,950		
	Net Income		9,950	
	YP (7.500% for 2 years and 5 months)	2.2374		22,262
Oct 2024	Gross income	0		
	Net Income		0	
	YP (8.000% for 3 months deferred for 2 years and 5 months)	0.2076		0
Jan 2025	Gross income	0		
	Net Income		0	
	YP (8.000% for 3 months deferred for 2 years and 8 months)	0.2036		0
Apr 2025	Gross income	10,000		
	Net Income		10,000	
	YP (8.000% in perpetuity deferred for 2 years and 11 months)	10.4813		104,813
Unit Gross Value				127,075

48a Papyrus Road, Andrzej Stachowski

Current	Gross income	11,500		
	Net Income		11,500	
	YP (7.500% for 5 months)	0.4142		4,763
Oct 2022	Gross income	12,000		
	Net Income		12,000	
	YP (8.000% for 1 year deferred for 5 months)	0.9411		11,293
Oct 2023	Gross income	0		
	Net Income		0	
	YP (8.000% for 3 months deferred for 1 year and 5 months)	0.2242		0
Jan 2024	Gross income	0		
	Net Income		0	
	YP (8.000% for 3 months deferred for 1 year and 8 months)	0.2199		0
Apr 2024	Gross income	15,700		
	Net Income		15,700	
	YP (8.000% in perpetuity deferred for 1 year and 11 months)	11.3198		177,721
Unit Gross Value				193,777

48b Papyrus Road, Cathedral of Revival Assembly of God

Current	Gross income	24,000		
	Net Income		24,000	
	YP (7.500% for 6 years and 7 months)	5.2854		126,848



48-50 Papyrus Road, Peterborough

Reference: 805.157464

48b Papyrus Road, Cathedral of Revival Assembly of God

Dec 2028	Gross income	0		
Net Income			0	
YP (8.000% for 3 months deferred for 6 years and 7 months)	0.1506			0
Mar 2029	Gross income	0		
Net Income			0	
YP (8.000% for 3 months deferred for 6 years and 10 months)	0.1478			0
Jun 2029	Gross income	24,000		
Net Income			24,000	
YP (8.000% in perpetuity deferred for 7 years and 1 month)	7.6059			182,541

Unit Gross Value	309,389
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50 Papyrus Road, Robert Crowson

Current	Gross income	13,572		
Net Income			13,572	
YP (7.500% for 1 year and 4 months)	1.2826			17,407
Sep 2023	Gross income	0		
Net Income			0	
YP (8.000% for 3 months deferred for 1 year and 4 months)	0.2256			0
Dec 2023	Gross income	0		
Net Income			0	
YP (8.000% for 3 months deferred for 1 year and 7 months)	0.2213			0
Mar 2024	Gross income	15,000		
Net Income			15,000	
YP (8.000% in perpetuity deferred for 1 year and 10 months)	11.3926			170,889

Unit Gross Value	188,297
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Summary of Unit Values

48 Papyrus Road, Kerry Lee Moore	127,075
48a Papyrus Road, Andrzej Stachowski	193,777
48b Papyrus Road, Cathedral of Revival Assembly of God	309,389
50 Papyrus Road, Robert Crowson	188,297
Total of Unit Values	818,537

Buyers Costs

Agents Fees	1.0000%	-9,240	v
Legal Fees	0.8000%	-7,392	v
Stamp Duty	(=3.6600%)	-28,000	
Total (=5.7964% of Say Value):			-44,632

Net Value	773,644
Rounded Net Value	770,000

Total VAT Amount: 2,785

Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
17/05/2022	814,632	0	59,022	59,022	7.245%	7.245%



48-50 Papyrus Road, Peterborough

Reference: 805.157464

Running Yield Report (Continued)

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
19/10/2022	814,632	0	59,522	59,522	7.307%	7.307%
02/10/2023	814,632	0	45,950	45,950	5.641%	5.641%
19/10/2023	814,632	0	33,950	33,950	4.168%	4.168%
01/04/2024	814,632	0	48,950	48,950	6.009%	6.009%
18/04/2024	814,632	0	64,650	64,650	7.936%	7.936%
29/10/2024	814,632	0	54,700	54,700	6.715%	6.715%
28/04/2025	814,632	0	64,700	64,700	7.942%	7.942%
19/12/2028	814,632	0	40,700	40,700	4.996%	4.996%
18/06/2029	814,632	0	64,700	64,700	7.942%	7.942%

Assumptions

All dates for capitalisation calculations taken from the nearest month start/end.

Running Yields and Net Initial Yield are based on say value plus buyer's costs 814,632.

YP calculated quarterly in advance.

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"

Cap Adj Running Yield is based on rounded cumulative capital invested.

Buyer's costs are based on Say Value.

VAT rate of 20.00% applied where applicable.