

Prepared for:

McCARTHY STONE

Life, well lived

Valuation Report

Property: 35 Oakfield, Sale, Trafford, M33

6NB

9 October 2023

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EXECUTIVE SUMMARY

Address 35 Oakfield, Sale, Trafford, M33 6NB (*hereinafter in this Report to be referred to as 'the Property'*)

Inspection Date 4 October 2023

Reporting Valuer Richard Moreton BSc (Hons) MRICS
Registered Valuer No: 1161504

The Property



Type
Residential asset.

Location
The Property is located in Sale, a popular town approximately five miles south of Manchester City Centre.

Description
The Property comprises a 12 flats within two blocks.

Tenure We understand the Property is held Freehold (Title Number MAN370835).

Tenancies We understand that 11 of the 12 flats are let on ASTs with a passing rent of £94,740 per annum.

Factors Affecting Value

Strengths

- Unbroken block of apartments.
- Popular residential location.
- Potential to increase value by refurbishing some of the apartments as and when they become available.

Weaknesses

- Some of the apartments are dated internally and would benefit from a refurbishment program.
- Flat D is currently in an uninhabitable condition.
- Increasing interest rates could make borrowing more difficult to obtain and have a downward pressure on values.

Valuation Approach

We have valued the Property using the income approach.

Valuations

Market Value on Special Assumption (Existing Use Value)
£1,500,000 (One Million Five Hundred Thousand Pounds).

Market Value

£1,500,000 (One Million Five Hundred Thousand Pounds).

Information Relied Upon

We have relied upon information provided in the Instruction Letter, the relevant Local Authority's planning database and online Council Tax records, as well as information provided by the Managing Agent (including a schedule of rental income), and information provided by various estate agents, including tenancy details and comparable evidence details.

Occupational and Investor Demand

In our opinion, there would be a reasonably good level of occupational and investor/purchaser demand for the Property, whether made available for letting or sale. The subject location is a well-established residential area.

Volatility of Capital and Rental Performance

There is an element of market uncertainty being caused by recent economic turmoil, high inflation and interest rate increases which has led to certain levels of volatility in both the capital and the rental markets nationally. Notwithstanding this, general property fundamentals are good, and we estimate the Property would broadly perform in line with other similar properties in the same locality.

Planning and Other Pertinent Issues

We have assumed that any development works undertaken are in accordance with full planning permission and/or building regulations, whilst also benefiting from warranties to an acceptable standard approved by the Council of Mortgage Lenders.

We have not been provided with environmental or ground condition reports, and have assumed no contamination exists, thus the Property is suitable for occupation and/or development. We have further assumed that there will be no additional as yet unidentified costs incurred due to damage of any of the subject building as at the Valuation Date.

Our valuation is reported on a partial internal inspection basis. As such, this valuation is provided on the basis of restricted information. In formulating our opinions of value, we have relied upon information in the public domain as well as, information and statements from you in relation to internal accommodation, size, condition and specification of the Property. Where no supplemental information/details are available, we have based our opinions of value on the assumption that the repair and condition of the Property is to a reasonable to good standard with no wants of repair or refurbishment requiring material capital expenditure.

INTRODUCTION

Report Date 9 October 2023

Addressee McCarthy & Stone
Unit 1 Edward Court
Altrincham
WA14 5GL

FAO: Abby Blakeley

Our Reference 118927

The Property 35 Oakfield, Sale, Trafford, M33 6NB

Valuation Date 4 October 2023

Valuer Credentials *Reporting Valuer:*

Richard Moreton BSc (Hons) MRICS
Registered Valuer No: 1161504

Counter Signatory:

Phil Winckles BSc (Hons) MRICS
Registered Valuer No. 1206251

We are acting as External Valuers.

Inspection Date The Property was externally and internally inspected on 4 October 2023 by Richard Moreton BSc (Hons) MRICS. We were able to inspect the communal areas and the vacant Flat D.

Purpose and Bases of Valuation To provide our opinion of value for Internal Reporting purposes associated with a proposed purchase and the assessment of viability for planning.

Our Valuation is reported in Pounds Sterling.

The bases of Valuation are as follows, and these are defined the Definitions and Basis of Valuation section of this Report:

- Market Value (Special Assumption of Existing Use Value)
- Market Value (Alternative Use Value)

Instructions

Acting in accordance with your emailed instructions of 26 May 2022 (Copy at Appendix One), the agreed scope and details of which are set out in our Letter of Engagement of 8 June 2022 (Copy at Appendix Two), we have assessed the Property in order to advise you of our opinion of value of its Freehold interest. You have subsequently asked us to update the valuation at the present date after being able to partially internally inspect the Property.

We confirm that this Valuation is prepared in accordance with the November 2021 edition of the RICS Valuation – Professional Standards (incorporating the International Valuation Standards) – Global and UK edition published by The Royal Institution of Chartered Surveyors, effective from 31 January 2022. We confirm that in this respect we are acting as External Valuers and are qualified as asset Valuers as defined in the Standards.

This Valuation Report is provided for the stated purpose and for the sole use of McCarthy Stone. It is confidential to you and your professional advisors, and we accept no responsibility whatsoever to any third party.

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

We confirm that we have no current, recent or prospective fee earning involvement with the Property, the client, or any party connected with this transaction.

Economic Uncertainty

There was significant economic turmoil following the previous Chancellor's mini budget, announced on 23 September 2022. The Bank of England has continued to increase interest rates over recent months as part of its monetary policy, seeking to address inflationary

pressures. Rates are likely to continue on an upward trajectory and there may be a more sustained policy of interest rate rises and other forms of economic stabilisation intervention by the Bank of England. The situation has impacted certain sectors of the property market, and this may continue. Whilst there has been a change of Chancellor, a reversal of most proposals in said mini budget and a new Prime Minister, which appears to have stabilised the market somewhat, there remains a level of uncertainty in the short-to-medium term. As yet, there has been no direction from the RICS regarding Material Valuation Uncertainty declarations; however, we would strongly recommend that, whilst the economic situation remains uncertain, you keep this valuation under constant review.

Special Assumptions

You have asked us to value on the Special Assumption that any alternative use is disregarded. 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.

Existing Use Value is defined by the National Planning Policy Framework as "The value of land in its existing use, with no expectation of that use changing in the foreseeable future (based on Valuation of development property, RICS guidance note). PPG paragraph 015 advises specifically that the EUV excludes hope value from any assessment of the existing use value. International Valuation Standards 104 paragraph 150.1 defines current/existing use as 'the current way an asset, liability, or group of assets and/or liabilities is used.'" Accordingly, we have adopted this as our Special Assumption under Existing Use Value.

For the purpose of the valuation, we would consider the Special Assumption as a reasonable assumption to adopt for the valuation purpose and can be formulated using market facing information and/or 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 would be materially different.

A Special Assumption either assumes facts that differ from the actual facts existing at the Valuation Date or that would not be made by a typical market participant in a transaction on the Valuation Date.

Limitations of inspections

It is important to highlight and bring to your attention the limitations concerning the lack of full internal inspections of the Property and relying upon information provided to us concerning a property only partially internally inspected. Such a valuation, either in whole or in part on the basis of restricted information must be taken into account when reviewing our Report. We must be notified should any of the assumptions made in relation to the property that have not been internally inspected, or indeed, the Property generally, be incorrect, as this may have an impact on our reported values. We reserve the right to make any changes to our reported opinion in such an event.

PROPERTY REPORT

1.0 Location

Sale is a predominately residential suburb within the Borough of Trafford, lying some seven miles to the south west of Manchester city centre, approached from the same via the main A56 arterial route.

Sale is served by a vibrant retail and commercial centre, and is strategically well located for proximity to the national motorway network via Junction 7 of Manchester's M60 Orbital Motorway, which lies approximately one mile to the north east of the town centre. The A56, Washway Road, comprises the main arterial road, running through Sale town centre, linking Altrincham to Manchester city centre and comprises a busy arterial A road.

Sale is a popular and prestigious suburb within the Greater Manchester conurbation. It lies on the Metrolink route from Manchester City Centre to Altrincham.

The Property is situated in a residential location fronting Oakfield approximately 0.5 miles south west of the main retail centre of Sale. Sale tram stop is approximately 0.7 miles to the north west of the Property. Oakfield is accessed off the A56 providing easy vehicular access to both Altrincham and Manchester city centre. Flats, semi-detached and detached houses provide the predominant house type in the area. Forest Park Preparatory School is located to the south of the Property.

The approximate location of the Property is indicated in red on the attached Land Registry Plan and map extract for identification purposes only (Copies at Appendices Three and Four).

2.0 Description

The Property comprises a three-storey plus basement, detached building with painted and rendered brick elevations set beneath a pitched tiled roof together with a separate two-storey annex building of brick construction set beneath a pitched tiled roof.

Internally the Property provides 12 flats with six studios, seven one-bedroom flats and a two bedroom flat. The main building provides two one-bedroom flats and a studio on the ground and first-floors and a large one bedroom flat on the second-floor. The annex provides three studio flats on the ground floor and a studio and two-bedroom flat on the first floor.

The flats each have an open plan kitchen/living room (and bedroom if a studio), bathroom and one or two bedrooms. We understand that the specification is reasonable but slightly dated in some of the flats (Suites 1, 2 and 3 and Flat C) with fitted kitchen units, carpet or laminate covered floors, a mix of timber framed single glazed and uPVC double glazed windows, painted plaster walls and ceilings, pendant lighting and wall mounted radiators.

Flat D is in an uninhabitable condition at present.

Externally there is a single storey garage with side extension providing storage space. There is shared parking and communal gardens which are laid to grass.

Site

The Property occupies a site that is broadly rectangular in shape, and according to the Ordnance Survey, extends to approximately 0.12 hectares (0.296 acres).

Services

Whilst we have neither undertaken specific tests nor a full or partial survey of the services, we assume that the Property is/the completed development will be fully, connected to all mains services including electricity, gas, water and foul and surface water drainage.

Photographs

Please refer to our inspection photographs (Copy at Appendix Five).

3.0 Accommodation

We have utilised accommodation and internal area information from the EPC certificates in place of physically having measured the Property which is assumed to be correct for our desktop assessment purposes and assumed to be in accordance with the RICS Property Measurement Professional Statement Second Edition (January 2018), incorporating the International Property

Measurement Standards (IPMS), in line with current UK market practice. We report an approximate internal floor area (IPMS 3B - Residential) of 658 sq m (7,083 sq ft).

Floor / Unit	Type	sq m	sq ft
Flat A – Ground	One-bedroom flat	56	603
Flat B – Ground	One-bedroom flat	47	506
Flat C – Ground	Studio	35	377
Flat D – First	Studio	31	334
Flat E – First	One-bedroom flat	48	517
Flat F – First	One-bedroom flat	55	592
Flat G – Second	One-bedroom flat	131	1,410
Suite 1 – Ground	Studio	26	280
Suite 2 – Ground	Studio	27	291
Suite 3 – Ground	Studio	27	291
Suite 4 – First	Studio	26	280
Suite 5 – First	Two-bedroom flat	58	624
Total =		658 sq m	7,083 sq ft

4.0 Condition

We would specifically refer you to our Letter of Engagement, where it has been agreed that we would not carry out a structural survey. However, during the course of our inspection, we noted that the Property generally appeared to be in reasonable condition however it would benefit from some modernisation. The exception to this being Flat D which is in an uninhabitable condition which requires immediate capital expenditure on it.

Our opinion of value is based on the assumption that no further major expenditure would be required to rectify any wants of repair, and we reserve the right to revise our figures should this prove to not be the case.

5.0 Tenure

Whilst we have not been provided with a Report on Title, we understand from online Land Registry information that the Property is owned Freehold (Title Number MAN370835), and we have assumed for the purposes of this Valuation that the Title is unencumbered and free from any onerous or restrictive covenants.

We recommend the above information is checked, and we are informed should there be any discrepancies, as this may affect our opinion of values reported.

6.0 Tenancies

We have been provided with a schedule of tenancies by the managing agent on the Property. This is detailed in the table below. We understand that the flats are all let on six month AST's, in which the tenants have no security of tenure beyond expiry of the respective lease terms. We have not been provided with any tenancy dates.

Unit/Type	Rent Per Month	Rent Per Annum
Suite 1 / Studio	£600	£7,200
Suite 2 / Studio	£775	£9,300
Suite 3 / Studio	£625	£7,500
Suite 4 / Studio	£625	£7,500
Suite 5 / 2 bed	£910	£10,920
Flat A / 1 bed	£750	£9,000
Flat B / 1 bed	£775	£9,300
Flat C / Studio	£550	£6,600
Flat D /Studio	Vacant	Vacant
Flat E / 1 bed	£740	£8,880
Flat F / 1 bed	£795	£9,540
Flat G / 1 bed	£750	£9,000
Total	£7,895	£94,740

We recommend the above information is checked, and we are informed should there be any discrepancies, as this may affect our opinion of values reported.

7.0 Statutory Enquiries

Planning

The Property is located in Greater Manchester.

Local planning policy is governed by Trafford Borough Council.

Trafford's Core Strategy was adopted in 2012. The Core Strategy is a key document in Trafford's Local Development Framework, and covers the period up to 2026.

We have made online enquiries of the planning department, which discloses no recent planning applications registered against the Property.

We have assumed for the purposes of our Report that the Property falls within Use Class C3 (Residential Dwellinghouses).

We have also assumed for the purpose of our Report that any conversion and/or development works that have been undertaken in relation with the Property, comply with all planning consents, conditions and/or building regulations.

The Property is in not in a Conservation Area and is not Listed.

Registration / Licenses

The current use of the Property does not require any specific registrations or licences.

Variable Outgoings

We are not aware of any unusual outgoings that would adversely affect our valuation of the Property and value assuming there are none.

We have not been provided with any information on liability for Chancel repairs. Chancel repair liability affects land within a Church of England parish with a medieval or pre-medieval church and there have been cases where Property owners with such liabilities have faced substantial repair liabilities. We have assumed that no such liability exists with the Property but reserve the right to amend our valuation, should further information on this matter be made available.

Highways

The official position regarding Highways can only be obtained by submission of a formal search via the relevant Highways Authority. This search would advise if the road serving the Property is adopted and whether there are any proposals to alter highways in the vicinity of a particular Property. A fee is payable for this service and there is likely to be a delay in receiving any response. As such, we have not carried out an official search for the purposes of this report and have assumed for the purpose of this valuation that Oakfield is an adopted highway, maintained at the public's expense and no onerous costs of maintenance will be placed upon the Tenant/s or Freeholder, to and from which it is assumed the Property has, and all units in the proposed development when completed are to have, full unencumbered access. We are not aware of any highway proposals in the immediate vicinity that are likely to have a material effect on the value of the Property, nor of the proposed development when completed.

8.0 Environmental Matters

Contamination

We have not been provided with an environmental report in respect of the Property, nor have we carried out any physical tests or investigations to determine the presence or otherwise of pollution or contamination in the Property or any neighbouring land or property (including ground water).

Our inspection did not reveal any visible signs of contamination affecting the Property or neighbouring property which would affect our Valuation. In view of the location of the Property

within a predominantly residential location, we consider that the risk of contamination is low. However, should it be established subsequently that contamination exists at the Property, or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the values now reported.

Flooding

Our enquiries of the Environment Agency website in this regard reveal that the Property is situated outside the zone of extreme flood, in Flood Zone 1 for planning and development purposes. This means there is less than a 0.1 per cent (1 in 1000) chance of flooding by a river or sea occurring each year. The majority of England falls within this area. It should, however, be noted that reference to the Environmental Agency website for the purposes of establishing the likelihood that the Property may or may not suffer from flooding is indicative only. Fisher German LLP has not carried out any detailed investigations with regards to past or potential flooding issues which may affect the Property or the surrounding area.

Energy Performance Certificates & Sustainability

Property owners are required to produce an Energy Performance Certificate (EPC) when properties are either sold or let. EPCs give information on a building's energy efficiency on a sliding scale from 'A' (very efficient) to 'G' (least efficient), as well as making recommendations as to how to improve these ratings.

The Energy Act 2011 stipulates that, as of 1 April 2018, a property with an Energy Efficiency Rating below Band E (Bands F and G), will not be able to be let until improvements have been carried out to improve the Energy Efficiency Rating at or above band E, unless they are exempt.

The online Non-Domestic EPC Register states that the Property has the following ratings:

Unit	EPC Rating	Expiry Date
Flat A	D	October 2030
Flat B	E	October 2030
Flat C	E	October 2030
Flat D	F	October 2030
Flat E	E	October 2030
Flat F	D	October 2030
Flat G	D	October 2030

Proposed Changes to EPC Regulations

Notwithstanding, the current EPC assessment of the Property under the prevailing legislation, the government have proposed various changes to domestic and non-domestic EPC requirements. The changes being proposed are part of the Minimum Energy Performance of Buildings Bill, which is

currently making its way through parliament and is not yet enshrined in law. The Bill will be debated in the House of Commons and House of Lords over the coming months, during which time its contents could be altered. At the end of this process, the final bill will go to a vote which will decide whether it becomes law.

Our understanding of the current proposals is that, after a consultation in December 2020, the government has announced changes to the Minimum Energy Efficiency Standards for England and Wales.

The government has proposed that all rental properties will need an EPC rating of 'C' or above by 2025. Similar to the previous changes, the new regulations will be introduced for new tenancies first, followed by all tenancies from 2028.

The regulation changes hoping to make homes more energy-efficient and reduce carbon emissions as part of the government target to be net-zero by 2050.

The penalty for not having a valid EPC will also be raised from £5,000 to £30,000 from 2025.

Notwithstanding the foregoing, for properties within the A to E bands, the methods of assessment have evolved over the period since energy performance standards were introduced. Accordingly, rating may have changed since their certificates were issued. For such properties, it is therefore advisable to obtain the opinion of an expert as to whether the building would still comply with the minimum standard if they were re-certified under the current methodology.

Accordingly, we have not only considered the current EPC assessment of the Property in arriving at our opinions of value, we have also considered the potential impact on marketability driven by the proposed changes in the legislation.

Invasive Plants

We have not undertaken any detailed inspection of the Property for the presence of Japanese Knotweed or any other invasive plant species. Japanese Knotweed is more easily identifiable during the spring/summer periods and is less identifiable during the autumn/winter due to die back. It can typically be found near a railway embankment or sloping ground, close to a water source or other source or pathway. Whilst invasive plant species were not immediately visible to us during our inspection, we cannot confirm that none exist, either at, above or beneath ground level. We cannot give a guarantee as to the presence of invasive plant species on the subject or any neighbouring land.

Mining

The Property is not located in an historic coal mining location.

Radon

The Property is not situated in an area that could be affected by radon gas.

Deleterious Materials

Due to the age of the Property, it is possible that asbestos and/or other deleterious materials such as high alumina cement concrete, woodwool shuttering or calcium chloride, may be present within the fabric of the building, whether incorporated in its original construction and/or subsequent alteration. We recommend that, if any asbestos is present, this is removed under controlled conditions if it were to become damaged, or works are carried out in its vicinity.

9.0 Equality Act 2010

The Equality Act 2010 came into effect on 1 October 2010 and replaces previous legislation concerning discrimination, much of which was contained within the Disability Discrimination Act. Under the new Act the duty falls on service providers and property owners not to discriminate against a disabled person by not providing a service on the same terms as which it is provided to others or subject a person to any other detriment.

Reasonable steps must be taken to avoid discrimination and may include changing physical characteristics of a building, such as adding access ramps or handrails on stairways, if alternative service provisions are still believed to disadvantage the disabled person.

Due to the many issues facing disabled individuals, we are not able to comment fully on all matters relating to the Equality Act 2010. In order to properly assess what steps if any need to be taken to ensure that the property is compliant with the Act, we recommend that an Access Audit is undertaken so that any deficiencies are correctly identified. Once completed we would be happy to comment on the likely effect, if any, on the property's value. In the absence of a suitable report, we have assumed that there are no issues that negatively affect the value of the property reported here.

10.0 Asbestos at Work Regulations

Obligations encompassed within the Control of Asbestos Regulations 2012, require that owners and occupiers of buildings manage asbestos within their buildings. This may involve having an asbestos survey undertaken and maintaining a register of any asbestos containing materials.

We have not been informed of whether or not a full survey or register has yet been prepared and recommend that confirmation should be sought from the conveyance that an asbestos inspection report has been obtained and that any required management plan has been implemented.

11.0 Factors Affecting Value

Location

Located within the popular residential suburb of Sale.

Well located for the retail/leisure amenity within Sale and for accessing the Metrolink Station.

Property

The Property provides a range of different sized apartments.

We understand that some of the apartments would benefit from a programme of refurbishment and modernisation.

There is shared parking and a communal garden.

We are of the opinion that the Property is likely to appeal to investors rather than owner occupiers in its current condition.

Existing Tenancies

We understand that 11 of the 12 flats are let on ASTs with a passing rent of £94,740 per annum.

12.0 Current Market Commentary

General Commentary

Whilst the UK Economy emerged from the travails of the Covid pandemic in surprisingly good shape, with initially strong growth indicators across most sectors of the economy, and businesses and consumers hastened to catch up with both the business and the pleasures foregone over two years of lockdowns and interruptions to normal life, recent (and ongoing) events such as the war in Ukraine, the cost of living crisis, a now incredibly weak pound sterling and rampant inflation are contributing to a dismal economic forecast; albeit the UK economy technically avoided a recession given the official GDP figures in the final quarter of 2022.

The side effects of the pandemic, including the interruption to global supply chains, and the loss of much of the cheaper end of the labour market as European visa workers returned home, continue to affect the economy. Labour shortages, partly a result of the pandemic, and partly the result of Brexit, are often cited as a cause of shortages of raw materials in all manufacturing, grocery and

construction sectors, and vital parts for the high-tech world of the automotive and computing industries.

The aforementioned war in Ukraine, and the risk and ever-present risk of nuclear warfare, is an unwelcome additional factor, causing massive international interruption to the Oil and Gas markets, and contributing to an unstoppable spike in inflation, causing central Banks around the world to raise interest rates (despite the rise in the cost of living already effectively doing the job of taking money out of the economy).

The trend for general economic growth in the preceding three years has been modest, and many analysts predict this, together with roughly flat pay growth, will lead to GDP only just recovering to its 2019 peak by 2026, albeit a grim forecast the Bank of England predicts may well last for the remainder of the 2020s. Several industries in the public sectors have been striking over pay, and this is set to continue in the short term at least, with the knock-on disruptions to everyday life for the wider population being another challenge to wider growth.

In early February 2022, the Bank of England increased the interest rate to 0.5%, the first back-to-back rate rise since June 2004, and on 17 March 2022, it voted to raise the interest rate again, to 0.75%, before further successive rises, to 1% in May 2022, 1.25% in June 2022, 1.75% in August 2022, 2.25% in September 2022, 3% in November 2022 (the largest rate rise in over 30 years), 3.5% in December 2022, and more recently (and where it is currently), 4% as of 2 February 2023, all in response to rapidly increasing inflation in the UK.

There are concerns about how everyone will continue to operate and navigate themselves through the current financial situation in the short-term. No doubt consumer spending will be depressed, especially in the hospitality sector, one of the sectors worst hit by the pandemic and energy crisis, as households are forced to manage their budgets more carefully. Whilst it is to be expected that, in due course, much of the increased cost of raw materials will filter out of the economy, the longer the paralysis in world trade lasts, the worse will be the hangover.

The Spring 2022 Budget, aimed at curbing the effects of ever-growing inflation and so-called 'cost of living crisis', set out plans to increase the National Insurance threshold by £3,000, to £12,570 (and that threshold to be equalised with that for Income Tax), reduce the basic rate of income tax to 19% from April 2024, and reduce fuel duty by 5p per litre for 12 months.

The emergency "mini budget" by the former Truss government in September 2022 to tackle inflation - and in particular the effect of rising energy prices - included an annual cap of £2,500 on energy prices (previously due to rise to £3,500 per year from October 2022), the cut of the basic rate of income tax to 19% from April 2023, the reversal of the previously announced decision to raise National Insurance by 1.25% (from 6 November 2022), the reversal of the previously announced decision to raise corporation tax from April 2023 from 19% to 25% and the scrapping of the cap on bankers' bonuses. The changes most pertinent to the property sector were the raising in the Stamp Duty initial payment threshold to £250,000 - and that threshold raised to £425,000 for first time buyers - all with then immediate effect; and the relaxation of planning laws and scrapping of EU planning regulations.

The above-mentioned “mini budget” was set against the backdrop of the death of Queen Elizabeth II, on 8 September 2022. With the closing of an undoubtedly significant chapter in British history, what followed was a 10-day mourning period. The UK’s stock markets, banks and other services closed intermittently. Together with bank holidays, funeral costs, coronation costs, changes to currency, passports, stamps and other institutional changes, this is said to have and will cost the UK economy somewhere in the region of £2.3bn.

The negative market reaction to this raft of measures led to the sacking of then Chancellor Kwasi Kwarteng on 14 October 2022 and replacement with Jeremy Hunt, ahead of a mini-budget U-turn (most of all the aforementioned changes being reversed, other than Stamp Duty change and National Insurance reduction), and perhaps more notably, the downfall of Liz Truss as Prime Minister. The installation of her replacement, Rishi Sunak, saw the Pound gain strength. That said, the short-term future of the UK economy is still very much seen as fragile and there is a perception of a return to 2010 austerity.

On 17 November 2022, Chancellor Jeremy Hunt set out his ‘Autumn Statement’, in which the energy price cap is to be extended to April 2024 though at a higher level of £3,000 instead of £2,500, the Windfall tax on profits of oil and gas firms is to be increased from 25% to 35% and extended until March 2028, the thresholds for National Insurance, Inheritance Tax, the Income Tax personal allowance and higher rate thresholds are also to be frozen for a further two years, until April 2028, and the 45% additional rate of income tax will be paid on earnings over £125,140 instead of £150,000.

Residential

General Residential Market – Recent Background

Since early 2020 and up until 2022, the residential market has been dominated by the Covid-19 Pandemic and subsequent Government interventions and restrictions.

The market effectively came to a halt in March 2020 with the announcement of the first lockdown, which effectively ordered everyone to stay at home. This state of lockdown remained until May 2020, when a conditional plan for lifting this lockdown was announced, allowing people who could not work from home to return to their workplaces.

The summer saw the gradual easing of restrictions and in July that year, then Chancellor Rishi Sunak announced a £30bn Spending Package in an attempt to stimulate the economy. This included a temporary amendment to the Stamp Duty Land Tax (SDLT) threshold bands, applying to residential properties purchased between July 2020 to March 2021 (subsequently extended to June 2021, before being phased out, ending by October 2021).

Over the period July 2020 to September 2020, it was reported that the UK Economy experienced 15.5% growth, pulling the country out of the recession that occurred as a result of the first lockdown, although the Office for National Statistics was still reporting that GDP was sitting below pre-Covid levels.

Following the summer of lowered restrictions and incentives, case rates were again rising. A new Covid Tier System was announced in October 2020, followed swiftly by the announcement of a second lockdown due to commence in early November (a notable difference to the first lockdown, however, is that the property industry was able to remain active throughout this, and future lockdowns). New 'rules' were being announced and changed frequently in the lead up to December 2020, and the festive period. On 21 December 2020, an announcement was made that London (and South East England) would be put into Tier 4 (highest level of restriction), with more areas of England moving into this Tier on 26 December. This culminated in England's third lockdown, on 6 January 2021.

Immediately prior to that, at the end of 2020, the completion of the transition period of the UK exiting the EU took place, and the securing of a free trade agreement brought some comfort to buyers at that time.

Into the New Year, 2021, though the third lockdown prevailed, there was cautious optimism with case numbers reducing and the commencement of the phased Covid-19 vaccine roll out.

In January 2021, the then Secretary of State Robert Jenrick published a brief statement regarding Leasehold Reform. This statement confirmed the Government's intention to bring in legislation that limited the ground rent payable on a newly granted lease to a peppercorn (nil). It also contained some more controversial intentions, such as abolishing marriage value and introducing an online calculator to determine lease extension premiums. As this announcement did not contain a specific timeline, the Leasehold Enfranchisement industry became a very uncertain landscape.

Towards the end of February 2021, a roadmap was published outlining the lifting of the lockdown, which commenced in early March that year and was phased out over the following months, with the aim that most core restrictions will have been lifted by July 2021.

The factors significantly impacting the market were condition and specification. Though that is and has always been the case, those fundamentals were especially important at that time. Towards the end of the year, build costs were seeing record highs, exacerbated by supply chain issues and labour shortages. The Building Cost Information Service (BCIS) reported an Index increase of 2.3% in Q4 of 2021 (compared to the preceding quarter), and an increase of 10.7% compared to the same time a year earlier. The Royal Institution of Chartered Surveyors mirrored this, reporting in November 2021 that the cost of construction materials was at a 40-year high. This in turn has a negative impact on any properties requiring refurbishment (and/or redevelopment) as the cost to undertake these works, and the risks involved increase.

In early 2022, economic issues such as headline inflation and the emergence of the Cost of Living Crisis began to unfold. Further uncertainty was created by the announcement of the War in Ukraine in February 2022, and the potential geo-political fallout, which continues.

The Leasehold Reform (Ground Rent) Act 2022 came into effect in June 2022, which set out that newly granted leases can only charge a maximum ground rent of a peppercorn (nil). This legislation has overall been viewed as a positive step towards creating a 'fairer' leasehold ownership system, however, it will impact on how flats with original / existing Leasehold interests with ground rents are treated in the market. Onerous ground rents generally already commanded a discount to the

value of a Leasehold asset prior to this legislation coming into effect and there has now been a further push in the market to address (and potentially discount) when a ground rent in general is payable. At present, there has been no further information on the timeline or exact scope of the other elements proposed as part of the Leasehold Reform.

In 2021 and the first half of 2022, there was an unprecedented demand for properties and a relative shortage in supply nationally, having the effect of pushing prices up and creating in some cases a fiercely competitive marketplace, with properties being fully booked for viewings on 'launch days', and a 'best and final' sealed bid submission request. This, more often than not, resulted in agreed sales at or in some cases notably above asking prices. In this period, the 'hybrid' work model of partly working from home, partly working in the office – certainly in the major city commuter belt locations and beyond in particular – put further pressure on demand and upward momentum on house prices.

A mini budget was announced by former Prime Minister Liz Truss and former Chancellor Kwasi Kwarteng in September 2022, setting out a series of tax cuts planned to be funded by an estimated £50bn in borrowing. This announcement triggered economic and political chaos.

Within a month there was a new Chancellor and Prime Minister, and many of the elements announced had been reversed. With direct connection to the Property industry, one of the main changes was that the nil rate band for SDLT was increased from £125,000 to £250,000. Also, in an attempt to engage the lower end of the market, first time buyers will benefit from not having to pay SDLT on the first £425,000 of the purchase price.

Interest rates had continually been rising throughout 2022 in an attempt to address the rising rate of inflation. For context, the Bank of England Official Base Rate started that year at 0.5% and by the end of the year had increased to 3.5%.

General Residential Market – Current Context

Into 2023, the mortgage environment remains one of the most significant challenges. Fewer mortgage products are available overall and the Bank of England indicated that mortgage approval levels have fallen to levels seen in the early stages of the Pandemic. As of 2 February 2023, the Bank of England increased the Official Base Rate a further 0.5% (from 3.5%, now standing at 4%). Headline inflation is forecast by the Bank of England to peak by the end of 2023, and with that could come some relief on interest rate levels.

According to Land Registry, over the 12 months to February 2023 (the latest published data), house prices in England overall rose by approximately 6.07%.

The March 2023 Halifax House Price Index reported an average house price of £287,880, with a monthly price change of +0.8% and latest quarter change of -0.4%. On an annual assessment, house prices in March 2023 were 1.6% higher than the same month a year earlier.

The Nationwide House Price Index for March 2023 reported an annual house price growth of (-)3.1%, with a month-on-month change of (-)0.8%, after taking account of seasonal factors, and an average house price standing at £257,122.

Continually rising energy prices coupled with steeply rising inflation in general is cause for many to be concerned at the current time. The financial squeeze on households, if it continues, in conjunction with effective wage compression, will likely affect the ability to move home in the short-to-medium term, meaning it is possible that a 'correction' in market pricing – that has already been witnessed in areas - by way of lower bids on properties for sale.

Local Residential Market Conditions

Sale is a popular residential location providing a range of housing types

Land Registry data (up to July 2023) for the Trafford Local Authority area shows a monthly increase of 0.40% in house prices and an annual increase of 0.30%. This takes the average price of a property in the area to £362,348 with flats having an average price of £217,634.

For the M33 Post Code area which the Property sits within, the average price for houses for 2023 (up to July 2023) was £388,302. Average prices in the M33 Post code area are detailed below:

House Type	Average Price (For 2023 up to July)	Number of Sales
Detached	£619,829	37
Semi-detached	£438,414	128
Terraced	£315,769	78
Flats	£189,938	47

13.0 Marketability

We consider that the most appropriate method of sale for the Property would be by Private Treaty with the benefit of the occupational leases. We are of the opinion that the Property would appeal mainly to investors who would retain the income from the Property and look to refurbish/upgrade the units as and when they became vacant to maximise the rental potential of the Property.

Given current market conditions, we are of the opinion that a marketing period of around six to nine months would be required to sell the Property at our stated opinion of Market Value. If market conditions and demand were to weaken from current levels, extended marketing periods may be required.

The Property would need to be fully exposed to the market, utilising various marketing initiatives, including production of particulars, and circulation of details to local agents in the market and targeted investors.

14.0 Valuation Approach

We have been instructed to prepare our valuation on the basis of Market Value (Alternative Use Value) and also adopt the Special Assumption of Existing Use Value (EUV).

Given the Property comprises a completed block of apartments on this occasion we are of the opinion that the Existing Use Value is the highest value and the valuation subject to the Special Assumption of Alternative Use Value would be lower. In such circumstances the value of the Property is underpinned by its existing use. Accordingly, we have adopted the same value under each assumption.

The Property is currently held on a single title, although we understand that each flat is individually metered. It would be possible to split the flats and sell to owner occupiers on a unit by unit basis on a long leasehold interest, whilst setting up a management company to look after the communal areas and services to the Property. Whilst there is not a particularly strong market for studio flats from an owner occupier perspective, investors would potentially purchase them on a unit by unit basis, however, given the fact that some capital expenditure may be required to freshen up the external appearance of the Property, and to refurbish the more dated flats we are of the opinion that at present an investor/developer would be the most likely purchaser who would want to purchase the whole block in one transaction. We are of the opinion that owner occupiers are likely to be deterred by purchasing a flat and then having to contribute immediately to the management company to cover the costs of any upgrading works.

We have arrived at our opinion of Market Value utilising the income approach (Investment Method of Valuation), this being the standard method of appraisal for properties of this nature for sale or letting. We have had regard to the comparables set out below, which we have adjusted for differences in size, accommodation, condition, specification, location and transaction date.

15.0 Comparable Evidence & Opinion of Value

Disclaimer: Where possible we have taken reasonable steps to corroborate comparable transaction evidence. Where we have no direct involvement with the transaction, we are unable to guarantee the accuracy of the information provided and we reserve the right to amend our Valuation, if it is established that any information on which we have relied is subsequently established to be materially inaccurate.

Residential Rental Comparables

In arriving at our opinion of Market Value we have had regard to the following apartment rentals within a 0.5 miles radius of the Property.

Address	Type	Size	Rent Per Month	Comment
166b Washway Road, Sale	1-bedroom flat	516 sq ft	£750	Let in March 2023 in a reasonable condition. Located above a shop which is less desirable. We are of the opinion

Address	Type	Size	Rent Per Month	Comment
Flat 19 Beech Court, Salee	1-bedroom flat	559 sq ft	£950	that the one bedroom flats would achieve a similar rate. Let in September 2023 in a newly refurbished condition, superior to that of the subject flats. We are of the opinion that the one bedroom flats would achieve a lower rent.
38 Trident Apartments, Sale	1-bedroom flat	473 sq ft	£825	Let in August in a recently converted condition, superior to that of the subject flats. We are of the opinion that the one bedroom flats would achieve a lower rent.
Flat 7 Oakfield Mews, Sale	2- bedroom flat	775 sq ft	£1,000	Let in May 2023 in a reasonable condition, similar to the subject flats. We are of the opinion that the two bedroom flat would achieve a lower rent to reflect the smaller size.
Flat 3 Rusland Court, Oakfield, Sale	2-bedroom flat	699 sq ft	£950	Let in May 2023 in a reasonable condition, similar to the subject flats. We are of the opinion that the two bedroom flat would achieve a lower rent to reflect the smaller size.
Flat 2, 111 Washway Road, Sale	Studio flat	300 sq ft	£700	Let in August 2023 in a reasonable condition, similar to that of the subject flats. This comparable does not benefit from off road parking. We are of the opinion that the subject flats would achieve a slightly higher rent to reflect the off road parking.
2 Kirklands, Sale	Studio flat	300 sq ft	£675	Let in August 2023 in a reasonable condition, similar to that of the subject flats. This comparable does not benefit from off road parking. We are of the opinion that the subject flats would achieve a slightly

Address	Type	Size	Rent Per Month	Comment
8 Dovestone Road, Sale	Studio flat	302 sq ft	£850	higher rent to reflect the off road parking. Let in August 2023 in a newly refurbished condition, superior to that of the subject flats. This comparable does not benefit from off road parking. We are of the opinion that the subject flats would achieve a lower rent to reflect the inferior specification.

Comment

From the above transactions we can see that studio flats are achieving between £700 per month and £850 per month, one bedroom flats are achieving between £750 and £950 per month and two bedroom flats are achieving between £950 and £1,000 per month. The passing rents at the Property reflect between £550 and £775 per month for studio flats, £740 to £795 per month for one-bedroom flats and £910 per month for the two bedroom flat. Where the rents achieved are below the range quoted we have assumed that these units are of a more dated specification. We are of the opinion that the passing rents at the Property are reflective of the Market Rent which is £94,740 per annum. We have not attributed a Market Rent to Flat D to reflect the uninhabitable condition.

Residential Sales Comparables

In arriving at our opinion of Market Value we have had regard to the following apartment sales within a 0.5 miles radius of the Property

Address	Type	Size	Price/ Price Per Sq ft	Comment
6 Rusland Court, Oakfield, Sale	2-bedroom flat	705 sq ft	£222,000 £315 psf	A two bedroom flat sold with vacant possession in a basic specification, inferior to many of the flats at the Property. This flat does benefit from a garage though.
Flat 15, Beech Court, Sale	1-bedroom flat	517 sq ft	£140,000 £271 psf	A one bedroom flat sold with vacant possession in a similar specification to the majority of the flats at the Property. Off road parking was included. December 2021

Address	Type	Size	Price/ Price Per Sq ft	Comment
Flat 18 Sandimoss Court, Moss Lane, Sale3	1-bedroom flat	459 sq ft	£150,000 £326	Currently sold subject to contract. The flat is in a slightly superior condition to the subject flats and also benefits from a garage.
Grosvenor Square, Sale	1-bedroom flat	575 sq ft	£169,950 £295	A one bedroom flat in a superior, recently refurbished condition is currently being marketed for sale with vacant possession. This comparable also includes a garage.
Flat 9 Rylatt Court, Ashton Lane, Sale	2-bedroom flat	691 sq ft	£189,500 £274	A two bedroom flat sold in January 2023 with vacant possession in a similar specification to the majority of the flats at the Property although this comparable benefits from a single garage.
Flat 3 Harboro Grove, Sale	2-bedroom flat	700 sq ft	£179,950 £	A two bedroom flat sold in November 2022 with vacant possession in a similar specification to the majority of the flats at the Property.

Residential Investment Sales Comparables

Flat 5, 608 Roebuck Lane,, Sale

Currently being marketed at £145,000 (£319 per sq ft / Gross Yield 5.8%)

A one bedroom flat in similarly aged, converted building. The flat extends to 454 sq ft and is in a superior condition to the subject Property. We are of the opinion that the flats at the subject Property would achieve a lower rate per sq ft and a higher yield to reflect the inferior condition of the subject Property.

Langdale Mews, Langdale Avenue, Levenshulme

Sold in August 2023 for £1,700,000 (Gross Yield 6.13%)

A block of 16 flats in a purpose built apartment block sold at auction. It was let at a rent of £104,340 per annum. The flats were of a similar specification internally to the subject Property but externally it appeared to be in a superior condition. The location of the subject Property would be deemed to be superior to Levenshulme though. On balance we are of the opinion that the subject Property

would achieve a slightly higher yield to reflect that an element of capital expenditure may be required in the short term but having regard to the superior location.

40 Hartington Road, Toxteth, Liverpool
Sold in May 2023 for £377,000 (Gross Yield 7.08%)

A block of five flats in a converted block sold at auction. It was let at a rent of £26,700 per annum. The flats were of a slightly inferior condition to the majority of the flats at the subject Property and Sale would be considered to be a superior location. We are therefore of the opinion that the Property would achieve a lower yield.

Comment

The comparable transactions detailed above show one-bedroom flat prices achieving between £140,000 to £169,000 with sales rates reflecting between £271 per sq ft to £326 per sq ft and two-bedroom flats achieving between £179,950 to £189,950,000 with sales rates of between £257 and £274 per sq ft.

Investment sales show residential apartment blocks are currently achieving between 6.13% to 7.08%. We are also aware that the subject Property sold back in 2020 to New Living Developments for £1.8m as an investment in a single transaction. Unfortunately, we do not know the tenancy details from that time but since 2020 rental and capital values have significantly increased, even taking into account the current cooling of the market. However, applying the current rent of the property and making an allowance for a rent to Flat D, assuming it was in a lettable condition at the time, this would give a gross yield of 5.6%.

We are of the opinion that the subject Property would achieve a yield towards the lower end of the reported range to reflect the popular Sale location, the strong letting history at the Property and the potential to add rental value by refurbishing the flats.

In arriving at our opinion of Market Value we have capitalised the current income at a gross yield of 6.3% which gives a rounded Market Value of £1,500,000. As detailed above we have not attributed a value to Flat D due to its current uninhabitable condition. If we do not include the floor area of Flat D our opinion of Market Value reflects an overall rate of £237 per sq ft.

Whilst this value is significantly below the purchase price of 2020, which would appear to be odd considering the market has improved, it is based on current evidence.

16.0 Valuations

Market Value on the Special Assumption of Existing Use Value

In our opinion, the Existing Use Value of the freehold interest in the Property, on the Special Assumption that any alternative use is disregarded, subject to the comments and assumptions in this Report, as at the Valuation Date is **£1,500,000 (One Million Five Hundred Thousand Pounds)**.

Market Value

In our opinion, the Market Value of the freehold interest in the Property, subject to the comments and assumptions in this Report, as at the Valuation Date, is **£1,500,000 (One Million Five Hundred Thousand Pounds)**.

17.0 Strengths & Weaknesses

Strengths

- Unbroken block of apartments.
- Popular residential location.
- Potential to increase value by refurbishing some of the apartments as and when they become available.

Weaknesses

- Some of the apartments are dated internally and would benefit from a refurbishment program.
- Flat D is currently in an uninhabitable condition.
- Increasing interest rates could make borrowing more difficult to obtain and have a downward pressure on values.

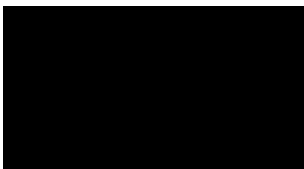
18.0 Verification

This Report has been based, to some extent, on information provided verbally which should be checked. In particular, this applies to tenure and planning. Where we provide an opinion in respect of any legal issues, this should not be taken as legal advice and must be verified by your legal advisers before the Valuation can be relied upon. Such checks may also reveal whether any historical use of the Property is likely to have resulted in contamination.

We reserve the right to amend our Valuation following any information that is provided which differs from that stated in this Report and/or is not in line with the assumptions we have made.

19.0 Signatories

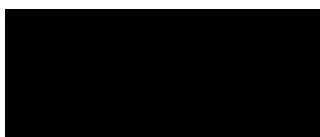
Whilst we trust that this Report is satisfactory for your immediate purposes, should you have any queries or points which require further clarification we shall be pleased to hear from you.



Signatory:

Richard Moreton BSc (Hons) MRICS
Registered Valuer No: 1161504

For and on behalf of Fisher German LLP



Counter Signatory:

Phil Winckles BSc (Hons) MRICS
Registered Valuer No. 1206251

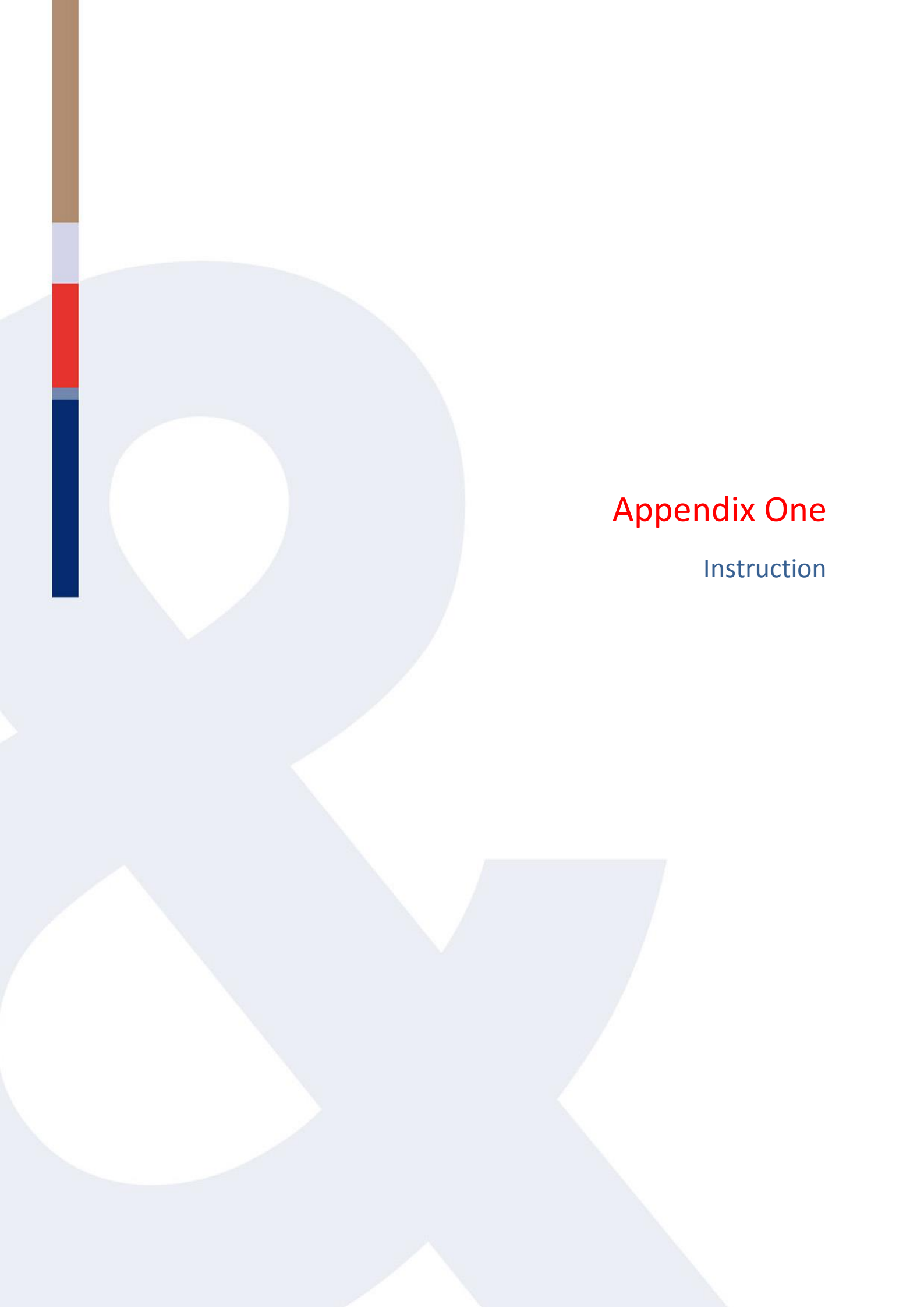
For and on behalf of Fisher German LLP

9 October 2023

Dated

9 October 2023

Dated



Appendix One

Instruction



Appendix Two

Engagement

Our Ref: 118927

McCarthy & Stone
Unit 3, Edward Court
Altrincham
Cheshire
WA14 5GL

F.A.O Abby Blakeley

8 June 2022

Dear Abby

Property: 35 Oakfield, Sale, Trafford, M33 6BN (Residential)

We acknowledge receipt of your instructions dated 6 June 2022 to carry out a valuation in respect of the below property to assist with your ongoing viability assessment of the property.

We write in accordance with the 2021 edition of the RICS Valuation – Professional Standards (incorporating the International Valuation Standards) – Global and UK edition published by The Royal Institution of Chartered Surveyors, effective from 31 January 2022) to set out our Terms of Engagement, and to confirm that the scope and the details of the service provided will be in accordance with your letter of instruction and the requirements of the RICS. Compliance with the Valuation Standards may be subject to monitoring under the Institution’s compliance and disciplinary regulations. The nature of our advice and reporting will be provided in accordance with these standards.

Our Terms of Engagement include the specific items contained in this letter, together with our standard Terms & Conditions of Engagement for Valuations, which are attached hereto, and will be attached to our report.

Please sign and return the attached copy of this letter by way of acceptance.

- 1. Our Client**
McCarthy & Stone

The report will be addressed to you and is for your use only. We particularly draw your attention to the comment in our Standard Terms about our liability to third parties and publication.

- 2. Property Address**
35 Oakfield, Sale, Trafford, M33 6BN

- 3. Interest to be valued**
Freehold

- 4. Property Type and Use**
Residential

- 5. Purpose of Valuation**
The valuations are required for Viability Purposes.

6. Bases of Valuation

The bases of valuation will be Existing Use Value and Alternative Use Value.

Existing Use Value is defined by the National Planning Policy Framework as “The value of land in its existing use, with no expectation of that use changing in the foreseeable future (based on Valuation of development property, RICS guidance note). PPG paragraph 015 advises specifically that the EUV excludes hope value from any assessment of the existing use value. International Valuation Standards 104 paragraph 150.1 defines current/existing use as ‘the current way an asset, liability, or group of assets and/or liabilities is used.’” Accordingly, we have adopted this as our Special Assumption under Existing Use Value.

Alternative Use Value is defined by the National Planning Policy Framework as “The value of land for uses other than its existing use’. The alternative use is limited to those uses that would fully comply with up-to-date development plan policies, including for example any policy requirements for [REDACTED] towards affordable housing at the relevant levels set out in the plan.” For the purpose of this valuation, the value will be expressed in Pounds Sterling.

7. Valuation Date

Will be as at the Date of our inspection.

8. Special Assumptions

A Special Assumption either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.

There are no Special Assumptions requested in your instruction letter.

9. Conflicts of Interest

We confirm that we have no current, recent or prospective fee earning involvement with the property, the client, or any party connected with this transaction.

10. Name and Status of Valuer and Counter-Signatory

The valuation will be undertaken by Richard Moreton BSc (Hons) MRICS who is a Registered Valuer, with relevant knowledge, skills and experience in the valuation of this type of asset. We will be acting as External Valuers. The work will be countersigned by a Valuation Partner in the firm, who is also suitably qualified and experienced in the valuation of this type of asset.

11. Extent of Inspection

Unless prevented from doing so, we will inspect the Property both internally and externally as appropriate to the Purpose of Valuation via site visit.

12. Fees

We have agreed a fee of **£2,850 + VAT** (including disbursements) and our fee account will accompany our report.

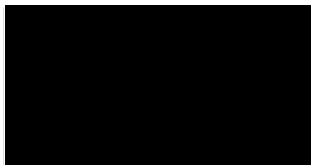
13. Other Matters

This letter should be read in conjunction with the accompanying Standard Terms and Conditions of Engagement since they contain important conditions, caveats and assumptions pertinent to our engagement.

A copy of Matthews & Goodman’s procedure for complaints handling is available on request. Matthews & Goodman follows the RICS’s arrangements for complaints or redress under the Designated Professional Body Scheme.

If any of the details set out above are incorrect, please let us know – we will assume they are correct unless you advise us to the contrary.

Yours sincerely,




Richard Moreton BSc (Hons) MSc MRICS
For and on behalf of
Matthews & Goodman LLP



Acceptance of Terms of Engagement

I/We agree to the definitions, terms and conditions of engagement included in this letter and the accompanying standard terms of engagement and understand that they will form part of our report.

Signed  For and on behalf of ^{McCarthy and Stone Retirement Lifestyles Limited T/A McCarthy Stone}

Dated 08/06/2022



TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION SERVICES

1 Compliance, Confidentiality and Publication

11 The report will be prepared in accordance with the 2021 edition of the RICS Valuation – Professional Standards (incorporating the International Valuation Standards) – Global and UK Edition, published by the Royal Institution of Chartered Surveyors, effective from 31 January 2022. We will be acting as independent External Valuers.

12 The report will be confidential to you and your professional advisors. Whilst we can accept no responsibility to third parties, it is accepted that a copy of the report may be forwarded to the borrower (or other named party in the report) on a non-reliance basis.

13 Neither the whole nor any part of the report may be included in any published document, circular or statement, nor published in any way without our written approval of the form and context in which it may appear.

2 Sources of Information

21 We will rely on information provided by you, the vendor, the selling agents, other professional advisors and the local authority. Where possible we will take reasonable steps to verify this information, however it is assumed as being correct unless otherwise stated and no responsibility is accepted for any inaccurate information provided.

3 Client's Warranty and Indemnity

31 The client represents and undertakes to the valuer that all information provided is complete and correct, that there are no other material facts known relating to the property which may be relevant to the valuer in carrying out its instructions. The client agrees to indemnify and keep the valuer indemnified against all losses, damages costs and expenses (including legal fees on an indemnity basis), arising out of or by virtue of the client's instructions to the valuer other than any losses, damages, costs and expenses arising by virtue of the default or negligence of the valuer.

4 Valuer's Warranties, Liability and Indemnities

41 We do not provide, nor do we hold ourselves out as providing legal advice of any kind. It shall be the client's responsibility to obtain professional advice from an appropriately qualified solicitor as to the law relating to the ownership of real property in the jurisdiction within which any property is located; and comply with all such laws.

42 The valuer shall have no liability whatever for any loss or damage resulting from any failure to comply with such laws.

43 Neither party shall be liable to the other party in contract, tort, negligence, breach of statutory duty or otherwise for any loss, damage, costs or expenses of any nature whatsoever incurred or suffered by that other party of an indirect or consequential nature including without limitation any economic loss or other loss of turnover, profits, business or goodwill.

44 The client shall indemnify and hold harmless the valuer from and against all Claims and Losses arising from loss, damage, liability, injury to the valuer, its employees and third parties, by reason of or arising out of any act, omission, delay or representation made by the client or on the client's behalf, or in relation to any false or erroneous information provided by the client to the valuer. 'Claims' shall mean all demands, claims, proceedings, penalties, fines and liability (whether criminal or civil, in contract, tort or otherwise); and 'Losses' shall mean all losses including without limitation financial losses, damages, legal costs and other expenses of an nature whatsoever. The provisions of this paragraph shall not apply to the paragraph immediately below.

45 Our maximum aggregate liability to you in relation to this instruction (in contract, tort, negligence or otherwise) in whatever form it arises shall in no circumstances be in excess of the lower of:

1. Total value reported up to a value of £1,500,000 (One Million Five Hundred Thousand Pounds);
2. £1,500,000 (One Million Five Hundred Thousand Pounds) plus 25% of the value reported value above £1,500,000; or
3. £20,000,000 (Twenty Million Pounds).

46 Value reported in this instruction constitutes either the value on the basis agreed in this instruction of the single property or if multiple properties (portfolio) the aggregate value reported.

47 Each of the parties acknowledges that, in entering into these Terms of Engagement, it does not do so in reliance on any representation, warranty or other provision, except as expressly provided in this Agreement. Any conditions, warranties or other terms implied by statute or common law are excluded from the Agreement to the fullest extent permitted by law. Nothing in the Agreement excludes liability for fraud.

48 For the purposes of the Contracts (Rights of Third Parties) Act 1999 and notwithstanding any other provision of these Terms of Engagement, these Terms of Engagement are not intended to, and do not, give any person who is not a party to them any right to enforce any of their provisions.

5 Professional Indemnity Insurance

51 Matthews & Goodman LLP hold RICS Compliant PI Insurance cover in the sum of £20m, for each and every claim subject to the following exclusions:

52 Fire Combustibility Exclusion

M&G is not covered for any claim or claim circumstance arising directly or indirectly out of, or in any way connected with:

- a) any actual or alleged failure of any product, material or system used in the construction, alteration, repair, treatment or refurbishment of any building or structure to comply with applicable regulations in respect of the performance of combustibility, fire resistance or fire protection.

TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION SERVICES

- b) any Survey or Valuation where such claim or claim circumstance relates in whole or in part to any actual or alleged failure of any product, material or system used in the construction, alteration, repair, treatment or refurbishment of any building or structure to comply with applicable regulations in respect of the performance of combustibility, fire resistance or fire protection.
- 53 Aggregate limit, defence costs in addition, excess not applied to defence costs, with round-the-clock reinstatements. The most Insurers will pay in total for all loss resulting from all claims in any one period of insurance is the limit of indemnity. Insurers will pay defence costs in addition to the loss. If the amount of loss for any claim is greater than the limit of indemnity, the most that will be paid for defence costs for that claim will be an amount in the same proportion that the limit of indemnity has to the loss.
- 54 When the limit of indemnity under the policy and all excess layer policies are exhausted the limit of indemnity will be reinstated but only in respect of any future claim which does not come from:
- a) the same act, error or omission or series of acts, errors or omissions as a result of or arising directly or indirectly from the same source or original cause as any previous claim.
- b) the same dishonest or fraudulent acts or omissions of one person or persons acting together or in which such person(s) is/are concerned or implicated, as is the subject of any previous claim.
- 55 The number of times that the limit of indemnity is reinstated is unlimited, but is subject to the exhaustion of all excess layer policies prior to each reinstatement.
- 56 Where for whatever reason the excess layer insurer(s) do(es) not pay in respect of a claim and/or defence costs, this will not count towards the exhaustion of the excess layer limit of indemnity with regards to when the limit of indemnity is reinstated under the policy.
- 57 In any event, reinstatement of the limit of indemnity will only occur if the excess layer professional indemnity insurance has been effected and maintained for the entire period of insurance.
- 6 Assignment**
- 61 Neither party may assign any of its respective rights or obligations under this engagement to any third party without the prior written consent of the other party. The client agrees that the valuer may transfer all its rights under this engagement to any successor partnership or body corporate which succeeds to the business of the valuer and that such partnership or body corporate may assume all of the valuer's obligations under this engagement in its place.
- 7 Law**
- 71 The validity, construction and performance of these Terms of Engagement shall be governed by English law and shall be subject to the exclusive jurisdiction of the English courts to which the Parties irrevocably submit.
- 8 Fees**
- 81 Our fees are due and payable upon receipt of the invoice.
- 82 The instruction is accepted on the basis that should the instructing party advise that a third party is responsible for settling the account, but it remains outstanding beyond our terms, the instructing party will accept strict liability for settlement of our invoice.
- 83 If we are instructed to seek payment directly from a third party our agreed fee is to be paid in full prior to our inspection.
- 84 In the event that payment is not received in accordance with our terms, interest may be added in accordance with the Late Payment of Commercial Debts (Amendment) Regulations 2018.
- 85 In cases where we are required to invoice for and receive payment prior to completion of the valuation you acknowledge that monies paid are not protected by the RICS client money protection scheme.
- 86 In the event that we are instructed not to submit our final report a fee of 75% of the total fee will be payable.
- 9 General Data Protection Regulation (GDPR)**
- 91 The GDPR is in force from 25 May 2018. As a result of Matthews & Goodman's relationship with the Client, Matthews & Goodman may hold personal data about individuals within the Client's business. Matthews & Goodman will process that information only in connection with providing the services set out in this document, and for the purpose of contacting the Client about other services Matthews & Goodman may offer. Should the Client not wish to receive any contact from Matthews & Goodman relating to these other services it should advise Matthews & Goodman accordingly in writing or by email or by opting out of communications from Matthews & Goodman.
- 10 Money Laundering Regulations**
- 101 **The Money Laundering, Terrorist Financing and Transfer of Funds (information of the Payer) Regulations 2017 (MLR 2017) came into force on 26 June 2017.** Estate Agency services fall within MLR 2017. Matthews & Goodman may be required to carry out certain checks of client identity including the identity of purchasers and vendors of property, including Members, principal shareholders and any beneficiaries. Checks will be undertaken using data held electronically by credit reference agencies, and in some cases the Client will be required to provide documentary evidence. The Client agrees to provide such information as Matthews & Goodman may request for verifying the Client's identification.
- 102 In certain circumstances, Estate Agents are required by statute to make a disclosure to the National Crime Agency where they know or suspect that a transaction may involve a crime including money laundering, drug trafficking or terrorist financing. If we make a disclosure in relation to your matter, we may not be able to tell you that a disclosure

TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION SERVICES

has been made. We may have to stop working on your matter for a period of time and we may not be able to tell you why.

11 Complaints Handling Procedure

111 Matthews & Goodman LLP operates a Quality Management System developed to meet the requirements of ISO 9001:2015.

112 Our Complaints Procedure has been developed in accordance with the RICS Rules of Conduct. A written copy of our Complaints Procedure is available upon request by writing to Juliet Sturridge at 21 Ironmonger Lane, London, EC2V 8EY.

GENERAL PRINCIPLES AND ASSUMPTIONS FOR THE PROVISION OF VALUATION SERVICES

12 Introduction

121 Our report and valuation(s) have been carried out in accordance with the Valuation Practice Statements and Practice Guidance contained in the Valuation – Professional Standards, incorporating the International Valuation Standards as published from time to time by the Royal Institution of Chartered Surveyors (“the RICS RedBook”).

13 Valuation Bases

131 **MARKET VALUE** is defined in IVS 104 paragraph 30.1 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’.

132 **RENTAL VALUES** will be adopted as appropriate for formulating capital values and will be referred to in our report as Estimated Rental Value (ERV).

133 **MARKET RENT** is defined in IVS 104 paragraph 40.1 : ‘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’.

134 **INVESTMENT VALUE (WORTH)** is IVS 104 paragraph 60.1 as: ‘The value of an asset to the owner or a prospective owner for individual investment or operational objectives’.

135 **FAIR VALUE** is defined within International Financial Reporting Standard 13 (IFRS 13) is defined as: ‘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’.

136 **FAIR VALUE WITHIN FINANCIAL REPORTING STANDARD 102 (FRS 102)** is defined as: ‘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’.

14 Alternative Use Potential

141 Unless we are preparing a residual appraisal our valuation is of the property in its existing use in accordance with its current planning consent. It may be that the property may have a higher alternative use value; however, any change of use would be subject to securing planning consent (unless it may be done under permitted development rights) and the impact on value would depend on the details of the proposed use. Without such detail we are unable to explicitly comment on the potential effect on value for an alternative use save for considering the likely impact on the marketability of the property.

15 Reinstatement Cost

151 Where you have requested our opinion of the insurance reinstatement cost of the building it should be acknowledged that our reinstatement cost assessment is indicative only, as it has not been prepared by a suitably qualified building surveyor as such we accept no liability whatsoever for its accuracy. The figure provided will be for guidance purposes only and we recommend that a formal assessment is obtained from a specialist insurance valuer if insurance cover is to be effected. The assessment is made without liability, and any decisions taken on the basis of it are entirely at the user's risk.

152 Our informal estimate makes allowance for the expense of demolition and site clearance and then rebuilding it to its existing design in modern materials, using modern techniques, to a standard equal to the existing property and in accordance with current Building Regulations and other statutory requirements. Where applicable it also includes VAT on professional fees. Where a building is listed, it is highly likely that average building cost rates will underestimate the actual cost of reinstatement, as listed buildings are required to be reinstated using traditional materials and techniques which can be significantly more expensive to procure and undertake.

153 It should be acknowledged that were a property forms part of a larger building, the reinstatement cost estimate reflects only the rebuilding cost of the interest under consideration. It is assumed that the whole block will be insured under a single policy and the reinstatement premium recoverable through the service charge.

16 Inspection

161 We will undertake a visual inspection of so much of the exterior and interior of the property which is safely accessible without undue difficulty. The inspection will be carried out from within the boundaries of the site and any adjacent, easily accessible, public / communal areas as we consider necessary.

162 We will not carry out a building or structural survey, nor will we test for damp, inspect woodwork or other parts of the property, which are covered, unexposed or inaccessible, and such parts will be assumed to be in good repair and condition and furthermore, we are under no duty to move anything.

163 The report will not purport to express an opinion or to advise upon the condition of uninspected parts and should not be taken as making any implied representation or statement about such parts.

164 We will not carry out investigations to ascertain whether or not the property has been constructed using any potentially deleterious materials or whether such materials have subsequently been incorporated into the construction of the property and we will therefore be unable to report that the property is free from risk in this respect. Similarly, we will not be undertaking an environmental audit of the property to determine whether contamination existing on or nearby to the property.

GENERAL PRINCIPLES AND ASSUMPTIONS FOR THE PROVISION OF VALUATION SERVICES

165 If, as a result of our inspection, we consider it appropriate that further investigation is necessary, we will recommend the appointment of appropriate consultants. We may reserve the right to delay the issue of our report until such advice is available.

17 Condition

171 Whilst we do have regard to the general condition of the property, taking into account its age and use, we will not undertake a building or structural survey and it is assumed that the property is free of any structural defects except those specifically noted.

172 Where the property has recently been constructed there is a risk of inherent or latent defects, which may not have manifested themselves, arising from the building design or construction techniques adopted. Our valuation assumes that there is sufficient inherent defects insurance in place which runs with the property or is transferable to a new occupier as appropriate.

18 Building and Property Services

181 We will not test the building services and unless otherwise stated it is assumed that the Building Services including but not limited to lifts, electrical, gas, plumbing, heating, drainage, air conditioning installations and security systems and the Property Services including but not limited to incoming mains, waste, drains, utility supplies are in good working order without defects whatsoever and in a condition consistent with the age and use of the property, and where appropriate meets necessary legislation.

182 Where we are reporting on a development site, we assume that there would not be any abnormal costs associated with connecting to mains service connections.

19 Measurements

191 Where we have been explicitly instructed to undertake property measurements, measurements and dimensions are calculated in accordance with the prevailing RICS Property Measurements Professional Statement or the prevailing RICS Code of Measuring Practice, depending upon the basis of measurement appropriate to the property type. The basis of measurement adopted is specified in our report. Where property measurements are provided, we will make every endeavour to undertake check measurements and/or refer to Valuation Office Agency assessments to cross-check for accuracy, notwithstanding, we assume the measurements provided are in accordance with the standards as stated above.

20 Planning and Other Statutory Enquiries

201 We will make verbal enquires and / or undertake a review of the available online planning history of the property to attempt to confirm the statutorily permitted planning use. However, in the absence of a copy of the original planning permission relating to development of the property or a clear planning history identifying the permitted use, we will assume that the property has been developed and is being used in accordance with its permitted use unless we have stated otherwise.

202 Furthermore, we will assume that the property is constructed and used in accordance with valid Permits, Licences and Building Regulation Approval and that there are no outstanding statutory notices and/or no abnormal costs of putting the property into a compliant state to adhere with the latest standards which may adversely affect the value of the property.

21 Warranties

211 It is assumed that for all new build and / or property conversions adequate warranties are available from the professional team and the contractor(s), or Structural Guarantee Insurance from Insurers, who are deemed to be of sufficient financial standing to satisfy any warranty claim.

212 For residential property it is assumed adequate building warranties are available from such body as the NHBC to satisfy mortgage lender's requirements under CML rules.

213 It is also assumed all warranties run with the property or are transferable to a new occupier as appropriate.

22 Energy Performance Certificates

221 The Energy Act 2011 provides that, from April 2018, it will be unlawful to rent out or sell residential or business premises which do not reach a minimum energy efficiency standard. The lowest acceptable energy rating is E. The Minimum Energy Efficiency Standard (MEES) was introduced in March 2015 by the Energy Efficiency (Private Rented Property)(England and Wales) Regulations 2015. The MEES Regulations originate from the Energy Act 2011.

222 Unless indicated otherwise, our valuation assumes that the property has a minimum rating of E. If a rating is not available our recommendation is to have a report commissioned, as there may be potential cost implications of improving the property to achieve a rating of E or above.

223 Where the property has a rating of F or G, and in the absence of a costed energy efficiency building report, we have assumed that costs of improving the rating to a minimum rating of E are immaterial. However, we reserve the right to amend our valuation, if it is subsequently established that these costs are significant.

23 Service Charges

231 Where the property is subject to a service charge (an estate or a property service charge) it is assumed, unless stated otherwise, that there is an accrued reserve fund sufficient to meet the costs of periodic major works, and that no excess charge will be levied for the foreseeable future.

GENERAL PRINCIPLES AND ASSUMPTIONS FOR THE PROVISION OF VALUATION SERVICES

232 Where the ownership of the property under consideration is, or may become separated, it is assumed that there are, or will be, suitable arrangements for management and maintenance between the respective parties.

24 Environmental Matters

241 We have not carried out an environmental audit, or any physical tests or investigations to determine the presence or otherwise of any contamination, but nothing contained in our report should be construed as a statement of fact regarding the existence or otherwise of contamination at the property. However, within our report we will pass comment on any potential sources of contamination or pollution at or in the area of the property based on the limitations of our inspection of the property as defined above.

242 If we have been provided with or been asked to commission an environmental audit or other environmental investigation report for the property we will consider the contents. However, unless otherwise stated, we have assumed that the property and any adjoining or nearby areas are not contaminated, or that the cost of any decontamination work would be immaterial to the overall property value, and that there would be no limitations, in respect of any environmental matters, concerning the future use and / or development of the property.

243 We would emphasise that we are not qualified to give assurances concerning the presence or otherwise of contamination, which should only be undertaken by an appropriately qualified Environmental Audit Assessor. If such an audit were undertaken and it was established that the property is contaminated it is likely that our valuation will be affected, unless we have already specifically accounted for the cost of remediation, and we reserve the right to amend our valuation advice.

25 Site/Ground Conditions

251 We will not carry out on site investigations to determine extant ground conditions and services, nor do will we undertake any technical investigations of an environmental, archaeological or geotechnical nature. Accordingly, we will assume that the site is not impacted by any adverse ground conditions, historic mining or mineral extraction activity, gas contamination such as radon, methane gas etc and/or any other noxious substances.

252 Similarly, unless stated otherwise in our report, we have assumed that the property or any adjacent property is free from any invasive or alien plant species, such as Japanese Knotweed or Giant Hogweed.

253 With regard to sites/properties with redevelopment potential, unless stated otherwise, we will assume that the load-bearing potential for any likely development would not require specialist foundations and/or drainage infrastructure nor would any assumed demolition/removal of existing buildings/structures require a specialist or unique approach.

26 Deleterious and Hazardous Materials

261 We have not carried out investigations to ascertain whether or not the property has been constructed using any deleterious or hazardous materials or whether such materials have subsequently been incorporated into the construction of the property.

262 For the purpose of our valuation we will assume that no such deleterious or hazardous materials or techniques have been used in the construction or since incorporated into the property, although we are unable to report that the property is free from risk in this respect.

27 Asbestos Regulations

271 The Control of Asbestos Regulations 2012 came into force on 6 April 2012, updating previous asbestos regulations and applies to all non-domestic property.

272 The Regulations prohibit the new use of asbestos, whilst existing asbestos containing materials may be left in place, provided that their condition is monitored and managed to ensure that they are not disturbed.

273 The responsibility to monitor and manage falls on the 'Duty Holder' who is the person or organisation with a clear responsibility for the maintenance of repair and may be a business owner, landlord or tenant. It should be noted that the Duty Holder is not responsible to survey or remove.

274 The Duty Holder must take reasonable steps to identify the existence of asbestos containing materials, record their amount, location and condition and provide these details to anyone who is liable to work or disturb it.

275 We assume an up-to-date survey or register is in place and the regulations have been complied with although this should be confirmed by solicitors.

28 Fire Safety

281 The Regulatory Reform (Fire Safety) Order 2005 replaced previous fire safety legislation and applies to virtually all non-domestic property. The Order became law in October 2006 at which point Fire Certificates ceased to have any effect.

282 The essence of the present legislation is to designate a 'responsible person' who has a degree of control over the premises or area of the premises, who will then become responsible for undertaking a Fire Risk Assessment. This assessment considers various matters to protect employees and anyone else who may lawfully be on or near the premises. Thus, both proportionate and appropriate remedial "fire safety" works may be necessary to discharge the "responsible persons" legal duty, to control or reduce the risk to life from fire in a building.

283 It is assumed that the property is compliant in regard to The Regulatory Reform (Fire Safety) Order 2005.

29 Accessibility

291 The Equality Act 2010 came into force on 1 October 2010 and replaces previous legislation concerning discrimination, much of which was contained within the Disability Discrimination Act. Under the Act the duty falls on service

GENERAL PRINCIPLES AND ASSUMPTIONS FOR THE PROVISION OF VALUATION SERVICES

- providers and property owners not to discriminate against a disabled person by not providing a service on the same terms as which it is provided to others, or subject a person to any other detriment.
- 292 Reasonable steps must be taken to avoid discrimination and may include changing physical characteristics of a building, such as adding access ramps or handrails on stairways, if alternative service provisions are still believed to disadvantage the disabled person.
- 293 Due to the many issues facing disabled individuals we are not able to comment fully on all matters relating to the Equality Act 2010. In order to properly assess what steps if any need to be taken to ensure that the property is compliant with the Act, we recommend that an Access Audit is undertaken so that any deficiencies are correctly identified.
- 294 In the absence of a suitable report we have assumed that there are no issues that negatively affect the value of the property reported.
- 30 Title Tenancies and Other Legal Documents**
- 301 We will not carry out formal searches on Title and it is assumed that the property possesses a good and marketable title free of any restrictive covenants, easements and other encumbrances which may affect the value. You should rely on your solicitor in these matters and we reserve the right to amend our valuation should any restrictive covenants, easements or other encumbrances be shown to materially affect the value of the property reported herein.
- 302 If there is an occupational agreement in place or third party legal reports available we will ask to see a copy of these documents and provide our interpretation. However, no responsibility or liability will be accepted for the true interpretation of any legal documents, and you should rely on a solicitor in this regard.
- 31 Tenant Covenant Status**
- 311 Unless stated otherwise we have assumed that any occupational tenant is capable of meeting their financial liabilities under the terms of their lease, and that there are no arrears of rent or undisclosed breaches of covenant. Furthermore, unless specifically stated, we have not undertaken detailed enquiries of any tenant's financial accounts. Instead we have considered a tenant's financial strength with reference to their recent financial highlights (e.g. turnover, pre-tax profit and tangible net worth), where the information is available, and on a more general market perception basis.
- 32 Taxation, Grants and Capital Allowances**
- 321 Our valuation is provided exclusive of any Value Added Tax liability which may be come payable. Furthermore, no allowance is made for any other potential or existing tax liability such as Capital Gains Tax or Corporation Tax.
- 322 Similarly, unless stated otherwise, no adjustment is made for any unclaimed Capital Allowances or Government grants which may be available.
- 323 It should be noted that as from 1 April 2014 in order to protect the ability to claim historic Capital Allowances a claim must be made before completion of a purchase. We assume such an election will be made where relevant.
- 33 Plant, Machinery, Fixture and Fittings**
- 331 Our valuation includes items usually regarded as forming part of the building and comprising landlord's fixtures, such as boilers, heating and cooling equipment, fixed demountable partitions, suspended ceilings, carpets, water systems, lighting, sprinklers, ventilations, lifts and other permanent structures forming an integral part of the building. However, it generally excludes operational plant and machinery, and fixtures and fittings normally considered to be the property of the tenant.
- 332 If we have valued the property as an operational entity (e.g. a petrol filling station, hotel etc) all items of equipment normally associated with such a property are included within the valuation unless otherwise stated. It is also assumed that these are not subject to any hire purchase or lease agreements or any other claim on title.
- 34 Operational Real Estate**
- 341 Where the property is valued as an operational entity, we will have regard to RICS Valuation Practice Guidance Application 4 (VPGA 4). Accordingly, reference has been made to the trading history or trading potential of the property, reliance has been placed on information provided to us in this regard. Should this information subsequently prove to be inaccurate or unreliable, the valuation reported could be adversely affected and we reserve the right to amend the valuation accordingly.
- 35 Special Purchaser Value**
- 351 Unless otherwise stated, our Valuations do not reflect any element of marriage value or special purchaser value which could possibly be realised by a merger of interests or by a sale to an owner or occupier of an adjoining property, other than in so far as this would be reflected in offers made in the open market by prospective purchasers apart from the purchaser with a special interest.
- 36 Aggregation**
- 361 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 property being put on the market at any one time. In the event that a valuation is required for the portfolio as a single entity it should be expressly requested.

GENERAL PRINCIPLES AND ASSUMPTIONS FOR THE PROVISION OF VALUATION SERVICES

37 Fire Regulations

37.1 We are not able to advise in relation to matters and obligations regarding fire combustibility, resistance or protection. We do not and will not provide any assurances regarding current or future fire regulatory requirements in respect of the property and that may impact upon future occupation, safety or maintenance and associated costs. Further, we are not responsible for the investigation or consideration of the performance, suitability or risk of failure of any product, material or system used in the construction, alteration, repair, treatment or refurbishment of any building or structure and its compliance with applicable regulations in respect of the performance of combustibility, fire resistance or fire protection. Responsibility for implementation and compliance with regulations falls to the building owners as stated in the Government Guidelines.

38 Professional Indemnity Insurance

38.1 Matthews & Goodman LLP hold RICS Compliant PI Insurance subject to the following exclusions:-

Fire Combustibility Exclusion

M&G is not covered for any claim or claim circumstance arising directly or indirectly out of, or in any way connected with:-

a) any actual or alleged failure of any product, material or system used in the construction, alteration, repair, treatment or refurbishment of any building or structure to comply with applicable regulations in respect of the performance of combustibility, fire resistance or fire protection.

b) any Survey or Valuation where such claim or claim circumstance relates in whole or in part to any actual or alleged failure of any product, material or system used in the construction, alteration, repair, treatment or refurbishment of any building or structure to comply with applicable regulations in respect of the performance of combustibility, fire resistance or fire protection.

38.2 Aggregate limit, defence costs in addition, excess not applied to defence costs, with round-the-clock reinstatements. The most Insurers will pay in total for all loss resulting from all claims in any one period of insurance is the limit of indemnity. Insurers will pay defence costs in addition to the loss. If the amount of loss for any claim is greater than the limit of indemnity, the most that will be paid for defence costs for that claim will be an amount in the same proportion that the limit of indemnity has to the loss.

38.3 When the limit of indemnity under the policy and all excess layer policies are exhausted the limit of indemnity will be reinstated but only in respect of any future claim which does not come from:-

a) the same act, error or omission or series of acts, errors or omissions as a result of or arising directly or indirectly from the same source or original cause as any previous claim.

b) the same dishonest or fraudulent acts or omissions of one person or persons acting together or in which such person(s) is/are concerned or implicated, as is the subject of any previous claim.

38.4 The number of times that the limit of indemnity is reinstated is unlimited, but is subject to the exhaustion of all excess layer policies prior to each reinstatement.

38.5 Where for whatever reason the excess layer insurer(s) do(es) not pay in respect of a claim and/or defence costs, this will not count towards the exhaustion of the excess layer limit of indemnity with regards to when the limit of indemnity is reinstated under the policy.

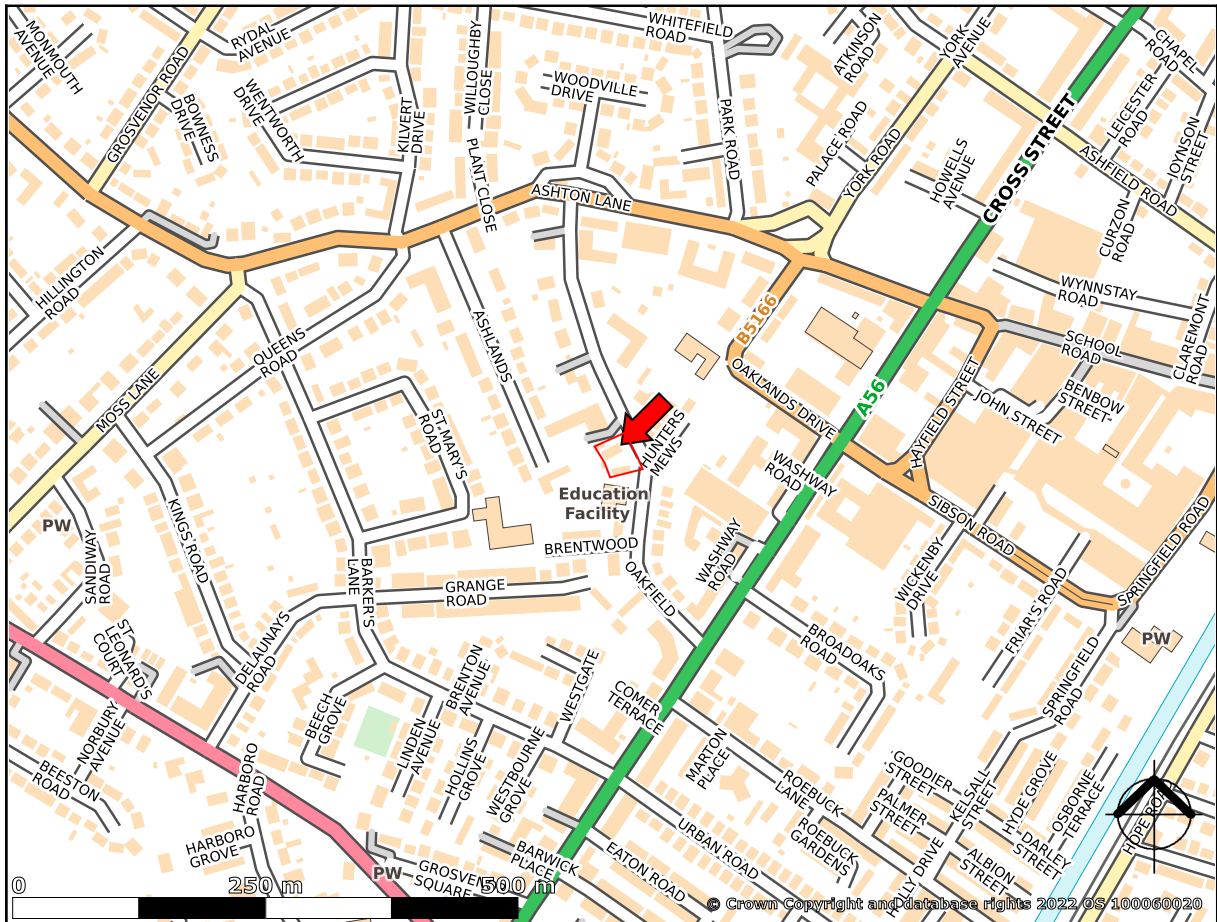
38.6 In any event, reinstatement of the limit of indemnity will only occur if the excess layer professional indemnity insurance has been effected and maintained for the entire period of insurance.



Appendix Three

Location Plan

35 Oakfield, Sale, M33 6NB



created on **edozo**

Plotted Scale - 1:7,500



Appendix Four

Title Plan Extract

35 Oakfield, Sale, M33 6BN



Promap
LANDMARK INFORMATION

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Plotted Scale - 1:1250. Paper Size - A4



Appendix Five

Photographs

External elevations



External elevations



External elevations



Flat D



Communal areas



Communal areas

