INSTRUCTION:	VALUATION REPORT
CLIENT:	HSBC BANK PLC
PROPERTY:	NANCLEDRA PRE-SCHOOL SCHOOL LANE NANCLEDRA PENZANCE CORNWALL TR20 8NB
DATE:	8TH FEBRUARY 2024
REFERENCE:	4787/SAS/RAC

EXECUTIVE SUMMARY

PROPERTY:	Nancledra Pre-School, School Lane, Nancledra, Penzance, Cornwall, TR10 8NB.
DATE OF INSPECTION:	8th February 2024.
VALUER:	Stuart Andrew Sly member of the Royal Institution of Chartered Surveyors, RICS Registered Valuer and Director of Charterwood Commercial Property Consultants Limited.
LOCATION:	Nancledra Pre-School lies adjacent to Nancledra Primary School, both of which are situated approximately one mile north of Nancledra village in west Cornwall.
DESCRIPTION:	The property comprises a single storey detached building which was purpose built as a children's pre-school nursery in 2018.
TENURE:	Freehold.
VALUATION DATE:	8th February 2024.
PURPOSE OF VALUATION:	Secured lending purposes.
REINSTATEMENT COST:	£375,000 (Three Hundred and Seventy-Five Thousand Pounds).
CURRENT RENT:	£21,600 (Twenty-One Thousand Six Hundred Pounds) per annum.
MARKET RENT:	£18,000 (Eighteen Thousand Pounds) per annum.
MARKET VALUE:	£225,000 (Two Hundred and Twenty-Five Thousand Pounds).
MARKET VALUE WITH A SPECIAL ASSUMPTION OF VACANT POSSESSION:	£225,000 (Two Hundred and Twenty-Five Thousand Pounds).
MARKET VALUE WITH A SPECIAL ASSUMPTION OF A RESTRICTED MARKETING PERIOD:	£190,000 (One Hundred and Ninety Thousand Pounds).

KEY PROPERTY CONSIDERATIONS

STRENGTHS:	The property lies adjacent to the village primary school and occupies a perfect location for the Pre-School Nursery. Its proximity to the school also allows the subject building to be used as a Breakfast Club and After-School Club for the primary pupils. The building has been constructed to a high level of energy efficiency.
WEAKNESSES:	Potential for alternative use is limited by the tightly worded restrictive user clause and planning consent for alternative uses would be difficult to obtain bearing in mind the rural setting.
OPPORTUNITIES:	There is potential to carry out a small extension of the building, subject to planning.

THREATS:	The property is subject to a restrictive covenant limiting the use of the building to early-years or pre-school education purposes only. If the pre-school nursery were to shut there would be a very limited number of potential purchasers and the beneficiary of the restrictive covenant could demand a financial consideration to widen or lift the user restriction.
MATTERS FOR YOUR LEGAL ADVISOR:	An Energy Performance Certificate will be required on the property prior to completion of the purchase. We recommend that a desk-top Mine Search is carried out. We understand that a restrictive covenant was placed on the land limiting the use to early-years or pre-school education purposes only. Our assessment of the Reinstatement Cost is a rough guide to enable the owner to place the property on cover once exchange of contracts has taken place. However, we recommend that advice is sought from a Building Surveyor or Quantity Surveyor at the earliest opportunity to obtain an accurate figure for insurance purposes.

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VALUATION REPORT

FOR

HSBC BANK PLC

In Respect of:

NANCLEDRA PRE-SCHOOL, SCHOOL LANE, NANCLEDRA, PENZANCE, CORNWALL, TR20 8NB

1.0 INSTRUCTIONS

Written instructions dated 15th January 2024 (Appendix I) were received from HSBC Bank Plc to provide our opinion of the Market Value of the freehold interest in the above property. We understand the valuation is required for secured lending purposes in connection with the Bank's customer, Nancledra Pre-School, who intend to purchase the freehold interest.

Our valuation report has been carried out in accordance with the RICS Red Book Global Standards and our standard Terms of Engagement as reproduced in Appendix II.

2.0 INSPECTION

An inspection of the property was carried out by Mr S A Sly BSc (Hons) MRICS on Thursday 8th February 2024. Following consideration of all relevant matters we are able to report as follows:

3.0 LOCATION

Nancledra is a small village in west Cornwall located three miles south of St Ives and four miles north-east of Penzance. The resident population is approximately 150 persons, but the Pre-School and adjoining Primary School have a wide catchment area. The village has no shop or post office, the nearest supermarket facilities being those on the outskirts of St Ives and Penzance.

4.0 SITUATION

Nancledra Pre-School lies adjacent to Nancledra Primary School, both of which are situated approximately one mile north of Nancledra village. The property is accessed off School Lane and, apart from the adjoining school, is surrounded by open farmland.

A location plan is contained within Appendix III.

5.0 DESCRIPTION

The property comprises a single storey detached building with mono-pitched roof, which was purpose built as a children's pre-school nursery in 2018. The main entrance to the building is in the side elevation The internal layout is arranged to comprise an internal hallway leading through to a main playroom with patio doors in the front elevation leading to an outside play area. A children's toilet containing three children's WC's and three wash hand basins lies off the main play area. Either side of the internal corridor are an office; kitchen/staff room with fitted kitchen, electric hob and extractor hood; staff WC and baby room with adjoining sleeping room.

An area laid with granite chippings exists outside the main entrance and an outside play area lies to the front of the building and which is surrounded by a low timber fence. The play area has been laid with artificial turf and contains freestanding play equipment. The site includes an area of forecourt parking with a hardcore surface providing parking for nine vehicles with access onto School Lane. An undeveloped parcel of land on the northern side of the entrance is included and offers potential for an additional play area or for parking.

Photographs of the property are contained within Appendix IV.

6.0 ACCOMMODATION

From our own inspection of the premises, we have calculated the following approximate site area, internal dimensions and gross internal floor area:

Site area	0.245-hectare	0.604 acre
Building		
Internal width	9.20 m	
Internal depth	19.25 m	
Gross internal area	177.10 m^2	(1,905 ft^2)

7.0 CONSTRUCTION

The building is of insulated timber frame construction which has been externally finished with vertical timber boarding. Windows and doors throughout are dark grey coloured double glazed UPVC units. The roof is mono-pitch and is externally clad with plastic coated profile metal sheeting.

Internally the walls are drylined with skimmed plasterboard and the internal division walls are of timber studwork. Ceilings throughout are also of skimmed plasterboard with inset spotlights. Altro vinyl flooring is fitted in the kitchen and toilets, elsewhere the floors are covered with laminate flooring.

8.0 SERVICES

We understand the property is connected to mains electricity and mains water. The property has private drainage with foul drainage connected to a septic tank and surface water draining to soakaways. The property has a fire alarm with hard wired ceiling mounted smoke detectors and wall mounted glass call points. The property also has a security alarm and emergency lighting is fitted. Electric panel radiators are fitted throughout, and hot water is provided by an electric immersion tank located in the staff kitchen.

9.0 CONDITION

We have not carried out a structural survey nor have we inspected woodwork or other parts of the property that were covered, unexposed or inaccessible and such parts we assume to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts. From our brief inspection of the property, we noted that the building appeared in good condition throughout, and no obvious defects were noted.

We have not carried out an assessment relating to disabled facilities and under current legislation, in particular the Equality Act 2010, which replaced the Disability Discrimination Act 2005, the service provider has a responsibility to extend protection against indirect discrimination to disability and to make reasonable adjustments for disabled people. Such adjustments would include the consideration of disabled access and the provision of disabled toilet facilities. A disabled toilet is fitted, and the building appears to comply with current disabled access requirements.

We have not been made aware of a Fire Risk Assessment having been undertaken and under The Regulatory Reform (Fire Safety) Order 2005, the onus is on the occupier of the premises to undertake such an assessment. The property has a fire alarm and appears to have adequate fire exits.

10.0 ENERGY PERFORMANCE CERTIFICATE

With effect from 1st October 2008 all buildings, subject to certain exceptions, have needed an Energy Performance Certificate if they are to be sold or let. With effect from 1st April 2018, it has been unlawful to let buildings with an energy rating of F or G. With effect from 1st April 2023 F or G rated buildings cannot continue to be let on existing leases.

We have made enquiries with the Non-Domestic EPC Register, and it appears that the Pre-School building does not have a current valid EPC. An EPC should be obtained prior to the purchase. We consider that the building has a high level of energy efficiency, and we consider will score well when assessed.

11.0 TENURE

We understand the property is being sold on a freehold basis. We have not inspected a report on title and have assumed that good title can be shown, and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings. We have assumed that the property and its value are unaffected by any matters that would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, its condition, its use or its intended use is or will be unlawful.

We understand that a restrictive covenant was placed on the land stating, 'Not to use the Property for any purpose other than as an early-years or pre-school educational establishment and parking for the early-years or pre-school educational establishment. For the avoidance of doubt this use does not extend to the use of the Property as a primary school or primary school parking'.

We are advised that no formal lease currently exists between the owner as landlord and Nancledra Pre-School as tenant, but a monthly rent of £1,800 is paid. We consider that an implied business tenancy exists.

12.0 THIRD PARTY RIGHTS OF WAY, EASEMENTS, WAYLEAVES

Believed to be none.

13.0 BUSINESS RATES

We have made enquiries with the Valuation Office Agency and are advised that the property is assessed as a Day Nursery & Premises with a Rateable Value of £12,000. The occupier should be eligible for 100% small business relief.

14.0 PLANNING

The property lies within an Area of Outstanding Natural Beauty. We have made enquiries with the Cornwall Council online planning register and have set out below a summary of the recent planning history:

<u>Application PA17/02860/PREAPP</u>
Submitted on the 28th November 2018 to establish the principle of the development of a pre-school nursery building. Closed advice but we understand the Planning Officer was generally supportive.

<u>Application PA18/01813</u>
Planning application for construction of pre-school building utilising existing field access with ancillary work to include septic tank installation and car parking provision.
Approved: 27th April 2018

Application PA18/09939
28-day Notice for the provision of two poles enabling connection of broadband service to Nancledra Pre-School. Closed advice given.

15.0 ENVIRONMENTAL CONSIDERATIONS

We have considered the environmental factors and prospects for the property to have previously suffered from some form of contamination. The site was previously utilised as farmland. We are not aware of any factors that would affect the property or neighbouring property. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value now reported.

The property lies in a large area of Cornwall which has been the subject of historic metalliferous mining activity. Unless one has already been carried out, we recommend a desktop mining search should be undertaken to establish the extent of any underground mine workings and to clarify whether there is any risk to this property. For the purposes of our valuation, we have assumed that the property is free from any mining related problems.

The neighbourhood is within a radon affected area. Whilst this does not necessarily indicate the presence of radon gas within the subject property, radon levels should be monitored and, if necessary, steps should be taken to ensure that any potential build-up of radon gas is adequately ventilated.

The property was constructed in 2018 and we have assumed that no asbestos containing materials would have been used in the construction.

During our inspection we did not observe any Japanese Knotweed and have assumed that Japanese Knotweed does not exist on the site. However, should it become apparent that knotweed has become established on the property, this may affect the value now reported.

We have assumed that the property is not affected by any protected wildlife or fauna having become established on the property.

The property is identified by the Environment Agency as lying within a Flood Zone 1 which is considered to have a low probability of flooding.

16.0 VAT

We are advised that the building is not elected for VAT. However we understand that VAT is erroneously being charged on the rent at present, which we think is incorrect.

17.0 HIGHWAYS

We understand that School Lane is an adopted highway maintained by Cornwall Council.

18.0 SECURITY AND SUMMARY OF RECOMMENDATIONS

In our opinion the property offers adequate security for secured lending purposes, which we understand is for a term of 25 years, on the following assumptions:

- Nothing is done by the owner or occupier of the building to invalidate the buildings insurance. The bank should ensure that an adequate building insurance policy is maintained for the duration of the loan.

- The property is maintained to a good standard of repair throughout the term of the loan.

- The desktop mine search confirms the site is not affected by any underground mine workings. The bank should obtain a copy of the desk top mine search to confirm this.

19.0 REINSTATEMENT VALUATION

The reinstatement valuation figure has been calculated with reference to the information supplied by the Building Costs Information Service of the Royal Institution of Chartered Surveyors. These values have been adjusted for the following:

1. Location factor calculated by reference to the mean of BCIS tender prices throughout the UK.
2. Allowance for inflation to end of policy year plus six months for redesign.
3. Allowance for inflation during building period, assumed to be twelve months.
4. Allowance for demolition.
5. Allowance for professional fees.
6. No allowance has been made for VAT (except on fees), loss of rent or costs of alternative accommodation during the reinstatement period.

In our opinion the approximate Reinstatement Cost of the premises is **£375,000 (Three Hundred and Seventy-Five Thousand Pounds)** as at 8th February 2024. Our assessment of the Reinstatement Cost is a rough guide to enable the owner to place the property on cover once exchange of contracts has taken place. However, we recommend that advice is sought from a Building Surveyor or Quantity Surveyor at the earliest opportunity to obtain an accurate figure for insurance purposes.

20.0 VALUATION COMMENTARY

Nancledra Pre-School is a committee-run group registered in 2002 and until 2018 operated from the adjoining primary school premises. The current building was built for the Pre-School by a local benefactor who has since rented the building to the Pre-School but is now offering the opportunity to purchase the freehold.

The Pre-School Playgroup is a registered charity (Charity No. 1049149) with a reported income of £263,525 for the financial year ending 31st March 2023. The Pre-School is open Monday to Friday from 07.15 to 17.15 all year round, except bank holidays and two weeks at Christmas. We are advised that the Pre-School is licensed to accommodate 30 infants and 9 babies and there are a total of 76 children who attend. The Pre-School receives funding to provide free early years education for children aged two, three and four. In addition, the Pre-School runs a breakfast club and after school club for the primary school pupils which generates additional income, sometimes using the adjoining school premises when necessary. The most recent Ofsted Inspection carried out on 1st March 2022 gave a classification of Good.

In arriving at our valuation, we have had regard to the following evidence:

<u>Daisy Fay's Nursery, Forth Coth, Carnon Downs, Truro, TR3 6JG</u>
Nursery in village location with 36 registered places. Ground floor children's nursery of 1,644 ft^2 with outside play area and forecourt parking; together with a separately accessed first floor residential flat comprising a lounge/dining room, kitchen, bathroom and three bedrooms. Sold in April 2022 for £380,000. The ground floor nursery was let on a new 5-year FRI lease from 31st December 2023 at £22,500 per annum equating to £13.69 per ft^2. We understand that the lease contains no user restriction. The rent also equates to £625 per registered place. Assuming the first floor flat has a current rental value of £9,000 per annum, the sale price reflects a gross yield of 8.28%. Source: SBC Property.

Unit 4 The Square, Grampound Road, TR2 4DS
Former workshop unit converted to a children's nursery comprising 1,674 ft^2. Let on a 2-year lease from January 2022 at £16,000 per annum equating to £9.56 per ft^2. Source: SBC Property.

Townend Pre-School, Victoria Square, Bodmin, PL31 1EB
Former children's nursery which had been closed and had fallen into disrepair. The building comprised 875 ft^2 with a small outside play area. The property sold at auction in July 2023 for £75,000 equating to £85.70 per ft^2 freehold. Source: Clive Emson Auctioneers.

Naturally Learning Nursery, Blackwater, Truro
Nursery building of 2,860 ft^2 plus outside area of 4,287 ft^2. Let on an FRI lease expiring in 2032 at a current rent of £28,000 per annum equating to £9.79 per ft^2. Source: SBC Property.

Flying Starts Nursery, 1 Trelawney Road, Camborne, TR14 7LN
Two storey Victorian former dwelling converted to a children's nursery with 30 registered places. Providing a net floor area of 2,129 ft^2 plus parking for 10 cars and outside play area. Terms agreed for a lease renewal for a term of 13 years from 9th May 2024 at £20,000 per annum equating to £9.39 per ft^2. The rent also equates to £666.67 per registered place. Charterwood negotiated the lease renewal on behalf of the tenant.

Playbox, 9 Treyew Road, Truro
Two storey detached former dwelling converted to a children's nursery with 50 registered places. New 20-year FRI lease granted from September 2017 subject to 5 yearly reviews and a tenant break at the end of the 15th year. The rent of £26,750 per annum equates to £11.75 per ft^2 on ground floor; £9.75 per ft^2 on first floor and £500 per car space. The rent also equates to £535 per registered place. Source: Alder King.

Daisy Fay's Nursery, Chiverton Cross, Truro
Former retail showroom occupied as a nursery with 36 registered places. The building is 1,453 ft^2 and includes forecourt parking and a small outside play area. Let on a 10-year FRI lease from 9th September 2016 subject to a rent review and tenant break clause on the 5th anniversary. The rent of £25,000 per annum equates to £17.20 per ft^2 and reflects the potential alternative use as a retail showroom. The rent also equates to £694.44 per registered place. The property is not registered for VAT. Source: Alder King.

Bodmin Pre-School, Mary Kendall House, Priory Park, Bodmin, PL31 2AE
Building of 1,248 ft^2 and side store of 66 ft^2 within a total site area of 3,626 ft^2. No private parking provision. Licensed for 24 registered places. Held on a 21-year lease from 29th October 2014 subject to 7 yearly reviews. Rent reviewed from 29th October 2020 to £6,300 per annum equating to £5 per ft^2 on the nursery building and £1 per ft^2 on the store. The rent also equates to £262.50 per registered place. Charterwood acted for the landlord in the rent review.

Happy Days Nursery, Treliske Industrial Estate, Truro
Nursery within a former office building with 42 registered places. The accommodation provides 1,714 ft^2 and was previously let at £13,126 per annum equating to £7.71 per ft^2. The rent also equates to £312.50 per registered place.

Highdale Day Nursery, Highdale Avenue, Clevedon
Freehold single storey detached building of 1,050 ft^2 with garden and parking. Let at £25,000 per annum. Sold in September 2022 for £315,000 equating to a gross yield of 7.93%. Source: Vickery Holman.

The current passing rent on the subject property equates to £11.34 per ft^2 which is above the average rent currently being paid for nursery buildings. In arriving at our rental valuation, we have applied a rental value of £9.45 per ft^2 which has been discounted to reflect the very tightly worded user restriction which exists on the premises. In arriving at our valuation of the freehold interest we have capitalised the Market Rent at a gross yield of 8% consistent with the evidence of the investment sale of Highdale Nursery Clevedon.

Because of the very tightly worded restrictive covenant there is no potential for a change of use of the premises. Therefore, the only potential occupiers would be another privately owned children's nursery operator or the Academy Trust who run the adjoining primary school who may be interested in running the nursery school. Even if the restrictive covenant were lifted, we consider that planning consent for alternative uses would be difficult to obtain bearing in mind the rural setting.

We consider the agreed purchase price of £265,000 is above the Market Value bearing in mind the limitations placed on the building by virtue of the restrictive covenant.

The current Pre-School has been established for over twenty years and we are advised that it is currently oversubscribed. There is no reason why the Pre-School should not continue for the foreseeable future. However, there are circumstances where nurseries schools close down, these are normally as a result of failing an Ofsted inspection or a serious breach of safeguarding regulations. In these circumstances we are of the opinion that another nursery operator would be interested in the building to re-establish the business as there is clearly demand for the facility in the area.

If the business closed down for a considerable period of time and a competing nursery became established in the area, so as to make the continuation of the Pre-School nursery unviable, then we consider that the building could prove to be a challenge to sell or lease unless the adjoining school were interested in taking over the facility. If this were to happen, then an approach would need to be made to the beneficiary of the restrictive covenant to lift the user restriction. The cost of lifting the covenant is difficult to predict at this stage but could represent around 10-20% of the market value, depending on what alternative uses were permitted.

21.0 RENTAL VALUATION

We have been requested to provide a valuation of the property on the basis of Market Rent. The definition of value on this basis is set out within Appendix II. In arriving at our valuation, we have assumed the property would be let on a full repairing and insuring lease and the lease would be within the provisions of the 1954 Landlord and Tenant Act. Typical lease terms would be for a term of six years with rent review on the third anniversary.

In our opinion the Market Rent of the property can be fairly stated as being **£18,000 (Eighteen Thousand Pounds) per annum** as at 8th February 2024.

22.0 VALUATION

We have been requested to provide a valuation of the freehold interest in the property on the basis of Market Value. The definition of value on this basis is set out within Appendix II.

In our opinion the Market Value of the freehold interest, assuming a reasonable marketing period of at least six months, can be fairly stated as being **£225,000 (Two Hundred and Twenty-Five Thousand Pounds)** as at 8th February 2024.

In our opinion the Market Value of the freehold interest, with a special assumption of vacant possession and assuming a reasonable marketing period of at least six months, can be fairly stated as being **£225,000 (Two Hundred and Twenty-Five Thousand Pounds)** as at 8th February 2024.

In our opinion the Market Value of the freehold interest, with a special assumption of a restricted marketing period of three months, can be fairly stated as being **£190,000 (One Hundred and Ninety Thousand Pounds)** as at 8th February 2024.

We confirm that we are not aware of any conflict of interest or any potential conflict of interest in connection with this property. We confirm that we hold Professional Indemnity insurance up to £2 million. Our valuation is subject to the Terms and Conditions of Engagement set out within Appendix II.

A copy of this report may be provided (on a non-reliance basis): (i) where disclosure is required or requested by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation; (ii) where disclosure is required in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes; (iii) to an Addressee's affiliates, and any of its or their officers, directors, employees, auditors and professional advisors in connection with the loan and hedging transactions under the Facility Agreement; (iv) to any financial institution or other entity in connection with the loan and hedging transactions under the Facility Agreement; (v) to any person to whom such Addressee may potentially assign, transfer or sub-participate all or any of its rights and obligations under any documentation relating to or under the Facility Agreement and to the professional advisors of each such person; (vi) to any rating agency in connection with any securitisation of (or referable to) the Facility Agreement and to investors in such securitisation including in each case their professional advisors; and (vii) otherwise, with our prior written consent.

Should there be any points which require further clarification please do not hesitate to contact this office.

STUART A. SLY BSc (Hons) MRICS
RICS Registered Valuer

CHRISTOPHER J. WATERS BSc MRICS
RICS Registered Valuer

for and on behalf of CHARTERWOOD (CPC) LTD
17a River Street
TRURO
Cornwall
TR1 2SQ

8th February 2024

APPENDIX I

HSBC WRITTEN INSTRUCTIONS

Charterwood Commercial Property Consultants Limited t/as Charterwood

FAO Stuart A Sly

17A River Street

Truro

TR1 2SQ

15 January 2024

Dear Stuart

INSTRUCTIONS FOR THE PROVISION OF VALUATION AND APPRAISAL SERVICE IN RESPECT OF:

Property:	Nancledra Preschool, Nancledra, Penzance, TR208NB.
Borrower:	Nancledra Pre School
Means of access to the Property for inspection:	Leanne Goodwin/ 07843342822/manager@nancledrapreschool.com
Purpose of the service:	To assist in consideration of an application for a loan facility or support the continuance of an existing facility ("**Facility**") to the Borrower (or persons connected or associated with the Borrower) We confirm that this transaction is to be documented on a bilateral basis
Proposed Facility Details:	Loan Amount: GBP 198,750 Term: 300 Months Type: Term Loan
HSBC Contact	Steven Mccormick/07387247231/steven1.mccormick@hsbc.com
Our Solicitors:	N/A

This letter is to instruct you ("**Valuation Firm**") to provide for us ("**Bank**") a report and valuation ("**Report**") in respect of the Property as specified in the attached Valuers Instruction (Owner Occupier) Local– Standard Terms of Engagement ("**Terms**"). Unless otherwise defined, terms used in this letter shall bear the same meaning ascribed thereto in the Terms. All or any of such persons will rely on the Report in accordance with clause 7 (Reliance) of the Terms. In the event of any inconsistency between the provisions of this letter and the Terms, the provisions of this letter shall prevail.

Instructions

Further to our briefing conversation please act on our behalf in accordance with the requisite mandatory provisions of and appropriate guidance in the current RICS Valuation – Professional Standards and provide the Report to us at the above address. We are appointing you to provide the Report as you have represented, warranted and undertaken that you have the skills to be reasonably expected of a valuer experienced in valuing properties of a similar size, value, location and amenity to the Property.

Unless we or our Solicitors notify you otherwise the Report should be addressed in the manner set out below in order to satisfy the requirements of clause 7 (Reliance) of the Terms.

"To: HSBC UK Bank plc as lender under the facility agreement dated on or about the date hereof and made between Nancledra Pre School and HSBC UK Bank plc (as amended, restated, novated, replaced, supplemented or varied from time to time) (the "**Facility Agreement**") and HSBC UK Bank plc as hedging counterparty under the hedging arrangements entered into in respect of the Facility Agreement and each of its transferees, successors and assignees (the "**Addressees**")"

The following paragraph should also be added to the Report:

"A copy of this report may be provided (on a non-reliance basis): (i) where disclosure is required or requested by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation; (ii) where disclosure is required in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes; (iii) to an Addressee's affiliates, and any of its or their officers, directors, employees, auditors and professional advisors in connection with the loan and hedging transactions under the Facility Agreement; (iv) to any financial institution or other entity in connection with the loan and hedging transactions under the Facility Agreement; (v) to any person to whom such Addressee may potentially assign, transfer or sub-participate all or any of its rights and obligations under any documentation relating to or under the Facility Agreement and to the professional advisors of each such person; (vi) to any rating agency in connection with any securitisation of (or referable to) the Facility Agreement and to investors in such securitisation including in each case their professional advisers; and (vii) otherwise, with our prior written consent."

Timing

A draft of the Report is to be provided as soon as possible for consideration by the Bank and the earlier delivery of an executive summary would be welcomed.

The final version of the Report is to be provided by as soon as possible once the draft has been approved in time for drawdown. If any issues arise during your work that you consider should be brought to our attention these should be discussed with us when they occur and prior to the submission of the Report.

The final version of the Report should be submitted electronically by email in pdf format. An additional copy of the Report should be sent to our Solicitors.

We may provide a copy of the Report to the Borrower (and by countersigning this letter you grant us the requisite authority to do so), but we do not wish you to send a copy to the Borrower direct.

Additional Reports

Additional reports and valuations will be required periodically in relation to the Property. Your acceptance of this letter constitutes your agreement to provide such reports and valuations in accordance with our further instructions, which instructions shall be in substantially the same form as this letter. Your agreement is conditional on the payment by us of your reasonable and proper fees in respect of such reports and valuations as set out below.

If you cannot meet these provisos and requirements, please advise us at once.

Floor Areas

Please undertake a full measured survey in accordance with the current edition of the RICS Property Measurement (incorporating International Property Measurement Standards) These measurements should be included in the Report.

For the avoidance of doubt the International Property Measurement Standards should not be applied or reported in relation to this instruction. The measuring basis must be clearly stated within the Report.

Information

We enclose details of the Property. If there is any doubt as to status or accuracy of this information (e.g. tenure) then it is your responsibility to validate the information and ensure it is factually correct. The making of assumptions is not permitted without the Bank's prior written consent.

Environment/Contamination

We request that the Valuation Firm provides details of whether there is any evidence based upon the Valuation Firm's inspection of the Property and general and/or local knowledge or enquiries that the Property or those in the immediate vicinity is or may have been subject to any environmental issues.

Your fee

We will pay your agreed fee of £1075.00 plus specific disbursements exclusive of VAT for the Report .

Please submit your invoice in line with the guidance provided within "How to Invoice HSBC – Guide for Suppliers" (a copy of which can be obtained from us upon request). Your invoice should be addressed to HSBC UK Bank plc and issued when the final copy of the Report has been produced, in accordance with the Terms.

Anti-Bribery

We draw your attention specifically to clause 16 (Bribery and Sanctions) of the Terms.

General

This letter and the Terms (subject to such amendment as may be agreed between the parties) are to form the basis of the engagement between you and the Bank. No other terms are to apply save for those implied by law unless reduced to writing and signed by both of us. In particular, the Bank will not accept limitations on or exclusions of your liability (save as where permitted under the Terms and this letter). In no circumstances should your own terms and conditions be sent to us or otherwise form part of the engagement.

If you have any queries or concerns about these instructions, please do not hesitate to contact us. Otherwise please confirm your acceptance of these instructions by signing and returning to us the enclosed duplicate copy of this letter within seven days of the date of this letter subsequent to which we look forward to receiving the Report within the above timescale.

Yours sincerely

HSBC UK Bank plc

....

Steven Mccormick

BB DIRECT RELATIONSHIP MANAGER

Accepted and acknowledged by Charterwood Commercial Property Consultants Limited t/as Charterwood

....

Name: S. A. SLY

Capacity: DIRECTOR

CHARTERWOOD

17a River Street, Truro, Cornwall, TR1 2SQ
e-mail: all@charterwood.com **Tel: (01872) 261216** **website: www.charterwood.com**

Our Ref: SAS/RAC/4787
Your Ref:

HSBC UK Bank Plc
Business Banking Support Centre
1 Centenary Square
Birmingham
B1 1HA

23rd January 2024

By email: neelam.ali@hsbc.com

Dear Neelam,

RE: VALUATION – NANCLEDRA PRESCHOOL, NANCLEDRA, PENZANCE, CORNWALL, TR20 8NB

I refer to your email dated 16th January 2024, in which you confirmed instructions for Charterwood to provide a valuation of the above premises for secured loan purposes. I have set out below a summary of our Terms of Engagement in respect of this valuation.

(a)	Valuer:	The property will be valued by and is the responsibility of Mr Stuart A Sly BSc (Hons) MRICS, RICS Registered Valuer. The Valuer is in a position to provide an objective and unbiased valuation. The Valuer is competent to undertake the valuation assignment. If the Valuer needs to seek material assistance from others in relation to any aspect of the assignment, the nature of such assistance and the extent of reliance shall be agreed and recorded.
(b)	Client:	HSBC UK Bank Plc.
(c)	Other Intended Users:	None identified.
(d)	Purpose of valuation:	Secured lending purposes.
(e)	Premises:	Nancledra Preschool, Nancledra, Penzance, Cornwall, TR20 8NB.
(f)	Interest:	Freehold.
(g)	Use of property:	Day Nursery and Premises.
(h)	Valuation Financial Currency:	£GBP.
(i)	Basis of valuation:	Our valuation report will be carried out in accordance with the RICS Valuation – Global Standards.

(j)	Valuation date:	Date of our inspection
(k)	Extent of investigation:	Charterwood shall carry out an inspection of the property.
(l)	Nature and source of information to be relied upon:	None.
(m)	Disclosure of any material involvement:	Charterwood nor the Valuer has had any previous involvement with the property or other parties to the valuation assignment. If there are other factors that could limit the Valuer's ability to provide an impartial and independent valuation these are set out below:
(n)	Assumptions and special assumptions:	Our valuation will be carried out on the assumption of a willing vendor and willing purchaser,
(o)	Restrictions on use, distribution and publication:	The valuation is solely for use by HSBC UK Bank Plc and no third party is permitted to rely on the report.

(p) Our valuation will be carried out in accordance with the RICS Valuation – Global Standards, the International Valuation Standards and our standard Terms of Engagement, a copy of which I enclose for your information.

(q)	Description of report:	The valuation report will be carried out in accordance with the International Valuation Standards (IVS) and the RICS Valuation – Global Standards.
(r)	Fee:	Our valuation report will be £1,075 plus VAT payable prior to issue of the report. If we are disinstructed prior to completion of the valuation report we reserve the right to charge a fee based on an hourly rate for the work undertaken.
(s)	Agreed Limitations on Liability:	Nothing agreed.
(t)	RICS Regulation:	We confirm that Charterwood are registered for regulation by the Royal Institution of Chartered Surveyors and a copy of the firm's complaints handling procedure is available on request. The valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

Yours sincerely,

STUART A SLY BSc (Hons) MRICS
RICS Registered Valuer
CHARTERWOOD COMMERCIAL PROPERTY CONSULTANTS LIMITED
DDI: 01872 261358 Email: stuart@charterwood.com

APPENDIX II

TERMS & CONDITIONS OF ENGAGEMENT

TERMS AND CONDITIONS OF ENGAGEMENT AND BASIS OF VALUATION

Unless otherwise agreed in writing, or stated otherwise in our valuation report, the following standard conditions of engagement shall apply.

1. All valuations will be carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (Global Standards) effective from 31st January 2022.

2. In preparing the Valuation and Report, the following assumptions will be made which the valuer shall be under no duty to verify.

   (a) That all information provided to the valuer by the client and or his professional advisors or any other named party upon which the valuer will rely, is complete and correct.

   (b) That all information provided as to ownership is complete and correct and that there are no encumbrances or duly onerous or unusual easements, restrictions, outgoings, or conditions, likely to have an adverse effect upon the value of the property, attaching to the relevant interest in the property of which we have not been made aware and that a good and marketable title to the relevant interest is held.

   (c) That all covenants in any head leases, where applicable, have been complied with and that there are no disputes with the lessors or notices received from lessors or lessees which would adversely affect the valuation.

   (d) That, unless we are informed otherwise, each property complies with all relevant Statutory Requirements (including Fire Regulations, Byelaws and Health and Safety at Work).

   (e) That each property has been constructed and is occupied in accordance with valid Town Planning Consents and Building Regulations Approvals, and that it complies with any other relevant Statutory and Bye-law Requirements and that there are no outstanding Statutory or other notices in connection with the property or its current use.

   (f) That, unless we are notified otherwise, the presence of high alumina cement, calcium chloride additive, blue asbestos, or any other deleterious or hazardous material has not been determined and our valuation will be arrived at on the basis that these materials have not been used in the construction of any of the buildings or subsequently added.

3. No structural surveys will be carried out nor will we test any services or inspect roof voids, woodwork or any parts of the structures which are covered, unexposed or inaccessible, and, therefore, such parts will be assumed to be in good repair and condition and the services will be assumed to be in full working order. Any obvious defects or items of disrepair will be taken into account, but we will not be able to give any assurance that any property is free from defect.

4. Plant and machinery will not be included in the valuation unless forming part of the structure and normally valued with the building.

5. We will not carry out or commission a site investigation or geographical or geophysical survey and, therefore we will not be able to give any opinion or assurance or guarantee that the ground has sufficient load bearing strength to support any of the existing constructions or any other constructions that may be erected in the future. We also cannot give any opinion, or assurance, or guarantee that there are no underground mineral or other workings beneath the site or in its vicinity, nor that there is any fault or disability underground including, but not limited to, any contamination which could or might affect the property or any construction thereon.

   In respect of contamination and environmental factors, we will not be provided with details of the contents of any environmental audit or other environmental investigation, or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. Therefore, in undertaking our work, we will assume that no contaminative or potentially contaminative uses have ever been carried out on the property.

   We will not carry out any investigation into past or present uses, either on the property or any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites, and we will, therefore, assume that none exists.

   Should it be established subsequently that contamination, seepage, or pollution exists at the property or any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the value set out in our Valuation Report.

   We have assumed that the property is not affected by any protected wildlife or fauna having become established on the property.

6. All measurements will be carried out in accordance with the joint Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors unless stated otherwise in our report.

7. Where appropriate we shall make informal oral or on-line enquiries of the relevant local planning and rating authorities and we will take into account the information received in the preparation of our valuation. No searches will be carried out and therefore unless we are specifically advised to the contrary, we will assume that the property and its value are unaffected by any matters which would be revealed by a full Local Search.

8. No account will be taken of any liability for taxation which may arise upon the disposal of the property, nor will we deduct the likely costs of such a disposal. However, normal purchasers' costs will be reflected in our valuations.

9. The valuation date will be as the date of our Valuation Report, unless specified otherwise.

10. Unless specified otherwise, our valuations will be carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Red Book Global Standards and in particular, the definitions of the various valuations' bases set out therein, which are reproduced below as follows:

    Market Value (MV)

    "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".

Depreciated Replacement Cost (DRC)

"The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization".

Marriage Value

"An additional element of value created by the combination of two or more assets or interests where the combined value is more than the sum of the separate values".

Market Rent (MR)

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and 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."

Investment Value

"The value of an asset to the owner or prospective owner for individual investment or operational objectives."

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."

Existing Use Value (EUV)

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and 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".

Existing Use Value for Social Housing (EUV-SH)

"The estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and willing seller, in an arm's-length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion, subject to the following further Assumptions that:

- the property will continue to be let by a body pursuant to delivery of a service for the existing use;
- at the valuation date, any regulatory body, in applying its criteria for approval, would not reasonably fetter the vendor's ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements;
- properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let them, rather than with vacant possession, and;
- any subsequent sale would be subject to all of the above Assumptions.

11. Unless stated otherwise, Charterwood in its capacity as Independent (or External) Valuer conforms to the requirements of the Valuation Standards referred to in 10 above.

12. If an informal estimate of current reinstatement cost for insurance purposes is required, our standard conditions in respect of such estimates shall apply.

13. The Valuation Report will be provided only for the purpose agreed with the instructing Client and will be for the sole use of that Client. As such, it is confidential to the Client and his professional advisors.

    We accept responsibility to the Client alone that the Report will be prepared with the skill, care and diligence which can reasonably be expected of a competent Valuer but accept no responsibility whatsoever to any other person, who relies upon the Report entirely at his own risk.

14. Neither the whole nor any part of the Valuation Report may be included in any published documents, circular or statement nor published in any way without the Valuers written approval of the form and context in which it may appear.

15. Charterwood undertakes all services only on the basis of these terms which shall apply to the exclusion of any terms and conditions which the Client may seek to impose.

16. Charterwood has an in-house complaints procedure which must be followed, a copy can be supplied on request. Charterwood is a member of The Property Ombudsman, TPO Membership Number T02298, www.tpos.co.uk, and where you are unsatisfied with the way a complaint has been handled you may refer the matter to the Ombudsman for a further decision.

17. In order to comply with our due diligence, we would be grateful if you could arrange to forward a copy of your driver's licence or passport's photograph page as well as a recent utility invoice which shows your address. Please be assured that this information is required for our records only and will not be passed on to any other company or third party.

    No variation of these terms shall be binding unless agreed in writing between the authorised representative of Charterwood and the Client.

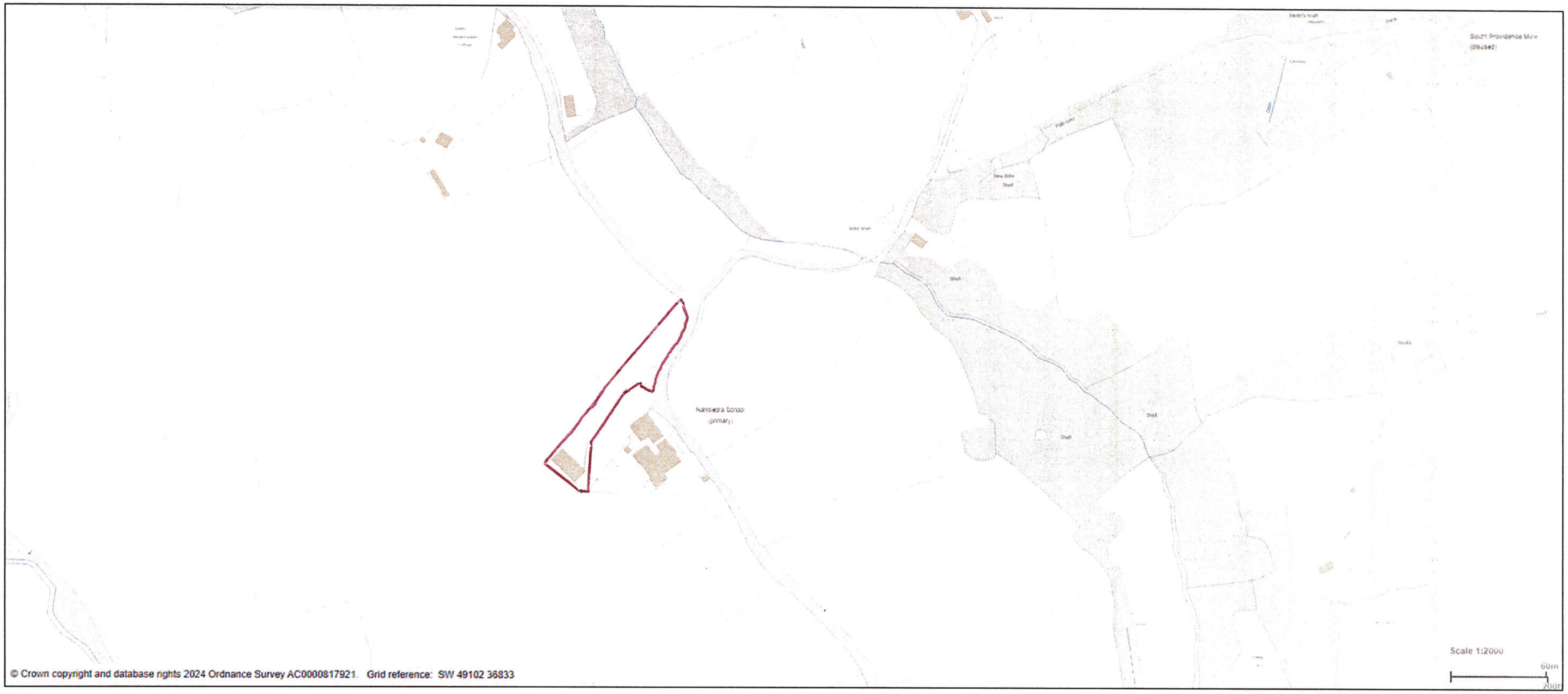
    Our Valuation Report will be prepared based on these assumptions and any further assumptions stated therein. If any such assumptions are subsequently found to be incorrect or inappropriate, we reserve the right to revise our opinions of value accordingly.

APPENDIX III

LOCATION PLAN

APPENDIX III – LOCATION PLAN

NANCLEDRA PRE-SCHOOL, SCHOOL LANE, NANCLEDRA, PENZANCE, CORNWALL TR20 8NB



 Grid reference: SW 49102 36833

Nancledra Pre-school Building.
School Lane. Nancledra.
St.Ives. TR20.8NB.

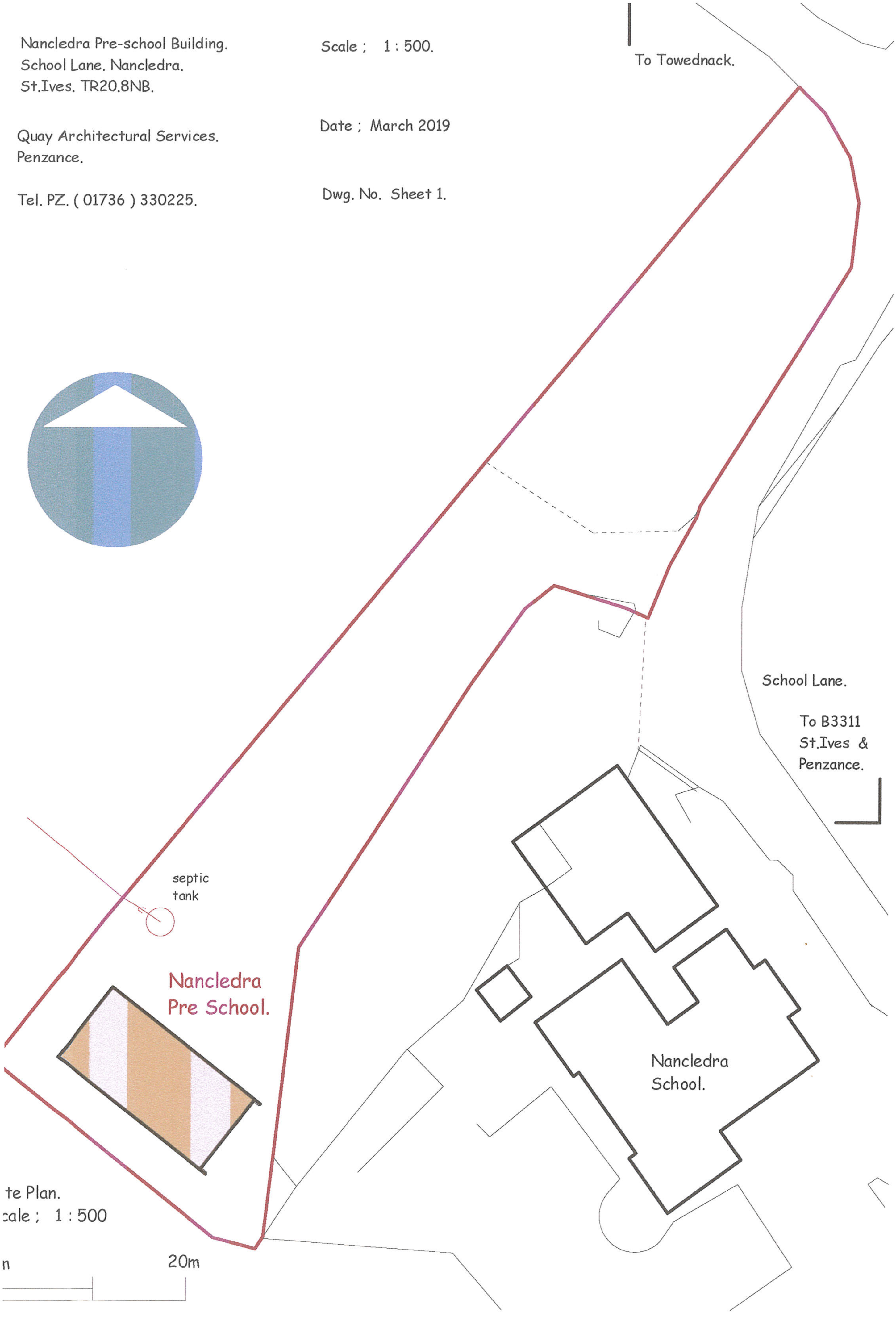
Quay Architectural Services.
Penzance.

Tel. PZ. (01736) 330225.

Scale ; 1 : 500.

Date ; March 2019

Dwg. No. Sheet 1.



APPENDIX IV

PHOTOGRAPHS

APPENDIX IV – PHOTOGRAPHS

NANCLEDRA PRE-SCHOOL, SCHOOL LANE, NANCLEDRA, PENZANCE, CORNWALL TR20 8NB

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