VALUATION REPORT

In respect of:
Car Giant – Site Specific Assessment

On behalf of:
Car Giant Limited

Date of Valuation: 24 June 2019

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PART II

VALUATION REPORT

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VALUATION REPORT

Report Date	28 June 2019
Addressee	Car Giant Limited 44 Hythe Road London NW10 6RS For the attention of: Benedict Townsend
The Property	Those identified in the ODPC Site Allocations Plan as in the ownership of Car Giant (See property address list below).
Property Description and Address List	Nine office and industrial properties held for investment/strategic purposes and six properties held and owner occupied in connection with Car Giant's business operation. The address list as provided by you is: • Gateway Trading Estate, Hythe Road • Triangle Industrial Estate, Enterprise Way/Fortune Way • Cumberland House, Scrubs Lane • Westmoreland House, Scrubs Lane • Mitre House, 101-113, Scrubs Lane • Pembroke Buildings, Scrubs Lane • 26 Scrubs Lane, Scrubs Lane • Unit 8, Rutland Studios, Scrubs Lane • 35 Hythe Road, Hythe Road • 28-60 Hythe Road, Hythe Road • 1-5 Salter St & Star Works, Salter Street • 1-13 Hythe Road, Hythe Road • 24 Scrubs Lane, Scrubs Lane • Apex Industrial Estate, Hythe Road • Apex House, Hythe Road
Ownership Purpose	Investment and Owner Occupation
Instruction	To value the unencumbered freehold / leasehold interests in the Properties on the basis of Market Value as at the Valuation date in accordance with the terms of engagement entered into between CBRE and the addressee dated 21 June 2019.
Valuation Date	24 June 2019
Capacity of Valuer	External Valuer, as defined in the RICS Valuation – Global Standards 2017.
Purpose	For benchmarking purposes in relation to Local Plan examination.

Market Value subject to Special Assumption

£260,623,000 (Two Hundred and Sixty Million Six Hundred and Twenty-Three Thousand Pounds) exclusive of VAT.

Where a property is owned by way of a joint tenancy in a trust for sale, or through an indirect investment structure, our Valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our Valuation does not necessarily represent the 'Market Value' (as defined in RICS Valuation – Global Standards 2017) of the interests in the indirect investment structure through which the Property is held.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Compliance with Valuation Standards

The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 (incorporating the International Valuation Standards) and the UK national supplement 2018 ("the Red Book").

We confirm that we have sufficient current local and national knowledge of the particular property market involved, and have the skills and understanding to undertake the Valuation competently.

Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.

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

Assumptions

The Property details on which the Valuation is based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.

If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figure may also be incorrect and should be reconsidered.

Variation from Standard Assumptions

None

Special Assumptions

The Special Assumption applied is that the properties continue in their existing uses and assuming any alternative use is excluded. This basis of valuation could otherwise be considered as analogous to Existing Use Value (EUV) as defined by RICS Guidance Note - Financial Viability in Planning.

For the purpose of the valuation we would consider this Special Assumption as a reasonable assumption to adopt and can be formulated using market facing information and reasoned arguments. For any other valuation purpose, this Special Assumption would require further justification as you should note that if the Special Assumption were not adopted, then our approach to the valuation and subsequent opinion of Market Value may be materially different.

Valuer

The Property has been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book.

Previous involvement and Conflicts of Interest

We have run conflict checks on the properties, and all parties involved, and confirm that while we have had prior involvement with the assets relating to the Lloyds Bank valuation and Planning Feasibility valuation in 2016 and further mandates relating to professional advice on your wider property holdings. We do not consider that this previous involvement represents a conflict of interest on the basis of the form and context of the various engagements leading us not to have an interest in the outcome of the valuation.

Copies of our conflict of interest checks have been retained with the working papers.

Reliance

This report is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents.

Publication

We acknowledge that our valuation report will ultimately be included as an annexure to a wider piece of work undertaken by your planning consultants, DS2. Its inclusion in this report is on a non-reliance basis (as detailed above).

Notwithstanding the above, neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Such publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of the special assumptions referred to herein.

Yours faithfully

Thomas Norfolk MRICS

Director

RICS Registered Valuer

For and on behalf of

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Yours faithfully

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SOURCES OF INFORMATION AND SCOPE OF WORKS

Sources of Information

We have carried out our work based upon information supplied to us by Car Giant Limited, as set out within this report, which we have assumed to be correct and comprehensive.

The Properties

The assets combine properties either owner occupied by Car Giant or owned for investment income and strategic purposes.

Inspection

The Property was externally and internally inspected in part by Thomas Norfolk MRICS, Director on 29 April 2019.

Areas

We have not measured the Property but have relied upon the floor areas provided to us by Car Giant Limited, as set out in this report, which we have assumed to be correct and comprehensive. We have been advised that these areas have been calculated using the Gross Internal Area (GIA) measurement methodology as set out in the RICS Code of measuring practice (6th edition), as set out below.

Environmental Matters

We have had reference to various current and historic SiteGuard Environmental Reports and Phase 1 Environmental Risk Assessments for the majority of the properties. Where there are gaps in the coverage of the 3rd Party Environmental Due Diligence we have made reasonable endeavours to assess the Environmental backdrop in the context of information available in the public domain, such as the Environment Agency's web based reference tool.

We have not carried out any investigations into the past or present uses of the property, nor of any neighbouring land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Services and Amenities

We understand that all main services including water, drainage, electricity and telephone are available to the property. None of the services have been tested by us.

Repair and Condition

We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous materials or techniques have been used, or are present, in any part of the Property. We are unable, therefore, to give any assurance that the Property is free from defect.

Town Planning

We have not undertaken planning enquiries.

Titles, Tenures and Lettings

Details of title/tenure under which the Property is held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title [including relevant deeds, leases and planning consents] is the responsibility of your legal adviser.

We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants.

VALUATION ASSUMPTIONS

Capital Values

The Valuation has been prepared on the basis of "Market Value", which is defined in the Red Book as:

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

The valuation represents the figure that would appear in a hypothetical contract of sale at the valuation date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.

No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.

No account has been taken of the availability or otherwise of capital based Government or European Community grants.

Rental Values

Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:

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

The Property

Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.

Landlord’s fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants’ fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

Environmental Matters

In the absence of any information to the contrary, we have assumed that:

a) the property is not contaminated and is not adversely affected by any existing or proposed environmental law;

b) any processes which are carried out on the property which are regulated by environmental legislation are properly licensed by the appropriate authorities.

c) in England and Wales, the properties possess current Energy Performance Certificates (EPCs) as required under the Government’s Energy Performance of Buildings Directive – and that they have an energy efficient standard of ‘E’, or better. We would draw your attention to the fact that under the Energy Efficiency [Private Rented Property] [England and Wales] Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an ‘E’, or secured a relevant exemption. In Scotland, we have assumed that the properties possess current EPCs as required under the Scottish Government’s Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions.

d) the property is either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

e) invasive species such as Japanese Knotweed are not present on the Property.

High voltage electrical supply equipment may exist within, or in close proximity of, the property. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the property. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

Repair and Condition

In the absence of any information to the contrary, we have assumed that:

[a] there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the property;

[b] the property is free from rot, infestation, structural or latent defect;

[c] no currently known deleterious or hazardous materials or suspect techniques have been used in the construction of, or subsequent alterations or additions to, the property; and

[d] the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the property. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

(a) the property possesses a good and marketable title free from any onerous or hampering restrictions or conditions;

(b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;

(c) the property is not adversely affected by town planning or road proposals;

(d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;

(e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the property to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);

(f) all rent reviews are upward only and are to be assessed by reference to full current market rents;

(g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;

(h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;

(i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;

(j) where more than 50% of the floorspace of the property is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the property. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;

(k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;

(l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and

(m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable. In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable.

PART III

PROPERTY REPORT

CONTENTS

PORTFOLIO OVERVIEW

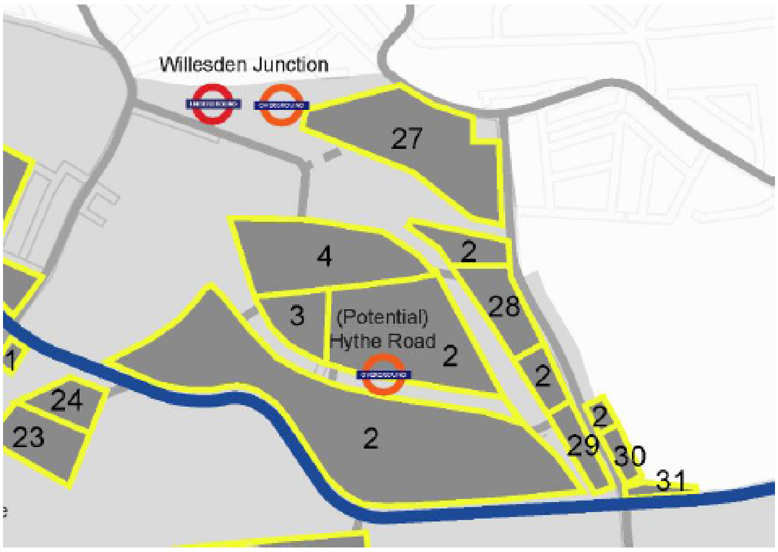
As you are familiar with the properties you hold in Old Oak Common, we are not going to provide any scene-setting or property descriptions.

The portfolio overview comprises the following sections:

- Market Summary (Park Royal and Old Oak Common Occupier and Investor Markets)
- Key Valuation Drivers (Comparables Discussion)
- Valuation Methodology
- Valuation Conclusions
- Comparison Matrix (with OPDC Conclusions)

As a starting point however, we set-out below the properties we have valued and how they sit within the OPDC DLP Site Allocations Map. The extract below from the OPDC Response to Hearing Actions report dated 31 May 2019 identifies the various allocated sites at Old Oak Common.

Figure 2.2.1 DLP site allocations map



The site ID's that are almost exclusively in the Ownership of Car Giant are 2, 3 and 28. The table below sets-out the property addresses and the site ID from the above plan:

ADDRESS	ODPC SITE IDENTIFICATION NUMBER
28-60 Hythe Road, Hythe Road	2
1-5 Salter St & Star Works, Salter Street	2
1-13 Hythe Road, Hythe Road	2
Gateway Trading Estate, Hythe Road	2
Apex Industrial Estate, Hythe Road	2
Scrubs Lane Car Park, Scrubs Lane	2
Mitre House, Scrubs Lane	2
35 Hythe Road, Hythe Road	2
Apex House, Hythe Road	2
Cadogan House Hythe Road, Hythe Road	2
26 Scrubs Lane, Scrubs Lane	2
Cumberland House, Scrubs Lane	2

Triangle Industrial Estate, Enterprise Way/Fortune Way	3
28 Salter Street, Salter Street	3
Pembroke Buildings, Scrubs Lane	28
Unit 8, Rutland Studios, Scrubs Lane	28
24 Scrubs Lane, Scrubs Lane	28
Westmoreland House, Scrubs Lane	28

We provide below commentary regarding how the various assets are arranged within the DLP site split.

ODPC SITE IDENTIFICATION NUMBER	COMMENT
2	Within the Hythe Road area, the majority of the area is owner occupied by Car Giant, Gateway Trading Estate is held as an investment and there are a number of buildings on the far north west boundary of this area that are outside Car Giant ownership.
3	Car Giant hold the Long Leasehold as an investment and own the Freehold. The Salter Street property is owner occupied.
28	Within this boundary there are various ownerships outside Car Giant's. In addition, Car Giant own the majority of the freehold site, but several elements are sold-off on long leases.

MARKET SUMMARY

In arriving at our opinions of value, we have had regard to the current market dynamics of the Greater London industrial market. In this regard and also as a useful reference, we have provided a market commentary concentrating on the Park Royal, Old Oak Common and Wembley area, the key occupational comparables used to establish our individual opinions of ERV, the investment market and industrial land market.

London is the engine room of the south east. London's established industrial markets are underpinned by their access to the main arterial road routes inside the M25 and the M25 itself. These are the M4, the A40, the A1, the A12, the A13 and the A2 which are all linked together on either side of the Thames by the South Circular, the A205 and the North Circular, the A406.

The value of the demand for industrial land inside the M25 is hardly surprising, given that, apart from excellent communication links, the area enjoys a broad occupier base, access to a highly skilled labour market, proximity to Central London and a consumer catchment in excess of 8 million people. These high levels of tenant demand, and the impact that that has on rents, is expected to continue for some time. When we talk about 'industrial' property, it is something of a misnomer across the UK, and London is no exception – following the contraction of the manufacturing sector, industrial property these days is dominated by assembly, storage and distribution functions, with manufacturing taking a back seat.

Park Royal, Old Oak Common and Wembley

Park Royal and its wider catchment is considered to be the most important industrial area in Inner London, with a concentration of manufacturing and distribution functions and provides both new and older industrial stock.

The industrial market here spans three London Boroughs; Ealing, Brent and Hammersmith & Fulham, although only a very small part of the area - Old Oak Common - is in Hammersmith & Fulham Borough. The majority of industrial stock in Park Royal is bound by the A40 to the south, the North Circular to the west, Old Oak Common to the east and the main railway line to Euston to the north.

The area is designated as an Opportunity Area, and consequently the Mayor of London enacted a Planning Framework which aims to protect Park Royal's industrial and manufacturing sectors and recognises the importance of these sectors in sustaining the local economy. Despite this, Park Royal has experienced high levels of change of use, whilst more recently works associated with High Speed 2 have removed stock off the market through compulsory purchase.

Park Royal has excellent transport links and lies in close proximity to many of the major motorways including the M1, M25, M4 and M3. However, Park Royal's location within London does leave certain areas susceptible to congestion, especially given its popularity with occupiers fulfilling important manufacturing and distribution functions to the London economy. Park Royal is situated just 13 miles from Heathrow Airport; the largest international airport and the world's second busiest cargo port. It is also ideally located for access to West End via the A40.

In terms of the local employment market, the immediate Park Royal area has a large number of low paid manual workers, whose lower labour costs are very important for the success of these firms within the local area – like for London's other industrial markets – the job market is fluid, with a great deal of movement of the same pool of workers between distribution, manufacturing and other non-office based jobs. The latest data suggests that there are 155,900 non-office jobs in Park Royal, above the number of such jobs seen on average in centres within the London Market Area.

The unemployment rate in the Park Royal area has risen over the past year, to stand at 2.4% in September 2018, compared with the London average figure of 2.7%.

According to PMA research Employment in Manufacturing and Transport & Storage in Park Royal stood at 52,900. In percentage terms, Manufacturing and Transport & Storage employment accounts for 16.9% of total employment in Park Royal. This share is above the London Market Area average of 15.3%.

Within the Manufacturing sector, Park Royal has 26,700 jobs, which equates to 8.5% of total employment. This is above the average share for the London Market Area of 4.9%.

The Occupier Market

A key trait of Park Royal is that it is home to a plethora of small to medium-sized firms (SME's) serving the Central London markets, rather than being dominated by large employers. This is in part a function of both space constraints, and high occupancy costs.

Nevertheless, Park Royal is home to several major manufacturing employers, with the largest concentration in the Food & Drinks sector. Of particular note, Katsouris Fresh Foods employs over 2,000 staff across a number of sites in the Park Royal area, whilst sandwich producer Greencore Food employs over 500 staff in sizable production facilities, closely followed by McVitie's who operate a manufacturing site on Waxlow Road.

Whilst the Printing & Publishing sector is also important in Park Royal, there are no reported major employers with more than 100 people. This sector comprises predominantly small local and regional firms providing rapid support for Central London businesses, plus a number of media related firms.

In terms of occupier change, the only sizeable relocation of note in recent years has provided a blow, rather than a boost, to the market. Pfizer announced that they would not be renewing their lease at their Park Royal site, owing to a consolidation of their facilities to Belgium. The facility closed in 2017, leading to the loss of 100 jobs.

Whilst Park Royal is home to a handful of sizable distribution employers, such as Bestway and Brake Bros, the majority of warehouse units are small in scale and occupied by a wide range of logistics firms, retailers or manufacturers servicing the London market. Indeed, such employers are particularly attracted by the area's good communication links, 24-hour access and proximity to Central London. In recent years national occupiers have responded positively to newer larger sites such as Origin and Central Park becoming available. Nevertheless, the numerous undeveloped, older sections of Park Royal continue to be dominated by those traditional occupiers.

Despite Park Royal's popularity as a regional distribution location, some fluctuation has been seen in recent years. In 2013, John Lewis announced plans to close their current Park Royal facility and consolidate their distribution function at Magna Park in Milton Keynes. Although this was initially thought to entail the loss of around 560 jobs, the firm's pre-let at the Origin development meant most staff have been retained.

Other key employers include the Central Middlesex Hospital, which occupies a large site in the middle of the estate. Diageo are another major non-industrial occupier in the area, employing around 1000 London-based staff.

Most retail occupiers in Park Royal carry out distribution functions. Exceptions are Asda who have large stores on the estate, as well as Carphone Warehouse, whose headquarters is based in North Acton.

Take Up

On average London industrial demand fell back by 8% in 2017. In comparison, over the same period, take up in Park Royal is considered to have fallen by a larger 11% in 2017 to 440,000 sq ft.

At this 440,000 sq ft level, take up in Park Royal was 37% below the 5-year average.

In the last five years to Q3 2018 the amount of space pre-let/purpose-built in Park Royal averaged 135,000 sq ft per year, or 21% of take up. There were no pre-lets/purpose-builds over the last 12 months to Q3 2018. Big Sheds - units of over 100,000 sq ft – are a key part of the Park Royal market. Over the last five years, Big Sheds have accounted for 31% of take up. This is in line with the London average of 28%. Over the last year to Q3 2018, the share of take up from Big Sheds has risen to 39%, however this reflects just one deal of 170,000 sq ft. Within the Standard Industrial market - units under 100,000 sq ft - the size band seeing the largest share of take up in Park Royal over the last five years to Q3 2018 has been the 10,000 to 25,000 sq ft bracket, accounting for 21% of all space. In comparison, over the last year to Q3 2018, the 50,000 to 100,000 sq ft size band has seen the largest share of take up at 27%.

Demand declined substantially in 2018 due to a lack of both Standard Industrial and larger scale Logistics deals. Take up was boosted towards the beginning of the year when the Mahmood Saeed Company, a Saudi Arabian manufacturing and wholesale distribution group took 60,700 sq ft at the recently completed Rock & Roll development. The units will function as the group's first European distribution hub. Aside from this deal, however, take up fell back sharply across all size bands, and consequently take-up is likely to reach it's lowest levels in over a decade.

The latest stock data for Park Royal suggests that industrial stock is 36.8 million sq ft – which ranks it in size compared to Glasgow and Sheffield.

In Park Royal, only 3.3% of total industrial stock is new, having been built within the last five years. This is relatively low compared to other London centres where the share of new stock is 8%.

Over the last five years - end-2013 to end-2018 - completions in the main local authority district averaged 139,000 sq ft pa.

This follows the previous five-year period (end-2008 to end-2013) average of 143,000 sq ft pa. The current level of "new" stock - the space built over the last 5 years - is lower than the London average.

Based on the main local authority district, no space completed during 2018 in Park Royal.

Rents

In Park Royal top rents increased by 6.1% over the last six months to now stand at £17.50 psf at end-2018. At this level rents in Park Royal are above the London average.

Top rents in Park Royal are now above the peak level recorded prior to the Global Financial Crisis.

High land and development costs mean that rents in Park Royal are amongst the highest in the country. Whilst London office rents were very volatile during the economic recession, Park Royal industrial rents recorded no decline, and have since seen strong growth; supply rather than demand being the more sensitive factor when it comes to industrial rents in West London.

A shortage in prime supply led to further rental growth over the first half of 2018, when Press London took a unit at Metropolitan Park in Greenford at £17.60 psf. Deals with even higher rents have since been seen at Quad Tudor Estate and Park Royal Industrial Centre in excess of £18 psf, although the small size of these deals render them currently unrepresentative of wider prime rental conditions.

Previous rental growth was seen over 2016, spearheaded by the completion of new prime supply at the Quad Tudor Estate. Deals were reported at £17.25 psf and £17 psf here however, as an average prime rental figure, £16.50 psf was seen as more representative. 2016 also saw refurbished space let at the Nucleus scheme to DPD and La Tua Pasta at £14 psf and £13.50 psf respectively.

KEY VALUATION DRIVERS

As discussed above, we are not providing full discussion relating to the formulation of our opinions of value, we have included as a reference the key valuation drivers for Rents, Capital Values and Land Values which we have had regard to in arriving at our opinions of value for the various assets.

COMPARABLE OCCUPATIONAL MARKET EVIDENCE

Summary of Self-Generating Comparable Evidence

In forming our opinion of value we have had most regard to rents achieved by the Car Giant Limited in their investment properties at Old Oak Common. We summarise the latest transactions as follows:

Triangle Business Estate

UNIT	TENANT	RENT	START DATE	END DATE	BUILDING AREA	RATE PER SQ FT
Unit 39, 12 Fortune Way	More Please Limited	£26,388	15-Feb-19	14-Jan-23	1,255	£21.03
Unit 30, 30 Enterprise Way	Bespoke Furniture Works Limited	£18,864	01-Feb-19	14-Jan-23	877	£21.51
Unit 8, 8 Enterprise Way	Arabian Oud Company Limited	£25,836	01-Feb-19	14-Jan-23	1,233	£20.95
Unit 3, 3 Enterprise Way	Doughlicious Limited	£21,984	01-Jan-19	14-Jan-23	999	£22.01
Unit 4, 4 Enterprise Way	WFC Contractors Limited	£21,984	01-Jan-19	14-Jan-23	999	£22.01
Unit 10, 10 Enterprise Way	Mister Andreas Ltd	£27,132	17-Dec-18	14-Jan-23	1,233	£22.00
Unit 5, 5 Enterprise Way	Interpub Limited T/A Beds and Bars	£21,984	15-Dec-18	14-Jan-23	999	£22.01
Unit 36, 25 Enterprise Way	Minois Limited	£20,040	01-Nov-18	14-Jan-23	1,113	£18.01
Unit 38, 13 Fortune Way	The Future Media Group Limited	£24,804	01-Nov-18	14-Jan-23	1,240	£20.00
Unit 2, 2 Enterprise Way	The Bagel Bakery Ltd	£21,876	15-Oct-18	14-Jan-23	999	£21.90
Unit 25, 9 Fortune Way	CFK Construction Limited	£24,660	01-Oct-18	14-Jan-23	1,233	£20.00
Unit 1, 1 Enterprise Way	Sweetblisst Ltd	£26,232	15-Aug-18	14-Jan-23	1,245	£21.07
Unit 12, 12 Enterprise Way	Rupert Lewin Racing Limited	£24,660	01-Aug-18	14-Jan-23	1,233	£20.00
Unit 21, 5 Fortune Way	Add-Olives Ltd	£24,660	01-Aug-18	14-Jan-23	1,233	£20.00
Unit 24, 8 Fortune Way	Ocean Car Parts Ltd	£27,000	01-Aug-18	14-Jan-23	1,233	£21.90

Gateway Trading Estate

UNIT	TENANT	RENT	START DATE	END DATE	BUILDING AREA	RATE PER SQ FT
Unit 3, Gateway	Revisecatch Limited T/A Ecourier	£77,304	01-May-19	31-May-25	4,831	£16.00
Unit 2, Gateway	National Bus Group Ltd	£61,200	01-Oct-18	14-Jan-23	3,553	£17.22
Unit 9, Gateway	La Maison des Sorbets Foods Limited	£78,480	21-Sep-18	14-Jan-23	5,232	£15.00
Unit 10, Gateway	Pale Green Dot Limited	£72,525	20-Jun-18	14-Jan-23	4,339	£16.71

Cumberland House

UNIT	TENANT	RENT	START DATE	END DATE	BUILDING AREA	RATE PER SQ FT
Suite 603	Fabulistic Limited	£5,376	01-Jun-19	31-May-20	185	£29.06
Suite 117	Malik Manji T/A M & M Associates	£3,000	15-Apr-19	14-Apr-22	140	£21.43
Suite 308	Jabroke Engineering Co. (UK) Ltd.	£9,660	01-May-19	30-Apr-20	568	£17.01
Suite 312	Claims Pro Limited	£6,960	15-Apr-19	14-Apr-22	464	£15.00

Suite 501	Medecho Limited	£16,800	15-Feb-19	14-Feb-22	1,292	£13.00
Suite 609	Safia Ismail	£3,636	01-Feb-19	31-Jan-20	117	£31.08
Suite 509	John Street Solicitors LLP	£7,680	01-Feb-19	31-Jan-22	624	£12.31
Suite 200i	Deluxe Accountants Ltd	£3,432	15-Jan-19	14-Jan-21	149	£23.03
Ground Floor East	Reverend Eldemar Messias Candido T/A International Plenitude Ministries	£27,672	15-Jan-19	30-Sep-23	2,196	£12.60
Suite 105	Early Bird Homecare Ltd	£2,580	15-Dec-18	14-Dec-19	172	£15.00
Suite 200f	Thomas Dunne T/A AFP Partnership	£2,640	15-Dec-18	14-Dec-19	132	£20.00
Suite 110	Essam Edriss	£3,648	01-Dec-18	30-Nov-19	182	£20.04
Suite 111	Pixify Limited	£5,172	01-Dec-18	30-Nov-19	323	£16.01
Suite 300	E&T Home Care Agency Ltd	£2,520	01-Dec-18	30-Nov-19	168	£15.00
Suite 406	Scorp Limited	£5,040	01-Dec-18	30-Nov-19	420	£12.00
Suite 503	Raging Goose London Ltd.	£7,800	01-Dec-18	30-Nov-19	371	£21.02
Suite 102	What a Load of Rubbish Limited	£6,036	15-Nov-18	14-Nov-19	355	£17.00
Suite 200d	Sams UK Financial Services Limited	£3,672	15-Nov-18	14-Nov-19	193	£19.03
Store Room A, 1st Floor	Quintus Property LLP	£1,576	01-Nov-18	31-Oct-20	75	£21.01
Store Room B, 2nd Floor	Praveen Rangan T/A Pappudoc	£1,476	01-Nov-18	31-Oct-19	97	£15.22
Suite 200e	Quintus Property LLP	£4,160	01-Nov-18	31-Oct-20	198	£21.01
Suite 301	SNL Dynamics Limited	£6,264	01-Nov-18	31-Oct-19	391	£16.02
Suite 307	Prestige Portfolio Management Limited	£5,856	01-Nov-18	31-Oct-19	418	£14.01
Suite 405a	Mark Raggett	£4,836	01-Nov-18	31-Oct-21	302	£16.01
Suite 504	Centre of Science Ltd	£4,680	01-Nov-18	31-Oct-19	312	£15.00
Store Room C, 2nd Floor	Fast Cleaning Services Ltd	£1,464	15-Oct-18	14-Oct-19	96	£15.25
Store Room D, 1st Floor	Mark Raggett	£1,248	15-Oct-18	14-Oct-19	83	£15.04
Suite 305	SNL Dynamics Limited	£5,280	15-Oct-18	14-Feb-19	439	£12.03
Loading Bay	Reverend Eldemar Messias Candido T/A International Plenitude Ministries	£27,995	01-Oct-18	30-Sep-23	2,153	£13.00
Ground Floor West	Reverend Eldemar Messias Candido T/A International Plenitude Ministries	£9,661	01-Oct-18	30-Sep-23	743	£13.00
Store Room D, 2nd Floor	Financial & Accountancy Services Ltd	£1,428	01-Oct-18	30-Sep-19	95	£15.03
Suite 311	Blue Cruise Ltd	£10,068	01-Oct-18	30-Sep-21	592	£17.01

The benchmarks from this evidence are:

- Triangle Business Estate units (877 sq ft to 1,255 sq ft): £18.00 per sq ft to £22.00 per sq ft
- Gateway Trading Estate units (3,553 sq ft to 5,232 sq ft): £15.00 per sq ft to £17.22 per sq ft.
- Cumberland House studio offices (95 sq ft to 2,896 sq ft): £12.00 per sq ft to £31.08 per sq ft.

There is a certain unusual characteristic in these letting where by they are almost all co-terminus at 14 Jan 2023 - this element of Landlord asset management is likely to suppress rents somewhat. However, given the general light industrial supply shortages in the wider area, we are of the opinion that this discount is unlikely to be material.

BENCHMARK INVESTMENT TRANSACTIONS - INNER M25

A starting point for any value assessment would be reference to the change in benchmark investment yields for Central London Industrial over the recent past.

Generally, the sector has been subject to a period of significant yield compression as investors are attracted to supply constraints and rental growth prospects. The table below summarises the CBRE view on benchmark yields:

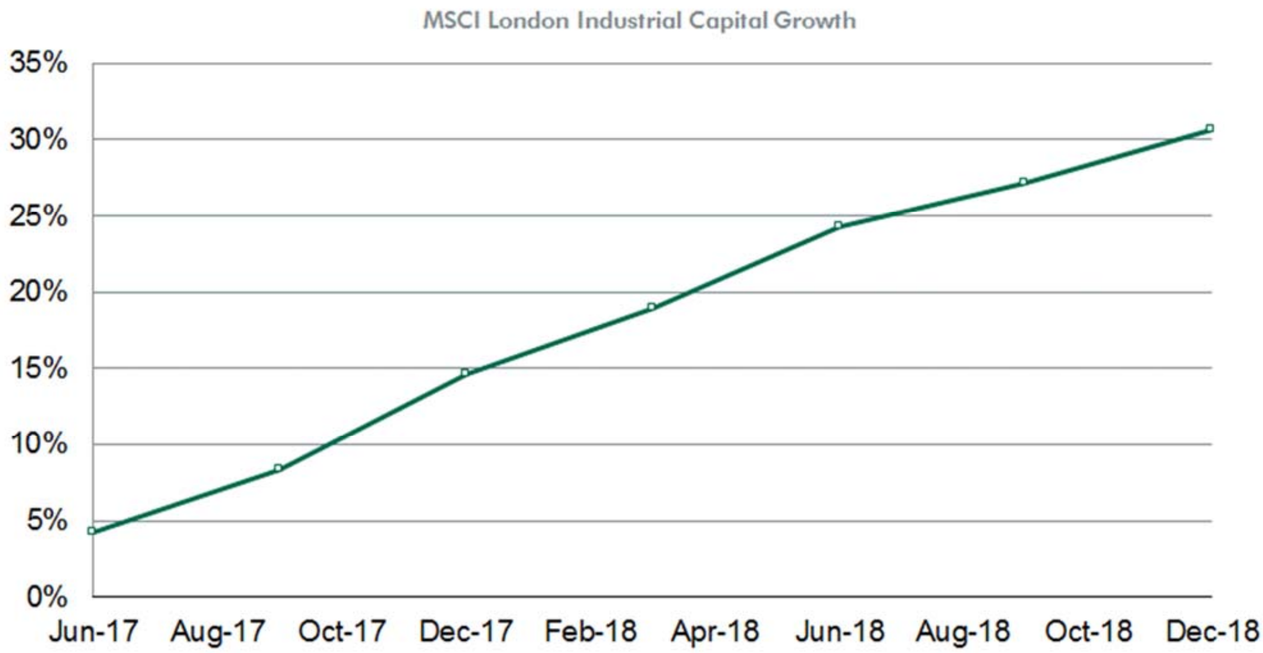
INDUSTRIAL	Sep-18	Dec-18	Mar-19	Apr-19	Jun-19	TREND
Prime Greater London Industrial Estate	4.00%	4.00%	4.00%	4.00%	4.00%	Stable

Source: CBRE

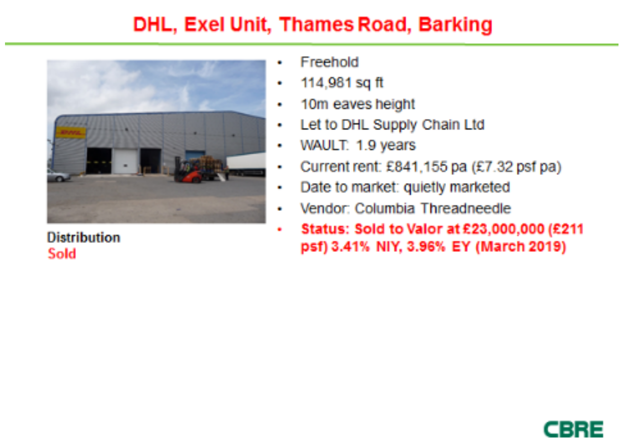
Note - Prime yields refer to the equivalent yield for a prime (well specified, well located and rack rented) property let to financially strong tenants, but not Govt, on a lease with 15 years unexpired and open market rent reviews.

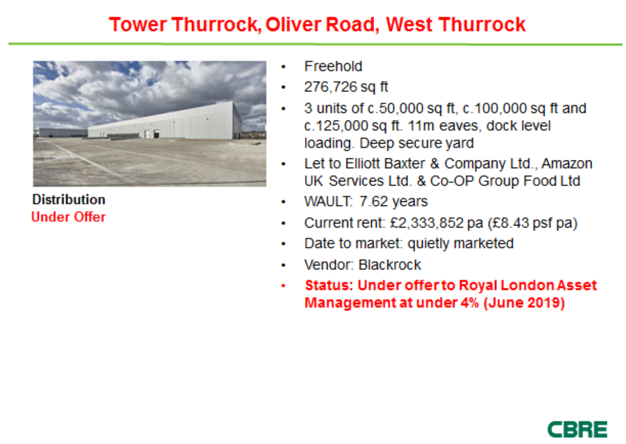
We can conclude from the table above that the market has been stable over the past 9 months.

Similarly, MSCI data over the period Q1 2017 to Q4 2018 shows capital growth in excess of 30%, see chart below:



Regarding evidence, we have included below the key transactions in the Inner M25 industrial/warehouse investment market:





Units 2-5 Hook Rise Industrial Estate, Chessington

Estates
Sold

- Freehold
- 32,674 sq ft
- 4 industrial units ranging from 6,390-13,441 sq ft. 1.71 acre site. Site cover 43%
- Fully let to four tenants
- Current rent: £347,804 pa (£10.64 psf)
- Date to market: April 2018
- Vendor: Unknown
- Quoting Price: £8,500,000 (£260psf) 3.84% NIY
- **Status: Sold to a Prologis for c. 3.5% NIY, 4.0% EY. Pricing to be confirmed (May 2019)**

Old Jamaica Road, Business Estate, Bermondsey

Estates
Sold

- Freehold
- 14,255 sq ft
- 2 industrial buildings split into 10 units. Site area 0.62 acres. 52% site cover
- Fully let to Selby Carpets, Grosvenor Contracts and Netwise Hosting
- WAULT: 9.6 years, WAUTC: 3.23 years
- Current rent: £176,000 pa (£12.35psf) (ERV £20.90 psf)
- Date to market: September 2018
- Vendor: Network Rail
- Quoting Price: £4,720,000 (£242 psf) 3.50% NIY
- **Status: Sold for sub 2% NIY with potential residential element (May 2019)**

Ensign Estate, Purfleet

Estates
Sold

- Freehold
- 100,470 sq ft
- 38 unit multi let estate and vehicle servicing facility across 2 units. 13.27 acres.17 % site cover
- Fully let to 25 tenants
- WAULT: 5.47 years, WAUTC: 4.98 years
- Current rent: £1,283,889 pa (£7.79 psf)
- Date to market: November 2018
- Vendor: Private Investor
- Quoting Price: £17,850,000 (£178 psf) 6.75% NIY
- **Status: Sold to Compagnie Du Parc at £20,740,000 (£206 psf) 5.8% NIY (March 2019)**

Trade City, Bell Green, Sydenham

Estates
Sold

- Long leasehold of 999 years from July 2014 at a peppercorn rent
- 54,917 sq ft
- 11 units arranged in 3 terraces. Site area 3.5 acres. 36% site cover
- Fully let to 8 tenants including Mercedes-Benz, HSS Hire, Edmundson Electrical and Toolstation
- WAULT: 7.11 years, WAUTC: 5.18 years
- Current rent: £673,477 pa (£12.26 psf pa)
- Date to market: May 2018
- Vendor: Kier
- Quoting Price: £13,290,000 (£242 psf) 4.75% NIY
- **Status: Sold to Cluttons in-house fund at £14,020,000 (£255 psf) 4.5% NIY (March 2019)**

Feltham Corporate Centre, Feltham

Estates
Under Offer

- Freehold
- 228,783 sq ft
- Six industrial units ranging from 23,637 to 59,398 sq ft. 10.37 acres. Site cover 39%
- Fully let to 6 tenants
- WAULT: 8.86 years, WAUTC: 7.4 years
- Current rent: £2,253,761 pa (£9.69 psf)
- Date to market: May 2019
- Vendor: Orchard Street
- Quoting Price: £42,200,000 (£185psf) 5.00% NIY
- **Status: Believed to be under offer, details to be confirmed (June 2019)**

Thistlebrook Industrial Estate, Greenwich

Estates
Available

- Freehold
- 60,400 sq ft
- 8 Units of 7,550 sq ft each. Built in 1970s. 2.51 Acres. 48% Site Cover. 6.25m eaves
- Let to The London Borough of Greenwich for 125 years expiring November 2104
- Current rent: £322,480 pa (£5.34 psf pa)
- 5 yearly upwards only rent reviews based on 77% of the commercial yearly rent
- Date to market: April 2018
- Vendor: TBC
- Quoting Price: £12,000,000 (£199 psf) 2.50% NIY
- **Status: Available (June 2019)**

Cray Avenue, Orpington

Distribution
Sold

- Freehold
- 24,880 sq ft
- Site coverage 33%
- Let to Specac Ltd. Selco Trade Centres Ltd's lease term begins upon lease surrender by Specac Ltd
- WAULT: 1.85 years (Specac), WAULT: 15 years PC (Selco)
- Initial rent: £318,163 pa (£12.79 psf)
- 5 yearly upward only open market rent reviews (2% pa collar; 3% pa cap)
- Date to market: September 2018
- Vendor: Brookshire Capital
- Quoting: £7,000,000 (£281 psf) 4.26% NIY
- **Status: Sold to LondonMetric at c. £7,755,000 (£311 psf) 3.84% NIY, 4.29% EY (December 2018)**

Nevilles Customer Fulfilment Centre, Trim House, Erith

Distribution
Sold

- Freehold
- 47,289 sq ft GIA
- c.2.5. acres. Built 2001. Extended in 2017
- Let to Neville UK plc
- WAULT: 8.75 years
- Current rent: £409,996 pa (£8.67 psf pa)
- RPI based rent review in July 2022 (collar and cap: 1.5%-2.5%)
- Date to market: September 2018
- Vendor: Compagnie du Parc
- Quoting Price: £8,100,000 (£171 psf) 4.75% NIY
- **Status: Sold to M&G at £9,980,000 (£211 psf) 3.85% NIY, 4.34% EY (November 2018)**

UPS, Kentish Town, Camden

Distribution
Exchanged

- Leasehold with 115 years remaining, £239,200 pa ground rent (reviewed every 5 years)
- 101,999 sq ft GIA
- Built in mid-1980s. 6.57acres. 6.1m eaves
- Let to UPS Ltd
- WATC: 6 years, WAULT:15.5 years
- Current rent: £1,588,000 pa (£15.43 psf pa)
- Head lease rent is 15% of rent received at £238,200 pa; net rent £1,349,800 pa
- Date to market: September 2018
- Vendor: Brimpath Ltd
- Quoting £40,000,000 (£392 psf) 3.16% NIY
- **Status: Exchanged with CBRE GI at £64,800,000 (£635 psf) 1.95% NIY (January 2019)**

Next, Waltham Abbey

Distribution
Under Offer

- Freehold
- 322,335 sq ft
- 20m eaves. 24 dock level loading doors. 55m yard depth.
- Let to Next Holdings Ltd
- WAUTC: 15 years, WAULT: 25 years
- Current rent: £2,274,487 pa (£6.29 psf pa)
- Annual RPI-linked reviews (collared at 2% and capped at 4%)
- Date to market: Unknown
- Vendor: Owner Occupier
- Quoting Price: £62,500,000 (£194 psf pa) 4.25% NIY
- **Status: Under offer to LIM at £62,500,000 (£194) 3.15% NIY (January 2019)**

Keith House, North Hyde Road, Hayes

Distribution
Under Offer

- Freehold
- 30,957 sq ft
- Constructed early 1980s. 2.27 acres. Residential potential for 200 new homes subject to planning
- Let to Yodel Delivery Network Ltd
- WAULT: 2.2 years
- Current rent: £312,000 pa (£10.08 psf)
- Date to market: September 2018
- Vendor: Unknown
- Quoting: c.£11,350,000 (£367 psf) 2% NIY
- **Status: Under offer ahead of £12,000,000 (£387 psf) 2.43% NIY (January 2019)**

Hovis, Erith

Distribution
Under Offer

- Freehold
- 159,264 sq ft
- Constructed in the 1970s. Eave height 5-7m. 23 dock-level loading doors, 13 level access doors. 8.14 acre site. 47% coverage
- Let to Hovis Ltd
- WAULT: 25 years
- Current rent: £756,504 pa (£4.75 psf)
- 5 yearly RPI-linked reviews, 2-4% cap and collar compounded
- Date to market: Unknown
- Vendor: Owner Occupier
- Quoting Price: £12,770,000 (£80 psf) 5.50% NIY
- **Status: Under offer at £12,770,000 (£80 psf) 5.50% NIY (January 2019)**

Hovis, Stratford

Distribution
Under Offer

- Freehold
- 148,319 sq ft
- Constructed in the 1980s. Eave height 5-10m. 12 dock-level loading doors, 3 level access doors. 5.15 acre site
- Let to Hovis Ltd
- WAULT: 25 years
- Current rent: £1,038,233 pa (£7.00 psf)
- 5 yearly RPI-linked reviews, 2-4% cap and collar compounded
- Date to market: Unknown
- Vendor: Owner Occupier
- Quoting Price: £17,520,00 (£118 psf) 5.50% NIY
- **Status: Under offer at £17,520,00 (£118 psf) 5.50% NIY (January 2019)**

Forest Trading Estate, Walthamstow

Estates
Sold

- Freehold
- 27,215 sq ft
- 5 industrial units of 5,439 sq ft. 1.28 acres. 50% site cover. 6.3 metre eaves
- Fully let to two tenants
- WAULT: 5.07 years, WAUTC: 0 years
- Current rent: £404,665 (£14.87 psf pa)
- Date to market: October 2018
- Vendor: CBRE GI
- Quoting Price: £8,925,000 (£328psf) 4.25% NIY
- **Status: Sold to Blackrock at £11,144,000 (£409psf), 3.4% NIY 3.97% EY (December 2018)**

Wyvern Industrial Estate, New Malden

Estates
Sold

- Freehold
- 99,241 sq ft
- 6 industrial units ranging from 13,998 to 20,166 sq ft. 4.63 acres. 49% site cover
- Fully let to three tenants
- WAULT: 4.77 years,
- Current rent: £1,051,121 (£9.98 psf pa)
- Date to market: November 2018
- Vendor: DTZ IM
- Quoting Price: £22,500,000 (£226psf) 4.40% NIY
- **Status: Sold to Big Yellow Self Storage at £28,130,000 (£283psf) 3.5% NIY (December 2018)**

Units 1-5, 214 Purley Way, Croydon

Estates
Sold

- Freehold
- 36,460 sq ft
- Five units from 3,935 to 13,875 sq ft. Average eaves 5.9 metres. 1.2 acre site
- Fully let to KG Norman Ltd& Dernier & Hamlyn Ltd
- WAULT: 4.4 years
- Current rent £273,059 pa (£7.49)
- Date to Market: June 2018
- Vendor: Unknown
- Quoting Price £6,025,000 (£165.25 psf)
- **Status: Sold at £7,850,000 (£215 psf) 3.26% NIY (September 2018)**

Thames View Business Centre, Rainham

Estates
Sold

- Freehold
- 115,401 sq ft
- 15 units, let to 14 tenants with 1 vacant unit. Units ranging from 4,937 to 31,410 sq ft. 4.97 acres. 53 % site cover
- WAUTC: 4.10 years, WAULT: 5.66 years
- Current rent: £916,155 (£7.94 psf pa) including rental guarantees
- Date to market: September 2018
- Vendor: Segro
- Quoting Price: £20,194,000 (£174.99 psf) 4.25% NIY
- **Status: Under offer to Aberdeen Standard at £23,800,000 (£212 psf) 3.6% NIY, 4.25% EY (December 2018)**

CBRE

Analysis Matrix (parameter range):

TYPE	NIY	LOT SIZE	AVERAGE RATE PER SQ FT
Single Let	1.95% to 5.50%	£7.75m to £64.8m	£276
Multi-Let	2.75% to 5.40%	£7.84m to £51.7m	£243

The range of lot sizes provide a clear indication of the depth and liquidity to the investment market. Generally, the assets with some latent alternative use (residential led mixed use) are at the lower end of the NIY range and upper end of the rate per sq ft range.

INNER M25 INDUSTRIAL/WAREHOUSE LAND MARKET

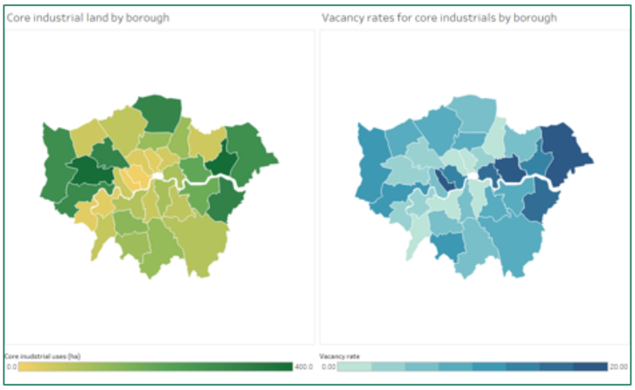
The last indicator we have considered is the underlying industrial land value of the owner-occupied element. The land market is driven by a number of influences – tightening supply of industrial land pushing values up and where there are secondary quality estates which are not in high density/intensive use, opportunities are seen to add value by providing premium quality industrial stock better utilising the site areas.

As part of the processes of informing the latest London Plan, the GLA's Industrial Land Supply Study identifies an estimated 6,976 hectares of industrial land within Greater London. Of this 4,553 ha (65%) is comprised of 'core' industrial uses, meaning general and light industry, warehousing, open storage and self-storage. The remaining industrial land comprises other allied uses, including wholesale markets, waste management and recycling, land for utilities and land for rail, buses and airports.

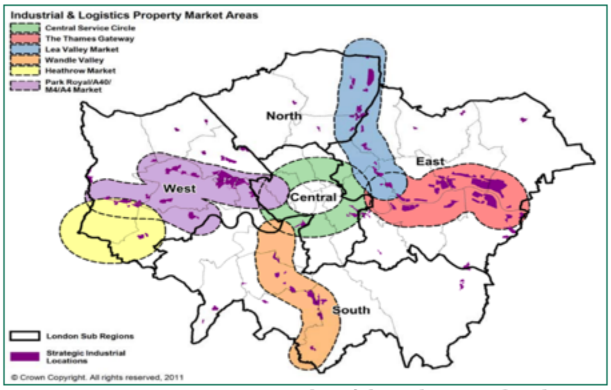
Industrial land in Central London is very limited, particularly immediately north of the Thames; what land there is has very low vacancy rates.

See: AECOM (2015) *London Industrial Land Supply & Economy Study 2015*. Available to download at https://www.london.gov.uk/what-we-do/planning/london-plan/london-plan-technical-and-research-reports

CBRE



Source: GLA/AECOM



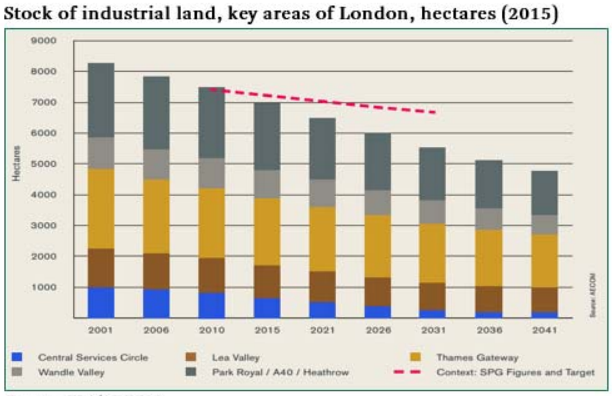
Source: Roger Tym & Partners, Industrial Land Demand and Release Benchmarks in London

The maps on illustration above show the distribution of industrial land uses across London, by borough, as well as the level of vacancy as determined by AECOM.

The largest concentrations of stock are three clear clusters: one each to the north, west and east (see second map above). The Wandle Valley forms a less significant cluster in the south.

- The western cluster is centred around Ealing, specifically Park Royal, with the neighbouring boroughs of Brent, Hounslow and Hillingdon all with large volumes of industrial land – with Heathrow an important element too.
- To the east, Barking & Dagenham is the focal point for industrial uses, with Bexley an important location too.
- Finally, there is a cluster to the North, centred on Enfield, linking London to the M1, A1 and M11 corridors.

Stock of industrial land, key areas of London, hectares (2015)



Source: GLA/AECOM

The map and table above illustrate the main concentrations of industrial land in London. Industrial land use in London has been falling recently and is forecast to continue declining for at least the next 20 years.

London Plan Supplementary Planning Guidance (SPG)[1] recognises that industrial land is depleting though competition with other uses, and therefore includes targets for the release of such land.

Between 2010 and 2015 the total amount of industrial land in London fell by 528 ha, equivalent to 106 ha per annum. Even when some of the allied land uses are omitted (i.e. utilities, land for rail and docks), the loss of land is 506 ha or 101 ha per annum.

This is a loss of industrial land 2.7 times that of the target release set out in the SPG. AECOM show that the Central sub-region of London has the largest discrepancy with the target release rate with 90.6 ha redeveloped from industrial uses over five year, against a target of 11.5 ha.

Should industrial land use be lost at the same pace, the SPG targets could have been reached already (they were designed to last until 2031).

In conclusion, Central London represents some of the most expensive industrial land in the UK. The value of land in this area is underpinned by excellent communication links, an established and diverse occupier base, proximity to Central London and a large consumer base, all of which ensure strong tenant demand and high rental levels which are expected to continue to grow. This has led to particularly strong investor demand in the area and low yields as demonstrated above.

Industrial Development Sites Comparables

The following comparable transactions involve clearer more tangible future industrial development potential:

Vale Europe Site, Park Royal

February 2019

- 9.5 acre site currently occupied by Vale Europe's precious metals refinery.
- Purchased by Goodmans in partnership with the Canada Pension Plan Investment Board and APG.
- Site to be vacated, cleared and remediated by vendor.
- Price agreed at £70 million equating to a price of £7.37 million per acre.

AzkoNobel, Slough

May 19

- Former AkzoNobel Paint Manufacturing Site, Wexham Road, Slough, SL2 5DS
- Site area totalling 31.38 acres (12.7ha)
- Strategic Housing Site designation, with potential for a residential-led development of up to 750 new homes
- Located close to Slough Train Station (0.5 miles) and Slough Town Centre (0.7 miles)

- The main point to note on this is that the bidding level was driven by First Panattoni, the industrial/warehouse developer.
- The final purchase price was £65.5m and it is widely acknowledged that the £2m per acre level is being driven by industrial/warehouse redevelopment potential as opposed to the residential basis the site was originally marketed on.

Western Road, Park Royal

Jun 2017

- This cleared 1.2 acre site in Park Royal, adjacent to the Asda on Western Road was being marketed for sale in 2017.
- We understand the freehold title over the site without the benefit of planning consent was under offer at £5.58 million which equated to approximately £4.65m per acre.
- We understand that the deal never went through as the seller, Asda, decided to hold onto the site with the view of marketing it again when prices on the estate have risen further.
- Bidding for the site based on industrial development potential.

DHL Car Park, 150-152 Great South West Road, Hounslow, TW4 6JS

Dec 2016

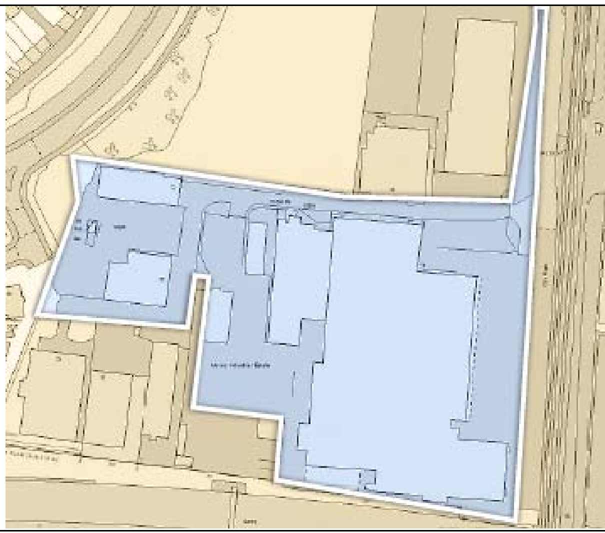
- A freehold Car Park 0.86 acre let with an income of £150,000
- DHL expected to vacate at expiry of their lease, as they had moved to a new head office in Poyle.
- Sold for £3,100,000 a yield of 4.84% equivalent to £3,604,651 per acre.
- Likely to be a sale based on industrial development potential.

Latent Development Potential Comparables

From CBRE's research, activity in and general knowledge of the market, we provide below comparable evidence involving assets/sites currently in business use, sold on the basis of, at least, latent future industrial/warehousing development potential.

Stubbins, Waltham Cross

On the market



- 5.3 acre site currently owner occupied by Stubbins Limited (some short term tenancies are in place).
- Combination of cold storage and ambient storage buildings – poor quality and configuration.
- No quoting price, but offers for the freehold are rumoured to be in the order of £3m per acre. This level underpins the fact that land values are increases, even in periphery areas.

Former Frozen Distribution Centre
Elstree Way, Borehamwood

February 2018

- The site comprises a number of buildings, including a large cold store distribution unit. The built accommodation totals approximately 269,008 sq ft.
- The site is being sold by way of deferred completion, allowing a Purchaser the opportunity to progress planning for redevelopment or refurbishment prior to completion of the sale.
- 16.74 acres reported to be under offer in the order of £53m, reflecting approximately £3.17m per acre.
- More likely to be sale based on industrial development potential.

Summary of evidence

We have aimed to provide as clear a cross-section of the market as possible. Under these two categories of evidence there is the following range:

Industrial development sites – £2m per acre to in excess of £7.4m per acre. The site that has achieved a price at the top of this range is a record for industrial land and is based upon aspirations of multi-storey intensive site coverage industrial/warehouse accommodation.

Latent industrial development – in the order of £3m per acre showing that even in periphery industrial areas north of London are commanding premium land prices.

Plainly there is some convergence between these rates per acre, however, it is very difficult to compare all the sites directly. Notwithstanding, we would expect that our valuation analyses as a rate per acre to be at the upper end of this range.

SWOT ANALYSIS

STRENGTHS	WEAKNESSES
Strategic industrial location supporting multiple and diverse occupiers/business	Access compromises (railway infrastructure and local road network)
Proximity to core London areas (West End/City)	Building stock across the properties at best secondary, a lot of accommodation has been altered specifically to suite owner occupation by Car Giant
Strong income fundamentals with investment properties (in particular Gateway and Triangle estates)	
Significant single land holding	
OPPORTUNITIES	**THREATS**
Redevelopment potential offered by owner occupied elements - reproduce/improve on the existing multi-let properties	Ultra-low emission zone influencing supply chain dynamics for industrial/business occupiers
potential to create multi-level industrial/warehouse accommodation	Market deterioration through economic and political influences

CBRE

VALUATION METHODOLOGY

Our valuation approach has been to assess the individual properties based on whether they are owner occupied by Car Giant or held as investment properties.

The split is detailed in the table below:

OWNER OCCUPIED* PROPERTIES	ODPC SITE IDENTIFICATION NUMBER
28-60 Hythe Road, Hythe Road	2
1-5 Salter St & Star Works, Salter Street	2
1-13 Hythe Road, Hythe Road	2
Apex Industrial Estate, Hythe Road	2
Scrubs Lane Car Park, Scrubs Lane	2
35 Hythe Road, Hythe Road	2
Apex House, Hythe Road	2
Cadogan House Hythe Road, Hythe Road	2
28 Salter Street, Salter Street	3

* there are several properties where office/ancillary accommodation has been let-out, but this represents a very small proportion of the overall building area. In addition, the letting agreements on this accommodation are largely temporary/flexible.

PROPERTIES HELD AS INVESTMENT	ODPC SITE IDENTIFICATION NUMBER
Gateway Trading Estate, Hythe Road	2
Mitre House, Scrubs Lane	2
Cumberland House, Scrubs Lane	2
Triangle Industrial Estate, Enterprise Way/Fortune Way	3
Pembroke Buildings, Scrubs Lane	28
Unit 8, Rutland Studios, Scrubs Lane	28
24 Scrubs Lane, Scrubs Lane**	28
Westmoreland House, Scrubs Lane	28
26 Scrubs Lane, Scrubs Lane	2

** the majority of this property is owner occupied by Car Giant, however, it sits as a property in isolation from the bulk of the owner occupied properties and our value assessment treats this as a potential investment asset.

For the properties held as investments, we have adopted a traditional hardcore and layer approach to the value assessment.

The following valuation matrix provides the key assumptions and commentary across the investment properties:

PROPERTIES HELD AS INVESTMENT	RENT PASSING	ERV (RATES PER SQ FT)	ERV	CAP RATE	CASHFLOW ASSUMPTIONS
Gateway Trading Estate, Hythe Road	£1,050,898	£16.50	£1,141,685	4.50%	3 months void, 3 months rent free on current and expiry voids.
Mitre House,, Scrubs Lane	£171,300	£14.00	£207,000	5.75%	3 months void, 3 months rent free on current and expiry voids.
Cumberland House, Scrubs Lane	£523,161	£11.00 to £20.00	£682,254	5.75%	3 months void, 3 months rent free on current and expiry voids. £2 per sq ft service charge shortfall on all voids. £15.00 per sq ft refurbishment capital expenditure.

Triangle Industrial Estate, Enterprise Way/Fortune Way	£931,416	£22.00	£1,026,212	4.40%	1 months void, 1 months rent free on expiry voids. 5% ERV re-letting costs
Pembroke Buildings, Scrubs Lane	£59,376	£16.50	£119,000	5.75%	6 months void, 3 months rent free on current and expiry voids.
Unit 8, Rutland Studios, Scrubs Lane	£12,440	£16.00	£12,440	4.95%	3 months void, 3 months rent free on current and expiry voids.
24 Scrubs Lane, Scrubs Lane	£148,588	£7.00 to £14.00	£492,500	5.25% to 5.75%	3 months void, 3 months rent free on current and expiry voids.
Westmoreland House, Scrubs Lane	£141,852	£9.50 to £12.00	£208,750	6.25%	3 months void, 3 months rent free on current and expiry voids.
26 Scrubs Lane, Scrubs Lane	£13,800	£40 Zone A	£24,800	7.50%	Residential element 1 month void.

In conclusion we arrive at the following opinions of Market Value:

ADDRESS	MARKET VALUE SUBJECT TO SPECIAL ASSUMPTION
Gateway Trading Estate, Hythe Road	£23,075,000
Mitre House, Scrubs Lane	£3,170,000
26 Scrubs Lane, Scrubs Lane	£390,000
Cumberland House, Scrubs Lane	£9,125,000
Triangle Industrial Estate, Enterprise Way/Fortune Way	£20,925,000
Pembroke Buildings, Scrubs Lane	£1,830,000
Unit 8, Rutland Studios, Scrubs Lane	£245,000
24 Scrubs Lane, Scrubs Lane	£8,360,000
Westmoreland House, Scrubs Lane	£3,100,000

For the owner occupied properties, while there are a range of serviceable and diverse industrial accommodation, we have viewed them as a comprehensive industrial/warehousing redevelopment opportunity aligned to some of the sites in the benchmark land transactions (Borehamwood and Waltham Cross), but benefitting from a far more central and desirable industrial location.

Therefore, as a starting point, we have assessed the likely net-developable area of the owner occupier accommodation. This has been estimated as 32.01 acres.

It is our opinion that the key comparable benchmark land transaction is the Vale Europe site sale at £7.37m per acre. However, there are several considerations relating to quantum, accessibility, condition and likely development density.

In essence the Vale site has the following key attributes that the subject owner occupied properties do not:

- Third the size of the Old Oak Common site
- Better accessibility to A40/A406 and less impacted by rail infrastructure
- Vendor providing a cleared and remediated site
- Appraised as a multi-storey development (>100% site cover ratio).

On the basis of the above, we are of the opinion that the subject property would be discounted against this comparable. However, discounting/adjustments on a straight comparator basis are very difficult to judge/justify.

Therefore, we have undertaken a general industrial/warehouse residual analysis based on the following key matrices in order to assess an appropriately discounted industrial/warehouse development land rate per acre.

APPRAISAL ASSUMPTIONS	AMOUNT	COMMENT
Phases	3	1 phase of small multi-let units 1 phase of medium sized multi-let units 1 phase of multi-level accommodation
Gross Development Value	ERV Rates: £12.00 per sq ft to £24.00 per sq ft Capitalisation 4.50%	Range of rates depends on unit size and configuration. Lowest rate assumed on upper floor accommodation of multi-level phase. Cap rates based on 50 basis point discount from benchmark rate.
Demolition/Site Clearance/Remediation	£3.00 per sq ft £53,000 per acre	Demolition based on a straight rate per sq ft. Site clearance/remediation allowance based on HCA guidance.
Construction Costs	£45 per sq ft to £70 per sq ft	The £45 per sq ft rate applied on a floor by floor basis to the multi-level element. In addition, a 20% infrastructure allowance for the multi-level phase has been incorporated into the calculation.
Contingency	5.00% to 10.00%	10.00% rate applied to multi-level element.
Professional Fees	10.00%	Across the three phases.
Marketing	£900,000	£300,000 per phase
Notional Finance @ 5.50%	5.50%	Notional opportunity cost of capital in the calculation
Profit on Cost @ 15.00%	15.00%	Averaged across all phases
Residual Site Value	£190,403,000	
Residual Site Value per acre	£5,950,000	

In addition to the key elements detailed above, we have made various allowance for planning/S106/CIL, letting and legal fees, sales fees and stamp duty liabilities.

Taking into account the quantum of site and the limited suitability for extensive multi-level warehousing facilities because of the access characteristics, a rate per acre at approximately £6.0m per acres represents thereabouts a 20% discount against the benchmark transaction.

As a matter of course in running indicative residual appraisals, we have also produced a sensitivity analysis against fluctuations in rent and construction costs. The rent we have assessed in increments of £1.25 per sq ft and the construction costs by £2.50 per sq ft. All other inputs remain the same. We set out the results below:

	RENT: RATE PF²				
CONSTRUCTION: RATE PF²	-2.50 pf²	-1.25 pf²	0.00 pf²	+1.25 pf²	+2.50 pf²
+5.00 pf²	£4,765,092	£5,277,296	£5,789,501	£6,301,708	£6,813,914
+2.50 pf²	£4,844,570	£5,356,775	£5,868,979	£6,381,187	£6,893,393
0.00 pf²	£4,924,049	£5,436,253	**£5,948,461**	£6,460,666	£6,972,871
-2.50 pf²	£5,003,528	£5,515,735	£6,027,940	£6,540,145	£7,052,350
-5.00 pf²	£5,083,006	£5,595,214	£6,107,419	£6,619,624	£7,131,829

The analysis shows a rate per acre range of £4.76m to £7.13m.

Therefore, based on the Site Specific Analysis of Market Value, subject to the Special Assumption that the properties continue in their existing uses and assuming any alternative use is excluded the total value of the properties equates to £260,623,000.

VALUATION CONCLUSIONS

We are of the opinion that the Market Value subject to the Market Value subject to the Special Assumption that the properties continue in their existing uses and assuming any alternative use is excluded as at 24 June 2019 is:

£260,623,000

(Two Hundred and Sixty Million Six Hundred and Twenty-Three Thousand pounds)

COMPARISON MATRIX (WITH OPDC CONCLUSIONS)

You have asked us to compare our Site Specific valuation against the benchmark land value rates used by the ODPC in their viability calculations.

In this regard, we have referred to *Table 3.2.1 Updated Table 4.48.1 Summary of Benchmark Land Values from WPVA 2017*, located on Page 3 of Section 4 (Industrial Land Values Note) of the OPDC Response to Hearing Actions (Matter 3 – viability of development). For ease of reference, this table has been reproduced below:

USE	BENCHMARK PER GROSS HECTARE (2017) ALLOWING FOR 20% PREMIUM	BENCHMARK PER GROSS HECTARE (2019) ALLOWING FOR 30% INCREASE ON CAPITAL VALUE AND 20% PREMIUM
BLV1 - Open Storage	£5,160,000	£6,710,000
BLV2 - Secondary industrial (low)	£8,280,000	£10,760,000
BLV3 - Secondary industrial (medium)	£8,880,000	£11,540,000
BLV4 - Secondary office and industrial (high)	£11,640,000	£15,130,000

It has been stated that the ODPC consider BLV2 and BLV3 to representative of the Car Giant site. In order to produce a like for like analysis, we have reduced the 2019 benchmark rates by 20%, i.e. to produce pre-viability premium figures, and we have converted them to rates per acre. The result has been summarised below along with the overall rate per acre produced by our Site Specific valuation:

USE	BENCHMARK PER GROSS HECTARE (2019) ALLOWING FOR 30% INCREASE ON CAPITAL VALUE AND 20% PREMIUM	ASSUMED RATE BEFORE PREMIUM	EXPRESSED AS RATE PER ACRE
BLV1 - Open Storage	£6,710,000	£5,368,000	£2,172,354
BLV2 - Secondary industrial (low)	£10,760,000	£8,608,000	£3,483,537
BLV3 - Secondary industrial (medium)	£11,540,000	£9,232,000	£3,736,061
BLV4 - Secondary office and industrial (high)	£15,130,000	£12,104,000	£4,898,319
Site Specific Valuation Analysis*			£5,670,648

* The valuation rate per acre analysis is based on a total gross site area of 46.96 acres.

The differential range between the ODPC's revised BLV2 and BLV3 benchmark rates and the Site Specific valuation analysis is £1,934,587 per acre and £2,187,111 per acre.

Therefore, based on the differential between our Site Specific valuation and the revised BLV2 and BLV3 rates, we would suggest that the underlying assumptions used in the initial assessment of land value rates for viability in 2017 appear to not have been as market facing as they could have been. As a reasonable guide to land value growth, the use of MSCI Capital Growth data is relatively sound, but under the circumstance it may have been more appropriate for the ODPC to have formulated the 2019 Site Specific assessment using the approach/methodology adopted above.

APPENDIX A

TERMS OF ENGAGEMENT LETTER

TERMS OF ENGAGEMENT LETTER

CBRE Limited
Henrietta House
Henrietta Place
London W1G 0NB

Switchboard 0207 182 2000
Direct Line 0207 182 2692
EMAIL. thomas.norfolk@cbre.com
Our Ref Car Giant Old Oak Common

Car Giant Limited
44 Hythe Road
London
NW10 6RS

28 June 2019

For the attention of: Benedict Townsend

Dear Benedict,

CAR GIANT -OLD OAK COMMON SITE SPECIFIC VALUATION

VALUATION AS AT 24 JUNE 2019

Terms of Engagement and Scope of Services

Following our recent correspondence regarding value assessments for Car Giant, I am writing to confirm CBREs appointment to provide a valuation of the above properties. Our appointment is to be carried out in accordance with and subject to the attached Terms of Engagement including the CBRE Valuation Standard Terms of Business and Valuation General Principles and Assumptions (sections A and B) ("VSTOB").

Our quality of service to you as our client is of utmost importance to us. It is important therefore to cover all key aspects of the instruction at the outset, hence the detailed nature of the Terms of Engagement.

The Terms of Engagement includes an Appendix listing the information which we will require in order to complete the assignment.

I would appreciate it if you could review these documents and confirm your agreement by signing the copy Terms of Engagement including the CBRE VSTOB to me. On receipt of the signed copy we will be able to commence work on the instruction.

I look forward to working with you. If in the meantime you have any questions on any aspect of the contents, please do not hesitate to contact me.

Yours sincerely

Thomas Norfolk MRICS

Director

TERMS OF ENGAGEMENT DATED 28 JUNE 2019 BETWEEN CBRE LIMITED (CBRE) AND CAR GIANT LIMITED

CAR GIANT – OLD OAK COMMON SITE SPECIFIC VALUATION

VALUATION AS AT 24 JUNE 2019

SCOPE OF THE INSTRUCTION

We have been appointed to undertake a valuation in accordance with the current version of the RICS Valuation – Global Standards incorporating the International Valuation Standards and the UK national supplement (the 'Red Book'), as set out in these Terms of Engagement which shall be subject to the CBRE Valuation Standard Terms of Business and Valuation General Principles and Assumptions (hereinafter referred to as the "VSTOB").

The Properties

A list of the properties and tenures to be valued is below.

Schedule of Properties

Properties Held for Investment

	TENURE
Gateway Trading Estate, Hythe Road, Old Oak Common	Freehold
Triangle Industrial Estate, Enterprise Way/Fortune Way, Old Oak Common	Leasehold*
Cumberland House, Scrubs Lane, Old Oak Common	Freehold
Westmoreland House, Scrubs Lane, Old Oak Common	Freehold
Mitre House, 101-113, Scrubs Lane, Old Oak Common	Freehold
Pembroke Buildings, Scrubs Lane, Old Oak Common	Freehold
26 Scrubs Lane, Scrubs Lane, Old Oak Common	Freehold
Unit 8, Rutland Studios, Scrubs Lane, Old Oak Common	Freehold
35 Hythe Road, Hythe Road, Old Oak Common	Freehold

NOTE:

- *Leasehold over 50 years unexpired term.*

Properties Held for Owner Occupation

	TENURE
28-60 Hythe Road ,Hythe Road ,Old Oak Common,NW10	Freehold
1-5 Salter St & Star Works, Salter Street, Old Oak Common	Freehold
1-13 Hythe Road, Hythe Road, Old Oak Common, NW10	Freehold
24 Scrubs Lane, Scrubs Lane, Old Oak Common	Freehold
Apex Industrial Estate, Hythe Road, Old Oak Common	Freehold
Apex House, Hythe Road, Old Oak Common	Freehold
Cadogan House Hythe Road, Hythe Road, Old Oak Common, NW10	Freehold
Scrubs Lane Car Park, Scrubs Lane, Old Oak Common	Freehold
28 Salter Street, Salter Street, Old Oak Common	Freehold

A list of valuers who have been allocated to the properties is available on request.

We will value the properties individually and no account will be taken of any discount or premium that may be negotiated in the market if all or part of the portfolio were to be marketed simultaneously, either in lots or as a whole.

The Valuer(s)

The contact details for our team are as follows:

NAME	POSITION	PHONE NO. DIRECT DIAL	EMAIL
Thomas Norfolk MRICS	Director	0207 182 2692	thomas.norfolk@cbre.com
Virginia Woodger MRICS	Associate Director	0207 182 2680	virginia.woodger@cbre.com

We will endeavour to maintain the team as detailed above for the duration of the appointment but we reserve the right to make changes. We will nevertheless advise you of any changes in the key personnel and the reasons for the changes at the earliest opportunity.

We would confirm that all of the valuers named above and allocated to the instruction are professionally qualified, suitably experienced and have the appropriate competence to carry out the valuation in accordance with the requirements of the Red Book.

Previous Involvement/Conflicts of Interest

We have run conflict checks on the properties, and all parties involved, and confirm that while we have prior involvement with the assets relating to the Lloyds Bank valuation, Planning Feasibility valuation in 2016 and Internal Reporting Valuation in February 2019 and further mandates relating to professional advice on your wider property holdings. We do not consider that this previous involvement represents a conflict of interest on the basis of the form and context of the various engagements leading us not to have an interest in the outcome of the valuation.

Terms of Reference

You have instructed us to act as an External valuer as defined in the current version of the RICS Valuation – Global Standards.

Please note that the valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations in order to ensure compliance with the Valuation Standards.

Purpose and Basis of Valuation

You have requested us to carry out a valuation for benchmarking purposes in relation to CPO negotiations.

The valuations will be on the basis of:

Market Value as defined in the current edition of the RICS Valuation – Global Standards and in the VSTOB attached to this letter, adopting the Special Assumption that the properties continue in their existing uses and assuming any alternative use is excluded. This basis of valuation could otherwise be considered as analogous to Existing Use Value (EUV) as defined by RICS Guidance Note - Financial Viability in Planning.

For the purpose of the valuation we would consider this Special Assumption as a reasonable assumption to adopt and can be formulated using market facing information and reasoned arguments. For any other valuation purpose, this Special Assumption would require further justification as you should note that if the Special Assumption were not adopted, then our approach to the valuation and subsequent opinion of Market Value may be materially different.

Valuation Dates and Timescales

We will carry out valuations as at 24 June 2019.

We will provide you with our draft report by 28 June 2019 and our final report by 1 July 2019.

Inspections

We will carry out internal inspections of the properties.

Floor Areas and Measurement

We will adopt the floor areas to be provided by Car Giant Limited which we will assume to be correct and comprehensive and measured in accordance with the latest edition of the RICS Property Measurement standards.

Reliance on and verification of information provided

We will make reasonable endeavours to verify information which will be provided to us by you in respect of tenancies.

In addition, we will use publicly available sources for planning, environmental and other statutory information. These sources will be relied upon without further verification.

The Appendix to these Terms of Engagement sets out the information which we will require to carry out the valuation.

Should this information not be forthcoming or available for any reason, or is incomplete or in draft form only, we will qualify our report accordingly. We also reserve the right to amend our valuations if information comes to light after the report has been issued.

On receipt of the requested information, we will carry out a review of environmental, building survey, mechanical and electrical and any other third party technical due diligence available.

CBRE will **not** carry out (unless specifically instructed at a later date):

1. Measured surveys
2. Building surveys, deleterious materials investigations or tests of services. We will however comment in the report on the apparent condition from our inspection.
3. Environmental surveys, ground condition or other site surveys
4. Energy certificate surveys
5. Detailed planning and highways enquiries
6. Detailed enquiries into covenant strength.

We will make relevant enquiries of letting and selling agents in addition to using our own market databases to form our opinion of value.

We will comment where we have been unable to verify information and the extent of our reliance on this information.

Please note that in order to comply with the Red Book, we will require confirmation of the purchase price and the marketing history and will make reference to this in our report.

Unless stated otherwise within the property section of the report, we will make specific assumptions on repair and condition, environmental matters, title, tenure, planning and statutory requirements as set out in the CBRE VSTOB appended to these Terms of Engagement.

Development Valuation

The valuation method adopted for development valuations is very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions.

In preparing our valuations, we will undertake a residual appraisal of the proposed/consented scheme, making the necessary allowances to reflect the market and associated planning risks.

Our valuation report will include a sensitivity analysis to illustrate this. Our valuation report will also highlight any risks connected with the location and site characteristics, planning constraints and risks, site assembly (where applicable), abnormal development costs, and timescales.

You should take the sensitive nature of residual valuations into account in making your decision.

Verification of Information

We would recommend that before any financial transaction is entered into based on the valuations, you obtain verification of any third-party information provided. We also recommend that you check the validity of the assumptions we have adopted in our report (where we have been unable to verify the facts through our own observations or experience).

Liaising with Lawyers

Where it is appropriate to do so we will liaise direct with your lawyers. However, they will be directly responsible to you for all legal work carried out by them. We will have no responsibility for their work. In particular, we will not be liable for anything contained in the legal documentation prepared by the lawyers unless we specifically state in writing that the lawyers may rely on our advice in relation to any relevant issue.

Valuation Report

We will provide you with an electronic (PDF) version of the report. The report will contain the minimum required content in accordance with the Red Book and will address all matters agreed in these Terms of Engagement.

The report will include the bases, assumptions and special assumptions as set out in these Terms of Engagement and the appended CBRE VSTOB. The wording of some of the bases and assumptions and special assumptions, terms and conditions may be changed depending on the results of our investigations. If this occurs, then we will discuss the changes with you.

Our reporting would be as a Red Book valuation report incorporating market commentary and comparable evidence discussion, valuation methodology/justification and discussion on comparisons to the Local Plan Site Specific assessment.

We will address our valuation report to:

Car Giant Limited

44 Hythe Road

London

NW10 6RS

Marked for the attention of: Benedict Townsend

If, at a later date, you require us to re-address the report to another party, we reserve the right to charge an additional fee and to require that such parties agree in writing to be bound to the limitations on liability, confidentiality obligations, and other relevant qualifications and limitations contained in these Terms of Engagement.

Reliance

For the avoidance of doubt, the report is for the use only of the party to whom it is addressed for the specific purpose set out above and no responsibility will be accepted to any third party for the whole or any part of its contents – unless, upon request from you, we have issued a reliance letter that has been countersigned and returned by the recipient.

Legal Disclaimer

The valuation reports will include the following legal disclaimer:

This valuation report (the "Report") has been prepared by CBRE Limited ("CBRE") exclusively for Car Giant Limited (the "Client") in accordance with the terms of engagement entered into between CBRE and the client dated 28 June 2019 ("the Instruction"). The Report is confidential to the Client and any other Addressees named herein and the Client and the Addressees may not disclose the Report unless expressly permitted to do so under the Instruction.

Where CBRE has expressly agreed (by way of a reliance letter) that persons other than the Client or the Addressees can rely upon the Report (a "Relying Party" or "Relying Parties") then CBRE shall have no greater liability to any Relying Party than it would have if such party had been named as a joint client under the Instruction.

CBRE's maximum aggregate liability to the Client, Addressees and to any Relying Parties howsoever arising under, in connection with or pursuant to this Report and/or the Instruction together, whether in contract, tort, negligence or otherwise shall not exceed the lower of:

(i) 25% of the value of the property to which the Instruction relates (as at the valuation date); or

(ii) £20 million (Twenty Million Pounds).

Subject to the terms of the Instruction, CBRE shall not be liable for any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise, arising from or in connection with this Report. Nothing in this Report shall exclude liability which cannot be excluded by law.

If you are neither the Client, an Addressee nor a Relying Party then you are viewing this Report on a non-reliance basis and for informational purposes only. You may not rely on the Report for any purpose whatsoever and CBRE shall not be liable for any loss or damage you may suffer (whether direct, indirect or consequential) as a result of unauthorised use of or reliance on this Report. CBRE gives no undertaking to provide any additional information or correct any inaccuracies in the Report.

If another CBRE Group entity contributes to the preparation of the Report, that entity may co-sign the Report purely to confirm its role as contributor. The Client, Relying Party or any other Addressees named herein acknowledge that no duty of care, whether existing under the Instruction or under the Report, shall extend to such CBRE Group entity and the Client, Relying Party or any other Addressees named herein hereby waive any right or recourse against such CBRE Group entity whether arising in contract, tort, negligence or otherwise. CBRE shall remain solely liable to the client in accordance with the terms of the Instruction.

None of the information in this Report constitutes advice as to the merits of entering into any form of transaction.

If you do not understand this legal notice then it is recommended that you seek independent legal advice.

Publication

We acknowledge that our valuation report will ultimately be included as an annexure to a wider piece of work undertaken by your planning consultants, DS2. Its inclusion in this report is on a non-reliance basis (as detailed above). Notwithstanding the above, neither the whole nor any part of our report nor any references to it may be included in any published document, circular or statement nor published in any way without our prior written approval. Any such approved publication of, or reference to the report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any special assumptions referred to above (if applicable).

FEES

Amount and Calculation of Fees

Our total fee for undertaking this appointment will be £5,000 plus VAT.

Calculation of fees if appointment not completed

Should this appointment be terminated or deferred for whatever reason, we will charge for all work carried out on the following basis:

STAGE PROGRESS	PERCENTAGE OF FULL FEE
1 Inspection completed	30%
2. Documentation reviewed	40%
3 Draft valuation prepared	60%
4. Draft report prepared	80%

Additional Services

If you require us to supply a hard (paper) copy of the valuation report, we will charge £250 for the first copy, plus £25 for each additional copy.

If we are instructed to carry out any services over and above those set out in our brief in paragraph 2, these will be under a separate engagement at a fee appropriate for the scope of work proposed.

Review of Fees

In the event that there is an increase in the scope, a change in the project timescale or resourcing required then the parties will agree an appropriate additional fee.

Out-of-Pocket Expenses

Our fee is quoted inclusive of all out-of-pocket expenses.

VAT

All fees and expenses are exclusive of VAT which will be charged at the applicable rate.

Payment of fees and expenses

All fees and expenses are payable on completion of each valuation during the appointment. This is the date on which you receive our signed Valuation Report and invoice.

We will send our invoice to:

Car Giant Limited

44 Hythe Road

London

NW10 6RS

Marked for the attention of: Benedict Townsend

If you would prefer invoices to be sent to a different address, please let me know.

Should you require us to re-issue an invoice to a different address after the invoice has been issued, we will charge an administration fee of £100.

If you have a query about an invoice, please contact me within ten days of the date of the invoice.

Valuation Standard Terms of Business and Valuation General Principles and Assumptions ("VSTOB")

The standard assumptions upon which we will base our valuation are as set out in these Terms of Engagement and in the attached CBRE VSTOB, parts A and B.

The CBRE VSTOB cover, inter alia, assumptions on repair and condition, environmental matters, title, tenure, planning and statutory requirements and should be read carefully.

Please ensure that you review the attached CBRE VSTOB carefully – as these form part of the contract between us. In particular, please note the exclusions and limitations of liability set out in Section A, clause 5 – including a cap on liability of the lower of 25% of the value of the property to which the instruction relates on the valuation date or £20 million.

In the event of a conflict between these Terms of Engagement and the CBRE VSTOB, these Terms of Engagement shall prevail.

If at any time you feel that we are falling short of the high standards that we set ourselves in the services we provide, please let us know. Our Complaints Procedure involves a full investigation of any complaints that we receive and has been designed to comply with the RICS Rules of Conduct. A written copy of our Complaints Procedure will be made available upon request.

We would be grateful if you would acknowledge receipt and confirmation of your agreement to the contents of these Terms of Engagement, by signing and returning the enclosed copy and appended CBRE VSTOB.

For and on behalf of CBRE Limited:

Thomas Norfolk MRICS

Director

28 June 2019

I acknowledge receipt and confirmation of my agreement to the contents of the Terms of Engagement (and the attached Valuation Standard Terms of Business) dated 28 June 2019 between CBRE Limited and Car Giant Limited:

Signed: ______________________ **Date:** 28/06/2019

Name: Michael Holahan

Position: Director

For and on behalf of: Car Giant Limited

CBRE

APPENDIX – LIST OF INFORMATION REQUIRED

- Any updates on the Legal DD if any new documentation is available.
- Any new and/or supplementary Technical DD including Building, M&E and environmental surveys
- A warranted schedule of measured floor areas broken down on a letting unit basis with confirmation of the source and basis of measurement.

CBRE LIMITED – VALUATION STANDARD TERMS OF BUSINESS AND VALUATION GENERAL PRINCIPLES AND ASSUMPTIONS – UK

A. Valuation Standard Terms of Business

1. PRELIMINARY

1.1. In these Conditions CBRE Limited is referred to as "we", "us" or "our" and the client with whom we contract to supply services is referred to as "you" and "your".

1.2. Our responsibility is solely to you and we will perform our services with the reasonable care, skill and diligence expected of competent and properly qualified persons of the relevant disciplines who are experienced in carrying out such services and will act in good faith at all times.

1.3. Your contract is with CBRE Limited. No CBRE Limited officer, director, employee, member or consultant contracts with you directly or assumes legal responsibility to you personally in respect of work performed on behalf of CBRE Limited. All correspondence and other outputs sent to you in the course of our appointment with you shall for all purposes be treated as having been sent on behalf of CBRE Limited.

1.4. Our services and fees are as stated in our letter dated 28 June 2019.

1.5. The terms of our appointment are binding between you and us and may only be varied if mutually agreed in writing with you and accepted in writing by your authorised signatory and one of our Directors who has signed our Terms of Engagement.

2. CHARGES AND EXPENSES

2.1. If there is a material change in the scope of our instructions, we will agree with you, in writing, an additional or alternative fee arrangement.

2.2. Unless expressly stated in our Terms of Engagement, in addition to our fees, you will (subject to condition 2.3 below) be responsible for all reasonably incurred out-of-pocket expenses including, without limitation, advertising, photocopying, printing and reproduction costs, signboards, mailshots, photography, receptions, plan printing charges, courier charges, travelling costs, overnight accommodation etc., and marketing material of any kind.

2.3. If we are responsible for arranging marketing material then we will obtain estimates for the costs of marketing materials and agree them with you before incurring the cost.

2.4. All fees quoted in our Terms of Engagement are exclusive of VAT, which will be charged at the applicable rate. VAT shall also be payable by you on disbursements and other amounts due, where applicable.

2.5. In the event of our appointment being terminated for whatever cause, we reserve the right to charge for the work carried out (even if incomplete) in accordance with the fee basis agreed for the appointment or any subsequent agreed variations to the terms of our appointment.

3. PAYMENT

3.1. Our invoices are due for payment within 30 days of issue.

3.2. We reserve the right to charge interest calculated on a daily basis from the 31st day following the date of issue of the invoice at the statutory rate of interest determined in accordance with the Late Payment of Commercial Debts (Interest) Act 1998 (as amended) and to charge any reasonable debt collection costs incurred by us in the recovery of any outstanding payments that are properly due by you to us.

4. QUALITY CONTROL AND COMPLAINTS PROCEDURE

4.1. We have documented Quality Management Systems (QMS) which have been developed to meet the requirements of ISO 9001: 2015. Enhancing client satisfaction and continual improvement are key requirements of our systems and we are dedicated to providing you with a first-class personal service.

4.2. In the event that you feel that we are falling short of the high standards that we set ourselves in the services we provide, please do let us know. Our Complaints Procedure involves a full investigation of any complaints that we receive and has been designed to comply with the Royal Institution of Chartered Surveyors ("RICS") Rules of Conduct. A written copy of our Complaints Procedure will be made available upon request.

5. LIABILITY

5.1. All information that has been or will be supplied to us by you or your representatives has been or will be accepted as being complete and correct unless otherwise stated.

5.2. Nothing in this appointment shall exclude or limit a party's liability for death or personal injury caused by that party's negligence, or for fraudulent misrepresentation.

5.3. Neither party to the appointment shall be liable to the other party for (i) any indirect, special or consequential loss or damage howsoever caused, whether in contract, tort, negligence or otherwise or (ii) any loss of profits, loss of contracts, loss of revenue, increased costs and expenses or wasted expenditure, whether direct or indirect.

5.4. A party shall not be liable to the other party for any failure or delay in performance of its obligations under this appointment where such failure or delay is due to reasons outside its reasonable control.

5.5. Our maximum aggregate liability to you arising from or in relation to this appointment (in contract, tort, negligence or otherwise) to you howsoever arising shall in no circumstances exceed the lower of: (i) 25% of the value of the property to which the appointment relates (as at the Valuation Date and on the basis identified in the appointment or if no basis is expressed Market Value as defined by the RICS); or (ii) £20 million.

5.6. We shall have no liability for any delay or failure to provide the services in accordance with this appointment to the extent that any such delay or failure is caused by either you or a third party for whom you are responsible. Where we are one party liable in conjunction with others, our liability shall be limited to the share of loss reasonably attributable to us on the assumption that all other parties pay the share of loss attributable to them (whether or not they do).

5.7. You agree that you will not bring any claim relating to this appointment (in contract, tort, negligence or otherwise) against any CBRE Limited officer, director, employee, member or consultant in their personal capacity.

6. DOCUMENTS

6.1. Unless expressly stated in our Terms of Engagement, all intellectual property rights in all reports, drawings, accounts and other documentation created, prepared or produced by us in relation to our appointment (including without limitation spreadsheets, databases, electronic mail or any other electronically produced or stored documents) (the "Documents") belong to us.

6.2. We hereby grant you an irrevocable, royalty free, worldwide licence to use, copy and reproduce the Documents. We shall not be liable for any use of the Documents for purposes other than that for which they were produced.

6.3. You are not permitted to include the whole or any part of the Documents in a prospectus, offering document or other publication.

7. TERMINATION

7.1. Our services under the terms of our appointment will terminate when any one of the following events occurs:

7.1.1. The job is finished; or

7.1.2. If you and we consider that it is not in the mutual best interest of the two parties for us to continue to act on your behalf; or

7.1.3. If you do not pay our invoices as they fall due, or we reasonably anticipate that that will be the case; or

7.1.4. With immediate effect if either you or we become subject to any sanction or order whereby it would become illegal or contrary to the other parties' interests to continue working together; or

7.1.5. If either you or we become insolvent, or have a receiver, liquidator, administrator or administrative receiver appointed; or

7.1.6. If either you or we cease or threatens to cease trading.

8. MONEY LAUNDERING REGULATIONS

8.1. Legislation has imposed on us obligations for mandatory reporting, record-keeping and client identification procedures. We will attempt to verify your details electronically which will include, where applicable, identifying your parent companies, major shareholders, beneficial owners and directors. On occasion we may need to ask you for certain identification documents to ensure we comply with the Regulations. Where such information is requested, you will provide such information promptly to enable us to proceed to provide our services. We shall not be liable to you or any other parties for any delay in the performance or any failure to perform the services which may be caused by our duty to comply with such requirements.

9. GENERAL

9.1. We do not give legal advice. You should seek legal advice as appropriate from your lawyers. We have no responsibility for the content of any legal advice that is obtained.

9.2. We maintain professional indemnity insurance (details available on request).

9.3. We are regulated by the Royal Institution of Chartered Surveyors (RICS).

9.4. We comply with our obligations under the EU General Data Protection Regulation 2016/679 ("GDPR") and any legislation in force in EU member states from time to time which implements GDPR when providing our services for you. If you require us to process any personal data during the course of providing the services (in circumstances where you are the controller and we would be the processor of the personal data) then the provisions of the Appendix (Data Processing Appendix) to these Conditions shall apply.

9.5. The parties to the appointment shall provide all necessary cooperation to ensure that each party complies with the obligations of the Bribery Act 2010.

9.6. All discussions we have with you, advice we give and documentation provided by you to us will be kept confidential, unless we agree with you otherwise, aside from transactional data which is shared with rating agencies and third-party property data service firms for purposes including statistical reporting on industry trends.

9.7. For the purposes of the Contract (Rights of Third Parties) Act 1999, you and we agree that it is not intended for any term of the appointment to be enforceable by any third party who, but for the Act, would not have been entitled to enforce such terms.

9.8. If at any time any part of the appointment is held to be or becomes void or otherwise unenforceable for any reason, then that part will be deemed omitted from the appointment. The validity or enforceability of the remaining parts of the appointment shall not be affected or impaired as a result of that omission.

9.9. The appointment, and any issues or disputes arising out of or in connection with it (whether such disputes are contractual or non-contractual in nature, such as claims in tort, for breach of statute or regulation, or otherwise) shall be governed by and construed in accordance with English Law and the exclusive jurisdiction of the English Courts.

DATA PROCESSING APPENDIX

1. The provisions of this Appendix (the "Data Processing Appendix") form part of the terms of our appointment to the extent that condition 9.4 of the Valuation Standard Terms of Business applies.

2. For the purposes of this Data Processing Appendix:

2.1 "Data Protection Laws" means the EU Data Protection Laws and the laws of other states and territories that create and regulate substantially similar concepts and legal principles as are contained in the EU Data Protection Laws in relation to the processing of personal data and sensitive personal data;

2.2 "EU Data Protection Laws" means the EU General Data Protection Regulation 2016/679 ("GDPR") and any legislation in force in EU member states from time to time which implements GDPR; and

2.3 "data subject", "personal data", "sensitive personal data", "consent", "controller", "processor" and "processing" mean those concepts, roles and activities as defined in EU Data Protection Laws.

3. We anticipate collecting and processing personal data about relevant business contacts and representatives of you (and where relevant also other entities in your group) in the context of the products and services we provide, including names, email addresses and telephone numbers. We will retain that data whilst we retain a business relationship with you (or where applicable other members of your group) for the purposes of providing products and services to you (and those members of your group) and for managing our relationship with you (and such other members of your group), which may include contacting you about new or other products and services we might offer from time to time.

4. We shall:

4.1 process the personal data only on documented instructions from you, including with regard to transfers of personal data to a third country or an international organisation, unless required to do so by European Union or the national law of an EU member state to which we are subject. In such a case, we shall inform you of that legal requirement before processing, unless that law prohibits such information on important grounds of public interest;

4.2 ensure that persons authorised to process the personal data have committed themselves to confidentiality or are under an appropriate statutory obligation of confidentiality;

4.3 implement appropriate organisational and technical measures as required pursuant to Article 32 (security of processing) of GDPR;

4.4 respect the conditions for engaging another processor referred to in paragraphs 2 and 4 of Article 28 (processor) of GDPR;

4.5 taking into account the nature of the processing, assist you by appropriate technical and organisational measures, insofar as this is possible, for the fulfilment of your obligation to respond to requests for exercising the data subject's rights laid down in Chapter III of GDPR;

4.6 assist you in ensuring compliance with the obligations pursuant to Articles 32 to 36 of GDPR taking into account the nature of the processing and the information available to us;

4.7 at your choice, delete or return all the personal data to you after the end of the provision of services relating to processing, and delete existing copies unless European Union law or the national law of an EU member state to which we are subject requires storage of the personal data;

4.8 make available to you all information necessary to demonstrate compliance with the obligations laid down in Article 28 (processor) of GDPR and allow for and contribute to audits, including inspections, conducted by you or another auditor mandated by you (in each case at your cost); and

4.9 immediately inform you if, in our opinion, an instruction infringes GDPR or other Data Protection Laws.

5. We acknowledge that nothing in the Agreement relieves us of our own direct responsibilities and liabilities under GDPR.

B. General Principles and Assumptions adopted in the preparation of Valuations and Reports

Set out below are the general principles upon which our valuations and reports are prepared, and which will apply unless specifically mentioned otherwise in the body of the report. We will be pleased to discuss specific variations to suit your particular requirements.

These General Principles and Assumptions should be read in conjunction with our Valuation Standard Terms of Business (Part A) and Terms of Engagement.

10. RICS VALUATION STANDARDS

10.1. All valuations are carried out in accordance with the latest edition of the RICS Valuation – Global Standards and the RICS Valuation – Professional Standards UK published by the Royal Institution of Chartered Surveyors, ("the Valuation Standards") and are undertaken by appropriately qualified valuers as defined therein. Where a valuation is undertaken or contributed to by more than one qualified valuer, a list of those valuers will be retained within the working papers.

11. VALUATION BASIS

11.1. The definition of **'Market Value' in the Valuation Standards** 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 and where the parties had each acted knowledgeably, prudently and without compulsion."

11.2. It should be noted that the interpretive commentary of the Valuation Standards makes it clear that, amongst other things, the valuation assumes that the appropriate marketing period had occurred prior to the Valuation Date and that simultaneous exchange and completion of the sale took place on the Valuation Date. Our valuations are, therefore, based upon the facts and evidence available as at the Valuation Date.

11.3. We would also draw your attention to the fact that we are required to assume that the buyer will purchase in accordance with the realities of the current market – and with current market expectations – and that the seller will sell the property at market terms for the best price attainable in the open market after proper marketing, whatever that price may be.

11.4. The valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation – nor for taxation which might arise in the event of a disposal. No account has been taken of any inter-company leases or arrangements, or of any mortgages, debentures or other charge. No account has been taken of the availability or otherwise of capital based Government or European Community grants.

11.5. The definition of **'Fair Value' within International Financial Reporting Standard 13 (IFRS 13)** is "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."

11.6. The definition of **'Fair Value' within Financial Reporting Standard 102 (FRS 102)** is "The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction".

11.7. We confirm that 'Fair Value', for the purpose of financial reporting under IFRS 13 and also FRS 102 (UK GAAP), is effectively the same as 'Market Value'.

11.8. The definition of **'Equitable Value' within the International Valuation Standards 2017** is "The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties." It is not an appropriate basis of value for financial reporting purposes – being commonly used in litigation.

11.9. The definition of **'Investment Value' in the Valuation Standards** is "The value of an asset to the owner or a prospective owner for individual investment or operational objectives". It reflects the circumstances and financial objectives of the entity for which the valuation is being produced. The difference between the Investment Value of an asset and its Market Value provide the motivation for buyers or sellers to enter the market. The valuation prepared on the basis of Investment Value reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. The Investment Value reflects the circumstances and financial objectives of the entity for which the valuation is being produced. You have advised us that this valuation advice will be used purely for internal purposes and will not be communicated to any third party. This exercise is required in order to assist you to determine a price that should be accepted by you in the circumstances set out within the attached Terms of Engagement letter. We would draw your attention to the fact that although we can assist you in in determining the price that should be accepted in the circumstances outlined in the attached letter, this is, ultimately, a commercial judgment that can only be made by the vendor. Our assumption is that all due diligence required for marketing purposes has been carried out prior to the assumed marketing period. The figures reported assume that the Properties are sold on an individual basis and not as part of a portfolio. The figures provided are subject to a significant degree of judgement and you must, therefore, be aware of this if placing reliance on these figures.

11.10. The definition of **'Synergistic Value' within the International Valuation Standards 2017** is "the result of a combination of two or more assets or interests where the combined value is more than the sum of the separate values." If the synergies are only available to one specific buyer then Synergistic Value will differ from Market Value, as the Synergistic Value will reflect particular attributes of an asset that are only of value to a specific purchaser. The added value above the aggregate of the respective interests is often referred to as 'marriage value'.

11.11. The definition of **'Existing Use Value' in the Valuation Standards** is "The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost"

11.12. Rental values will be adopted as appropriate in assessing the capital value and are not necessarily appropriate for other purposes. They will not necessarily accord with the definition of Market Rent in the Red Book – which is normally used to indicate the amount for which a vacant property may be let, or for which a let property may be re-let when the existing lease terminates. Market rent is not a suitable basis for setting the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions in the lease have to be used.

12. INFORMATION SUPPLIED

12.1. We have assumed that where any information relevant to our valuation is supplied by you, or by any third party at your instigation, it is correct and comprehensive, and can be safely relied upon by us in preparing our valuation.

13. INSPECTIONS

13.1. We undertake such inspections and investigations as are, in our opinion, necessary to produce a valuation which is professionally adequate for its purpose.

14. DOCUMENTATION AND TITLE

14.1. Unless specifically instructed, we do not read legal documentation. Where legal documentation is provided to us, we will have regard to the matters therein but recommend that reliance should not be placed on our interpretation thereof without prior verification by your legal advisors.

14.2. Unless disclosed to us, we assume that there are no outstanding statutory breaches or impending litigation in respect of the property.

14.3. We further assume that all documentation is satisfactorily drawn and that unless disclosed to us, there are no unusual or onerous restrictions, easements, covenants or other outgoings which would adversely affect the value of the relevant interest(s).

14.4. In respect of leasehold properties, we will assume that your landlord will give any necessary consents to an assignment.

14.5. Unless notified to the contrary we assume that each property has a good and marketable title and is free from any pending litigation.

15. TENANCIES

15.1. Unless disclosed to us or stated otherwise in the report it is assumed that:

i. All properties are subject to normal outgoings and that tenants are responsible for all repairs, the cost of insurance and payment of rates and other usual outgoings, either directly or by means of service charge provisions.

ii. Rent reviews are on an upward-only basis to the open market rent and that no questions of doubt arise as to the interpretation of the rent review provisions in the lease. We assume that neither the landlord nor the tenant may terminate the lease prematurely.

iii. There are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal.

iv. Vacant possession can be given of all accommodation which is unlet or is let on a service occupancy.

v. There are no user restrictions or other restrictive covenants in leases which would adversely affect value.

16. TENANTS' COVENANT STRENGTH

16.1. Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease and that there are no arrears of rent or other payments or undisclosed breaches of covenant.

17. MEASUREMENTS

17.1. Unless specifically instructed, we do not undertake a measured site survey but calculate site areas by reference to the identified boundaries of the property and the appropriate Plans.

18. TOWN PLANNING AND OTHER STATUTORY REGULATIONS

18.1. Unless specifically instructed, we do not normally undertake enquiries to obtain town planning and highway information from the relevant Local Authority. We assume that the Properties are not adversely affected by town planning or road proposals.

18.2. Our valuations are prepared on the assumption that the premises comply with all relevant statutory enactments and Building Acts and Regulations and that a fire risk assessment and emergency plan are in place.

18.3. We assume that all necessary consents, licences and authorisations for the use of the property and the process carried out therein have been obtained and will continue to subsist and are not subject to any onerous conditions.

18.4. We assume that in England and Wales, the properties possess current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption. In Scotland, we have assumed that the properties possess current Energy Performance Certificates (EPCs) as required under the Scottish Government's Energy Performance of Buildings (Scotland) Regulations – and that they meet energy standards equivalent to those introduced by the 2002 building regulations. We would draw your attention to the fact the Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016 came into force on 1st September 2016. From this date, building owners are required to commission an EPC and Action Plan for sale or new rental of non-domestic buildings bigger than 1,000 sq m that do not meet 2002 building regulations energy standards. Action Plans contain building improvement measures that must be implemented within 3.5 years, subject to certain exemptions.

18.5. We further assume that there are no outstanding obligations or liabilities arising out of the provisions of the Defective Premises Act 1972, and that only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of each Property to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK).

19. BUILDING SURVEYS

19.1. Unless specifically instructed, we do not undertake building surveys, nor do we inspect those parts that are covered, unexposed or inaccessible, or test any of the electrical, heating, drainage or other services. Any readily apparent defects or items of disrepair noted during our inspection will, unless otherwise stated, be reflected in our valuation, but no assurance is given that any property is free from defect. We assume that those parts which have not been inspected would not reveal material defects which would cause us to alter our valuation.

19.2. We assume that the services and any associated controls or software are in working order and free from defect.

20. HAZARDOUS AND DELETERIOUS MATERIALS

20.1. Unless specifically instructed, we do not carry out investigations to ascertain whether any building has been constructed or altered using deleterious materials or methods. Unless specifically notified, our valuation assumes that no such materials or methods have been used. Common examples include high alumina cement concrete, calcium chloride, asbestos and wood wool slabs used as permanent shuttering.

21. SITE CONDITIONS

21.1. Unless specifically instructed, we do not carry out investigations on site in order to determine the suitability of ground conditions and services, nor do we undertake environmental, archaeological, or geotechnical surveys. Unless notified to the contrary, our valuation is on the basis that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas, or other noxious substances. In the case of properties that may have redevelopment potential, we assume that the site has load-bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems. Furthermore, we assume in such circumstances that no unusual costs will be incurred in the demolition and removal of any existing structure on the property.

21.2. We will assume that either there is no flooding risk or, if there is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value.

22. ENVIRONMENTAL CONTAMINATION

22.1. In preparing our valuation we assume that no contaminative or potentially contaminative use is, or has been, carried out at the property. Unless specifically instructed, we do not undertake any investigation into the past or present uses of either the property or any adjoining or nearby land, to establish whether there is any potential for contamination from these uses and assume that none exists. Should it, however, be subsequently established that such contamination exists at the property or on any adjoining land or that any premises have been or are being put to contaminative use, this may have a detrimental effect on the value reported.

22.2. We assume that invasive species such as Japanese Knotweed are not present on site.

23. HIGH VOLTAGE ELECTRICITY SUPPLY APPARATUS

23.1. Where there is high voltage electricity supply apparatus within close proximity to the property, unless otherwise stated we have not taken into account any likely effect on future marketability and value due to any change in public perception of the health implications.

24. PLANT AND MACHINERY, FIXTURES AND FITTINGS

24.1. Our valuation includes those items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating, lighting, sprinklers and ventilation systems and lifts but generally exclude process plant, machinery and equipment and those fixtures and fittings normally considered to be the property of the tenant.

24.2. Where the property is valued as a fully equipped operational entity our valuation includes trade fixtures and fittings and equipment necessary to generate the turnover and profit. Valuations for investment purposes will include the landlord's fixtures and fittings but not the trade fixtures and the trade inventory where the tenant owns these.

25. TAXATION

25.1. In preparing our valuations, no allowances are made for any liability which may arise for payment of Corporation Tax or Capital Gains Tax, or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation is exclusive of any VAT liability which may be incurred. Unless specifically instructed we have not taken into account the availability of capital allowances.

26. LANDLORD AND TENANT ACT 1987

26.1. The Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in a building where more than 50% of the floor space is in residential use. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest, and therefore disposal into the open market is unrestricted.

27. GOVERNMENT GRANTS

27.1. All valuations are given without any adjustment for capital based Government or European Community grants received or potentially receivable at the date of the valuation.

28. AGGREGATION

28.1. In the valuation of portfolios, each property is valued separately and not as part of the portfolio. Accordingly, no allowance, either positive or negative, is made in the aggregate value reported to reflect the possibility of the whole or part of the portfolio being put on the market at any one time.

29. VALUATION CURRENCY

29.1. Our valuations will be reported in the appropriate local currency and represent our opinion of the realisable value in the country of origin with no allowance made for the transfer of funds to the UK.

30. CONFIDENTIALITY/THIRD PARTY LIABILITY

30.1. Our valuations and reports are strictly confidential to the party to whom they are addressed, or their other professional advisors, for the specific purpose to which they refer. No third parties may rely upon our valuations and reports and no responsibility whatsoever is accepted to any third parties for the whole or part of their contents without our written approval.

30.2. We would draw your attention to the fact that the valuations may be investigated by the Royal Institution of Chartered Surveyors ('RICS'), on a confidential basis, for the purposes of the RICS's conduct and disciplinary regulations, in order to ensure compliance with the Valuation Standards.

31. PUBLICATION

31.1. Neither the whole nor any part of our report, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way nor disclosed orally to a third party, without our written approval of the form and context of such publication or disclosure. Such approval is required whether or not CBRE is referred to by name and whether or not the report is combined with others. Any such approved publication of, or reference to this report will not be permitted unless it contains a sufficient contemporaneous reference to any departure from the Red Book or the incorporation of any Special Assumptions (if applicable)

32. LAND TRANSFER TAX (or local equivalent)

32.1. Our valuations assume that Land Transfer Tax (or the local equivalent) will be applied at the rate currently applicable. In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland, Land and Buildings Transaction Tax (LABTT) in Scotland, or Land Transaction Tax (LTT) in Wales, will apply at the rate currently applicable.

33. INSURANCE COMPANIES (UK ONLY)

33.1. As instructed, our valuations have been prepared for the purposes of the company's annual accounts and therefore comply with the 2006 Companies Act. We understand that these valuations may also be incorporated in returns to the Financial Conduct Authority and that they must therefore comply with Part VIII of the Insurance Companies Regulations 1994 (the 1994 Regulations), supported by the Department of Trade and Industry Insurance Division Prudential Guidance Note 7/1994 issued in December 1994.

33.2. For the purpose of complying with the Department of Trade and Industry's regulations to show open market value net of expenses of sale, we suggest that a figure of 1.50% of the total value plus VAT is deducted from the total value.

34. PENSION FUNDS

34.1. We confirm that "Market Value", the term replacing "Open Market Value", produces the same figure as "Open Market Value".

35. TRADING RELATED

35.1. We will have regard to the RICS Valuation Practice Guidance Application (VGPA) 4 on the valuation of trade related properties. Key considerations under VPGA 4 are as follows:

35.2. The essential characteristics of properties that are normally sold on the basis of their trading or underlying trading potential is that they are designed, or adapted, for a specific use and the resulting lack of flexibility usually means that the value of the property interest is intrinsically linked to the returns that an owner can generate from that use.

35.3. The valuation of the operational entity usually includes:

a. the legal interest in the land and buildings;

b. the trade inventory, usually comprising all trade fixtures, fittings, furnishings and equipment; and

c. the market's perception of the trading potential, together with an assumed ability to obtain/renew existing licences, consents, certificates and permits.

35.4. Trading potential is the future profit that a competent operator of a business conducted on the premises acting in an efficient manner (the Reasonably Efficient Operator "REO") would expect to be able to realise from occupation of the property. It excludes personal goodwill, which is the value of profit generated over and above market expectations that would be extinguished upon sale of the property, together with financial factors relating specifically to the current operator of the business.

35.5. The valuation excludes consumables and stock in trade and any antiques, fine art and chattels.

35.6. The valuation is based on an estimate of the maintainable level of trade (Fair Maintainable Turnover ("FMT")) and future profitability ("Fair Maintainable Operating Profit ("FMOP")) that an REO would expect to achieve. FMT assumes that the property is properly equipped, repaired and maintained. FMOP is operating profit prior to depreciation and finance costs relating to the property, and any rent if leasehold.

35.7. The valuation includes trade items and equipment that are essential to the running of the operational entity but which either are owned separately from the land and buildings or are leased.

35.8. If fixtures, machinery and equipment are leased or under contract, we assume that leasing costs are reflected in the trading figures supplied to us, and that all trade fixtures and fittings essential to the running of the property would be capable of transfer as part of a sale of the building and any third-party consents obtained.

35.9. Unless stated otherwise within our report, our valuation assumes that the property is open for business and trading at the Valuation Date and that there will be a continuation of trading. Where the property is empty either through cessation of trade, or it is a new property with no existing trade to transfer and/or there is no trade inventory, valuation assumptions apply as will be set out in our report. The valuation is of the empty property having regard to trading potential subject to these assumptions.

36. PROJECTED VALUES

36.1. We would draw your attention to the higher degree of uncertainty that is likely to be implicit within a projected value, where by definition, comparable evidence is not available.

36.2. The special assumptions relating to yields, rental growth, interest rates, tenancy changes etc, will be as agreed with you and set out within the valuation report.