Report & Valuation

iMET Building, Emery Crescent, Alconbury Weald, Huntingdon, PE28 4YE

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Urban & Civic Plc	and	Cambridge & Peterborough Combined Authority
50 New Bond Street		72 Market Street
London		Ely
SW1 1BJ		CB7 4LS

For the attention of: Marcus Warwick, Urban & Civic Plc
Steve Clark, Cambridge & Peterborough Combined Authority

Dear Sirs,

PROPERTY: iMET BUILDING, EMERY CRESCENT, ALCONBURY WEALD, HUNTINGDON, PE28 4YE

In accordance with the instructions contained in your emails to us dated 16 December 2020, as confirmed in our letter to you dated 21 December 2020, we have inspected the property and made such enquiries as are sufficient to provide you with our opinion of value on the basis/es stated below. Copies of our letter of confirmation are enclosed at **Appendix 1.**

We draw your attention to our accompanying Report together with the General Assumptions and Conditions upon which our Valuation has been prepared, details of which are provided at the rear of our report.

We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours faithfully

For and on behalf of Savills (UK) Limited

Katharine Scott

Katharine Scott BSc (Hons) MRICS
RICS Registered Valuer
Director

Nicholas Heath MA FRICS
RICS Registered Valuer
Director

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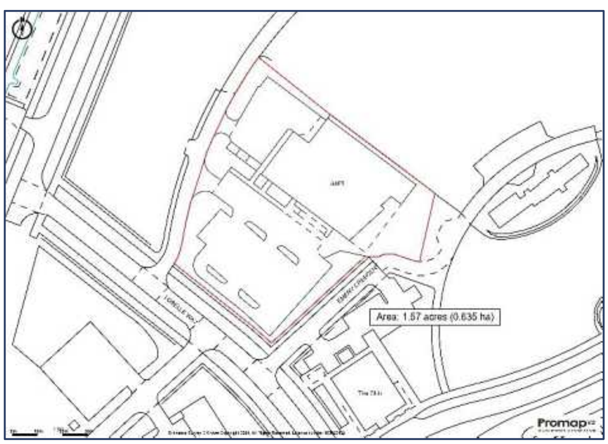


Address	iMET Building, Emery Crescent, Alconbury Weald, Huntingdon, PE28 4YE
Use	Educational (Further Education College)
Location	Situated within Alconbury Weald, a new town development on the former Alconbury Airfield, just north of Huntingdon at Junction 14 of the A1(M). The property lies within the Alconbury Enterprise Zone.
Description	Purpose built higher education technology college, dating from 2016 / 2017, of good modern specification.

	Floor	Use	Sq m	Sq ft
Existing Accommodation	Ground	Workshops, laboratories, teaching & ancillary accommodation	1,390	14,962
	First	Laboratories, teaching & ancillary accommodation	909	9,785
	TOTAL Gross Internal Area		**2,299**	**24,747**

	Floor	Use	Sq m	Sq ft
Proposed Accommodation	Ground	Offices & ancillary accommodation	1,085	11,679
	First	Offices & ancillary accommodation	1,072	11,539
	TOTAL Net Internal Area		**2,157**	**23,219**

Tenure	Urban & Civic Plc – Freehold Cambridge & Peterborough Combined Authority – Long leasehold
Lease Terms	125 years from 1 October 2016 (121 years unexpired) Peppercorn rent Original tenant – Huntingdon Regional College User restricted to training & educational facility including ancillary office and research & development facilities within Class B1(a) and B1(b) Assignment sum payable if premises assigned for value, based on land value

Market Rent (Existing Educational Use)	£222,700 per annum	£9 per sq ft GIA	£96.88 per sq m GIA
Market Rent (Proposed Office Use)	£371,500 per annum	£16 per sq ft NIA	£172,23 per sq m

		NIY	EY	RY	Value per sq ft
Market Value Existing Long Leasehold	£1,790,000	N/A	9.0%	11.71%	£72.33 GIA £95.35 NIA
Assignment Sum (Land Value)	£625,000	£400,000 per acre			
Market Value Existing Freehold	£125,000				
Market Value Freehold with Long Leasehold Interest Dissolved	£3,230,000	N/A	7.5%	8.5%	£130.52 (GIA existing) £172.06 (NIA existing)
Potential Marriage Value	£690,000				

1. Instructions and Terms of Reference

1.1. Instructions

1.1.1. Instructions and Basis Of Valuation

You have instructed us to provide our opinions of value on the following bases:

- The current Market Value of the freehold interest, subject to and with the benefit of the existing lease ("Market Value");
- The current Market Value of the head leasehold interest, subject to vacant possession (Market Value);
- The current Market Value of the freehold interest, on the Special Assumption that the long leasehold interest has been dissolved;

We will also comment on:

- The value of the current assignment sum, under the terms of the head lease;
- The potential marriage value that would be released should the long leasehold interest be dissolved;

1.1.2. General Assumptions and Conditions

All our valuations have been carried out on the basis of the General Assumptions and Conditions set out in the relevant section towards the rear of this report.

1.1.3. Date of Valuation

Our opinions of value are as at the date of this report. The importance of the date of valuation must be stressed as property values can change over a relatively short period.

Please see our comments with regard to the valuation date and material valuation uncertainty as a result of the ongoing Covid-19 global pandemic at section 4.3.5 of this report.

1.1.4. Definitions of Market Value and Market Rent

In undertaking our valuations, we have adopted the definitions of Market Value and Market Rent as defined in the RICS Red Book, as detailed below:

Market Value (MV) 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."

Market Rent (MR) is defined in IVS 104 paragraph 40.1 as:

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

1.1.5. Purpose of Valuations

You instruct us that our valuations are required to ascertain the potential marriage value that would be released by extinguishing the long leasehold interest in the property, prior to negotiations.

1.1.6. Conflicts of Interest

As previously advised, Savills (UK) Limited has a material connection or involvement with the Property and parties. More particularly, we act as agent in respect of Urban & Civic's land holdings at Alconbury Weald. This notwithstanding Cambridge & Peterborough Combined Authority have provided their Informed Consent to us to proceed with a jointly addressed valuation. Accordingly, we are reporting on an objective and unbiased basis.

1.1.7. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by Katharine Scott BSc (Hons) MRICS. The valuations have also been reviewed by Nicholas Heath MA FRICS.

The property was inspected on 22 December 2020 by Katharine Scott BSc (Hons) MRICS. We were able to inspect the whole of the property, both externally and internally, but limited to those areas that were easily accessible or visible. The weather on the date of our inspection was dry, bright & clear.

All those above with MRICS or FRICS qualifications are also RICS Registered Valuers. Furthermore, in accordance with VPS 3.2, we confirm that the aforementioned individuals have sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.1.8. Extent of Due Diligence Enquiries and Information Sources

The extent of the due diligence enquiries we have undertaken and the sources of the information we have relied upon for the purpose of our valuation are stated in the relevant sections of our report below.

Where reports and other information have been provided, we summarise the relevant details in this report. We do not accept responsibility for any errors or omissions in the information and documentation provided to us, nor for any consequences that may flow from such errors and omissions.

1.1.9. Liability Cap

Our letter confirming instructions at **Appendix 1** includes details of any liability cap.

1.1.10. RICS Compliance

This report has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the ''Red Book'.

Our report in accordance with those requirements is set out below.

1.1.11. Verification

This report contains many assumptions, some of a general and some of a specific nature. Our valuations are based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuations. Our valuations should not be relied upon pending this verification process.

1.1.12. Confidentiality and Responsibility

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the parties to whom it is addressed only, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

1.2. Background

The property is held freehold by Urban & Civic Plc, subject to a long lease to Huntingdon Regional College (now assigned to Cambridge & Peterborough Combined Authority at nil consideration) from October 2016. Following the construction of the premises, the tenant's business on the site as a further education college for innovation, manufacture & engineering failed and to date an alternative operator has not been found to take on the premises in its present use.

There is potential for conversion of the building to office use, however under the terms of the long lease this is prohibited. Further, the assignment clause within the lease provides for payment of an "assignment sum" to the landlord should the lease be assigned for a consideration.

It is intended that Urban & Civic will purchase the long lease from Cambridge & Peterborough Combined Authority thereby dissolving this interest and releasing value by removing the restrictive user clause. This report is prepared to ascertain the current Market Value of the two existing interests and the resultant Market Value once the long lease is dissolved. This will allow the subsequent marriage value to be calculated, which will be used as the basis for forthcoming negotiations between the two parties as to the price that Urban & Civic will pay for the long leasehold interest.

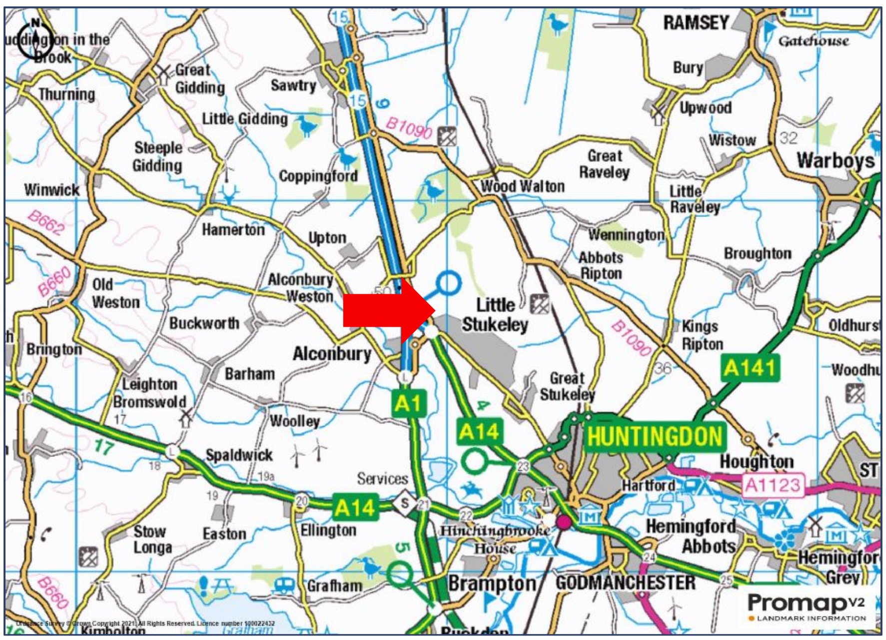
2. The Property, Statutory & Legal Aspects

2.1. Location

Alconbury Weald is a major new town development, by Urban & Civic, on the former RAF Alconbury Airfield, situated the north of Huntingdon. It lies off junction 14 of the A1(M), just north of its interchange with the A14, which has undergone substantial upgrading and re-routing over the last three years. The A14 carries a large volume of freight traffic to and from the east coast ports of Felixstowe and Harwich and connects with the M11 to the south and M1 & M6 to the west. Alconbury Weald lies approximately 18 miles south of Peterborough and 25 north west of Cambridge.

Alconbury Weald has been given Enterprise Zone status and is set to provide 3.5 million sq ft commercial space together with 5,000 new homes and associated schools and community facilities to include 700 acres green space.

We enclose below a General Location Map showing the location of Alconbury Weald in its regional context.



2.2. Situation

The subject property is situated within the Enterprise Zone. It is accessed via The Boulevard, the main road from the site entrance at the junction off the A1(M). Along the northern side of the Boulevard are two office buildings, known as the Incubator and Incubator 2. The iMET site is situated at the junction of Lobelle Way and Emery Crescent, which leads north from The Boulevard, giving access to a number of substantial industrial premises to the north.

Opposite the subject property is The Club, which provides a restaurant, gym and meeting rooms for use by occupiers of the Enterprise Campus. Adjacent is a site currently under construction to provide new office premises for Cambridgeshire County Council. In front of the council offices is a listed former watchtower building, which is currently in community use and we understand that there are plans for operating these premises as a café / restaurant. To the south east of the subject property is open green space with residential development schemes by Crest and Hopkins Homes under construction.

We have provided a Local Street Map below.

2.3. Description

2.3.1. Overview

The property comprises a purpose built higher education facility designed specifically for training of skills required by technology based businesses. The building is of steel frame construction, with a solid concrete floor, externally clad in aluminium panelling under a flat roof, incorporating light wells in the centre of the building. Windows are double glazed with powder coated aluminium frames throughout. The first floor protrudes over the front of the building providing an entrance canopy.

The main entrance to the building fronts Emery Crescent, where glazed electronic sliding doors either side of a lobby give access to the main reception. Internally the building is laid out with a double height central communal area running the length of the building with full height workshops of industrial specification to one side and offices, laboratories, teaching rooms and welfare facilities to the other. The main staircase is open and leads from the double height core to first floor balcony areas providing further teaching and laboratory space. This central area is designed as “collaboration space” and shared work areas. There are two further stair cases, one at each end of the building and a passenger lift.

The two workshops have solid concrete floors, painted blockwork walls and profile cladding to the roof. Small sections of the workshops are situated beneath first floor training rooms and have suspended ceilings with strip lighting. However, generally the workshops are lit with industrial style LED lighting and power is supplied via a combination of perimeter trunking and wall sockets. In addition both workshops have windows at first floor level and Workshop 1 has a fully glazed frontage. There is a rollershutter loading door between the two workshops and Workshop 2 also has a roller shutter loading door onto a rear yard.

The majority of the teaching rooms and offices are of the same specification with carpet covered floors, plaster and painted walls and suspended ceilings with recessed LED lighting and air conditioning cassettes. Some of the seminar rooms have a hybrid industrial/office style feature ceilings with suspended LED strip lighting. A combination of perimeter trunking and floor boxes provide power.

The laboratory facilities have pained concrete floors plaster and painted walls and feature industrial/office hybrid ceilings with suspended LED strip lights.

A relatively small kitchen is provided on the ground floor which has a sealed non-slip floor, plaster and painted walls with tiled splash backs. It is fitted with modern, but basic, wall and base level units incorporating a stainless steel sink and drainer. Unisex individual WC facilities are provided on each floor to include a DDA WC on each floor and, in addition there are male and female changing rooms with showers at ground floor level.

The first floor accommodation is provided off a mezzanine gallery overlooking the central collaboration area and also incorporates smaller collaboration areas. The majority of the rooms run along the north-western elevation and front of the buildings, with staff offices provided to the rear of the building. The teaching accommodation is designed to be flexible with retracting walls between rooms, providing varying sizes of accommodation. There are two rooms in the centre of the building, above the sides of the workshops, which do not benefit from any natural light however.

Externally to the front of the building is a brick paved “piazza”, which extends beneath the canopy. There is a large tarmac carpark adjacent to the building at the junction of Emery Crescent and Lobelle Way, providing 68 marked spaces, with an additional six DDA compliant spaces and a motorbike parking area. Cycle racks are also provided here. To the rear of the building is a further tarmac area comprising a loading area, giving access to Workshop 2, and private car park with 10 spaces, two of which are designated disabled.

Photographs of the property taken on the date of our inspection are provided below.

iMET Building – Front Elevation

Car Park & South East Elevation

Rear (North East) Elevation

Rear Loading Area / Staff Car Park

Main Entrance / Reception

Workshop 1

Workshop 2

Ground Floor Lab

First Floor Teaching Room (no natural light)

First Floor Teaching Room

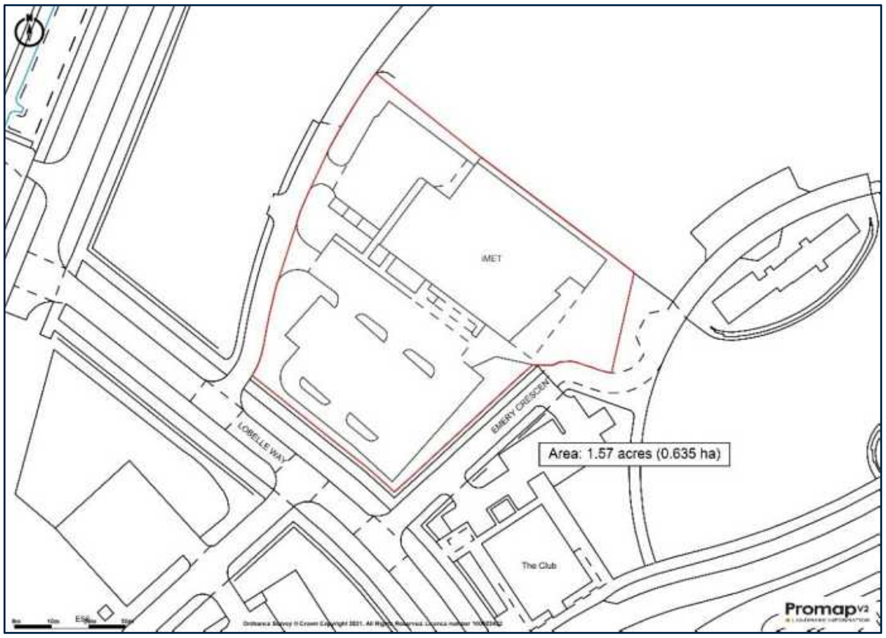
First Floor Lab

First Floor Office

2.3.2. Site Area

The site of the property is irregular in shape and is bounded by the pavement line. By reference to the Ordnance Survey Extract, we calculate that the property has an area of 1.57 acres (0.64 ha). This area and the precise site boundaries should be confirmed by your legal advisers.

We attach an extract from the Ordnance Survey sheet below showing the property edged in red and its immediate vicinity, with a scale copy enclosed at **Appendix 2**.



2.4. Accommodation

2.4.1. Existing Configuration

We have valued the property on the basis of the floor area figures set out below, which were provided by Urban & Civic on plans prepared by Bond Bryan Architects, subject to check measurements taken on site. We assume these are complete and correct, and are the net or gross internal floor areas, as appropriate, measured in accordance with the RICS Property Measurement 2nd edition, published in January 2018, which updated the RICS Code of Measuring Practice 6th Edition and incorporates International Property Measurement Standards (IPMS).

Floor	Use	GIA		NIA	
		Sq m	Sq ft	Sq m	Sq ft
Ground	Workshop	618	7,330	618	7,330
	Teaching Space	118	1,270	118	1,270
	Laboratories	70	753	70	753
	Collaboration	167	1,798	167	1,798
	Ancillary Offices & Stores	354	3,811	52	560
First	Teaching Space	419	4,519	419	4,519
	Laboratories	103	1,109	103	1,109
	Collaboration Space	98	1,055	98	1,055

Floor	Use	GIA		NIA	
		Sq m	Sq ft	Sq m	Sq ft
	Ancillary Offices & Stores	289	3,111	36	388
Total		**2,299**	**24,747**	**1,744**	**18,773**

In addition, there are 84 surface level car parking spaces, of which eight are designated disabled.

We attach, at **Appendix 3,** a set of indicative floor plans.

2.4.2. Proposed Configuration

Plans have been prepared to convert the premises to office use, to include creating a mezzanine floor above the workshops, thereby increasing the net internal floor area as follows:

Floor	Use	NIA	
		Sq m	Sq ft
Ground	Offices	784	8,439
	Meeting Rooms	101	1,087
	Reception	37	398
	Collaboration Space	163	1,755
First	Offices	929	10,000
	Meeting Rooms	52	560
	Collaboration Space	65	700
	Ancillary Stores	26	280
Total		**2,157**	**23,219**

A set of proposed floor plans are enclosed at **Appendix 4.**

2.5. Condition

2.5.1. General Condition

We have not carried out a structural survey, nor have we tested any of the services. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the property, having been constructed to a high specification within the last five years, appears to be in excellent condition throughout.

2.6. Environmental Considerations

2.6.1. Informal Enquiries

We have not carried out a soil test or an environmental audit. We understand that the property previously formed part of RAF Alconbury, which may have given rise to land contamination, due to historic uses on the site. However, as the building was developed within the last five years any contamination on site will have been dealt with at the time of construction and subsequently it would be unlikely that any residual land contamination exists. This comment is made without liability.

2.6.2. Assumption

As our informal enquiries have suggested that land contamination is unlikely, we have valued the property on the basis that it has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. However, should it subsequently be established that contamination exists at the property, or on any neighbouring land, then we may wish to review our valuation advice.

2.6.3. Flooding

We have made enquires with regard to potential flooding at the Environment Agency website, www.environment-agency.gov.uk and note that the property does not lie within the flood plain and further unlikely to be affected by surface water flooding at the present time.

2.7. Town Planning

2.7.1. Statutory Background

We have made informal internet based enquiries of the local planning authority, Huntingdonshire District Council, and understand that the statutory plan covering planning policy and development control for the area is the Huntingdonshire Local Plan to 2036, which was adopted in May 2019.

Alconbury Weald is identified within the Local Plan a strategic expansion location allocated for mixed use development of 6,680 new homes and 150 ha employment land. The site itself also falls within the Alconbury Enterprise Zone.

The property is not Listed nor within a Conservation Area. However, as mentioned above it the immediate area is subject to substantial development schemes, both commercial and residential.

2.7.2. Planning History

Planning decisions of note revealed by our enquiries are as follows:

Date of Decision	Description of Development	Decisions
9 August 2017	Amendment of application reference 16/00752/REM for the amendments to roof, elevations, external lighting and external works / hard landscaping. (Ref: 16/01623/NMA)	Acceptable
26 June 2016	Submission of reserved matters (appearance, layout, landscaping, scale & mass) in respect of the construction of a mixed use Innovation, Manufacturing, Engineering Building (iMET) including office, research & development and a training facility (Use Class B1(a)/B1(b)). (Ref: 16/00752/REM)	Approved
1 October 2014	Up to 290,000 sq ft employment, including data storage and a materials recovery demonstration centre and up to 5,000 dwellings, including sheltered/extra care accommodation; a mixed use hub and mixed use neighbourhood facilities, including retail, commercial leisure, health, place of worship & community uses; non-residential institutions including primary schools, nurseries, a secondary school and land reserved for post 16 education provision; open spaces, woodlands and sports provision; retention of listed buildings; new vehicular access points from Ermine Street and the A141, with other new vehicular access points; associated infrastructure; reserve site for railway station and ancillary uses; and associated demolition and ground works at Alconbury Airfield, Ermine Street, Little Stukeley, PE28 4WX (Ref: 1201158/OUT)	Permitted

2.7.3. Summary

During the course of our inspection of the property, we did not observe anything which would indicate that the any of the above planning permissions are being contravened. In valuing the property we have assumed that the building is used in accordance with its present lawful uses and that the building complies with current planning laws and building regulations and that it is not subject to any adverse proposals or possible enforcement actions.

2.8. Taxation

2.8.1. Rates

From informal enquiries of the Valuation Office Agency Internet Rating List www.voa.gov.uk, we understand that the following entry appears on the 2010 Valuation List:

Property Address	Description	Rateable Value
IMET, Emery Crescent, Enterprise Campus, Alconbury Weald, Huntingdon, Cambs, PE28 4AY	Offices & Premises	£486,089
Total		**£486,089**

The Uniform Business Rate for 2020/2021 financial year is 51.2 pence in the Pound. We calculate that the rates currently payable are £239,660 excluding any transitional or other relief.

2.8.2. VAT

Our valuation is exclusive of VAT.

2.9. Tenure

We have valued the freehold & long leasehold interests in the property as outlined in red on the Ordnance Survey Extract at **Appendix 2**.

We have inspected a copy of the lease and summarise the principle provisions as follows:

Landlord	**Urban & Civic Alconbury Limited**
Tenant	**Huntingdon Regional College (assigned to Cambridge & Peterborough Combined Authority)**
Lease Date	**10 January 2017**
Term	**125 years from 1 October 2016, therefore presently having 121 years unexpired.**
Rent	The present rent passing is one peppercorn per annum exclusive, if demanded.
Rent Review	None
Repairs	The lease is drawn on full repairing terms, under which the tenant covenants to keep the demised premises in full repair and condition.
Insurance	The tenant covenants to insure the premises.
User	The tenant covenants not to use the premises otherwise than as “a training and educational facility including ancillary office, research and development facilities within Class B1(a) and B1(b) of the Town & Country Planning (Use Classes) Order 1987 (in the form in which it exists at the date of the lease,. Changes of use are permitted subject to the landlord's prior consent.
Alienation	The lease contains a total prohibition against assignment or underletting of part only of the demised premises. Assignment or underletting of the whole is permitted, subject to conditions and the landlord's prior consent. If an assignment is for value then a payment due to the landlord, which is calculated as the lower of: a) The greater of the “assignment sum” or Open Market Value of the premises (assuming bare land). The assignment sum is calculated as £500,000 + RPI increases from the commencement of the lease. b) The actual consideration amount. Any subsequent assignments take account of previous sums already paid.
Outside the Act	By a statutory declaration, the security of tenure provisions of The Landlord and Tenant Act 1954 are excluded from the lease.

We assume that full rights of access are enjoyed, and that no third parties enjoy any rights over the subject property. Your solicitors should confirm that there are no onerous restrictions or obligations as part of the due diligence process.

2.10. Occupational Leases

There are no occupational leases and we have therefore valued the property on the basis of full vacant possession.

3. Market Commentary

3.1. Macro Economic And Property Market Overview

We enclose a Macro Economic and Property Market Overview at **Appendix 5**.

3.2. Market for Educational Properties

3.2.1. Overview of the Higher Education Market

The number of students in the UK has increased significantly since the 1990s as governments encouraged the expansion of education to cater for 50% of school leavers which is about 500,000 undergraduates a year. There has been a huge increase in this period and a provision of a wider range of courses than ever before. The number of institutions now totals more than 450 and an estimated 2.4 million were enrolled in higher education in 2019.

It was apparent, even before the presence of the pandemic, that higher education had been feeling the pressure in a number of areas and commentators now suggest that the period of expansion is over and there is an expectation that the number of facilities and courses on offer will reduce. The pressure comes from a number of areas:

- Expansion and Debt - Universities have been criticised for expanding too quickly in the period since 2013. Expansion programmes of new buildings and campuses has been debt financed. The obligations to repay these loans remain and some universities are now very heavily indebted. In April 2020 the High Education Statistical Agency reported that 119 of 194 universities were in deficit (i.e. figures before the Covid effect). The BBC reported in July 2020 that 13 institutions were close to insolvency without government assistance.

- Pension deficits for teaching staff are rising. The university pension scheme liabilities are rising at the same time as interest rates have fallen and the coronavirus has affected global markets.

- Increased international competition. Other countries offer international students better opportunities to remain and work in the country after graduating. The feeder countries are investing heavily in providing their own university and attractive degrees at home and UK, US and European universities are all feeling the effects. Nearly three quarters of the UK's universities slipped down the international rankings this year.

- The debate of the cost/value of higher education for the proportion of the domestic population studying at university and the level of the fees do not relate to the quality of the course. Debts incurred during a typical three year undergraduate course now average mover than £50,000 per student. The UK has one of the most expenses education systems in the world.

- Brexit has had a dampening effect on recruitment and retention of staff, and reduced the volume of EU students. In addition, reductions in research funding are possible in the future.

- Student numbers: A demographic dip in the number of 18 year olds in UK. There has been a fall from the peak in 2009 of 830,000 to 710,000 in 2020). This has reduced the number of potential students available and this year one in five were considering deferring HE studies due to the pandemic. The number of full time undergraduates from outside the EU has been almost unchanged at 50,000 over the last five years, stricter immigration rules have been cited as contributing to this. It is estimated that around 14,000 fewer international students have enrolled this year resulting in further losses for the institutions.

- Focus on better institutions: Government regulation fixing the terms of student loans means universities are not able to increase fees. The cap on class sizes has led to an inter-university battle since 2015. Institutions have been competing to expand numbers through marketing to attract students, offering incentives, developing more appealing facilities, offering unconditional places not linked to exam results and more first class degrees being awarded. This has allowed applicants to trade up to more prestigious institutions, but at the cost of undermining the demand for lower ranked rivals.

- Shift to vocational training and apprenticeships.

Few countries other than the US match the extent which English higher education has been turned into business over the past two decades. In this period UK universities have had to adapt to government controls and deregulation but also deal with rising costs associated with the rapid expansion in institutions. The key factor is the dependency on the international income and how expensive universities are. This loss of income is likely to result in mergers, cutbacks and possibly even closures.

3.2.2. Past & Future Trends

In light of the discussion regarding universities in the section above, up to Covid there was still evidence of expansion and new buildings being constructed to keep ahead of the competition, however with the financial pressure faced by a proportion of the universities, the rate of expansion had slowed.

In London and city centres where there was pressure on space, office buildings were purchased for university accommodation expansion. Office space has also been of interest to free schools and colleges. Where offices have been purchased for conversion to education use, office prices have been paid and therefore prices have been reflective of the underlying property market for offices in that area, rather than being a good indication of educational space, although it does provide a historic indicator of levels educational buyers felt they were able to afford.

Since Covid the focus has been on the effects of the short term dramatic decrease in income and the financial deficit faced by many. Salary cuts or pay freezes, furlough and redundancies have been commonplace. In this environment it is unlikely that many of the institutions are considering any form of expansion.

3.2.3. Prices paid for former D1 (F Class) Educational Facilities

School and educational premises are infrequently traded on the open market, usually being included within the sale of the business. Those which are offered for sale are often sold for conversion or redevelopment to some higher value alternative use, particularly residential. Often educational premises are within dated buildings resulting in high maintenance and running costs, which reduces the desirability of such premises to alternative educational providers. Indeed, we understand that, grant funding was paid to other institutions to take on the liabilities associated with the properties when the Hadlow College premises were sold last year.

The subject property provides a modern facility of exceptional quality and not surprisingly there is little evidence of premises as modern as this or in as good condition changing hands without an associated business. Examples of such freehold sales include the following:

City Learning Centre, Portsmouth

Highbury College sold this property to Portsmouth University in 2018. It is a modern building of 48,409 sq ft situated in Portsmouth City Centre, close to other buildings occupied by the University. We understand that there were other interested parties in the premises and it sold for £5,700,000 reflecting **£95 per sq ft**.

Soundwell College, Bristol

This property comprises approximately 100,000 sq ft of educational buildings dating mainly from the 1960s and 1970s on a 4.8 acres site, previously occupied by City of Bristol College. It was purchased by the Department for Education in 2018 for a price reflecting approximately **£42.50 per sq ft**. We understand that some of the buildings on site were due to be demolished and others subject to comprehensive refurbishment and the price achieved reflects this.

Lawress Hall, Lincoln

This former training college is held long leasehold at a peppercorn rent. It was formerly a residential institution and therefore in C2 rather than D1 use and totals 122,304 sq ft of modern buildings in good condition on 6.24 acres parkland. We understand that it was under offer to a higher education institution in early 2020 at a price reflecting in the region of **£60 per sq ft**, but the sale fell through and the property is back on the market.

3.3. Local Commercial Market

3.3.1. Overview

Educational facilities generally fall into the former D1 (non-residential institutions) use class, now F, with boarding schools coming under C2 (residential institutions). Other users within the D1 sector include medical centres and associated clinics, veterinary practices and day nurseries, which we also consider fall under the ‘educational’ user classification.

Nationally the rents paid for former D1 premises are closely aligned to office rents as office occupiers will often be the most appropriate alternative users for such properties. Often there are restrictions on use an alienation in educational leases, which are not present in more standard offices leases, which can have a depressing effect on the headline rental figure. In the case of the subject property however, which is more of a hybrid building in nature with workshop facilities, we consider this should be reflected in the appropriate notional rental levels applied within our valuation.

3.3.2. Local office market

The building is a high specification and it is proposed that should Urban and Civic acquire the long leasehold interest they will convert it to office premises in line with their neighbouring “Incubator” buildings.

Huntingdon is not a mainstream office location. It provides for a predominantly local market and those occupiers who also have industrial premises in the town. The notable exception is the largest office occupier, Anglian Water Services, who have a modern headquarters building on the Ermine Business Park to the north of the town and several other buildings on other edge of town business parks.

The majority of the town’s office offer lies on the business parks to the north of the town, close to the A1307 (formally A14, before it was re-routed to by-pass the town), which gives good access to the main road networks. Over the last decade, several of the town centre offices, including Anglian Water’s former head office, have been sold for conversion to residential use under permitted development rights legislation.

Demand for office space in Huntingdon is well below supply with many office premises having stood vacant for a number of years, following substantial development in the business parks in the early 2000s.

Office rental levels in the town peaked at around £15.00 - £16.00 per sq ft at the top of the market in 2006/07, but fell under the pressure of availability of supply and the costs to landlords associated with holding empty premises, including empty rates liabilities. Lettings completed over recent years have often involved tenant incentives such as rent free periods or capital contributions for fit out works, which are not always disclosed in the open market.

Top office rents in Huntingdon are now thought to stand at close to £15 per sq ft for small modern offices on the business parks, which compares to headline rental levels of in excess of £45 per sq ft being seen for the best new office accommodation in central Cambridge close to the station, but is broadly in line with office rents in nearby St Neots and Peterborough, to the north.

At Alconbury Weald, itself, office accommodation is provided within the two incubator buildings close to the subject property. The majority of these lettings are to small occupiers on three year terms with three month rolling options to break at the end of the first 12 months. However, we have analysed two recent transactions in respect of larger suites as follows:

Suites 3A & 10/11 Incubator 1
Suite 3A is situated on the ground floor of the Incubator building and Suite 10/11 is adjacent but also extends over the first floor. Together they provide 2,083 sq ft and were let together under the terms of two separate leases to property consultants, Rapleys, in September 2020. The passing rent in respect of Suite 3A is £31,378 per annum and that in respect of 10/11 is £29,029 per annum, reflecting **£29.46 per sq ft** and **£29.00 per sq ft** respectively, inclusive of services.

We understand that the service charge is currently running at between £6 and £7 per sq ft, which reflects **£22 - £23 per sq ft** net.

Part Ground Floor North, Incubator 2
In August 2019, Roythornes, a regional firm of solicitors, took 3,771 sq ft, together with 13 car parking spaces for 15 years under the terms of an effective full repairing and insuring lease, with tenant options to break at the end of years five and ten. The initial rent was £84,850 per annum, following 9 months rent free with 5 yearly rent reviews and breaks back to **£22.50 per sq ft** or **£20.25 per sq ft net effective**, taking account of the rent free incentives.

A further 17 car parking spaces were let on licence at £400 per spaces as part of this transaction.

3.3.3. Local Industrial Market

Nationally we have seen considerable growth in the industrial market over the last five years, following the recessionary years of 2008 – 2012. The general growth in the logistics property market based on the demand for large distribution centres has combined with scarcity of sites in more metropolitan areas where demand for residential development has absorbed a large volume of older traditional industrial areas.

At Alconbury Weald itself large scale industrial premises have been constructed on a design and build basis by owner occupiers and subsequently not comparable to the industrial element of the subject property. In assessing the workshops at the property we have therefore looked at a wider area.

Within Huntingdon itself, the main industrial area is to the north of the town centre in an established commercial location made up of St Peter's Road Industrial Estate and Stukeley Meadows Industrial Estate and spreading north to the A141. There is also a smaller but established more modern commercial area at Hinchingbrooke, where there are several modern office buildings and industrial premises.

While, as reported above, nationally industrial rents have performed well over the last five years, much of the local industrial stock in Huntingdon is older mid-sized units, where rents have remained relatively low. Industrial rents in Huntingdon range up **to £8.00 per sq ft** for new small units of up to 2,000 sq ft such as those found on Kingfisher Court scheme in Hinchingbrooke. Larger newer units achieve rents close to £6.50 per sq ft as agreed on rent review at 1 Cardinal Park, Godmanchester, where the March 2019 rent review on a modern warehouse of approximately 29,000 sq ft was settled at **£6.58 per sq ft overall**.

More mainstream industrial stock in Huntingdon is older premises which attracts rents between £4.00 - £5.75 per sq ft. For example, Unit 9 Tower Close St Peters Industrial Park is in the northern industrial sector, south of A141 ring road. Dating from the 1980s this self-contained distribution centre totals 48,087 sq ft with 40% site coverage. It was let to Anglia Water Group in May 2019 on a rent breaking back to **£5.40 per sq ft**.

Closer to Cambridge, the industrial market has changed significantly over the past 3-4 years, with the emergence of the mid-tech market. Occupiers being pushed away from high rents on the traditional Science and R&D parks, searching for affordable, bespoke facilities which can be fitted to suit. The subject property fits well within this market as a hybrid office-industrial property and we have therefore also had regard to the mid-tech market in our assessment of the iMET Building. Examples of such premises include the following:

Enterprise 5000, Cambridge Research Park, Waterbeach

Cambridge Research Park is situated approximately 7 miles north of Cambridge, on the A10. Enterprise 5000 was a speculatively developed scheme of nine mid-tech units which completed in March 2018. They comprise good quality workshop / R&D space with high quality office accommodation. The first couple of units to let in 2018 achieved rents of £10 per sq ft and we have seen rental increases of between £2.50 and £3 per sq ft since.

The most recent lettings here were Unit 7 and Units 8 & 9, which completed in April and June 2020 respectively. Unit 7 totalled 6,523 and was let to Biochrom for 10 years, subject to a rent review and tenant option to break in year five at a rent of £81,537.50, reflecting **£12.50 per sq ft**, following six months rent free. A further four months rent free is granted if the tenant does not exercise there break option. Units 8 & 9 comprise two adjoining semi-detached units of 13,769 sq ft and were let to Grifols for ten years at a rent of £172,112.50 per sq ft, which also reflects **£12.50 per sq ft**. Units 2 and 5 are currently under offer to the University of Cambridge and Xaar respectively at headline rents of £12.50 and £13.00 per sq ft.

The rents achieved at Enterprise 5000 reflect its proximity to Cambridge and while similarly specified to the subject property giving an indication of demand for such product, we would expect a discount from this level for the subject property to reflect the lower value Huntingdon & Peterborough markets.

The 4Front, Buckingway Business Park, Swavesey

This is a four unit scheme building dating from 2018 totalling 155,000 sq ft at Buckingway Business Park, adjacent to Junction 28 of the A14 and therefore similarly located to the subject property, albeit closer to Cambridge. These units are industrial in nature but with high quality offices. The two smaller units here both let in mid-2018, Unit 100 is 25,513 sq ft in size and let to Pioneer Europe Ltd for 10 years from Junt 2018 at a rent of £223,239 per annum following 11 months rent free, reflecting a headline rent of **£8.75 per sq ft** , which we devalue to a net effective rent of **£8.39 per sq ft.** Prior to this, NET LED took Unit 300 of 36,086 sq ft for 10 years subject to a rent review in year five and nine months rent free at an annual retn of £315,753 per annum, reflecting a headline rent of **£8.75 per sq ft** or **£8.53 per sq ft** net effective.

Unit 200, of approximately 40,000 sq ft was let to Network Rail in December 2019 for a term of 10 years with a rent review an option to break in year five at a rent based on **£8.75 per sq ft** after six months rent free. Unit 400 extends to 50,284 let in July 2020 to Beam Group for a 10 year term, with no break options, at a headline rent based on **£9.00 per sq ft** following 12 months rent free.

These units are generally larger than the subject property and further, despite their highly specified offices, have a much greater industrial focus. However they are also situated within the Cambridge commercial orbit, which attracts a premium.

3.4. Investment Market

3.4.1. Overview

The effect of stalling the whole economy during the Covid-19 lockdown is yet to be fully evident. Despite the country being in recession, property transaction have continued to progress, but generally volumes are restrained.

The impact of Covid-19 on the general office market is still unknown. One view is that increased home working and the take up of online video meetings caused by lockdown, combined with social distancing rules will lead to reduced demand. Companies may be tempted to offload expensive city centre offices and use more flexible and cheaper working practices. On the other hand, the pattern of increasing internal densities will be reversed as workers need more space to comply with social distancing. It is clear that in the short-term, at least, landlords will have to be more pragmatic to occupiers being more flexible and agreeing shorter terms and increased incentives. While the time spent in offices is likely to reduce, they will continue to remain the focus of where we work.

The office and industrial investment markets have been particularly quiet across Cambridgeshire over the last twelve months. Councils were a significant buyer in the market in recent years, particularly in provincial towns, however it is expected this buyer sector will reduce. Investments that have strong cash flows supported by long unexpired lease terms and strong tenant covenants are likely to hold firm in pricing. Our investment colleagues currently put yields for prime provincial offices at 5.0%, a rise of 25 bps from 4.75% since this time last year. By prime we refer to modern offices in good locations let to strong tenants with long lease terms.

The industrial investment market has performed well over the last few years, with investors seeing this as an area of strong rental growth, which is set to continue, given lack of supply and the increase in demand for warehousing space as a result of the improvements in the logistics sector. Savills investment experts currently put prime industrial yields at sub 4%, showing an improvement over the last 12 months, despite the uncertainty in the global economy as a result of the Covid19 pandemic.

Within the city of Cambridge there have been several office investment sales over the last year reflecting the strength of the Cambridge market and its focus on the R & D industry. Examples include The Aerospace Office Building, a modern office building of 24,700 sq ft at Cambridge Airport, which was subject to a sale and leaseback by Marshalls in Autumn 2020. The lease was for 15 years with 5 yearly RPI reviews and it was sold to Legal and General for £10,000,000, reflecting a net initial yield of 5.5%. Prior to this, Clarendon House, situated just outside the prime office area but still within walking distance to the railway station, sold in July 2020 to M & G Real Estate. The property is multi-let to five tenants and totals 23,816 sq ft and it sold for £13.9 million reflecting a net initial yield of 4.4%. This low yield reflects potential to redevelop the site and significantly increase density.

These low yields mentioned here are for prime product in a sought after office / R & D location. Subsequently, despite the age and specification of the subject property, we would expect significantly higher yields to be payable at Alconbury. At Newmarket, approximately 15 miles east of Cambridge, 2 Craven Court, comprising 8,365 sq ft and let to Providor Limited with 3.5 years until the tenant option to break sold in March 2020 for £1,540,000, reflecting a net initial yield of **8.37%** or **£184 per sq ft**.

3.5. Commercial Development Land Market

The market for freehold commercial sites is smaller than the higher volume occupational market and subject to a wide number of variables in terms of availability, planning status, demand and build costs. Over recent years, in all but the best locations, relatively low capital values, coupled with increased construction costs, has made speculative development unviable, this has resulted in good occupancy levels in the industrial estates, but little freehold transactional evidence. With the exception of Cambridge and its immediate surrounds, there has been little speculative commercial development across East Anglia in recent years. New premises have generally only been constructed once an end user has been identified either on a pre-let or pre-sale basis. This has resulted few commercial land sales.

As with the general trends in the industrial market there has been an uplift in commercial land values in the region over the last five years however. This is illustrated within transactions at The Lakes Business Park at Fenstanton, on the A1309, former A14, where 5 years ago, 2-3 acre plots were commanding prices reflecting approximately £300,000 per acre and we understand, from the agent, that the last plot of 3.5 acres sold in September 2020 for a price reflecting between £480,000 and £490,000 per acre, depending upon analysis of the net developable area.

Higher values still have been seen within the industrial area to the north of Huntingdon where a prominent 1.2 acre plot sold in mid-2018 for a price reflecting approximately £560,000 per acre, albeit to a special purchaser. We understand a similarly located plot of 1.84 net developable acres exchanged in December 2020, on a subject to planning basis, at £600,000 per acre.

At Alconbury Weald, however, several parcels of land have sold to owner occupiers over the last few years for constructing their own facilities within the Enterprise Zone. The most recent transactions are as follows:

Cambridgeshire County Council
In December 2019, Cambridgeshire Country Council acquired a 4.03 acre site, adjacent to the subject property for the construction of their new offices. The price paid was £1,612,000, reflecting **£400,000 per acre**.

MAGPAS
In August 2018, MAGPAS exchanged on a 2.23 acre site for the construction of a new helipad on a subject to planning basis for £780,500, reflecting **£350,000 per acre**. Planning was granted and the transaction completed in October 2020.

Confidential – Under Offer

A 13.3 acre site is currently under offer and in solicitor's hands for construction of an industrial facility. The sale is due to exchange of a subject to planning basis, as the proposed purchaser requires an element of ancillary B8 use within their facility, for which the site is not currently allocated. The price agreed is based on **£450,000 per acre** and illustrates the increasing commercial land values in this area.

In light of the above, we have assessed the land value of the site, on the assumption of bare land, based on £400,000 per acre.

4. Valuation Advice

4.1. Principal Valuation Considerations

The principal matters that impact on the value of the property are as follows:

4.1.1. Location and Situation

The property is situated within the Alconbury Weald development. Once the location is more established with the 5,000 + new homes occupied and the primary and secondary schools established, it is likely there will be greater demand for further education provision. At present, however, it lies within the Enterprise Zone, adjacent to the commercially successful incubator buildings and subsequently an office use is more appropriate at the present time.

4.1.2. Building Quality and Condition

The building has been finished to a high quality and, as you would expect from a building of this age, is in good condition throughout. Given its layout and the high quality finishes, conversion to office space would be relatively straight forward.

4.1.3. Floor Areas

The size of the property is appropriate for both educational and office uses.

4.1.4. Environmental Considerations

Given the relatively recent construction, we have assumed that there is no risk of land contamination on site.

4.1.5. Town Planning

The property lies within the Enterprise Zone, which makes planning more straight forward. We have not made any allowance for planning risk within our valuations of the property.

4.1.6. Tenure

We have valued both the freehold and head leasehold interests in the property. We have had regard to the restrictive user clause within the lease and also the assignment sum payable to the freeholder on the sale of the long leasehold interest.

4.1.7. Leases

There are no occupational leases in place and our valuations are on the basis of vacant possession.

4.1.8. Strength of the market

The market for higher education premises is limited at the present time, as a result of losing international students from a combination of BREXIT and the Covid-19 pandemic. While we are seeing activity in the office markets, this has been reduced over the last year as occupiers take stock of their requirements resulting from changing working patterns and office specifications resulting from the pandemic.

By contrast the industrial market has strengthened with particular focus on the logistics sector. While this does not directly compare to the subject property, its hybrid nature will appeal to the emerging mid-tech occupiers of the Cambridge sub-markets.

4.1.9. Liquidity

At the present time there is limited demand for the long leasehold interest in the property. The user clause restricts the number of potential occupiers. With the user clause varied or the interests merged, we consider there would be greater demand for such a building from owner occupiers and regional property investors.

4.1.10. Future Prospects

As Alconbury Weald becomes more established as a community, we consider the potential demand for a further educational facility will increase and subsequently, we consider the long leasehold may perform better in the medium term.

In office use, we anticipate there to be greater demand for more flexible space over the next few years and subsequently we anticipate on conversion the property would perform well, in line with the neighbouring incubator buildings.

4.2. Approach To Valuation

4.2.1. Current Market Value of Existing Freehold Interest

In assessing the current Market Value of the existing freehold interest, we have had regard to the sum that would be payable to the landlord, should the tenant assign their leasehold interest for a value. Under the terms of the lease the sum to be paid on assignment is the lower of:

a) The higher of
   - £500,000 + RPI
   - Open Market Value of the premises assuming bare land

b) The actual consideration amount.

Based on reported RPI figures, we calculate the £500,000 + RPI to currently stand at £567,040. We have assessed the current land value based on £400,000 per acre, which reflects £625,000 and we consider to be the appropriate figure for this payment at the present time.

There is no guarantee if or when the assignment sum will become payable. This is a very unusual scenario and therefore in valuing the freehold interest subject to a long lease with this clause, we have had regard to the prices paid for ground leases where a reversionary payment is likely over the term of the lease but the timing is unknown. It is generally accepted, and agreed with the district valuer for tax purposes, that the value of such an interest is 20-30% of the value of the reversion. Subsequently, as the assignment payment, while likely to be received during the term, it is not guaranteed, we have applied the lower end of this range at 20%.

This produces a Market Value of the freehold subject to the existing lease of £125,000, which also reflects the present value of the freehold subject to vacant possession discounted 120 years at 2.75%. While we would usually expect a discount rate of closer for 5% to be appropriate, this lower rate reflects the chance of the assignment payment becoming due.

4.2.2. Current Market Value of Long Leasehold Interest

We have used a combination of the comparable and investment methods of valuation in assessing the current Market Value of the existing long leasehold interest.

We have assessed the current Market Rent to be £222,700 per annum, based on a blended rate of £9.00 per sq ft overall (GIA), which is broadly equivalent to applying £7.00 per sq ft to the workshop space and £15.00 per sq ft to the remainder of the property on an NIA basis.

We allowed a two year letting void, followed by 12 months rent free and capitalised the Market Rent until the end of the lease in October 2141 at a net equivalent yield of 9.0% and deducted usual purchaser's costs.

This produces a Market Value of £1,790,000, which reflects £72.33 per sq ft GIA or £95.35 per sq ft net, which is in line with the comparable transactions referred to above.

4.2.3. Current Market Value of Freehold Interest on the Special Assumption the Long Lease has been Dissolved

As above the comparable and investment methods of valuation were used in arriving at our opinion of the current Market Value of the freehold interest in the property on the basis that long lease has been extinguished.

We assessed the Market Rent of the property on the basis that a mezzanine floor has been added and converted to office use in line with the plans enclosed at **Appendix 4.** We applied a Market Rent of £371,500 per annum, based on £16 per sq ft on the overall net internal area, which reflects approximately £20 per sq ft on the "lettable offices", in line with the transactions in the neighbouring incubator buildings.

We applied a 12 month letting void followed by nine months rent free before capitalising the Market Rent in perpetuity at a net equivalent yield of 7.5% and deducting usual purchaser's costs. This produces a value once the conversion works are complete of £4,100,000, which reflects £176.58 per sq ft in respect of proposed net internal area and is in line with our expectations.

From this we have discounted conversion costs of £870,000. This figure is based on discussions with our building surveying experts and includes the cost of installing of a mezzanine floor over the workshop at £150 per sq m, workshop to office conversion costs at £560 per sq ft, together with additional costs relating to the installation of partition walls, as shown on the plans, and the installation of suspended ceilings and flooring to the current laboratories.

Our Market Value on this basis of £3,230,000, reflects £130.52 per sq ft in respect of the existing gross internal area or £172.06 per sq ft net.

4.2.4. Synergistic (Marriage) Value Calculation

We have calculated the marriage value that will be released should the two current interests be merged by deducting the existing freehold value, the existing leasehold value and the assignment payment due to the freeholder on assignment of the existing lease, from the value of the freehold interest on the special assumption that the long leasehold has been extinguished.

4.3. Valuations

4.3.1. Current Market Value of Existing Freehold Interest

Having carefully considered the property, as described in this report, we are of the opinion that the current Market Value of the freehold interest, subject to and with the benefit of the existing long lease, is:

£125,000
(ONE HUNDRED AND TWENTY-FIVE THOUSAND POUNDS)

We consider that a period of up to 12 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.

4.3.2. Current Market Value of Long Leasehold Interest

Having carefully considered the property, as described in this report, we are of the opinion that the current Market Value of the head leasehold interest, subject to vacant possession, is:

£1,790,000
(ONE MILLION, SEVEN HUNDRED AND NINETY THOUSAND POUNDS)

We consider that a period of up to 24 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.

This valuation reflects an equivalent yield of 9.0% and a reversionary yield of 11.7% in January 2024, all net of purchaser's costs of 5.91%. In addition, it reflects £72.33 per sq ft (£779 per sq m) overall gross or £95.35 per sq ft (£1,027 per sq m) net.

4.3.3. Current Market Value of Existing Freehold Interest on the Special Assumption the Long Lease has been Dissolved

Having carefully considered the property, as described in this report, we are of the opinion that the current Market Value of the freehold interest, on the Special Assumption that the long leasehold interest has been extinguished and subject vacant possession, is:

£3,230,000
(THREE MILLION, TWO HUNDRED AND THIRTY THOUSAND POUNDS)

We consider that a period of up to 12 months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.

This valuation reflects an equivalent yield of 7.5% and a reversionary yield of 8.5% in October 2022, both net of purchaser's costs of 6.24%.

4.3.4. Marriage Value released

Interest	Value
Unencumbered Freehold	£3,230,000
Long Leasehold	-£1,790,000
Assignment Sum (due to freeholder on sale of long leasehold interest)	-£625,000
Freehold subject to long lease	-£125,000
Marriage Value	**£690,000**

4.3.5. Valuation Calculations

Our valuation calculations in respect of the unencumbered freehold and long leasehold values have been undertaken using the Argus Enterprise software, and printouts of those calculations, together with a summary, is enclosed at **Appendix 6.**

4.3.6. Matters that may give rise to Material Valuation Uncertainty

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees in response to further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally.

Material valuation uncertainty

In respect of the education sector as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuations of the existing interests are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

5. General Assumptions & Conditions to Valuations

5.1. General Assumptions and Conditions

Unless otherwise agreed in writing and / or stated in our report, our Valuation will be carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event we reserve the right to revisit our calculations.

1. That the Property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the Property, and that the information supplied to us and summarised in this Report is both complete and correct.

3. That the building has been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.

4. That the Property is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).

5. That the building is structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the Property and our Report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the Property. Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.

6. That there is unrestricted access to the Property and that it is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

7. Sewers, mains services and roads giving access to the Property have been adopted, and any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and the use of communal grounds, parking areas and other facilities.

8. That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

9. That the Property is free from environmental hazards and has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

10. That any tenantsare capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.

11. In the case of a Property where we have been asked to value the site under the special assumption that the Property will be developed, there are no adverse site or soil conditions, that the Property is not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.

12. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.

13. Our Valuation will be exclusive of VAT (if applicable).

14. No allowance will be made for any expenses of realisation.

15. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

16. In the case of a Property where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.

17. No allowance will be been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.

18. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct.

Appendices

Appendix 1 – Savills Confirmation of Instructions

21 December 2020

Our Ref: CAKO/KS/sg
Your Ref:

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Urban & Civic Plc
50 New Bond Street
London
SW1 1BJ

Cambridgeshire & Peterborough Combined Authority
72 Market Street
Ely
CB7 4LS

For the attention of **Marcus Warwick, Urban & Civic Plc and Steve Clarke, Cambridge & Peterborough Combined Authority**

Dear Sirs,

PROPERTY: IMET BUILDING, EMERY CRESCENT, ALCONBURY WEALD, HUNTINGDON, PE28 4YE

CONFIRMATION OF TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION ADVICE

1. Thank you for your correspondence dated 16 December 2020. We are grateful to you for your kind instructions to advise and now write to confirm the terms upon which Savills (UK) Limited (**Savills**, **we** or **us**) will provide Urban & Civic Plc and Cambridgeshire & Peterborough Combined Authority (**you**) with a valuation report (the **Valuation** or **Report**) in respect of the above property or properties (each being a **Property**).

2. Our Valuation will be undertaken on the terms set out in this letter, including its appendices.

3. Please sign and return a copy of this letter to us to confirm your acceptance of the terms set out herein. In particular, we draw your attention to the fact that when signing this letter you are confirming your agreement to the limitation of our liability set out at paragraphs 8 - 12 inclusive.

4. Please note we will be unable to formally issue our final Report to you, and you will be unable to rely upon the contents of our Report, until such time as we have received your signed copy of this letter.

5. To the extent that there is conflict or inconsistency between this confirmation of instruction letter and your correspondence referred to above, this confirmation of instruction letter will prevail.

CONFLICTS OF INTEREST

6. As previously advised, Savills (UK) Limited has a material connection or involvement with the Property or any other parties. More particularly, Savills (UK) Limited act as agent for Urban and Civic Plc in respect of their land holdings at Alconbury Weald. This notwithstanding the Cambridge and Peterborough Combined Authority provided your Informed Consent to us to proceed with a jointly addressed valuation. By the signing of this instruction letter, the Cambridge & Peterborough Combined Authority provide this consent in writing.

   We confirm that we will provide an objective and unbiased valuation.

RICS RED BOOK

7. We shall prepare our Valuation in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the ‘’**Red Book**’’**.** Accordingly, we confirm that:

(a) Identification and status of the Valuer

(i) The Valuation will be the responsibility of and the Report will be signed by Katharine Scott BSc (Hons) MRICS, RICS Registered Valuer (the **Valuer**). The Valuer will work with colleagues as appropriate, and the Report will be counter-signed by at least one other RICS Registered Valuer.

(ii) The Valuer has sufficient current knowledge of the particular market(s) and sufficiently developed skills and understanding to undertake the valuation competently.

(iii) We are acting as an "external valuer" as defined in the Red Book and within Appendix 1.

(b) Identification of the client and other intended users

The clients are the addressees of this letter. We will address our Report to the Addressees.

(c) Identification of the asset or liability to be valued

(i) The interests to be valued are detailed below:

Property Address	Tenure	Use
iMET Building, Emery Crescent Alconbury Weald, Huntingdon, PE28 4YE	Long Leasehold	Educational
iMET Building, Emery Crescent Alconbury Weald, Huntingdon, PE28 4YE	Freehold	

(ii) The interests will be valued subject to the current agreements or vacant possession, as appropriate, details to be confirmed in our Report.

(iii) The interests to be valued are held for owner occupation / investment purposes.

(d) The valuation will be in pounds sterling.

(e) Purpose of the valuation

The Valuation is required for a marriage value assessment prior to negotiation. It is important that the Report is not used out of context or for the purposes for which it was not intended. We shall have no responsibility or liability to any party in the event that the Report is used outside of the purposes for which it was intended, or outside of the restrictions on its use set out at sub-paragraph (l) below.

(f) Bases of value

The basis of our Valuation will be Market Value, the definition of which is set out at **Appendix 1** (attached).

We will provide the following valuations:

(i) The current Market Value of the long leasehold interest

(ii) The current Market Value of the freehold interest

(iii) The current Market Value of the freehold interest on the Special Assumption that the long lease has been extinguished

(g) Valuation date

The Valuation date will be the date of our report.

Our Report will include a market conditions explanatory note. The current definition, as drafted by the RICS is set out below. It is possible the definition will be updated prior to the Valuation date and if this is the case we will include the updated version in our Report.

Market conditions explanatory note: Novel Coronavirus (COVID-19)

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, "lockdowns" have been applied to varying degrees in response to further "waves" of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, some property markets have started to function again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.

Material valuation uncertainty

Whilst current RICS guidance indicates there may be sufficient current market activity to justify reporting a valuation without the Material Uncertainty Clause, we will need to complete our due diligence and reflect on our findings before we can make a decision either way. Our valuation of the iMET Building may therefore be reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19, we highlight the importance of the valuation date.

(h) Extent of investigation

We will carry out an inspection of the Property and undertake investigations to the extent necessary to undertake the Valuation. We will not carry out a structural survey or test the services and nor will we inspect the woodwork and other parts of the structures which are covered, unexposed or inaccessible.

(i) Nature and source of information to be relied upon

(i) We will carry out our Valuation based on the information listed below:

Document/Item	Source
Lease	Urban & Civic
Floor Plans as existing	Urban & Civic
Floor Plans for potential conversion to office use	Urban & Civic

(ii) To the extent that you have provided us with information and instructed us to obtain it from a third party, you agree, unless it is otherwise agreed by us in writing, we can safely rely upon the accuracy, completeness and consistency of this information without further verification and that you will not hold us responsible in the event that any dispute regarding the Valuation arises from the accuracy of such information.

(iii) Floor areas:

We will undertake a full measurement of the Property from scale plans provided, subject to check measurements taken on site, in accordance with the Code of Measuring Practice (6th edition) and will report Net Internal Area (NIA) and Gross Internal Area (GIA). Whilst the 6th edition has been replaced by RICS Property Measurement (2nd Edition), this basis of measurement has yet to be adopted by market participants.

(iv) We will not be measuring any part of the Property which we are unable to access. In such cases we may estimate floor areas from plans, or by extrapolation. Such measurements should not be relied upon for any other purpose.

(v) We will not make formal searches with local planning authorities, but shall rely on the information provided informally by the local planning authority or its officers. We recommend you instruct lawyers to confirm the position in relation to planning and that the Report is reviewed in light of advice from your solicitors in this respect.

(vi) For the avoidance of doubt, we accept no liability for any inaccuracy or omission contained in information disclosed by you or any third party or from the Land Registry or any database to which we subscribe. We will highlight in our Report where we have relied on such information.

j) Assumptions and Special Assumptions

Unless otherwise agreed, our Valuation will be reported on the basis of the general assumptions attached at **Appendix 2.**

(k) Format of Report

We will adopt the relevant Savills (UK) Limited valuation report template, adapted, as necessary, to accommodate your instructions.

(l) Restrictions on use, distribution or publication

(i) Our Report shall be confidential to, and for the use only of, the Addressee(s) and no responsibility shall be accepted to any third party for the whole or any part of its contents.

(ii) Neither the whole nor any part of our Report or any reference to it may be included in any published document, circular or statement, nor published, reproduced, referred to or used in any way without our prior written approval (with such approval to be given or withheld at our absolute discretion).

(iii) Where any addressee is a lender, in the event of a proposal to place the loan on the Property in a syndicate, you must notify us so that we can agree the extent of our responsibility to further named parties. If this is not done or we do not agree to be responsible to further named parties, we shall have no responsibility to any party other than the Addressee(s).

(iv) Draft reports, if provided, will be sent on the basis that they are provisional (i.e. subject to completion of our final report) and for your internal purposes only. They must not be published or disclosed and you will not be entitled to rely upon them for any purpose whatsoever. Savills neither owes nor accepts a duty of care to you in connection with any drafts and shall not be liable to you for any loss, damage, cost or expense of whatever nature caused by your use of or reliance on them. Should you choose to rely upon a draft you do so entirely at your own risk and you are responsible for carrying out your own independent investigations.

(m) Confirmation that the valuation will be undertaken in accordance with IVS

We confirm we will prepare our Valuation in accordance with the RICS Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, and where applicable, with the UK National Supplement effective 14 January 2019, together the **''Red Book''**.

We also confirm that the valuers will assess the appropriateness of all significant inputs.

(n) The basis on which the fee will be calculated:

(i) The agreed fee for the provision of the Valuation is **£4,250 plus VAT** and is payable in pounds sterling. This fee is inclusive of expenses.

(ii) Our agreed fee and any expenses, together with any VAT (at the prevailing rate) on such amounts, shall become due and payable by Urban & Civic Plc to us within 30 days of us issuing Urban & Civic Plc with a valid VAT invoice in respect of such amounts. In the event that our fee is not paid by the date for payment we reserve the right to charge default interest at a rate of 4% above the Barclays Bank base rate for payment.

(iii) In the event of our instructions being terminated at any time prior to completion of our work, a fee will become payable on a time basis (at our prevailing rates) for work carried out up to the date of termination, subject to a minimum of 50% of the agreed fee, together with all expenses incurred.

(iv) If we incur any expenditure on solicitors or other third parties in order to recover the fee due, such amounts will be payable by you.

(v) If we perform any additional services for you, we will agree an additional fee with you in respect of such services and such fee shall be payable in the manner set out above.

(vi) You acknowledge that you shall not be entitled to rely upon our Report until such time as our fees have been paid as detailed here.

(n) Savills Complaints Handling Procedure

A copy of our Client Complaints Handling Procedure can be made available to you on request.

(o) Monitoring under RICS conduct and disciplinary regulations

Savills (UK) Limited is regulated by RICS for the provision of surveying services. This means we agree to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. As an RICS regulated firm we have committed to cooperating with RICS in ensuring compliance with its standards. The firm's nominated RICS Responsible Principal is Tim Maynard (tmaynard@savills.com), Chief Financial Officer/Operations Director.

LIMITATIONS ON LIABILITY

8. Subject to paragraph 12 below, our aggregate liability to any one, or more, or all of the Addressees or any other party who otherwise becomes entitled to rely upon the Report under or in connection with this agreement and our Valuation, however that liability arises (including, without limitation, a liability arising by breach of contract, arising by tort, including, without limitation, the tort of negligence, or arising by breach of statutory duty) shall be limited to the lower of:

   (a) 33% of the Value (as defined below) of the Property stated in our Report; and

   (b) £75,000,000

9. In paragraph 8, **Value** means:

   (a) where more than one value is stated for the same Property on different bases, the highest valuation figure recorded in our Report; and

   (b) in the case of valuations of portfolios, estates, shopping centres and other multi-unit properties within one Report, the aggregate of our valuations included in the one Report.

10. You acknowledge and agree that we shall not be liable under or in connection with this agreement and the provision of our Valuation in tort (including negligence), breach of contract, breach of statutory duty or otherwise due to, under and/or arising out of or in connection with this agreement to the extent such loss or damage is consequential, indirect, special or punitive.

11. You acknowledge and agree that none of our employees, partners or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring a claim against any such individuals personally in connection with our services.

12. Nothing in this agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for any other liability that cannot be excluded by law.

INSURANCE

13. During the period that we are producing our Valuation and for a period of six years thereafter, we will maintain in force, with insurers or underwriters approved by the RICS, professional indemnity insurance in an amount not less than the amount of our liability cap, as calculated pursuant to clause 8 above and shall, on your request, produce confirmation of the same from our insurance broker.

RELIANCE

14. As stated above, we accept responsibility for our Report only to the Addressees and no third party may rely on our Report. We do not accept any responsibility to, and shall have no liability in respect of, any third parties unless otherwise agreed in writing even if that third party pays all or part of our fees, or is permitted to see a copy of our Valuation. In addition, the benefit of our Report is personal and neither you nor any other Addressee may assign the benefit of our Report to any third party without our prior written consent (with such consent to be given or withheld at our absolute discretion). You acknowledge that if we agree to extend reliance on our Report to any third party or to the benefit of our Report being assigned, we will require the relevant third party or assignee to enter into a reliance letter before such party is entitled to rely upon our Report. We will provide you with a copy of our reliance letter on request. If we agree to any such extension or assignment, we may charge you an additional fee.

CONFIDENTIALITY

15. Neither party shall disclose any confidential information relating to the affairs, business, customers or clients of the disclosing party to any other party without the disclosing party's prior written consent except to those of the receiving party's employees, officers, representatives and/or advisors who need to know the information for the purposes of carrying out the receiving party's obligations under this agreement (save to the extent that the receiving party is compelled to disclose such information by law).

16. Our Report is confidential to and for the use only of the Addressees, but the Addressees may disclose the Report on a non-reliance and without liability basis to their directors, officers, employees and professional advisers provided the relevant Addressee procures any person to whom our Report is disclosed pursuant to this paragraph 16 keeps the Report confidential and does not disclose it to any other party.

DATA PROTECTION

17. We may use your personal information in our provision of services to you. Please see our Privacy Notice for details of how your personal information will be used. Our Privacy Notice can be found at the following web address: http://www.savills.co.uk/footer/privacy-policy.aspx

REINSTATEMENT COSTS

18. If you have instructed us to report on the reinstatement cost of the Property for insurance purposes, we will provide you with an approximate opinion of such cost only. You acknowledge and agree that the provision of our opinion of the reinstatement cost is provided to you strictly without liability and on a non-reliance basis. If you require a reinstatement cost figure on which you may rely, please let us know and we will ask our building surveying colleagues to provide a fee estimate.

SUB-CONTRACTING

19. We may sub-contract the provision of any services to be performed by us pursuant to this agreement (including, without limitation, to other companies that are direct or indirect subsidiaries of Savills plc) provided that we will remain responsible to you for the provision of those services and the provision of our Report. We may request that you pay any sub-contractor directly for those of our fees which relate to work carried out by the sub-contractor. In these circumstances, the fees in question are to be paid by you directly to the sub-contractor and we will be entitled to assign to the sub-contractor any rights that we have in respect of those fees.

MONEY LAUNDERING

20. You shall promptly, upon request, provide us with any information reasonably required to enable us to comply with our obligations under the Money Laundering Regulations and our internal compliance policies relating to the same. For the avoidance of doubt, searches may also be conducted on your directors and "beneficial owners" as is required by the legislation. You agree that we may retain such information and documentation for these purposes and make searches of appropriate databases electronically. If such information is not provided within a reasonable time or you do not meet the requirements set out in our relevant internal policies, we may terminate this instruction immediately upon written notice to you.

HEALTH AND SAFETY

21. If we are undertaking physical inspections of the Property, you shall take reasonable steps to procure that the owner and/or occupier of the Property: (a) advises us of any hazards to which our staff may be exposed at the Property (b) provides us with any relevant health and safety policies and (c) arranges for any site visits to the Property to be hosted by a representative of the owner/occupier of the Property.

JURISDICTION

22. This agreement and any dispute arising from the Valuation is subject to English jurisdiction and law.

APPENDICES

23. Your attention is drawn to the attached appendices which form part of the agreement between us and on which our Valuation will be reported. By signing a copy of this letter you are also confirming your agreement to them.

Yours faithfully,

Katharine Scott

Katharine Scott BSc (Hons) MRICS
RICS Registered Valuer

For and on behalf of Savills (UK) Limited

Client Acceptance

I confirm **Urban & Civic Plc's** agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by **Urban & Civic Plc**, by its duly authorised signatory

Signature	
Name (in capitals)	MARCUS WARWICK
Position	Development Manager
Date	07/01/2021

I confirm **Cambridgeshire & Peterborough Combined Authority's** agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by **Cambridgeshire & Peterborough Combined Authority**, by its duly authorised signatory

Signature	
Name (in capitals)	
Position	
Date	

Client Acceptance

I confirm **Urban & Civic Plc's** agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by **Urban & Civic Plc**, by its duly authorised signatory

Signature ______________________

Name (in capitals) ______________________

Position ______________________

Date ______________________

I confirm **Cambridgeshire & Peterborough Combined Authority's** agreement to this letter and the attached appendices and, in particular, confirm that the limitation on liability set out in paragraph 8 above is acknowledged, considered reasonable and accepted:

Signed by **Cambridgeshire & Peterborough Combined Authority**, by its duly authorised signatory

Signature S. Clarke

Name (in capitals) Steve Clarke

Position Strategic Funds Senior Responsible Officer

Date 08/01/2021

Appendix 1: Definitions and Bases of Valuation

Assumption

A supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, do not need to be verified by the valuer as part of the valuation process. Typically, an assumption is made where specific investigation by the valuer is not required in order to prove that something is true (RICS Valuation – Global Standards, 2020).

Depreciated Replacement Cost

The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation (RICS Valuation – Global Standards, 2020).

Existing Use Value

The estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost (RICS Valuation – Global Standards 2017, UK national supplement).

Existing Use Value is to be used only for valuing property that is owner occupied by a business, or other entity, for inclusion in financial statements.

External Valuer

A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client or the subject of the assignment. (RICS Valuation – Global Standards 2020). Unless otherwise stated, External Valuer does not refer to the role of an external valuer within the context of the Alternative Investment Fund Managers Directive 2011/61/EU and its implementing provisions in the United Kingdom unless agreed otherwise in writing.

Equitable Value

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties (IVS 104 – Bases of Value), (RICS Valuation – Global Standards 2020).

Fair Value

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 (RICS Valuation – Global Standards 2020).

Gross Development Value (GDV)

The aggregate market value of the proposed development, assessed on the assumption that the development is complete at the date of valuation in the market conditions prevailing at that date.

Investment Value (or Worth)

The value of an asset to a particular owner or prospective owner for individual investment or operational objectives (RICS Valuation – Global Standards 2020).

Market Rent

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 knowledgably, prudently and without compulsion (RICS Valuation – Global Standards 2020).

Market Value

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion (RICS Valuation – Global Standards 2020).

Special Assumption

An assumption that 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 (RICS Valuation – Global Standards 2020).

Appendix 2: General assumptions and conditions applicable to all valuations

Unless otherwise agreed in writing and /or stated in our report, our Valuation will be carried out on the basis of the following general assumptions and conditions in relation to each Property that is the subject of our Report. If any of the following assumptions or conditions are not valid, this may be that it has a material impact on the figure(s) reported and in that event we reserve the right to revisit our calculations.

1. That the Property(ies) is/are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and good title can be shown. Should there be any mortgages or charges, we have assumed that the property(ies) would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the Property(ies), and that the information supplied to us and summarised in this Report is both complete and correct.

3. That the building(s) has/have been constructed and is/are used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control and any future construction or use will be lawful.

4. That the Property(ies) is not adversely affected, nor likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).

5. That the building(s) is/are structurally sound, and that there are no structural, latent or other material defects, including rot and inherently dangerous or unsuitable materials or techniques, whether in parts of the building(s) we have inspected or not, that would cause us to make allowance by way of capital repair (other than those points referred to above). Our inspection of the Property(ies) and our Report do not constitute a building survey or any warranty as to the state of repair or refurbishment of the Property(ies). Our Valuation is on the basis that a building survey would not reveal material defects or cause us to alter our Valuation materially.

6. That there is unrestricted access to the Property(ies) and that the site(s) is/are connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.

7. Sewers, mains services and roads giving access to the Property(ies) have been adopted, and any lease provides rights of access and egress over all communal estate roadways, pathways, corridors, stairways and the use of communal grounds, parking areas and other facilities.

8. That in the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

9. That the Property(ies) is/are free from environmental hazards, including infestation from invasive plants (such as Japanese Knotweed), and has/have not suffered any land contamination in the past, nor is likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.

10. That any tenant(s) is/are capable of meeting its/their obligations, and that there are no arrears of rent or undisclosed breaches of covenant.

11. In the case of a Property(ies) where we have been asked to value the site under the special assumption that the Property(ies) will be developed, there are no adverse site or soil conditions, that the Property(ies) is/are not adversely affected by the Town and Country Planning (Environmental Impact Assessment) Regulations 2017 that the ground does not contain any archaeological remains, nor that there is any other matter that would cause us to make any allowance for exceptional delay or site or construction costs in our Valuation.

12. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property(ies).

13. Our Valuation will be exclusive of VAT (if applicable).

14. No allowance will be made for any expenses of realisation.

15. Excluded from our Valuation will be any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.

16. When valuing two or more properties, or a portfolio, each property will be valued individually and no allowance will be made, either positive or negative, should it form part of a larger disposal. The total stated will be the aggregate of the individual Market Values.

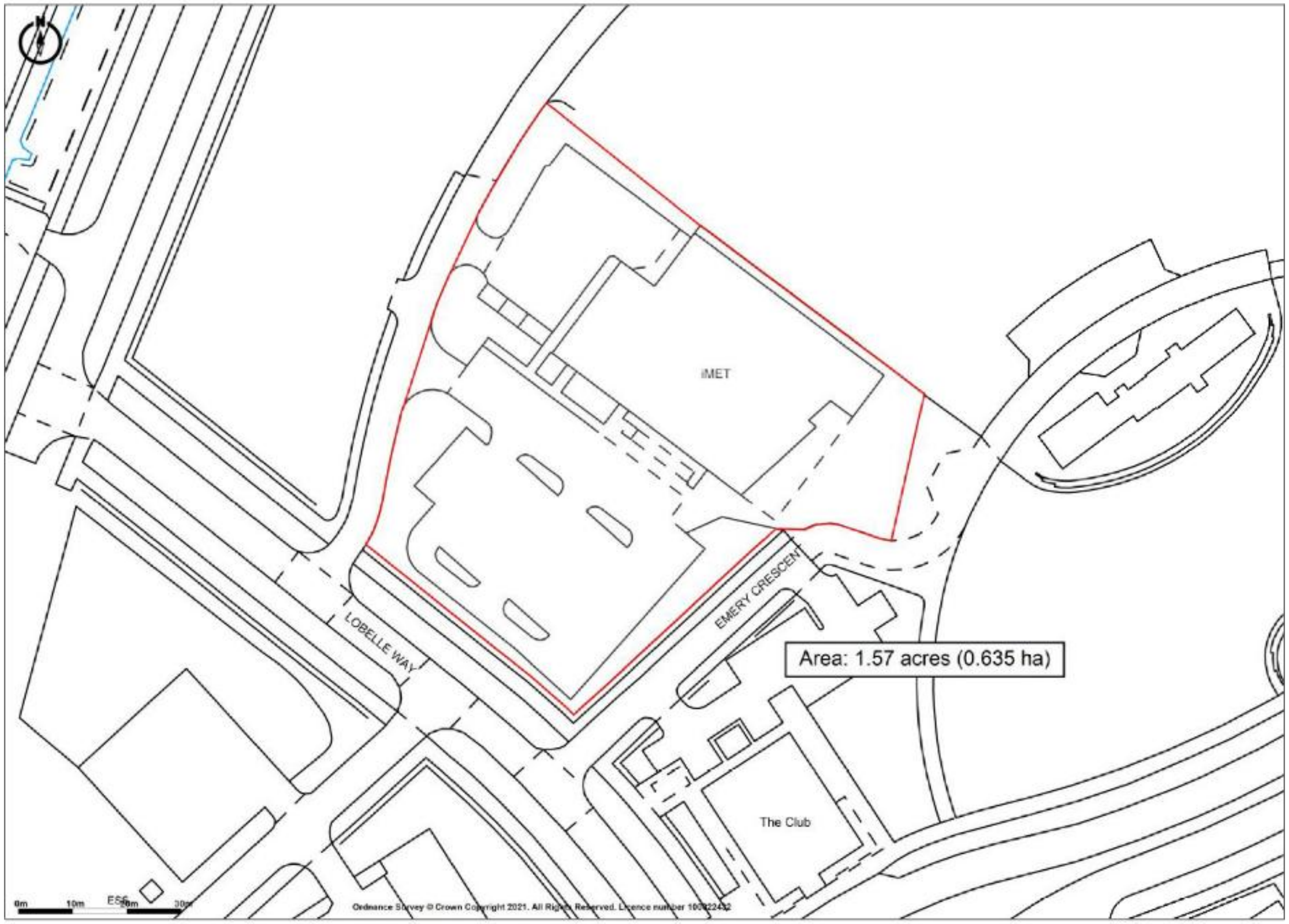
17. In the case of a Property(ies) where there is a distressed loan we will not take account of any possible effect that the appointment of either an Administrative Receiver or a Law of Property Act Receiver might have on the perception of the Property(ies) in the market and its/their subsequent valuation, or the ability of such a Receiver to realise the value of the property(ies) in either of these scenarios.

18. No allowance will be been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it will be assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EU legislation, insofar that the latter is applicable.

19. Our Valuation will be based on market evidence which has come into our possession from numerous sources, including other agents and valuers and from time to time this information is provided verbally. Some comes from databases such as the Land Registry or computer databases to which Savills subscribes. In all cases, other than where we have had a direct involvement with the transactions being used as comparables in our Report, we are unable to warrant that the information on which we have relied is correct.

Appendix 2 – OS Plan

iMET Building, Emery Crescent Alconbury Weald, Huntingdon, PE28 4YE



Plotted Scale - 1:1250. Paper Size – A4

For indicative purposes only.

Appendix 3 – Indicative Floor Plans

Proposed Gross Internal Area Schedule	
Floor	**Area**
GF Ground Floor	1,427
01 First Floor	948
	2,375 m^2

1:200 0 2 4 6 8 10m

North

rev	description	drawn	checked	date
P11	Suitable for Planning	AF	JB	24.03.16
P10	Suitable for Planning	AF	JB	18.03.16
P9	Suitable for Planning	AF	ZM	09.03.16
P8	Suitable for Planning	AF	ZM	26.02.16
P7	Issue for Planning	AF	ZM	19.02.16
P6	Issue for Planning	AF	ZM	15.02.16
P5	Issue for information	AF	ZM	10.02.16
P4	Issue for information	AF	ZM	04.02.16
P3	Issue for information	AF	ZM	13.01.16
P2	Issue for information	AF	ZM	07.01.16
P1	First issue	AF	ZM	27.10.15

PRELIMINARY

Bond Bryan Architects

verrals house 95 high street westerham TN16 1RE

t +44(0)1959 567300 w www.bondbryan.com
f n/a tw @bondbryan
e z.master@bondbryan.co.uk

iMET

Alconbury Weald

Innovation | Manufacturing | Engineering |Technology

WILLMOTT DIXON

HRC

GA Ground Floor

bba project ref	scale(s)	original paper size
15-160	1:200	A3

drawing / document name :

project	originator	zone	level	type	role	number
ALC	BBA	Z0	ZZ	GF	A	02001

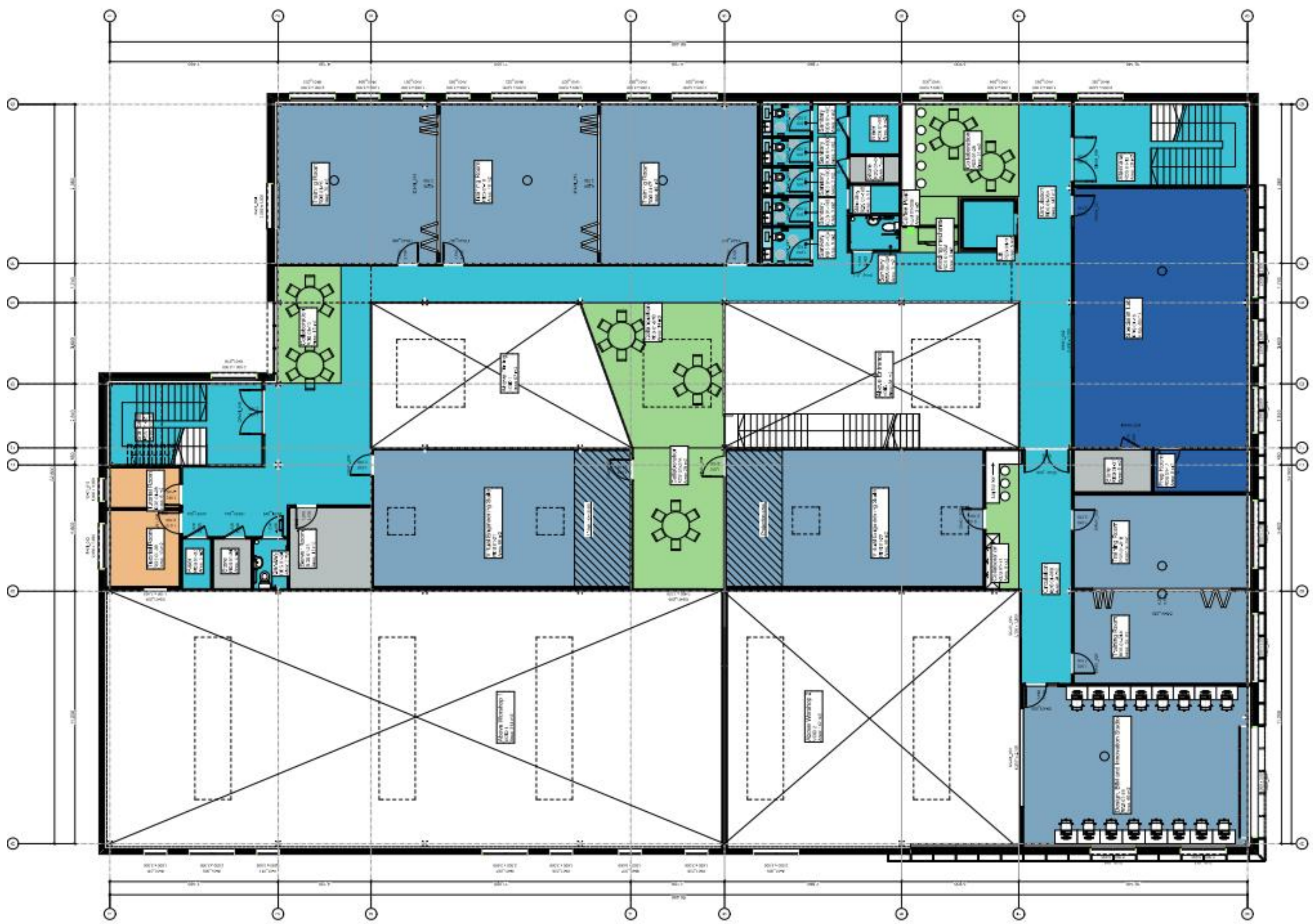
status : suitability description :

D5 **SUITABLE FOR PLANNING**

revision : revision description :

P11 **PRELIMINARY**

Proposed Gross Internal Area Schedule	
Floor	**Area**
GF Ground Floor	1,427
01 First Floor	948
	2,375 m²



1:200 0 2 4 6 8 10m

North

rev	description	drawn	checked	date
P11	Suitable for Planning	AP	JB	24.03.16
P10	Suitable for Planning	AP	JB	18.03.16
P9	Suitable for Planning	AP	ZM	09.03.16
P8	Suitable for Planning	AP	ZM	26.02.16
P7	Issue for Planning	AP	ZM	19.02.16
P6	Issue for Planning	AP	ZM	15.02.16
P5	Issue for information	AP	ZM	10.02.16
P4	Issue for information	AP	ZM	04.02.16
P3	Issue for information	AP	ZM	13.01.16
P2	Issue for information	AP	ZM	07.01.16
P1	First issue	AP	ZM	27.10.15

PRELIMINARY

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iMET

Alconbury Weald

Innovation | Manufacturing | Engineering |Technology

WILLMOTT DIXON

HRC

GA First Floor

bba project ref	scale(s)	original paper size
15-160	1:200	A3

drawing / document name :

project	originator	zone	level	type	role	number
ALC	BBA	Z0	ZZ	01	A	02001

status : suitability description :

D5 SUITABLE FOR PLANNING

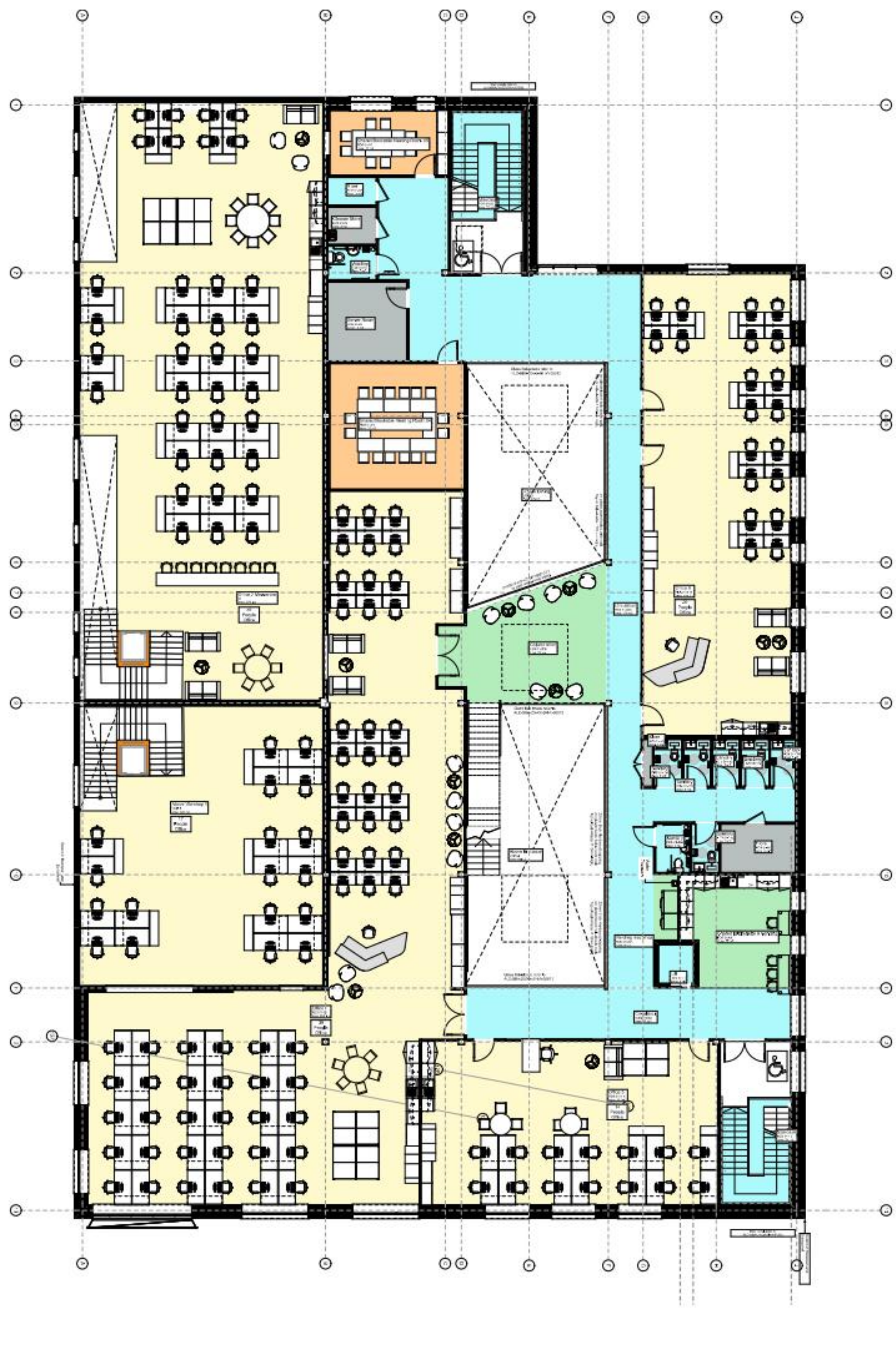
revision : revision description :

P11 PRELIMINARY

Appendix 4 – Proposed Floor Plans

iMET	bba project ref	drawn	checked	date	scale		project originator zone level type role number	suitability revision
	20-228	BL / SY		04.01.2*		GA Ground Floor_Mezzanine Option	ALC · BBA · Z0 · 00 · DR · A · 02001	P01

BOND BRYAN



iMET	bba project ref	drawn	checked	date	scale
	20-228	BL / SY		04.01.21	

GA First Floor_Mezzanine Option

project	originator	zone	level	type	role	number	suitability	revision
ALC	BBA	Z0	01	DR	A	02201		P01

BOND BRYAN

Appendix 5 – Macro Economic and Property Market Overview

Economic and Property Overview

October 2020

Global Economic Overview (from Focus Economics)

Global economic activity will shrink this year at the sharpest rate in decades, as measures to contain the spread of Covid-19 constrain private consumption, investment, trade and travel. Risks are elevated given a potential worsening of the pandemic and reinstatement of lockdowns. Ongoing elevated tensions between the US and China pose a further downside risk. The upside potential is a vaccine for Covid-19, which is getting increasingly closer, but still not soon enough.

In the US, economic activity appears to have recovered robustly in Q3, after GDP contracted at the fastest pace on record in Q2 due to a plunge in domestic demand amid Covid-19 containment measures. In August, the unemployment rate dropped 1.8 percentage points from the month prior while non-farm payrolls continued to rise, although they were still down 11.5 million compared to February. Moreover, retail sales continued to grow in August, albeit at the softest pace in four months as additional weekly unemployment benefits for roughly 25 million unemployed people expired at the end of July. Nevertheless, private consumption should have still rebounded firmly in Q3 compared to the previous quarter. That being said, consumer confidence remained downbeat in August, which, coupled with uncertainty over the timing of another coronavirus relief package, should limit retail sales growth ahead.

The US economy is also expected to contract notably this year due to a higher unemployment rate and anaemic consumer confidence weighing on private consumption. Next year, GDP should rebound on the back of monetary and fiscal stimulus and as the impact of the pandemic fades. Economists expect to see GDP contracting 4.7% in 2020 before growing 3.8% in 2021, which is down 0.2 percentage points from last month’s consensus of economists.

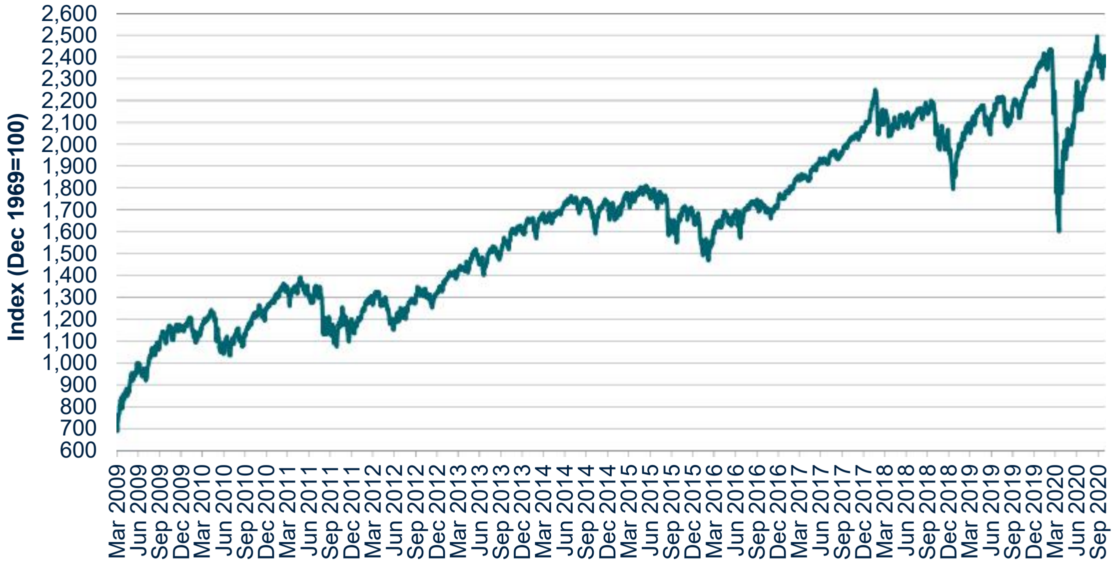
In the Euro area, lockdowns struck an unprecedented blow to the economy in Q2, with domestic demand tumbling amid frozen business and household activity and with the external sector also taking a hit. Available indicators for Q3 point to an underwhelming recovery: Industrial production and retail sales cooled, exports shrank and the unemployment rate rose again in July. Moreover, both business and consumer sentiment remained downbeat in August, while the manufacturing sector lost ground in August−September following July’s spike. Additionally, outbreaks of the virus in big players France and Spain threaten the regional recovery, while S&P Global Ratings warned that European banks have increased their exposure to sovereign debt, which could result in higher “doom loop” risks. On the political front, EU finance ministers delayed any debate over the timing of the imposition of budgetary restrictions in a bid to spur the recovery.

Across the Euro zone, the economy will shrink at the fastest pace on record this year as lockdowns to contain the spread of Covid-19 lead to business closures, higher unemployment, income losses and elevated uncertainty. In 2021, the economy is expected to rebound and recover some of its lost output. Further waves of infections, high levels of public debt and trade tensions pose downside risks. The economy is seen contracting 8.1% in 2020. In 2021, GDP is seen increasing 5.5%, which is down 0.1 percentage points from a forecast a month ago.

On 10 September, the European Central Bank (ECB) reaffirmed its quantitative easing program and maintained rates unchanged at all-time lows. Moreover, ECB President Christine Lagarde announced that the Governing Council will take into account the impact of future movements of the exchange rate on the inflation outlook. The monetary stance is set to remain ultra-loose ahead. The consensus of economist project the refinancing rate to end both 2020 and 2021 at 0.00%.

More positively, as shown in Figure 1 overleaf, the MSCI World index has continued to show significant recovery from the depths recorded in the last week of March 2020.

Figure 1 MSCI World index



Source: MSCI
Note: The MSCI World Index captures large and mid-cap equity market representation across 23 developed markets countries. With 1,610 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

UK Economic Overview (from Focus Economics)

The economy appeared to rebound in Q3, following a record collapse in GDP in Q2 due to a pandemic-induced fall in domestic demand. GDP rose strongly in July as Covid-19 restrictions were loosened, while industrial production also grew in the same month. However, the labour market remained weak in July and August. Moreover, PMIs for both services and manufacturing dropped in September, indicating a potential slowdown in private sector momentum towards the end of the quarter. This comes amid the recent snap-back of some restrictions due to a second wave of cases. In other news, Chancellor Rishi Sunak scrapped plans for an autumn budget, instead revealing a job support package to replace the current furlough scheme which ends in October: The government will contribute a maximum of 22% of wages for employees who are working fewer than normal hours, in an attempt to stem further job cuts.

The economy is set for a sharp downturn this year, as the pandemic inhibits domestic demand. However, fiscal and monetary stimulus should support a rebound in 2021. That said, increased restrictions amid rapidly rising infection rates, rising unemployment and Brexit-related uncertainty all pose downside risks to the outlook. Economists project GDP to contract 9.9% in 2020 and to expand 6.5% in 2021, which is up 0.2 percentage points from last month’s forecast.

The IHS Markit/CIPS UK services Purchasing Managers’ Index (PMI) fell from 58.8 in August to 55.1 in September, while the manufacturing PMI decreased from 55.2 in August to 54.3 in September. The falls came amid the reintroduction of some restrictions to stem the surge in domestic Covid-19 cases. However, both indices remained above the 50-threshold separating worsening and improving operating conditions, and readings for Q3 as a whole suggest a solid rebound following Q2’s economic downturn. Industrial production grew 5.2% month-on-month in seasonally-adjusted terms in July (June: +9.3% mom). July’s upturn largely reflected a solid expansion in manufacturing. On an annual basis, factory output plunged 7.8% in July (June: -12.5% year-on-year). Meanwhile, the trend pointed down, with the annual average variation of industrial production coming in at minus 7.2%, down from June’s minus 6.7% reading.

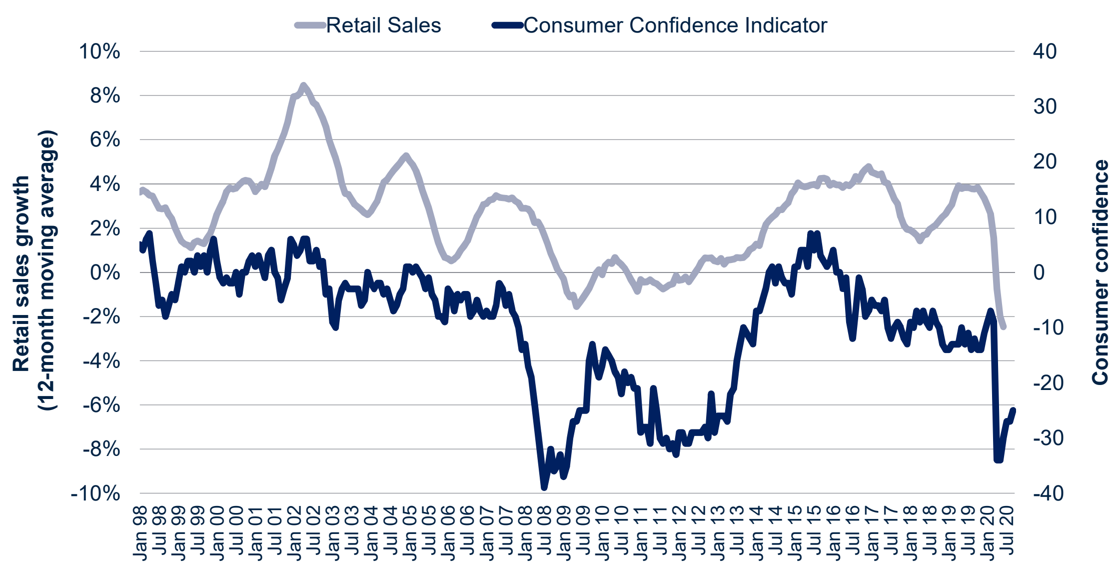
It was not surprising to see that the slowdown was especially acute in services, where the restaurant sector in particular saw demand fall sharply as the Eat Out to Help Out scheme was withdrawn. Demand for other consumer-facing services also stalled as companies struggled amid new measures introduced to fight rising infection rates and consumers often remained reluctant to spend.

Encouragingly, robust growth in manufacturing, business services and financial services has offset weakness in consumer-facing sectors.

According to the Office for National Statistics (ONS), in May–July the unemployment rate ticked up to 4.1%, while redundancies rose at the sharpest rate since 2009, increasing by 58,000 compared to the same period last year. That said, the number of people temporarily away from work came down to roughly 5.0 million in July— including workers on furlough—although over half reported being away for at least three months. Moreover, the claimant count remained stable at 2.7 million in August. Taken together, this data highlights that the labor market remains weak, as the reopening of the economy has yet to spur job growth. More positively, job vacancies rose approximately 30% in August compared to April, albeit remaining well-below pre-pandemic levels. Looking ahead, the labour market is forecast to soften as the furlough scheme winds down. While the government's recently announced wage support scheme should stem job losses, it will not stop them entirely and economist expect to see the unemployment rate rising markedly by the end of the year. The consensus of economists expect the unemployment rate to average 5.7% in 2020, which is down 0.4 percentage points from last month's forecast, and 6.6% in 2021, which is up 0.3 percentage points from last month's forecast.

Consumer confidence rose to minus 25 in September from August's minus 27. September's result marked the strongest reading since March. The rise came on the back of an improvement in consumers' views on the general economic situation, and a greater willingness to make major purchases. On the outlook, consumers are as jittery as stock markets right now and as the UK government puts the brakes back on – and there may be more to come – only an unbridled optimist will bet on confidence climbing further.

Figure 2 UK retail sales and consumer confidence

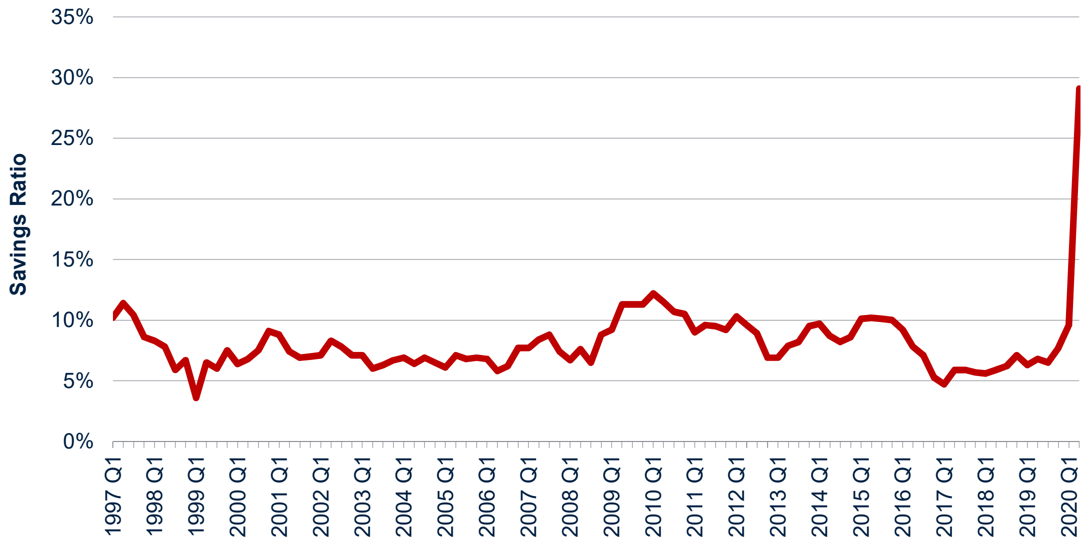


Source: Office for National Statistics / GfK

Inflation fell to 0.2% in August, down from 1.0% in July and moving further below the Bank of England's (BoE) 2.0% target rate. Going forward, economists expect to see inflation remaining substantially below target due to low prices for oil and other commodities, and depressed consumer spending. The latest forecasts for inflation show an average 0.9% in 2020 and 1.5% in 2021, which is unchanged from last month's forecast. In September, the BoE kept the Bank Rate at a record low of 0.10% and made no changes to its asset purchase program amid a gradually improving economic panorama. Economists see rates unchanged in the short- to medium-term, although Covid-19 and Brexit make the outlook uncertain, and some economists do see rates being lowered further. Latest forecasts show the Bank Rate ending 2020 at 0.10% and 2021 at 0.08%.

This is a section of the commentary has never shown any significant trends, but is an important measure for the economic health and direction of the UK economy. The second quarter of this year showed, by far, the biggest unprecedented shift and level of the savings ratio of the entire 23 year period shown in the chart. Nearly a third of income has been saved during lockdown, which does give some protection for people and a future fillip for the retail sector.

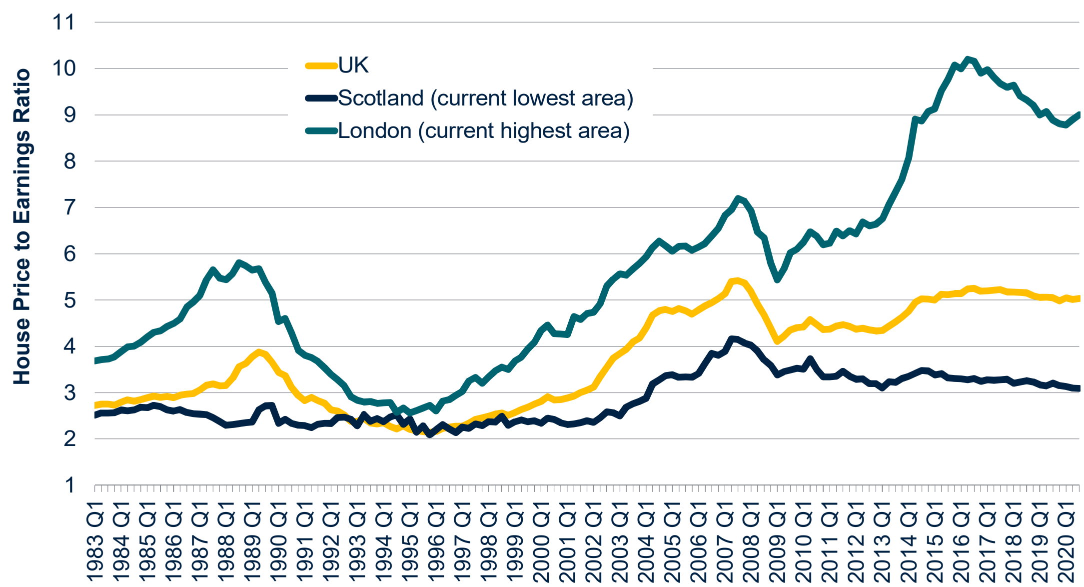
Figure 3 UK savings ratio



Source: Office for National Statistics

According to the Nationwide Building Society (NBS), house prices in the United Kingdom rose 2.0% month-on-month in August, up from July's 1.8% rise. August's increase was the largest since 2004, and was driven by an easing of Covid-19 lockdown measures and pent-up demand boosting housing activity. On an annual basis, house prices were up 3.7% (July: +1.5% year-on-year). The average house price in August was £224,123. In the next few months, pent-up demand and the stamp duty holiday could continue to support prices. Most forecasters expect labour market conditions to weaken significantly in the quarters ahead as a result of the aftereffects of the pandemic and as government support schemes wind down. If this comes to pass, it would likely dampen housing activity once again in the quarters ahead.

Figure 4 First-time buyer house price to earnings ratio



Source: Nationwide Building Society

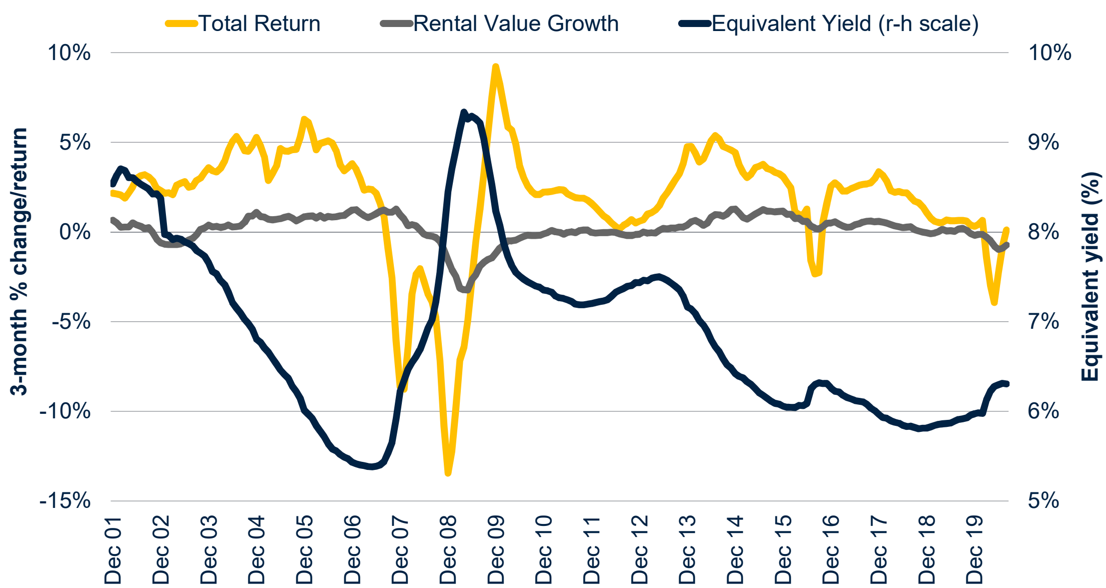
UK Commercial Property Market

MSCI is the leading authority on UK property market performance. The annual, quarterly and monthly indices for the UK provide the most comprehensive assessment of the performance and characteristics of the property market. The indices are valuation-based, but do reflect a certain degree of transactional information. The general consensus is that the index reflects the UK property market with a lag of six months.

To review the last full year, looking at the UK MSCI Monthly Index shows that 2.1% total return for the year was recorded to end-December 2019. Of this total return, -3.1% is capital growth and the income return was 5.3%. There remains a significant difference between the core property sectors. The retail sector lags far behind the other sectors in terms of total returns over the past year. For retails, a -6.4% total return is, not only negative, but much lower than the 5.0% recorded for 'All Offices'. However, both of these two sectors remain significantly overshadowed by the 7.2% total return from the industrial sector, although this is much lower than the 17.4% as at end-2018. The MSCI Annual Index uses a much larger sample of properties and shows a total return, for the 2019 full year, of 0.6%, which was 4.5% income return and -3.8% of capital growth.

As shown in Figure 5 below, driven by the impact of the lockdown and economic woes, the 3-monthly total return to the end of August 2020, was 0.1% and is back in positive territory despite an increasing yield over the past year, but has stabilised during the past few months. The rental value continues to show quarter-on-quarter decline, but the level has receded and is showing a slight uptick.

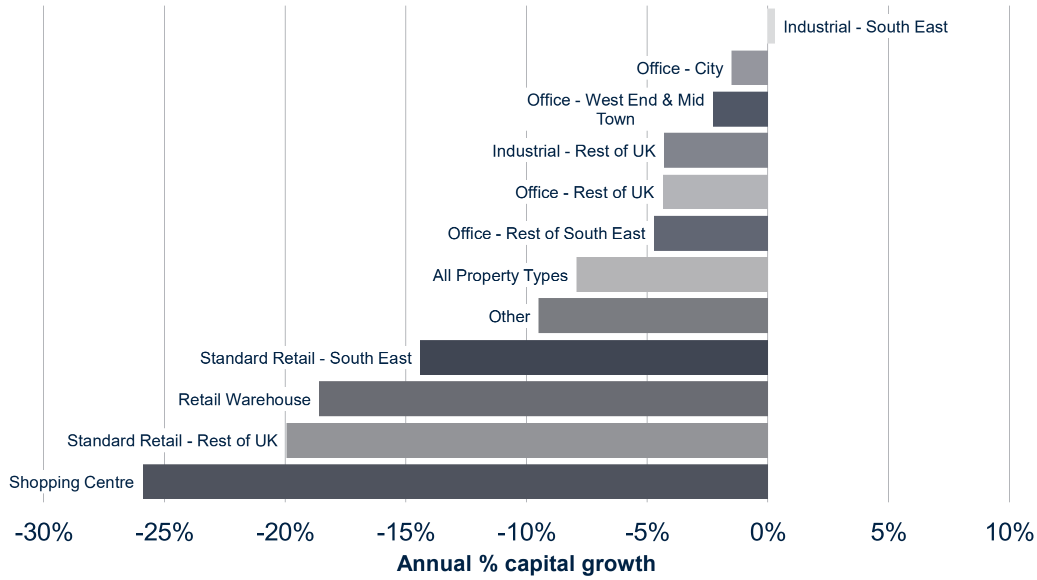
Figure 5 UK commercial property performance



Source: MSCI

Figure 6 overleaf presents the year-on-year capital value growth for 12 broad UK sectors and regions. As at the end of August, all but one of the twelve sectors remain in positive territory. The 'all property' measure in the UK is showing a 7.9% fall over the preceding 12 months. The retail sector, as a result of the inability for people to shop, has been hit very hard and is showing the lowest level of performance overall. Shopping centres are showing a near 26% fall in capital values compared to a year ago. The only positive is the fact that the rate of decline has slowed.

Figure 6 Capital value growth: 12 months to end August 2020

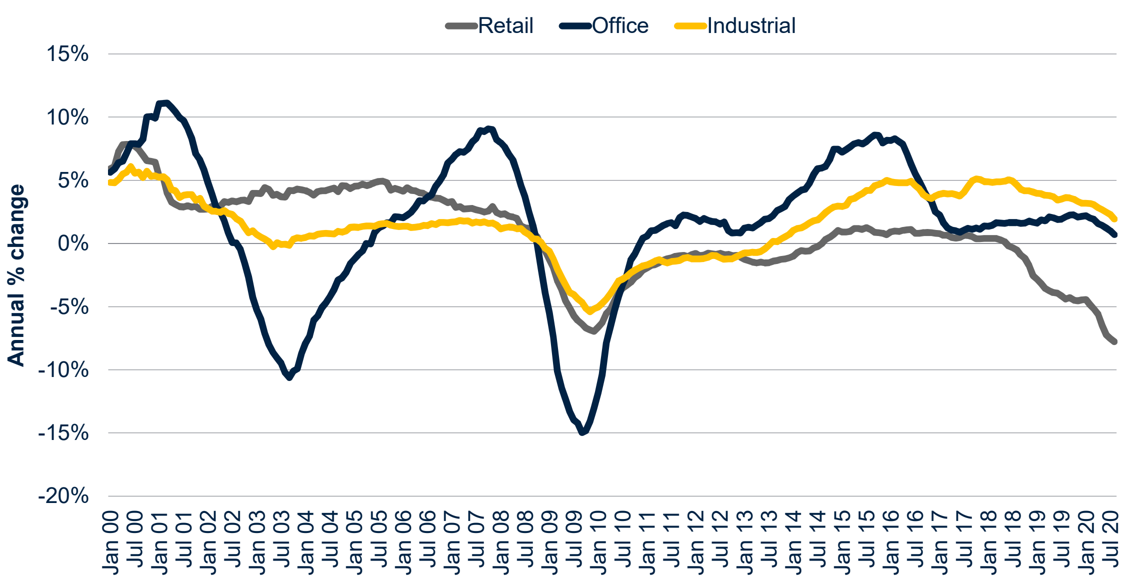


Source: MSCI

Looking at rental value growth (see Figure 7 below) the office and industrial sectors remain in positive territory, in terms of year-on-year growth. The industrial sector remains in positive, but the magnitude of growth has been receding. Despite this, the occupational market for the distribution sector is showing record levels of take-up to cater for the rising level of internet-related retailing demand.

In terms of year-on-year change, only the retail sector is currently showing rental growth declines that are of a higher magnitude than the global financial crisis.

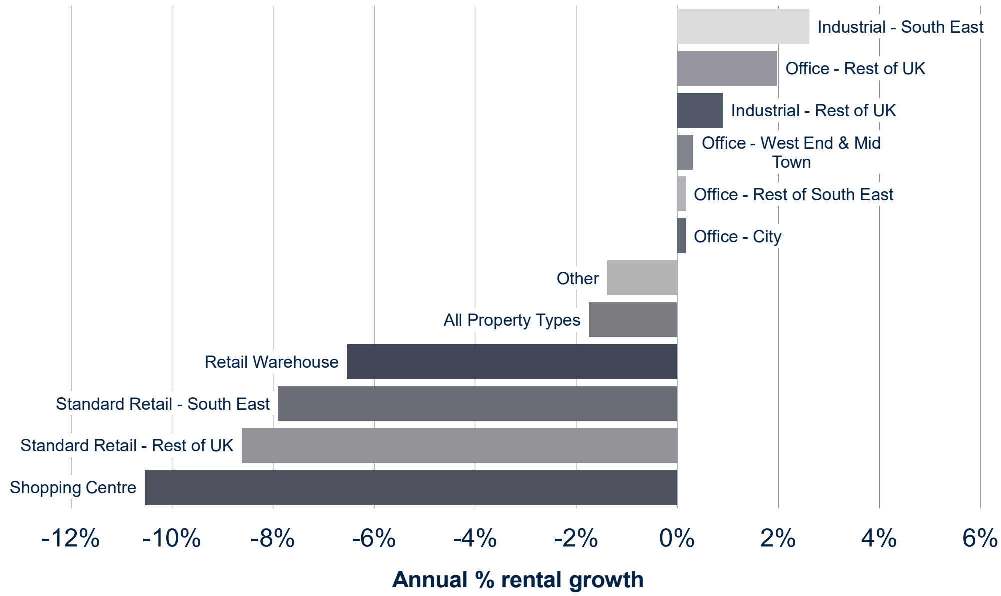
Figure 7 Rental value growth: annual % change



Source: MSCI

Following on from the previous chart and breaking down the main sectors further, as shown in Figure 8 below, the sectoral disparity remains evident with over 13 percentage points ‘spread’ between the highest and lowest performing sub-sectors in the 12 months to end-August. The retail sector showing annual rental decline of between 6% and 11%. The highest decline is for the shopping centre sector.

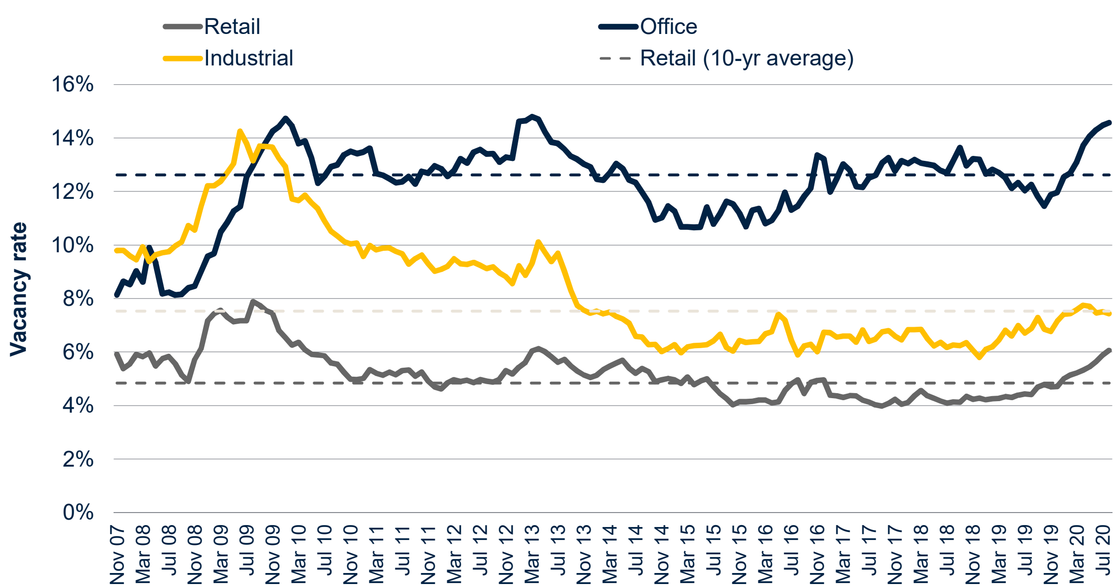
Figure 8 Rental value growth: 12 months to end August 2020



Source: MSCI

Figure 9 presents the proportion of financial-based (estimated open market rental value as void) within the MSCI UK portfolio data. The retail and office sectors are above the 10-year trend level. The industrial sector, unsurprisingly, has not trended upwards and sits on the 10-year average. The office sector has moved significantly higher as sentiment towards lower demand for offices has emerged. However, the impact will also be related to the recessionary period which is why it is at a similar level to the global financial crisis at present.

Figure 9 Vacancy rate – financial based



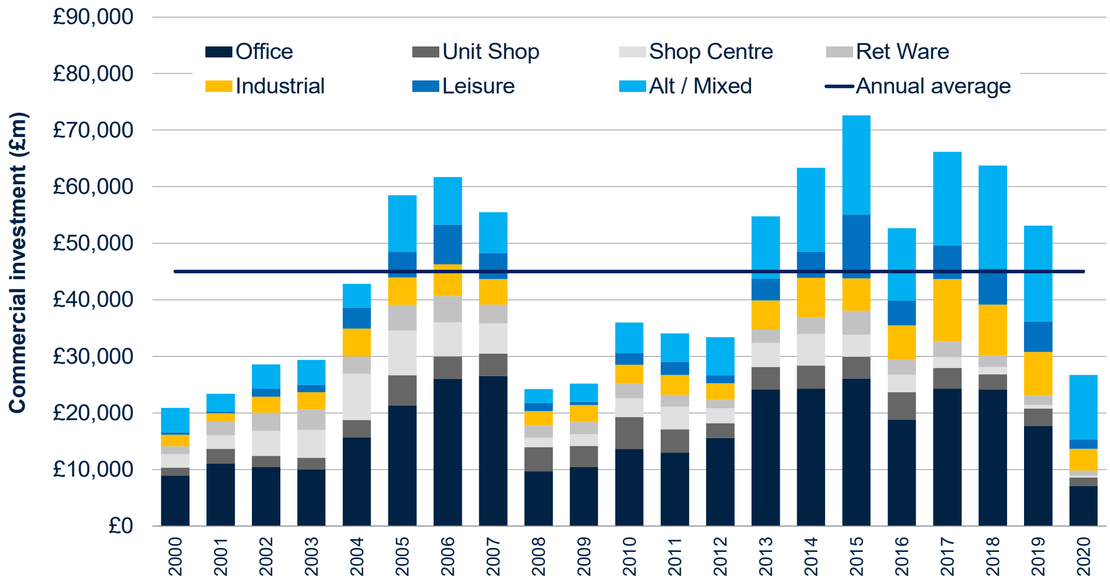
Source: MSCI
Note: Financial Vacancy, which is based on market rental value (MRV) of the vacant units divided by the total market rental value (MRV)

Commercial Investment Transactions

Commercial investment volumes reached £53bn during 2019, which was around 17% below the 2018 level, but still 16% above the long term annual average (Figure 10, below). The volume of overseas money coming into the UK reached £25.5bn during 2019, accounting for 49% of the total (2018: 44%) and above the 10-year average of 44%. Weaker Sterling continues to play into the hands of overseas investors, who are being increasingly drawn to attractive yields in the UK regions.

As we passed the third quarter of 2020, it is encouraging to see that the 2020 total is above the global financial crisis year of 2008. The expectation for next year, is for a recovery in overall volumes, unlike what was witnessed in 2009. There is a significant level of investment stock on the market, at present and this will continue to trade, albeit with investors looking for a lower price in the short-term, but knowing they are buying in to the longer-term resilience and attractiveness of UK commercial property. It is still likely that the full year will be around the £35bn level.

Figure 10 UK commercial property investment by sector



Source: Property Data
Note: * as at 6/10/2020

Of the 12 sub-sectors, shown below, nine sectors have seen yields move higher during the 12 months to the end of August 2020. Retail and leisure have moved higher, unsurprisingly. The industrial and London office sectors remain stable over the year.

Table 1 Savills prime equivalent yields

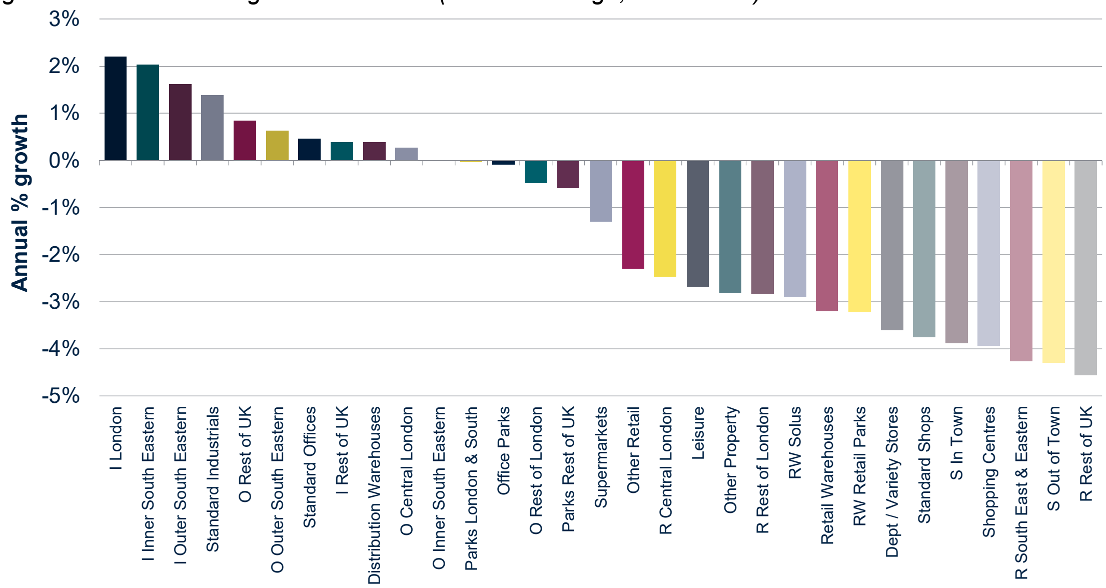
	August 2019	**December 2019**	**August 2020**	**Annual change (bps)**
West End Offices	3.75%	3.75%	3.75%	0
City Offices	4.00%	4.00%	4.00%	0
Offices M25	5.00%	5.00%	5.25%	25
Provincial Offices	4.75%	4.75%	5.00%	25
High Street Retail	5.00%	5.50%	6.00%	100
Shopping Centres	5.50%	5.75%	6.50%	100
Retail Warehouse (Open A1)	6.25%	6.25%	6.75%	50
Retail Warehouse (Restricted)	6.50%	6.50%	7.00%	50
Industrial Distribution	4.25%	4.25%	4.25%	0
Industrial Multi-let	4.00%	4.00%	4.00%	0
Leisure Parks	5.75%	5.75%	6.75%	100
London leased (core) hotels	3.75%	3.75%	4.00%	25
Regional pubs (RPI linked)	4.50%	4.50%	4.75%	25

Source: Savills

Commercial Property Forecasts

This section reviews the latest forecasts provided by RealFor (created Q2 2020), an industry forecast provider that uses the MSCI data as the forecasting base. Over the next five years (2020-2024), the London industrial market is expected to show the highest average annual rental growth over the forecast period (2.2% pa), followed by South East industrials (Figure 11).

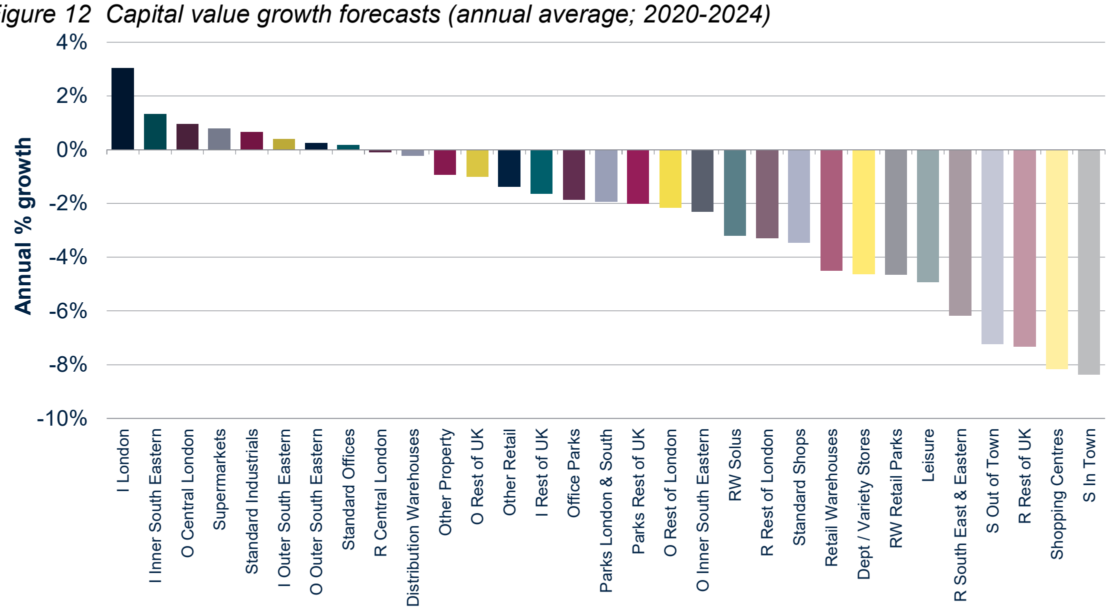
Figure 11 Rental value growth forecasts (annual average; 2020-2024)



Source: RealFor

In-line with the outlook for rental value growth, one of the strongest annual average capital value growth expectations is London industrials. Central London offices are expected to show positive growth during the forecast period and the supermarket sector is the best performing retail sub-sector. The difference between the highest and lowest forecast performance is still significant with a range of around 7%. Overall, the London markets, across all sectors, are stronger for the forecast period.

Figure 12 Capital value growth forecasts (annual average; 2020-2024)



Source: RealFor

Appendix 6 – Valuation Calculations

iMET Building, Emery Crescent, Alconbury Weald

26-Jan-21
KS
474080

Valuation Calculations

Assignment Sum

Assignment Sum	A x B / C		
A		£500,000	
B		293.5	RPI one month before the transfer (nb Nov 2020 = most recent figure available)
C		258.8	RPI January 2016
Assignment Sum		£567,040	

Current Land Value

	Acres		£ per acre	Value	
Site		1.57	£400,000	£628,000	
say				**£625,000**	Payable to freeholder on assignment of long lease

Current Market Value - Long Leasehold Interest (Existing Use)

Bases of Value

MR	£222,700	per annum
Letting Void	24	months
Rent Free	12	months
Equivalent Yield	9.0%	until lease expiry in 2141

Market Value (from Argus)	**£1,790,000**	£72.33	per sq ft GIA
		£95.35	per sq ft NIA

Current Market Value - Freehold Interest on Special Assumption Long Lease Extinguished (Office Conversion)

Bases of Value

MR	£371,500	per annum
Letting Void	12	months
Rent Free	9	months
Equivalent Yield	7.50%	

Value (from Argus)	£4,100,000	£176.58	per sq ft NIA
Conversion Costs	£870,000		
Market Value	**£3,230,000**	£130.52	per sq ft GIA (existing)
		£172.06	per sq ft NIA (existing)

Existing Freehold Value

Assignment sum		£625,000			
	20%	£125,000	equivalent to	Present Value of unencumbered freehold	
				120	years
				2.75%	£124,561
Say		**£125,000**			

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 01/01/2021

Property

Address	iMET Building - Existing Educational Use,
External ID	
Property Type	Mixed Use (Office/Retail)
Description/Notes	Template for UK Assets using TradVal Methodology
Valuation Tables	Annually in Arrears

Valuation

Gross Valuation			1,902,536
Capital Costs			0
Net Value Before Fees			1,902,536
Less	Agent's Fee	@1.00% Net Sale Price	21,495
	Legal Fee	@0.50% Net Sale Price	10,747
	Stamp Duty	@4.41% Stamp Duty	79,062

Fees include non recoverable VAT @ 20.00 %

Net Valuation	1,791,232		
Say	1,790,000		
Equivalent Yield	9.005%	True Equivalent Yield	9.4196%
Initial Yield (Valuation Rent)	-0.0001%	Initial Yield (Contracted Rent)	-0.0001%
Reversion Yield	11.713%		
Total Valuation Rent	0	Total Contracted Rent	0
Total Rental Value	222,700	Number of Tenants	1
Capital Value Per Area	72		

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
01/01/2021	0	0	-1	-1	-0.0001%	-0.0001%
19/01/2024	222,700	0	-1	222,699	11.7130%	12.6233%
01/10/2141	0	0	0	0	0.0000%	0.0000%

Yields Based On Say Value + Acq.Costs + Cap.Ex

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/01/2021

Tenants

Tenant Name	Suite	Lease ID	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Educational User			19/01/2028	18/01/2033	Override	Hardcore(9%)	0	0	222,700	1,902,536	0.0000%	0.0000%	9.0000%	11.7054%

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 01/01/2021

Headlease
Tenant - Educational User

Suite			
Lease Type	Other		
Lease Status	Speculative		
Lease	10 years from 19/01/2023 Expiring 18/01/2033		
Parent Tenure	Headlease		
Cap Group	Override		
Current Rent	0		
Rental Value	222,700		
Valuation Method	Hardcore(9%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	9%		
Reversionary Yield	11.7054%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Ground Floor	14,962.00		9.00	100%	0%	0%	9.00	0	0	134,658
First Floor	9,785.00		9.00	100%	0%	0%	9.00	0	0	88,065
	24,747									**222,723**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
19/01/2023	1	0	0	Rent Free	0	0	-1	-1	-0.0001%
19/01/2024	4	0	0	Base Rent	222,700	0	-1	222,699	11.7054%
19/01/2028	5	0	0	Rent Review	222,700	0	-1	222,699	11.7054%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 01/01/2021

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
01/01/2021	2 Yrs 0 Mths	Void (Hardcore)	9.0000%	0%,0%	0 Yrs 0 Mths	0	0	0	-1	-1	0	-1	1.7988	1.0000	-2
19/01/2023	1 Yr 0 Mths	Fixed	9.0000%	0%,0%	2 Yrs 0 Mths	0	222,700	0	-1	-1	0	-1	0.9174	0.8381	-1
19/01/2024	117 Yrs 8 Mths	Adjustment (Hardcore)	9.0000%	0%,0%	3 Yrs 0 Mths	222,700	222,700	0	-1	222,699	0	222,699	11.1107	0.7689	1,902,539
															1,902,536

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 01/01/2021

iMET Building - Existing Educational Use

Leasehold: Headlease
Ground Lease term 125 Years from 01/10/2016
Expiring 30/09/2141
Geared Varies 0% of Tenant Market Rent
Subject to a Minimum Ground Rent 0

Base Rent Schedule

Date	Years	Months	Days	Type	Units	Amount	Gross Rent
01/10/2016	125	0	0	Base	£ / Year	1	1

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 19/01/2021

Property

Address	iMET Building Proposed Office Use,
External ID	
Property Type	Office
Description/Notes	Template for UK Assets using TradVal Methodology
Valuation Tables	Annually in Arrears

Valuation

Gross Valuation			4,364,482
Capital Costs			0
Net Value Before Fees			4,364,482
Less	Agent's Fee	@1.00% Net Sale Price	49,157
	Legal Fee	@0.50% Net Sale Price	24,579
	Stamp Duty	@4.74% Stamp Duty	194,321

Fees include non recoverable VAT @ 20.00 %

Net Valuation	4,096,425		
Say	4,100,000		
Equivalent Yield	7.4942%	True Equivalent Yield	7.8158%
Initial Yield (Valuation Rent)	0%	Initial Yield (Contracted Rent)	0%
Reversion Yield	8.5049%		
Total Valuation Rent	0	Total Contracted Rent	0
Total Rental Value	371,500	Number of Tenants	1
Capital Value Per Area	177		

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Running Yields

Date	Gross Rent	Revenue Cost	Ground Lease Expenses	Net Rent	Annual	Quarterly
19/01/2021	0	0	0	0	0.0000%	0.0000%
19/10/2022	371,500	0	0	371,500	8.5049%	8.9770%

Yields Based On Say Value + Acq.Costs + Cap.Ex

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 19/01/2021

Tenants

Tenant Name	Suite	Lease ID	Next Review	Earliest Termination	CAP Group	Method	Contracted Rent	Valuation Rent	Rental Value	Gross Value	Initial Yield	Initial Yield (Contracted)	Equivalent Yield	Reversionary Yield
Proposed Office User			19/01/2027	18/01/2032	Override	Hardcore (7.5%)	0	0	371,500	4,364,482	0.0000%	0.0000%	7.5000%	8.5119%

Detailed Valuation (Amounts in GBP, Measures in SF)

Valuation Date: 19/01/2021

Freehold
Tenant - Proposed Office User

Suite			
Lease Type	Office		
Lease Status	Speculative		
Lease	10 years from 19/01/2022 Expiring 18/01/2032		
Parent Tenure	Freehold		
Cap Group	Override		
Current Rent	0		
Rental Value	371,500		
Valuation Method	Hardcore(7.5%)	Froth	0%
Initial Yield (Valuation Rent)	0%		
Initial Yield (Contracted Rent)	0%		
Equivalent Yield	7.5%		
Reversionary Yield	8.5119%	Note: Based on Initial tenant Rent / Gross Tenant Value	

Notes

Areas	Area	Rental Value Group	Rental Value Rate	% of Rate	% Position	+/- % Adjust	Adjusted Rate/Year	Units	Unit Rent/Year	Rental Value
Ground Floor	11,679.00		16.00	100%	0%	0%	16.00	0	0	186,864
First Floor	11,539.00		16.00	100%	0%	0%	16.00	0	0	184,624
	23,218									**371,488**

Base Rent Schedule

Date	Years	Months	Days	Event	Gross Rent	Revenue Costs	Ground Lease Expenses	Net Rent	Yield
19/01/2022	0	9	0	Rent Free	0	0	0	0	0.0000%
19/10/2022	4	3	0	Base Rent	371,500	0	0	371,500	8.5119%
19/01/2027	5	0	0	Rent Review	371,500	0	0	371,500	8.5119%

Capital Costs

Label	Timing	Initial Annual Amount	Discount Rate	Discounted Value

Component Valuation

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value

Detailed Valuation

(Amounts in GBP, Measures in SF)

Valuation Date: 19/01/2021

Start Date	Valuation Term	Slice Type	Yield	SF,Tax	Deferred	Gross Rent	Rental Value	Revenue Costs	Ground Rent	Net Rent	Less Froth Ded.	Valuation Rent	YP	PV	Gross Value
19/10/2022	In Perp	Adjustment (Hardcore)	7.5000%	0%,0%	1 Yr 9 Mths	371,500	371,500	0	0	371,500	0	371,500	13.3333	0.8811	4,364,482
															4,364,482

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