



**Registration of a Charge**

Company Name: **ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED**

Company Number: **07497567**



Received for filing in Electronic Format on the: **23/12/2021**

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**Details of Charge**

Date of creation: **17/12/2021**

Charge code: **0749 7567 0007**

Persons entitled: **NORTHUMBERLAND COUNTY COUNCIL**

Brief description: **ALL THAT FREEHOLD LAND AT WAYSIDE POINT, LYNE MOUTH ROAD, ELLINGTON, NE61 5HB BEING THAT LAND THAT IS REGISTERED UNDER TITLE NUMBER ND154862 AND IS SHOWN EDGED IN RED ON THE TITLE PLAN ANNEXED**

**Contains negative pledge.**

**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

**Authentication of Instrument**

Certification statement: **I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **WARD HADAWAY LLP HEJT**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 7497567

Charge code: 0749 7567 0007

The Registrar of Companies for England and Wales hereby certifies that a charge dated 17th December 2021 and created by ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 23rd December 2021 .

Given at Companies House, Cardiff on 29th December 2021

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



**THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES**

DATED

17 December 2021

between

ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED

and

NORTHUMBERLAND COUNTY COUNCIL

**LEGAL CHARGE**

Relating to land at Wayside Point, Lynemouth Road, Ellington

in the County of Northumberland

We hereby certify this to be a true copy of the original

WARD HADAWAY LLP

Ward Hadaway LLP

Sandgate House

102 Quayside

Newcastle upon Tyne

NE1 3DX, UK

Dated:

20.12.21

## CONTENTS

1. Definitions and interpretation.....	3
2. Covenant to pay.....	7
3. Grant of security.....	7
4. Perfection of security .....	7
5. Liability of the Borrower.....	8
6. Representations and warranties.....	9
7. General covenants.....	11
8. Property covenants.....	13
9. Powers of the Lender.....	18
10. When security becomes enforceable.....	19
11. Enforcement of security.....	20
12. Receivers.....	22
13. Powers of Receiver .....	23
14. Delegation.....	26
15. Application of proceeds .....	27
16. Costs and indemnity.....	28
17. Further assurance .....	29
18. Power of attorney .....	29
19. Release.....	30
20. Assignment and transfer.....	30
21. Set-off .....	30
22. Amendments, waivers and consents .....	31
23. Severance.....	32
24. Counterparts .....	32
25. Third party rights .....	32
26. Further provisions.....	32
27. Notices.....	33
28. Governing law and jurisdiction.....	35

## SCHEDULE

Schedule 1	Property .....	36
Schedule 2	Facility Agreement.....	34



This deed is dated **17 DECEMBER 2021**

## **Parties**

- (1) **ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED** incorporated and registered in England and Wales with company number 07497567 whose registered office is at Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, NE63 8QZ (**Borrower**)
- (2) **NORTHUMBERLAND COUNTY COUNCIL** of County Hall, Morpeth, Northumberland, NE61 2EF (**Lender**)

## **BACKGROUND**

- (A) The Lender has agreed, under the Facility Agreement, to provide the Borrower with loan facilities on a secured basis.
- (B) The Borrower owns the Property.
- (C) Under this deed, the Borrower provides security to the Lender for the loan facilities made or to be made available under the Facility Agreement.

## **Agreed terms**

### **1. Definitions and interpretation**

#### **1.1 Definitions**

Terms defined in the Facility Agreement shall, unless otherwise defined in this deed, have the same meaning in this deed. In addition, the following definitions apply in this deed:

**Certificate of Title:** any report on or certificate of title relating to the Property supplied to the Lender by the Borrower (or on its behalf).

**Delegate:** any person appointed by the Lender or any Receiver under clause 14 and any person appointed as attorney of the Lender, Receiver or Delegate.

**Environment:** the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other

natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

**Environmental Law:** all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes in so far as they relate to or apply to the Environment.

**Environmental Licence:** any authorisation, permit or licence necessary under Environmental Law in respect of any of the Property.

**Facility Agreement:** the facility agreement dated on the same date as this Legal Charge between the Borrower and the Lender for the provision of the loan facilities secured by this deed, annexed hereto at Schedule 2.

**Insurance Policy:** each contract and policy of insurance effected or maintained by the Borrower from time to time relating to the Property.

**LPA 1925:** the Law of Property Act 1925.

**Permitted Security:** any Security in relation to the Property created or outstanding with the Lender's prior written consent.

**Property:** the freehold or leasehold property (whether registered or unregistered) owned by the Borrower described in Schedule 1, which is to be subject to the Security created by, or pursuant to, this deed (and references to the Property shall include references to any part of it).

**Receiver:** a receiver or receiver and manager appointed by the Lender under clause 12.

**Secured Liabilities:** all present and future obligations and liabilities of the Borrower to the Lender, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Facility Agreement or this deed (including, without limitation, those arising under clause 26.3.2), together with all interest (including, without limitation, default interest) accruing in respect of those monies, obligations or liabilities.

**Security:** any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

**Security Period:** the period starting on the date of this deed and ending on the date on which the Lender is satisfied that all the Secured Liabilities have been unconditionally

and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

**Valuation:** any valuation relating to the Property supplied to the Lender by the Borrower (or on its behalf).

**VAT:** value added tax or any equivalent tax chargeable in the UK or elsewhere.

## 1.2 Interpretation

In this deed:

- 1.2.1 clause and Schedule headings shall not affect the interpretation of this deed;
- 1.2.2 a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality);
- 1.2.3 unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;
- 1.2.4 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.2.5 a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this deed shall be binding on, and enure to the benefit of, the parties to this deed and their respective personal representatives, successors, permitted assigns and permitted transferees;
- 1.2.6 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;
- 1.2.7 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;
- 1.2.8 a reference to **writing** or **written** excludes fax and email;
- 1.2.9 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.10 a reference to **this deed** (or any provision of it) or to any other agreement or document referred to in this deed is a reference to this deed, that provision or

such other agreement or document as amended (in each case, other than in breach of the provisions of this deed) from time to time;

- 1.2.11 unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this deed;
- 1.2.12 any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.13 a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and **amend** and **amended** shall be construed accordingly);
- 1.2.14 a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.2.15 a reference to an **authorisation** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.2.16 a reference to **continuing** in relation to an Event of Default means an Event of Default that has not been remedied or waived;
- 1.2.17 a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the absolute discretion of the person making it; and
- 1.2.18 a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation.

### **1.3 Nature of security over real property**

A reference in this deed to a **charge or mortgage of or over the Property** includes:

- 1.3.1 all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) and fixed plant and machinery that are situated on or form part of the Property at any time;
- 1.3.2 the proceeds of the sale of any part of the Property and any other monies paid or payable in respect of or in connection with the Property;

1.3.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Borrower in respect of the Property, and any monies paid or payable in respect of those covenants; and

1.3.4 all rights under any licence, agreement for sale or agreement for lease in respect of the Property.

#### **1.4 Law of Property (Miscellaneous Provisions) Act 1989**

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Facility Agreement and of any side letters between any parties in relation to the Facility Agreement are incorporated into this deed.

#### **1.5 Perpetuity period**

If the rule against perpetuities applies to any trust created by this deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

#### **1.6 Schedules**

The Schedules form part of this deed and shall have effect as if set out in full in the body of this deed. Any reference to this deed includes the Schedules.

### **2 Covenant to pay**

The Borrower shall, on demand, pay to the Lender and discharge the Secured Liabilities when they become due.

### **3 Grant of security**

#### **3.1 Legal mortgage and fixed charges**

As a continuing security for the payment and discharge of the Secured Liabilities, the Borrower with full title guarantee charges to the Lender by way of a first legal mortgage, the Property.

### **4 Perfection of security**

#### **4.1 Registration of legal mortgage at the Land Registry**

The Borrower consents to an application being made by the Lender to the Land Registrar for the following restriction in Form P to be registered against its title to the Property:

"No disposition of the registered estate by the proprietor of the registered estate, or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction, is to be registered without a written consent signed by the proprietor for the time being of the charge dated 17 December 2021 in favour of the Northumberland County Council referred to in the charges register or their conveyancer."

#### **4.2 Further advances**

The Lender covenants with the Borrower that it shall perform its obligations to make advances under the Facility Agreement (including any obligation to make available further advances).

#### **4.3 First registration**

If the title to the Property is not registered at the Land Registry, the Borrower shall ensure that no person (other than itself) shall be registered under the Land Registration Act 2002 as the proprietor of all or any part of the Property, without the prior written consent of the Lender.

#### **4.4 Cautions against first registration and notices**

Whether or not title to the Property is registered at the Land Registry, if any caution against first registration or any notice (whether agreed or unilateral) is registered against the Borrower's title to the Property, the Borrower shall immediately provide the Lender with full particulars of the circumstances relating to such caution or notice. If such caution or notice was registered to protect a purported interest the creation of which is not permitted under this deed, the Borrower shall immediately, and at its own expense, take such steps as the Lender may require, to ensure that the caution or notice, as applicable, is withdrawn or cancelled.

### **5 Liability of the Borrower**

#### **5.1 Liability not discharged**

The Borrower's liability under this deed in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- 5.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Lender that is, or becomes, wholly or partially illegal, void or unenforceable on any ground;
- 5.1.2 the Lender renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 5.1.3 any other act or omission that, but for this clause 5.1, might have discharged, or otherwise prejudiced or affected, the liability of the Borrower.

## **5.2 Immediate recourse**

The Borrower waives any right it may have to require the Lender to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this deed against the Borrower.

## **6 Representations and warranties**

### **6.1 Times for making representations and warranties**

The Borrower makes the representations and warranties set out in this clause 6 to the Lender on the date of this deed and the representations and warranties contained in this clause 6 are deemed to be repeated on each day of the Security Period with reference to the facts and circumstances existing at the time of repetition.

### **6.2 Ownership of Property**

The Borrower is the sole legal and beneficial owner of the Property and has good, valid and marketable title to the Property.

### **6.3 No Security**

The Property is free from any Security other than Permitted Security and the Security created by this deed. For the avoidance of doubt any Security in favour of the Lender in relation to the Property shall be Permitted Security.

### **6.4 No adverse claims**

The Borrower has not received, or acknowledged notice of, any adverse claim by any person in respect of the Property or any interest in it.

**6.5 No adverse covenants**

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatever that materially and adversely affects the Property.

**6.6 No breach of laws**

There is no breach of any law or regulation that materially and adversely affects the Property.

**6.7 No interference in enjoyment**

No facility necessary for the enjoyment and use of the Property is subject to terms entitling any person to terminate or curtail its use.

**6.8 No overriding interests**

Nothing has arisen, has been created or is subsisting, that would be an overriding interest in the Property.

**6.9 No prohibitions or breaches**

There is no prohibition on the Borrower assigning its rights in the Property and the entry into of this deed by the Borrower does not, and will not constitute a breach of any policy, agreement, document, instrument or obligation binding on the Borrower or its assets.

**6.10 Environmental compliance**

The Borrower has, at all times, complied in all respects with all applicable Environmental Law and Environmental Licences.

**6.11 Information for Valuations and Certificates of Title**

6.11.1 All written information supplied by the Borrower or on its behalf for the purpose of each Valuation and Certificate of Title was true and accurate in all material respects at its date or at the date (if any) on which it was stated to be given.

6.11.2 The information referred to in clause 6.11.1 was, at its date or at the date (if any) on which it was stated to be given, complete and the Borrower did not omit to supply any information that, if disclosed, would adversely affect the Valuation or Certificate of Title.



6.11.3 In the case of the first Valuation and Certificate of Title only, nothing has occurred since the date the information referred to in clause 6.11.1 was supplied and the date of this deed that would adversely affect such Valuation or Certificate of Title.

## **6.12 Avoidance of security**

No Security expressed to be created under this deed is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Borrower or otherwise.

## **6.13 Enforceable security**

This deed constitutes and will constitute the legal, valid, binding and enforceable obligations of the Borrower and is, and will continue to be, effective security over all and every part of the Property in accordance with its terms.

## **7 General covenants**

### **7.1 Negative pledge and disposal restrictions**

The Borrower shall not at any time, except with the prior written consent of the Lender:

- 7.1.1 create, purport to create or permit to subsist any Security on, or in relation to, the Property other than any Security created by this deed or any Permitted Security;
- 7.1.2 sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Property; or
- 7.1.3 create or grant (or purport to create or grant) any interest in the Property in favour of a third party.

### **7.2 Preservation of Property**

The Borrower shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Lender or materially diminish the value of the Property or the effectiveness of the security created by this deed.

### **7.3 Compliance with laws and regulations**

7.3.1 The Borrower shall not use or permit the Property to be used in any way contrary to law.

7.3.2 The Borrower shall:

7.3.2.1 comply with the requirements of any law or regulation relating to or affecting the Property or the use of them or any part of them;

7.3.2.2 obtain, and promptly renew from time to time, and comply with the terms of all authorisations that are required in connection with the Property or their use or that are necessary to preserve or maintain the Property; and

7.3.2.3 promptly effect any maintenance, modifications, alterations or repairs that are required by any law or regulation to be effected on or in connection with the Property.

#### **7.4 Enforcement of rights**

The Borrower shall use its best endeavours to:

7.4.1 procure the prompt observance and performance by the relevant counterparty to any agreement or arrangement with the Borrower in relation to the Property of the covenants and other obligations imposed on such counterparty; and

7.4.2 enforce any rights and institute, continue or defend any proceedings relating to any of the Property that the Lender may require from time to time.

#### **7.5 Notice of misrepresentation and breach**

The Borrower shall, promptly on becoming aware of any of the same, notify the Lender in writing of:

7.5.1 any representation or warranty set out in this deed that is incorrect or misleading in any material respect when made or deemed to be repeated; and

7.5.2 any breach of any covenant set out in this deed.

#### **7.6 Title documents**

The Borrower shall, upon request from the Lender at any time following execution of this deed, deposit with the Lender and the Lender shall, for the duration of this deed, be entitled to hold all deeds and documents of title relating to the Property that are in the

possession or control of the Borrower (and if these are not within the possession or control of the Borrower, the Borrower undertakes to obtain possession of all these deeds and documents of title).

## **8 Property covenants**

### **8.1 Repair and maintenance**

The Borrower shall keep all premises, and fixtures and fittings on the Property, in good and substantial repair and condition and shall keep all premises adequately and properly painted and decorated and replace any fixtures and fittings that have become worn out or otherwise unfit for use with others of a like nature and equal value.

### **8.2 No alterations**

8.2.1 Subject to clause 8.2.2, the Borrower shall not, without the prior written consent of the Lender:

8.2.1.1 pull down or remove the whole or any part of any building forming part of the Property nor permit the same to occur; or

8.2.1.2 make or permit to be made any alterations to the Property or sever or remove, or permit to be severed or removed, any of its fixtures or fittings (except to make any necessary repairs or renew or replace the same in accordance with clause 8.1);

8.2.2 No consent of the Lender shall be required in relation to clause 8.2.1 where the proposed activities are set out within the Business Case appended to the Facility Agreement.

8.2.3 The Borrower shall promptly give notice to the Lender if the premises or fixtures or fittings forming part of the Property are destroyed or damaged.

### **8.3 Development restrictions**

8.3.1 Save in accordance with any proposed development set out within the Business Case appended to the Facility Agreement, the Borrower shall not, without the prior written consent of the Lender:

8.3.1.1 make or, in so far as it is able, permit others to make any application for planning permission or development consent in respect of the Property; or

- 8.3.1.2 carry out, or permit or suffer to be carried out, on the Property any development (as defined in each of the Town and Country Planning Act 1990 and the Planning Act 2008) or change or permit, or suffer to be changed, the use of the Property.

## **8.4 Insurance**

- 8.4.1 The Borrower shall insure and keep insured the Property against:
  - 8.4.1.1 loss or damage by fire or terrorist acts, including any third-party liability arising from such acts;
  - 8.4.1.2 other risks, perils and contingencies that would be insured against by reasonably prudent persons carrying on the same class of business as the Borrower; and
  - 8.4.1.3 any other risk, perils and contingencies as the Lender may reasonably require.
- 8.4.2 Any such insurance must be with an insurance company or underwriters, and on such terms, as are reasonably acceptable to the Lender and must include property owners' public liability and third party liability insurance and be for not less than the replacement value of the Property (meaning, in the case of any premises on the Property, the total cost of entirely rebuilding, reinstating or replacing the premises in the event of their being destroyed, together with architects', surveyors', engineers' and other professional fees and charges for shoring or propping up, demolition, site clearance and reinstatement with adequate allowance for inflation) and loss of rents payable by the tenants or other occupiers of the Property for a period of at least three (3) years, including provision for increases in rent during the period of insurance.
- 8.4.3 The Borrower shall, if requested by the Lender, produce to the Lender each policy, certificate or cover note relating to any insurance required by clause 8.4.1.
- 8.4.4 The Borrower shall, if requested by the Lender, procure that a note of the Lender's interest is endorsed on each Insurance Policy (other than public liability and third party liability insurances) effected or maintained by it or any person on its behalf in accordance with clause 8.4.1 but without the Lender having any liability for any premium in relation to those Insurance Policies unless it has expressly and specifically requested to be made liable in respect of any increase in premium or unpaid premium in respect of any Insurance Policy.

## **8.5 Insurance premiums**

The Borrower shall:

- 8.5.1 promptly pay all premiums in respect of each Insurance Policy required by clause 8.4.1 and do all other things necessary to keep that policy in full force and effect; and
- 8.5.2 (if the Lender so requires) give to the Lender copies of the receipts for all premiums and other payments necessary for effecting and keeping up each Insurance Policy required by clause 8.4.1.

## **8.6 No invalidation of insurance**

The Borrower shall not do or omit to do, or permit to be done or omitted, any act or thing that may invalidate or otherwise prejudice any Insurance Policy required by clause 8.4.1.

## **8.7 Proceeds from Insurance Policies**

All monies payable under any Insurance Policy required by clause 8.4.1 shall (whether or not the security constituted by this deed has become enforceable) at the option of the Lender, be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received or in, or towards, discharge or reduction of the Secured Liabilities.

## **8.8 Leases and licences affecting the Property**

The Borrower shall not, without the prior written consent of the Lender (which consent, in the case of clause 8.8.4, is not to be unreasonably withheld or delayed in circumstances in which the Borrower may not unreasonably withhold or delay its consent):

- 8.8.1 grant any licence or tenancy affecting the whole or any part of the Property, or exercise the statutory powers of leasing or of accepting surrenders under section 99 or section 100 of the LPA 1925 (or agree to grant any such licence or tenancy, or agree to exercise the statutory powers of leasing or of accepting surrenders under section 99 or section 100 of the LPA 1925);
- 8.8.2 in any other way dispose of, accept the surrender of, surrender or create any legal or equitable estate or interest in the whole or any part of the Property (or agree to dispose of, accept the surrender of, surrender or create any legal or equitable estate or interest in the whole or any part of the Property);

8.8.3 let any person into occupation, or share occupation, of the whole or any part of the Property; or

8.8.4 grant any consent or licence under any lease or licence affecting the Property.

#### **8.9 No restrictive obligations**

The Borrower shall not, without the prior written consent of the Lender, enter into any onerous or restrictive obligations affecting the whole or any part of the Property or create or permit to arise any overriding interest, easement or right whatever in or over the whole or any part of the Property.

#### **8.10 Proprietary rights**

The Borrower shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of the Property, without the prior written consent of the Lender.

#### **8.11 Compliance with and enforcement of covenants**

The Borrower shall:

8.11.1 observe and perform all covenants, stipulations and conditions to which the Property, or the use of it, is or may be subject and (if the Lender so requires) produce to the Lender evidence sufficient to satisfy the Lender that those covenants, stipulations and conditions have been observed and performed; and

8.11.2 diligently enforce all covenants, stipulations and conditions benefiting the Property and shall not (and shall not agree to) waive, release or vary any of the same.

#### **8.12 Notices or claims relating to the Property**

8.12.1 The Borrower shall:

8.12.1.1 give full particulars to the Lender of any notice, order, direction, designation, resolution, application, requirement or proposal given or made by any public or local body or authority (a **Notice**) that specifically applies to the Property, or to the locality in which it is situated, within seven (7) days after becoming aware of the relevant Notice; and

8.12.1.2 (if the Lender so requires) immediately, and at the cost of the Borrower, take all reasonable and necessary steps to comply with any Notice, and make, or join with the Lender in making, any objections or representations in respect of that Notice that the Lender thinks fit.

8.12.2 The Borrower shall give full particulars to the Lender of any claim, notice or other communication served on it in respect of any modification, suspension or revocation of any Environmental Licence or any alleged breach of any Environmental Law, in each case relating to the Property.

### **8.13 Payment of outgoings**

The Borrower shall pay (or procure payment of the same) when due all charges, rates, taxes, duties, assessments and other outgoings relating to or imposed on the Property or on its occupier.

### **8.14 Rent reviews**

The Borrower shall, if the Property is subject to occupational leases or licences, implement any upwards rent review provisions and shall not, without the prior written consent of the Lender, agree to any change in rent to less than the open market rental value of the relevant part of the Property.

### **8.15 Environment**

The Borrower shall in respect of the Property:

8.15.1 comply with all the requirements of Environmental Law; and

8.15.2 obtain and comply with all Environmental Licences.

### **8.16 Conduct of business on Property**

The Borrower shall carry on its trade and business on those parts (if any) of the Property as are used for the purposes of trade or business in accordance with the standards of good management from time to time current in such trade or business.

### **8.17 Inspection**

The Borrower shall permit the Lender, any Receiver and any person appointed by either of them to enter on and inspect the Property on reasonable prior notice.

## **8.18 VAT option to tax**

The Borrower shall not, without the prior written consent of the Lender:

- 8.18.1 exercise any VAT option to tax in relation to the Property; or
- 8.18.2 revoke any VAT option to tax exercised, and disclosed to the Lender in writing, before the date of this deed.

## **9 Powers of the Lender**

### **9.1 Power to remedy**

- 9.1.1 The Lender shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Borrower of any of its obligations contained in this deed.
- 9.1.2 The Borrower irrevocably authorises the Lender and its agents to do all things that are necessary or desirable for that purpose.
- 9.1.3 Any monies expended by the Lender in remedying a breach by the Borrower of its obligations contained in this deed shall be reimbursed by the Borrower to the Lender on a full indemnity basis and shall carry interest in accordance with clause 16.1.
- 9.1.4 In remedying any breach in accordance with this clause 9.1, the Lender, its agents and their respective officers, agents and employees shall be entitled to enter onto the Property and to take any action as the Lender may reasonably consider necessary or desirable including, without limitation, carrying out any repairs, other works or development.

### **9.2 Exercise of rights**

The rights of the Lender under clause 9.1 are without prejudice to any other rights of the Lender under this deed. The exercise of any rights of the Lender under this deed shall not make the Lender liable to account as a mortgagee in possession.

### **9.3 Lender has Receiver's powers**

To the extent permitted by law, any right, power or discretion conferred by this deed (either expressly or impliedly) or by law on a Receiver may, after the security constituted by this deed has become enforceable, be exercised by the Lender in relation to any of the Property whether or not it has taken possession of any Property and without first appointing a Receiver or notwithstanding the appointment of a Receiver.



#### **9.4 New accounts**

9.4.1 If the Lender receives, or is deemed to have received, notice of any subsequent Security or other interest, affecting all or part of the Property, the Lender may open a new account for the Borrower in the Lender's books. Without prejudice to the Lender's right to combine accounts, no money paid to the credit of the Borrower in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.

9.4.2 If the Lender does not open a new account immediately on receipt of the notice, or deemed notice, referred to in clause 9.4.1, then, unless the Lender gives express written notice to the contrary to the Borrower, all payments made by the Borrower to the Lender shall be treated as having been credited to a new account of the Borrower and not as having been applied in reduction of the Secured Liabilities, as from the time of receipt or deemed receipt of the relevant notice by the Lender.

#### **9.5 Indulgence**

The Lender may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this deed (whether or not any such person is jointly liable with the Borrower) in respect of any of the Secured Liabilities or of any other security for them without prejudice either to this deed or to the liability of the Borrower for the Secured Liabilities.

#### **10 When security becomes enforceable**

##### **10.1 Security becomes enforceable on Event of Default**

The security constituted by this deed shall become immediately enforceable if an Event of Default occurs and the Lender exercises its discretion under clause 17 of the Facility Agreement that the Secured Liabilities are immediately due and payable.

##### **10.2 Discretion**

After the security constituted by this deed has become enforceable, the Lender may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Property.

## **11 Enforcement of security**

### **11.1 Enforcement powers**

- 11.1.1 For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this deed.
- 11.1.2 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this deed) shall be immediately exercisable at any time after the security constituted by this deed has become enforceable under clause 10.1.
- 11.1.3 Section 103 of the LPA 1925 does not apply to the security constituted by this deed.

### **11.2 Extension of statutory powers of leasing**

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Lender and any Receiver, at any time after the security constituted by this deed has become enforceable, whether in its own name or in that of the Borrower, to:

- 11.2.1 grant a lease or agreement for lease;
- 11.2.2 accept surrenders of leases; or
- 11.2.3 grant any option in respect of the whole or any part of the Property with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Borrower, and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender), as the Lender or Receiver thinks fit, without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

### **11.3 Redemption of prior Security**

- 11.3.1 At any time after the security constituted by this deed has become enforceable, or after any powers conferred by any Security having priority to this deed shall have become exercisable, the Lender may:
  - 11.3.1.1 redeem any prior Security over the Property;
  - 11.3.1.2 procure the transfer of that Security to itself; and

11.3.1.3 settle and pass the accounts of the holder of any prior Security (and any accounts so settled and passed shall, in the absence of any manifest error, be conclusive and binding on the Borrower).

11.3.2 The Borrower shall pay to the Lender immediately on demand all principal, interest, costs, charges and expenses of, and incidental to, any such redemption or transfer, and such amounts shall be secured by this deed as part of the Secured Liabilities.

#### **11.4 Protection of third parties**

No purchaser, mortgagee or other person dealing with the Lender, any Receiver or any Delegate shall be concerned to enquire:

11.4.1 whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;

11.4.2 whether any power the Lender, a Receiver or Delegate is purporting to exercise has become exercisable or is being properly exercised; or

11.4.3 how any money paid to the Lender, any Receiver or any Delegate is to be applied.

#### **11.5 Privileges**

Each Receiver and the Lender is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

#### **11.6 No liability as mortgagee in possession**

Neither the Lender nor any Receiver or Delegate shall be liable, by reason of entering into possession of the Property or for any other reason, to account as mortgagee in possession in respect of all or any of the Property, nor shall any of them be liable for any loss on realisation of, or for any act, default or omission for which a mortgagee in possession might be liable.

#### **11.7 Relinquishing possession**

If the Lender, any Receiver or Delegate enters into or takes possession of the Property, it or he/she may at any time relinquish possession.

#### **11.8 Conclusive discharge to purchasers**

The receipt of the Lender, or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Property or in making any acquisition in the exercise of their respective powers, the Lender, and every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it thinks fit.

## **12 Receivers**

### **12.1 Appointment**

At any time after the security constituted by this deed has become enforceable, or at the request of the Borrower, the Lender may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Property.

### **12.2 Removal**

The Lender may, without further notice (subject to section 45 of the Insolvency Act 1986), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

### **12.3 Remuneration**

The Lender may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925 and the remuneration of the Receiver shall be a debt secured by this deed, to the extent not otherwise discharged.

### **12.4 Power of appointment additional to statutory powers**

The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Lender under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

### **12.5 Power of appointment exercisable despite prior appointments**

The power to appoint a Receiver (whether conferred by this deed or by statute) shall be, and remain, exercisable by the Lender despite any prior appointment in respect of all or any part of the Property.

### **12.6 Agent of the Borrower**

Any Receiver appointed by the Lender under this deed shall be the agent of the Borrower and the Borrower shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Borrower goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Lender.

## **13 Powers of Receiver**

### **13.1 Powers additional to statutory powers**

- 13.1.1 Any Receiver appointed by the Lender under this deed shall, in addition to the rights, powers and discretions conferred on him/her by statute, have the rights, powers and discretions set out in clause 13.2 to clause 13.20.
- 13.1.2 A Receiver has all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the LPA 1925, and shall have those rights, powers and discretions conferred on an administrative receiver under the Insolvency Act 1986 whether he/she is an administrative receiver or not.
- 13.1.3 If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him/her states otherwise) exercise all of the powers conferred on a Receiver under this deed individually and to the exclusion of any other Receiver.
- 13.1.4 Any exercise by a Receiver of any of the powers given by clause 13 may be on behalf of the Borrower, the directors of the Borrower or himself/herself.

### **13.2 Repair and develop the Property**

A Receiver may undertake or complete any works of repair, alteration, building or development on the Property and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

### **13.3 Grant or accept surrenders of leases**

A Receiver may grant, or accept, surrenders of any leases or tenancies affecting the Property on any terms, and subject to any conditions, that he/she thinks fit.

### **13.4 Employ personnel and advisers**

13.4.1 A Receiver may provide services and employ, or engage, any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that he/she thinks fit.

13.4.2 A Receiver may discharge any such person or any such person appointed by the Borrower.

### **13.5 Make and revoke VAT options to tax**

A Receiver may make, exercise or revoke any VAT option to tax as he/she thinks fit.

### **13.6 Charge for remuneration**

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by him/her) that the Lender may prescribe or agree with him/her.

### **13.7 Take possession**

A Receiver may take immediate possession of, get in and realise the Property.

### **13.8 Manage or reconstruct the Borrower's business**

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Borrower carried out at the Property.

### **13.9 Dispose of Property**

A Receiver may grant options and licences over all or any part of the Property, grant any other interest or right over, sell, exchange, assign or lease (or concur in granting options and licences over all or any part of the Property, granting any other interest or right over, selling, exchanging, assigning or leasing) all or any of the Property in respect of which he/she is appointed for such consideration and in such manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as he/she thinks fit. A Receiver may promote, or concur in promoting, a company to purchase the Property to be disposed of by him/her.

### **13.10 Sever fixtures and fittings**

A Receiver may sever and sell separately any fixtures or fittings from the Property without the consent of the Borrower.

#### **13.11 Give valid receipts**

A Receiver may give a valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Property.

#### **13.12 Make settlements**

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who claims to be a creditor of the Borrower or relating in any way to the Property.

#### **13.13 Bring legal action**

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Property as he/she thinks fit.

#### **13.14 Insure**

A Receiver may, if he/she thinks fit, but without prejudice to the indemnity in clause 16.2, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Borrower under this deed.

#### **13.15 Form subsidiaries**

A Receiver may form a subsidiary of the Borrower and transfer to that subsidiary the Property.

#### **13.16 Borrow**

A Receiver may, for whatever purpose he/she thinks fit, raise and borrow money either unsecured or on the security of all or any of the Property in respect of which he/she is appointed on any terms that he/she thinks fit (including, if the Lender consents, terms under which that security ranks in priority to this deed).

#### **13.17 Redeem prior Security**

A Receiver may redeem any prior Security and settle and pass the accounts to which the Security relates. Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Borrower, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

#### **13.18 Delegation**

A Receiver may delegate his/her powers in accordance with this deed.

#### **13.19 Absolute beneficial owner**

A Receiver may, in relation to any of the Property, exercise all powers, authorisations and rights he/she would be capable of exercising as, and do all those acts and things, an absolute beneficial owner could exercise or do in the ownership and management of all or any part of the Property.

#### **13.20 Incidental powers**

A Receiver may do any other acts and things that he/she:

13.20.1 may consider desirable or necessary for realising any of the Property;

13.20.2 may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this deed or law; or

13.20.3 lawfully may or can do as agent for the Borrower.

### **14 Delegation**

#### **14.1 Delegation**

The Lender or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it or him/her by this deed (including the power of attorney granted under clause 18.1).

#### **14.2 Terms**

The Lender and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it or he/she thinks fit.

#### **14.3 Liability**

Neither the Lender nor any Receiver shall be in any way liable or responsible to the Borrower for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.



## **15 Application of proceeds**

### **15.1 Order of application of proceeds**

All monies received or recovered by the Lender, a Receiver or a Delegate under this deed or in connection with the realisation or enforcement of all or part of the security constituted by this deed (other than sums received under any Insurance Policy), shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority (but without prejudice to the Lender's right to recover any shortfall from the Borrower):

- 15.1.1 in or towards payment of all costs, liabilities, charges and expenses incurred by or on behalf of the Lender (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this deed and of all remuneration due to any Receiver under or in connection with this deed;
- 15.1.2 in or towards payment of the Secured Liabilities in any order and manner that the Lender determines; and
- 15.1.3 in payment of the surplus (if any) to the Borrower or other person entitled to it.

### **15.2 Appropriation**

Neither the Lender, any Receiver nor any Delegate shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

### **15.3 Suspense account**

All monies received by the Lender, a Receiver or a Delegate under this deed (other than sums received under any Insurance Policy that are not going to be applied in or towards discharge of the Secured Liabilities):

- 15.3.1 may, at the discretion of the Lender, Receiver or Delegate, be credited to a suspense account;
- 15.3.2 shall bear interest, if any, at the rate agreed in writing between the Lender and the Borrower; and
- 15.3.3 may be held in that account for so long as the Lender, Receiver or Delegate thinks fit.

## **16 Costs and indemnity**

### **16.1 Costs**

The Borrower shall, within five (5) Business Days of demand, pay to, or reimburse, the Lender and any Receiver, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Lender, any Receiver or any Delegate in connection with:

16.1.1 this deed or the Property;

16.1.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Lender's, a Receiver's or a Delegate's rights under this deed; or

16.1.3 taking proceedings for, or recovering, any of the Secured Liabilities,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost, charge, expense, tax or liability arose until full discharge of that cost, charge, expense, tax or liability (whether before or after judgment, liquidation, winding-up or administration of the Borrower) at the rate and in the manner specified in the Facility Agreement.

### **16.2 Indemnity**

16.2.1 The Borrower shall indemnify the Lender, each Receiver and each Delegate, and their respective employees and agents against all liabilities, costs, expenses, damages and losses (including but not limited to any direct, indirect or consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other professional costs and expenses) suffered or incurred by any of them arising out of or in connection with:

16.2.1.1 the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this deed or by law in respect of the Property;

16.2.1.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this deed; or

16.2.1.3 any default or delay by the Borrower in performing any of its obligations under this deed.

- 16.2.2 Any past or present employee or agent may enforce the terms of this clause 16.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

## **17 Further assurance**

### **17.1 Further assurance**

The Borrower shall promptly, at its own expense, take whatever action the Lender or any Receiver may reasonably require for:

- 17.1.1 creating, perfecting or protecting the security created or intended to be created by this deed;
- 17.1.2 facilitating the realisation of the Property; or
- 17.1.3 facilitating the exercise of any right, power, authority or discretion exercisable by the Lender or any Receiver in respect of the Property,

including, without limitation the execution of any mortgage, transfer, conveyance, assignment or assurance of all or any of the Property (whether to the Lender or to its nominee) and the giving of any notice, order or direction and the making of any filing or registration which, in any such case, the Lender may consider necessary or desirable.

## **18 Power of attorney**

### **18.1 Appointment of attorneys**

By way of security, the Borrower irrevocably appoints the Lender, every Receiver and every Delegate separately to be the attorney of the Borrower and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that:

- 18.1.1 the Borrower is required to execute and do under this deed; or
- 18.1.2 any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this deed or by law on the Lender, any Receiver or any Delegate.

### **18.2 Ratification of acts of attorneys**

The Borrower ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 18.1.

## **19 Release**

### **19.1 Release**

Subject to clause ~~26.13~~, at the end of the Security Period, the Lender shall, at the request and cost of the Borrower, take whatever action is necessary to:

19.1.1 release the Property from the security constituted by this deed; and

19.1.2 reassign the Property to the Borrower.

## **20 Assignment and transfer**

### **20.1 Assignment by Lender**

20.1.1 At any time, without the consent of the Borrower, the Lender may assign or transfer any or all of its rights and obligations under this deed.

20.1.2 The Lender may disclose to any actual or proposed assignee or transferee any information in its possession that relates to the Borrower, the Property and this deed that the Lender considers appropriate.

### **20.2 Assignment by Borrower**

The Borrower may not assign any of its rights, or transfer any of its rights or obligations, under this deed.

## **21 Set-off**

### **21.1 Lender's right of set-off**

The Lender may at any time set off any liability of the Borrower to the Lender against any liability of the Lender to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this deed. If the liabilities to be set off are expressed in different currencies, the Lender may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Lender of its rights under this clause 21.1 shall not limit or affect any other rights or remedies available to it under this deed or otherwise.

## **21.2 No obligation to set off**

The Lender is not obliged to exercise its rights under clause 21.1. If, however, it does exercise those rights it must promptly notify the Borrower of the set-off that has been made.

## **21.3 Exclusion of Borrower's right of set-off**

All payments made by the Borrower to the Lender under this deed shall be made in full without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax as required by law).

## **22 Amendments, waivers and consents**

### **22.1 Amendments**

No amendment of this deed shall be effective unless it is in writing and signed by, or on behalf of, each party (or its authorised representative).

### **22.2 Waivers and consents**

22.2.1 A waiver of any right or remedy under this deed or by law, or any consent given under this deed, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

22.2.2 A failure or delay by a party to exercise any right or remedy provided under this deed or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm this deed. No single or partial exercise of any right or remedy provided under this deed or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm this deed by the Lender shall be effective unless it is in writing.

### **22.3 Rights and remedies**

The rights and remedies provided under this deed are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

## **23 Severance**

If any provision (or part of a provision) of this deed is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause 23 shall not affect the legality, validity and enforceability of the rest of this deed.

## **24 Counterparts**

24.1 This deed may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute one deed.

24.2 No counterpart shall be effective until each party has executed and delivered at least one counterpart.

## **25 Third party rights**

Except as expressly provided elsewhere in this deed, a person who is not a party to this deed shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce, or enjoy the benefit of, any term of this deed. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

## **26 Further provisions**

### **26.1 Independent security**

The security constituted by this deed shall be in addition to, and independent of, any other security or guarantee that the Lender may hold for any of the Secured Liabilities at any time. No prior security held by the Lender over the whole or any part of the Property shall merge in the security created by this deed.

### **26.2 Continuing security**

The security constituted by this deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Lender discharges this deed in writing.

### **26.3 Discharge conditional**

Any release, discharge or settlement between the Borrower and the Lender shall be deemed conditional on no payment or security received by the Lender in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded under any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

26.3.1 the Lender or its nominee may retain this deed and the security created by or under it, including all certificates and documents relating to the whole or any part of the Property, for any period that the Lender deems necessary to provide the Lender with security against any such avoidance, reduction or order for refund; and

26.3.2 the Lender may recover the value or amount of such security or payment from the Borrower subsequently as if the release, discharge or settlement had not occurred.

#### **26.4 Certificates**

A certificate or determination by the Lender as to any amount for the time being due to it from the Borrower under this deed and the Facility Agreement shall be, in the absence of any manifest error, conclusive evidence of the amount due.

#### **26.5 Consolidation**

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this deed.

#### **27 Notices**

##### **27.1 Delivery**

Any notice or other communication given to a party under or in connection with this deed shall be:

27.1.1 in writing;

27.1.2 delivered by hand, by pre-paid first-class post or other next working day delivery service; and

27.1.3 sent to:

27.1.3.1 the Borrower at:

Wansbeck Workspace, Rotary Parkway, Ashington,  
Northumberland, NE63 8QZ

Attention: Managing Director

27.1.3.2 the Lender at:  
Northumberland County Council, County Hall, Morpeth,  
Northumberland, NE61 2EF  
Attention: Monitoring Officer

or to any other address as is notified in writing by one party to the other from time to time.

## **27.2 Receipt by Borrower**

Any notice or other communication that the Lender gives to the Borrower shall be deemed to have been received:

27.2.1 if delivered by hand, at the time it is left at the relevant address; and

27.2.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting;

A notice or other communication given as described in clause 27.2 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

## **27.3 Receipt by Lender**

Any notice or other communication that the Borrower gives to the Lender shall be deemed to have been received:

27.3.1 if delivered by hand, at the time it is left at the relevant address; and

27.3.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting;

A notice or other communication given as described in clause 27.3 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

## **27.4 Service of proceedings**

This clause 27 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.



**27.5 No notice by email or fax**

A notice or other communication given under or in connection with this deed is not valid if sent by email or fax.

**28 Governing law and jurisdiction**

**28.1 Governing law**

This deed and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

**28.2 Jurisdiction**

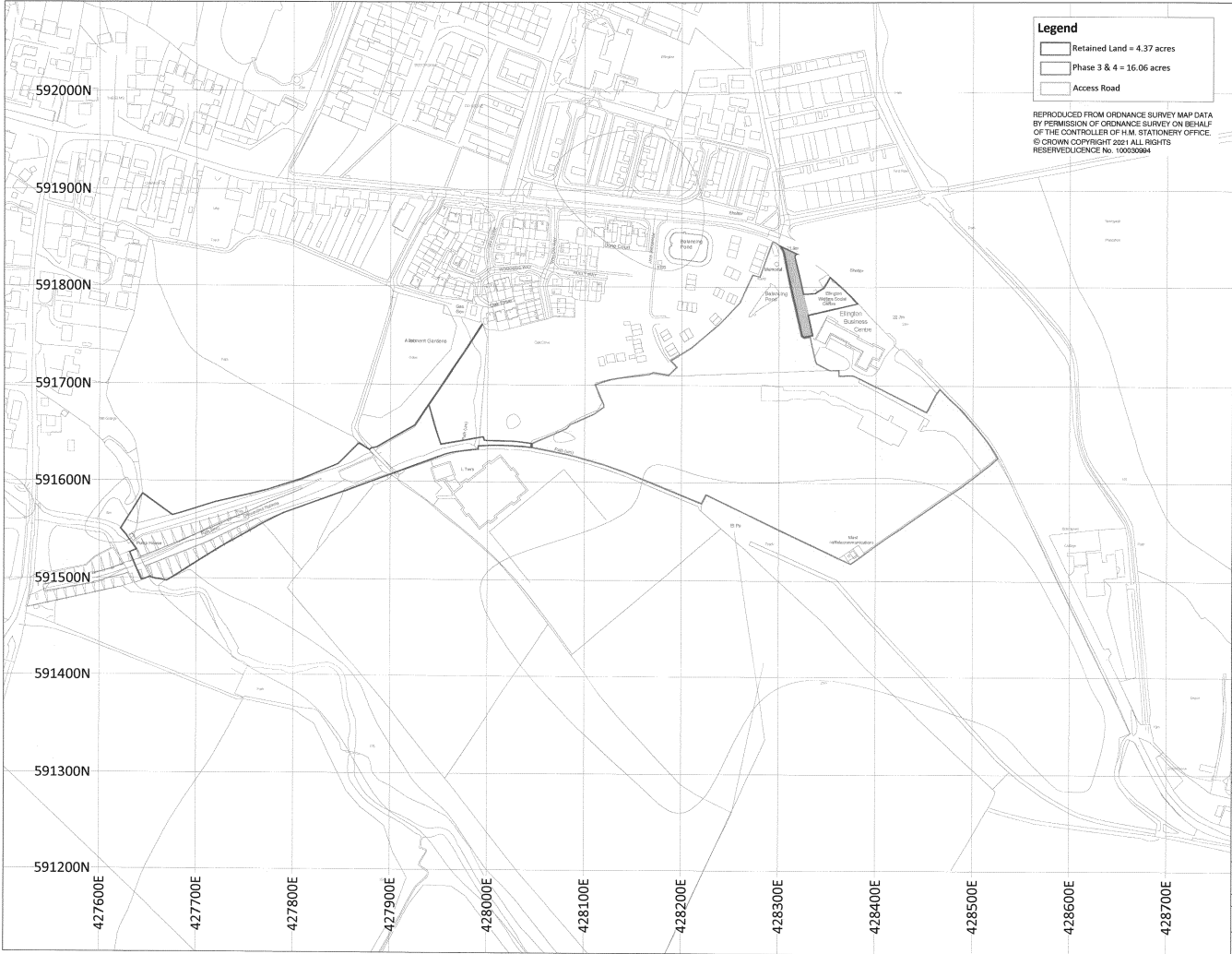
Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this deed or its subject matter or formation. Nothing in this clause 28.2 shall limit the right of the Lender to take proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

**28.3 Other service**

The Borrower irrevocably consents to any process in any legal action or proceedings under clause 28.2 being served on it in accordance with the provisions of this deed relating to service of notices. Nothing contained in this deed shall affect the right to serve process in any other manner permitted by law.

## **Schedule 1    Property**

All that freehold land at Wayside Point, Lynemouth Road, Ellington NE61 5HB being that land that is registered under title number **ND154862** and is shown edged in red on the title plan annexed



**Legend**

- Retained Land = 4.37 acres
- Phase 3 & 4 = 16.06 acres
- Access Road

REPRODUCED FROM ORDNANCE SURVEY MAP DATA  
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016/ELL/NAT/A2



SITE NAME:  
ELLINGTON AND LYNEMOUTH

TITLE:  
TRANSFER PLAN

DEPT:  
NATURAL RESOURCES

CHURN	ISS	CHRD	PM
DATE	06/12/2022	DATE	06/12/2023

**Harworth**  
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SCALE: 1:2500

DRAWING NO. 016/ELL/NAT/A2

ACAD

LAYOUT 1 A2

## **Schedule 2 - Facility Agreement**



**DATED**

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**FACILITY AGREEMENT**

between

**ADVANCE NORTHUMBERLAND (DEVELOPMENTS) Limited**

and

**NORTHUMBERLAND COUNTY COUNCIL**

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**IN RELATION TO: WAYSIDE POINT, ELLINGTON (PHASE 3 & 4) – LAND PURCHASE**

**LOAN REFERENCE: Ellington 3 & 4**

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## CONTENTS

CLAUSE	
1.	Definitions and interpretation ..... 3
2	The Facility ..... 12
3	Purpose and Monitoring ..... 12
4	Conditions precedent..... 13
5	Drawdown..... 13
6	Interest..... 13
7	Default interest ..... 14
8	Repayment, prepayment and cancellation..... 15
9	Payments..... 17
10	Fees, charges and expenses ..... 18
11	Taxes..... 19
12	Increased Costs ..... 20
13	Indemnities..... 20
14	Mitigation by Lender ..... 21
15	Representations and warranties ..... 22
16	General covenants ..... 26
17	Events of Default..... 29
18	Assignment and transfer ..... 32
19	Information ..... 33
20	Set-off..... 38
21	Calculations and certificates ..... 39
22	Amendments, waivers and consents ..... 39
23	Severance ..... 40
24	Counterparts ..... 40
25	Third party rights..... 40
26	Notices..... 40
27	Governing law and jurisdiction ..... 42
<b>SCHEDULE</b>	
Schedule 1	REPORT AND VALUATION – Savills – November 2021 ..... 43
Schedule 2	SPECIFIC CONDITIONS..... 44

This Facility Agreement is dated

## **Parties**

- (1) **ADVANCE NORTHUMBERLAND (DEVELOPMENTS) LIMITED**, incorporated and registered in England and Wales with company number 07497567 whose registered office is at Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland, NE63 8QZ (**Borrower**)
- (2) **NORTHUMBERLAND COUNTY COUNCIL** of County Hall, Morpeth, Northumberland, NE61 2EF (**Lender**)

## **BACKGROUND**

- (A) The Borrower is a wholly owned subsidiary of the Lender, set up to increase economic development, housing market renewal and regeneration in the county of Northumberland.
- (B) To enable the Borrower to progress and complete the Land Purchase with a view to regeneration it requires additional capital. The Lender has agreed to provide the Borrower with a secured term loan facility of up to four million four hundred and seventy-one thousand one hundred and eighty-one pounds (£4,471,181.00).

## **Agreed terms**

### **1. Definitions and interpretation**

#### **1.1 Definitions**

The following definitions apply in this Facility Agreement.

**Applicable Laws:** the law of the UK;

**Business Day:** a day other than a Saturday, Sunday or a public holiday in England when banks in London are open for business.

**Commitment:** the principal amount of the Facility set out in clause 2, to the extent not cancelled or reduced under this Facility Agreement.

**Confidential Information:** all information relating to the Borrower, the Finance Documents or the Facility of which the Lender becomes aware in its capacity as Lender, which is received by the Lender from the Borrower (or any of the Borrower's advisers) in whatever form, but excluding any information:

- a) that is or becomes public information other than as a direct or indirect result of any breach by the Lender of clause 19;



- b) is identified in writing by the Borrower (or any of the Borrower's advisers) at the time of delivery as non-confidential; or
- c) is known to the Lender before it is disclosed to the Lender by the Borrower (or any of the Borrower's advisers) or is lawfully obtained by the Lender from another source, in either case, through no breach of confidentiality of which the Lender is or becomes aware.

**Controller:** as defined in the Data Protection Legislation.

**Data Protection Legislation:** all applicable data protection legislation and privacy legislation in force from time to time in the UK including:

- a) the UK-GDPR;
- b) the Data Protection Act 2018;
- c) The Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019;
- d) the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426); and

other legislation and regulatory requirements in force from time to time which apply to a party relating to the use of Personal Data and the privacy of electronic communications, including, where applicable, the guidance and codes of practice issued by the Information Commissioner.

**Data Subject:** as defined in the Data Protection Legislation.

**Disruption Event:** either or both of:

- a) an event (not caused by, and outside the control of, either party) that materially disrupts the systems for payment or communication, to enable either payment to be made or transactions to be carried out under the Finance Documents; or
- b) any other event (not caused by, and outside the control of, the party whose operations are disrupted), that results in disruption (of a technical or systems-related nature) to the treasury or payments operations of a party and which prevents either or both Parties from
  - (i) performing its payment obligations under the Finance Documents, or,
  - (ii) communicating with the other party as required by the terms of the Finance Documents.

**Drawdown Request:** the drawdown request, submitted by the solicitor appointed by the Borrower in advance of the Land Purchase providing an undertaking to the Lender to hold monies to the Lenders order pending completion of this Facility Agreement and quoting

- a) the loan reference;
- b) drawdown sum;
- c) the date the monies are required; and
- d) the bank account details and reference to be used for payment

**Event of Default:** any event or circumstance listed in clause 17.1 to clause 17.11.

**Facility:** the term loan facility made available under this Facility Agreement.

**Facility Agreement:** this agreement for the provision of the Facility by the Lender to the Borrower.

**Final Repayment Date:** shall be the third anniversary of the date of this Facility Agreement.

**Finance Document:** this Facility Agreement, the Drawdown Request, and any other document designated as such by the Lender and the Borrower.

**GAAP:** generally accepted accounting principles in the United Kingdom.

**IFRS:** the International Financial Reporting Standards.

**Increased Costs:** any:

- a) reduction in the rate of return from the Facility or on the Lender's overall capital;
- b) additional or increased cost; or
- c) reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender that is attributable to the Lender having entered into the Commitment or funding or performing its obligations under any Finance Document.

**Indebtedness:** any obligation to pay or repay money, present or future, whether actual or contingent, sole or joint and any guarantee or indemnity of any of those obligations.

**Information:** has the meaning set out in section 84 Freedom of Information Act 2000.

**Interest on Borrowed Money:** for any relevant period, the combined total of all:

- a) interest;

- b) amounts in the nature of interest; and
- c) commitment, commission, guarantee fees, other fees and discounts;

**Interest Payment Date:** the last day of an Interest Period.

**Interest Period:** the periods of 01 April to 30 September and 01 October to 31 March each year and, for any Unpaid Amount, the period determined in accordance with clause 7.1.

**Interest Rate:** a rate of 5.4%.

**Land Purchase:** the purchase of the land at Wayside Point, Lynemouth Road, Ellington, Northumberland NE61 5HB to be funded by the Facility more particularly described and set out within the Report and Valuation.

**Legal Charge:** the legal charge in the agreed form, executed, or to be executed, by the Borrower, against title number ND154862 as Security for the Facility and Loan or part thereof, in the form required by the Lender.

**Loan:** a loan made or to be made by the Lender to the Borrower under this Facility Agreement or the principal amount outstanding for the time being of that loan.

**Material Adverse Effect:** any event or circumstance which, in the opinion of the Lender:

- a) is likely to materially and adversely affect the Borrower's ability to perform or otherwise comply with all or any of its obligations under the Finance Documents;
- b) is likely to materially and adversely affect the business, operations, property, condition (financial or otherwise) or prospects of the Borrower; or
- c) is likely to result in any Finance Document not being legal, valid and binding on, and enforceable in accordance with its terms against, the Borrower and, in the case of the Legal Charge, not providing to the Lender security over the assets expressed to be subject to a security interest under the Legal Charge.

**Monitoring and Enforcement Authority:** means any domestic body appointed with responsibility for the monitoring and/or enforcement of the Subsidy Control Rules in the UK.

**Northern Ireland Protocol:** the Protocol on Ireland/Northern Ireland (as amended from time to time) forming part of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (OJ L 29, 31.1.2020);

**Permitted Security:** any security arising under:

- a) the Legal Charge;
- b) any liens arising by operation of law and in the ordinary course of the Borrower's business and not as a result of any default or omission of the Borrower;
- c) any normal title retention arrangements included in a supplier's standard conditions of supply of goods acquired by the Borrower in the ordinary course of trade;
- d) security created or outstanding with the Lender's prior written consent.

**Personal Data:** shall have the same meaning as in the Data Protection Legislation;

**Personal Data Breach:** as defined in the Data Protection Legislation.

**Potential Event of Default:** any event or circumstance specified in clause 17.1 to clause 17.11 which would, on the giving of notice, expiry of any grace period, making of any determination under the Finance Documents or satisfaction of any other condition (or any combination thereof), become an Event of Default.

**Processor:** as defined in the Data Protection Legislation.

**Qualifying Lender:** a lender that is beneficially entitled to interest payable in respect of an advance under the Facility or the Loan and

- a) is a bank (as defined for the purpose of section 879 of the Income Tax Act 2007) making an advance under this Facility or the Loan and is within the charge to United Kingdom corporation tax for any payments of interest made in respect of that advance (or would be within such charge for such payments apart from section 18A of the Corporation Tax Act 2009; or
- b) that made an advance under this Facility or the Loan and was a bank for the purposes of section 879 of the Income Tax Act 2007) at the time that that advance was made and is within the charge to United Kingdom corporation tax for any payments of interest made in respect of that advance.

**Repayment Date:** each of the dates specified in the Repayment Schedule for repaying the Facility by instalments.

**Repayment Schedule:** the schedule provided by the lender to the Borrower within seven days of the date of this Facility Agreement detailing the repayments to be made under this Facility Agreement on each Repayment Date.

**Report and Valuation:** the independent report and valuation prepared by Savills dated November 2021 and submitted by the Borrower in support of the request for funding setting

out the land to be purchased and annexed hereto at Schedule 1, approved by the Borrowers Board of Directors.

**Request for Information:** any request for Information or apparent request under the Freedom of Information Act 2000 or the Environmental Information Regulations as appropriate.

**Security:** any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person or any other agreement or arrangement having similar effect.

**State Aid:** means any aid which the European Commission considers to be state aid pursuant to the State Aid Rules;

**State Aid Rules:** means the European Commission state aid laws set out in Article 107(1) Treaty of the Functioning of the European Union and any EU Regulation or Decision relevant thereto;

**Sterling and £:** the lawful currency of the UK.

**Subsidy:** any subsidy as defined by the particular definition of subsidy in those international agreements the UK is subject to from time to time which are engaged by the award of the Grant including:

- (a) the TCA;
- (b) the WTO Rules;
- (c) any other Free Trade Agreements entered into by the UK; and
- (d) for the limited measures in scope of the Northern Ireland Protocol, the relevant definition of Subsidy shall be the one utilised by the State Aid Rules.

**Subsidy Control Rules:** all Applicable Laws and guidance governing the award of any Subsidy in the UK, including but not limited to:

- (a) the rules and general principles set out in the UK-EU Trade and Cooperation Agreement and any primary or secondary legislation introduced to implement those rules and general principles into UK domestic law;
- (b) any other Free Trade Agreements (FTAs) entered into by the UK which contain provisions in relation to Subsidy Control, in so far as they relate to the provision of the Grant;
- (c) any other international obligations the UK is subject to in relation to the award of any Subsidy, including the WTO Rules;

- (d) the State Aid Rules, but only to the extent that the Grant falls within the scope of those rules (for example, by the application of the Northern Ireland Protocol); and
- (e) any UK guidance on Subsidy awards, including but not limited to the Department for Business, Energy & Industrial Strategy's (BEIS) "*Technical guidance on the UK's international subsidy control commitments from 1 January 2021*" (Published 31 December 2020).

**Tax:** any tax, levy, impost, duty or other charge, fee, deduction or withholding of a similar nature (including any penalty or interest payable in connection with the failure to pay, or delay in paying, any of these).

**Tax Deduction:** a deduction or withholding for, or on account of, Tax from a payment under a Finance Document.

**Total Interest:** for any relevant period, Interest on Borrowed Money payable by the Borrower.

**UK:** the United Kingdom of Great Britain and Northern Ireland.

**UK-EU Trade and Cooperation Agreement or TCA:** The Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part as entered into on 24.12.2020.

**UK-GDPR:** UK-GDPR as defined by the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019.

**Unpaid Amount:** any sum or amount which is not paid on its due date by the Borrower under this Facility Agreement or any other Finance Document.

**VAT:** value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

**WTO Rules:** means those rules of the World Trade Organisation (WTO) which apply to the award of any Subsidy, including the Agreement on Subsidies and Countervailing Measures (ASCM), the Agreement on Trade-Related Investment Measures (TRIMS) the General Agreement on Trade in Services (GATS) and the Agreement on Agriculture (AoA).

## 1.2 Interpretation

In this Facility Agreement:

- 1.2.1 clause, Schedule and paragraph headings shall not affect the interpretation of this Facility Agreement;

1.2.2 a reference to a **person** shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, government, state or agency of a state or any association, trust, joint venture or consortium (whether or not having separate legal personality);

1.2.3 a reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of:

1.2.3.1 another person (or its nominee) by way of security or in connection with the taking of security; or

1.2.3.2 its nominee.

In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Companies Act 2006 shall be amended so that:

1.2.3.3 references in sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and

1.2.3.4 the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights;

1.2.4 unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular;

1.2.5 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;

1.2.6 a reference to a party shall include that party's successors, permitted assigns and permitted transferees and this Facility Agreement shall be binding on, and enure to the benefit of, the Parties to this Facility Agreement and their respective, successors, permitted assigns and permitted transferees;

1.2.7 a reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time;

1.2.8 a reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision;

1.2.9 a reference to a time of day is to London time;

- 1.2.10 a reference to **writing** or **written** excludes fax and email;
- 1.2.11 an obligation on a party not to do something includes an obligation not to allow that thing to be done;
- 1.2.12 a reference to this Facility Agreement or a Finance Document (or any provision of it) or to any other agreement or document referred to in this Facility Agreement or any Finance Document is a reference to this Facility Agreement or Finance Document, that provision or such other agreement or document as amended (in each case, other than in breach of the provisions of this Facility Agreement) from time to time;
- 1.2.13 unless the context otherwise requires, a reference to a clause or Schedule is to a clause of, or Schedule to, this Facility Agreement and a reference to a paragraph is to a paragraph of the relevant Schedule;
- 1.2.14 any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms;
- 1.2.15 a reference to **directly** or **indirectly** means (without limitation) either alone or jointly with any other person, whether on his own account or in partnership with another (or others) as the holder of any interest in or as officer, employee or agent of or consultant to any other person;
- 1.2.16 a reference to a document in **agreed form** is to that document in the form agreed by the Lender and the Borrower and initialled by or on their behalf for identification;
- 1.2.17 a reference to an **amendment** includes a novation, re-enactment, supplement or variation (and **amended** shall be construed accordingly);
- 1.2.18 a reference to **assets** includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.2.19 a reference to an **authorisation** includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.2.20 a reference to a **certified copy** of a document means a copy certified to be a true, complete and up-to-date copy of the original document, in writing and signed by an authorised person on behalf of the party delivering the document;
- 1.2.21 a reference to **continuing** in relation to an Event of Default means an Event of Default that has not been remedied or waived;



- 1.2.22 a reference to **determines** or **determined** means, unless the contrary is indicated, a determination made at the discretion of the person making it;
- 1.2.23 a reference to a **disposal** of any asset, undertaking or business includes a sale, lease, licence, transfer, loan or other disposal by a person of that asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions);
- 1.2.24 a reference to a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
- 1.2.25 any accounting terms that are not specifically defined in this Facility Agreement shall be construed in accordance with GAAP.

### **1.3 Schedules**

The Schedules form part of this Facility Agreement and shall have effect as if set out in full in the body of this Facility Agreement. Any reference to this Facility Agreement includes the Schedules.

## **2 The Facility**

- 2.1 The Lender grants to the Borrower a secured Sterling term loan facility of a total principal amount not exceeding four million four hundred and seventy one thousand one hundred and eighty one pounds (£4,471,181.00) subject to

2.1.1 the terms and conditions, of this Facility Agreement; and

2.1.2 the Borrower entering into the Legal Charge to secure the Loan, within twenty eight (28) days of the date of this Facility Agreement.

## **3 Purpose and Monitoring**

### **3.1 Purpose**

The Borrower shall use all monies borrowed by it under this Facility Agreement for the Land Purchase and any specific conditions set out in Schedule 3 of this Facility Agreement.

### **3.2 Monitoring**

The Lender is not obliged to monitor or verify how any amount borrowed under this Facility Agreement is used.

## **4 Conditions precedent**

### **4.1 The Borrower shall not authorise their solicitor to submit the Drawdown Request unless:**

4.1.1 the Borrower has entered into the Legal Charge and continues to consent to the registration of the Legal Charge with the Land Registry; and

4.1.1 it has provided, to the satisfaction of the Lender documents and evidence:

4.1.1.1 the Land Purchase is to be completed within five (5) Business Days

4.1.1.2 that no Event of Default is continuing;

4.1.2.2 that the warranties and representations in this Facility Agreement are true and correct in all material respects and are not misleading;

### **4.2 Waiver**

The conditions specified in this clause 4 are inserted solely for the Lender's benefit. The Lender may waive them, in whole or in part and with or without conditions, without prejudicing the Lender's right to require subsequent fulfilment of such conditions.

## **5 Drawdown**

The Funder has made available the Facility to the solicitor nominated in writing by the Borrower as acting on behalf of the Borrower in the Land Purchase to be held to the Lenders order pending simultaneous completion of this Facility Agreement, the Legal Charge and Land Purchase.

## **6 Interest**

### **6.1 Calculation of interest**

Interest on the Loan shall be calculated on the outstanding balance for each Interest Period in accordance with the Interest Rate from the date of this Facility Agreement.

### **6.2 Payment of interest**

The Borrower shall pay accrued Interest on the Loan on the Interest Payment Date for each Interest Period applicable to the Loan.

### **6.3 Length of Interest Period**

The length of an Interest Period shall be three (3) calendar months.

### **6.4 Commencement date of Interest Period**

The Initial Interest Period for the Loan shall start on the date of this Facility Agreement and shall continue until 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup> December or 31 March, whichever is sooner. Each subsequent Interest Period for the Loan shall start on the last day of the previous Interest Period applicable to it.

## **6.5 Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall, instead, end on:

6.5.1 the next Business Day in that calendar month, if there is one; or

6.5.2 the preceding Business Day, if there is not.

## **6.6 Confidentiality of costs of funds**

The Borrower agrees to keep the Interest Rate confidential and not disclose it to anyone without the consent of the Lender other than:

6.6.1 to any governmental, banking, taxation or regulatory authority or similar body, or any other person to the extent that it is required to do so by any applicable law, regulation, court order or the rules of any relevant stock exchange, if the person to whom the information is given is informed that it:

6.6.1.1 is confidential; and

6.6.1.2 may be price-sensitive; and

6.6.2 to any person to whom the information is required to be disclosed in connection with, and for the purpose of, any litigation, arbitration, administrative or other investigations, proceedings or disputes, if the person to whom the information is given is informed that it:

6.6.2.1 is confidential; and

6.6.2.2 may be price-sensitive.

## **7 Default interest**

### **7.1 Default interest**

7.1.1 If the Borrower does not pay any amount it is obliged to pay under the Finance Documents when it is due, the Borrower shall pay interest on that Unpaid Amount outstanding for the period beginning on its due date and ending on the date the Lender receives it, both before and after court judgment.

- 7.1.2 The rate of interest applicable to the Unpaid Amount shall be the rate per annum which is 1% higher than the rate of interest which would have been applied if the Unpaid Amount had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Amount for successive Interest Periods.

**7.2 Commencement date of Interest Period for default interest**

The first Interest Period shall begin on the due date for payment of the relevant Unpaid Amount and each succeeding Interest Period shall begin on the last day of the previous Interest Period.

**7.3 Payment of Default Interest**

Default Interest accrued under this clause 7 shall be immediately payable by the Borrower on demand by the Lender, but:

- 7.3.1 if not previously demanded, shall be paid on the last day of each Interest Period; and
- 7.3.2 if the Borrower does not pay that Default Interest when due, it shall be added to the Unpaid Amount and compounded at the end of each Interest Period applicable to that Unpaid Amount but will remain immediately due and payable.

**8 Repayment, prepayment and cancellation**

**8.1 Repayment of the Loan**

- 8.1.1 The Borrower shall repay the Loan in full no later than the Final Repayment Date and in accordance with the Repayment Schedule; and
- 8.1.2 The Borrower shall include the Loan Reference, as detailed in this Facility Agreement, with any repayment in accordance with the Repayment Schedule or prepayment in accordance with this clause 8.

**8.2 Voluntary prepayment**

- 8.2.1 Subject to clause 8.2.2, the Borrower may prepay part or all of the Loan by notifying the Lender no less than five (5) Business Days in advance. The Borrower may only do this if:
- 8.2.1.1 the notice specifies the Loan to be prepaid and the amount of the prepayment; and
- 8.2.1.2 the prepayment does not result in an Event of Default or Potential Event of Default.

- 8.2.2 On prepayment of part or all of the Loan in accordance with clause 8.2.1, the Commitment shall immediately be reduced by an amount equal to the amount of the Loan prepaid.

### **8.3 Mandatory prepayment**

- 8.3.1 Subject to the specific conditions set out in Schedule 3 or the express written agreement of the Lender subsequently obtained and signed by the Lender's section 151 Officer in consultation with the Lender's Portfolio holder for Corporate Services confirming that this clause 8.3.1 shall not apply, the Borrower shall prepay part or all of the Loan by notifying the Lender no less than five (5) Business Days in advance in the event of:

8.3.1.1 the sale or disposition of any asset, or any sale or disposition registerable with HM Land Registry of any land or property purchased by the Borrower with the Loan; and / or

8.3.1.2 the sale or disposition registerable with HM Land Registry of the land or property secured by Legal Charge or any part thereof.

- 8.3.2 In the event of a mandatory pre payment falling due in accordance with clause 8.3.1, the amount of the prepayment shall be:

8.3.2.1 equal to the amount realised by the Borrower from the sale or disposition less any relevant sale or disposition costs; or

8.3.2.2 such other sum as may be agreed by the Lender.

### **8.4 Not used**

### **8.5 Illegality**

- 8.5.1 The Lender may require the Borrower to prepay the Loan, if:

8.5.1.1 any law or regulation is introduced or changed, or there is any change in the way any court or regulatory authority interprets or applies any law or regulation which;

8.5.1.2 complying with any direction, request or requirement (whether or not having the force of law) of any monetary agency, central bank, or governmental or regulatory authority; or

8.5.1.3 any judgment, order or direction of any court, tribunal or authority binding on the Lender,

makes it unlawful for the Lender to make the Loan, or allow the Loan to remain outstanding or fund or maintain the Commitment, or allow the Commitment to remain outstanding.

8.5.2 To require prepayment under clause 8.5.1, the Lender shall give notice to the Borrower demanding prepayment and giving the date for that prepayment.

8.5.3 The Borrower shall prepay the Loan as set out in the notice, together with accrued interest on the Loan and all other sums payable under the Finance Documents.

8.5.4 The Lender's obligations to make the Loan shall terminate on it giving notice under clause 8.5.2, and its Commitment shall be automatically cancelled on that date.

**8.6 Not used**

**8.7 Repayment, prepayment and cancellation general provisions**

8.7.1 Any prepayment or cancellation notice that the Borrower gives under this Facility Agreement shall be irrevocable. A prepayment notice shall oblige the Borrower to prepay the Loan as set out in that notice.

8.7.2 The Borrower may not re-borrow any part of the Facility which has either been repaid or prepaid under this Facility Agreement and no amount of the Commitment cancelled under this Facility Agreement may be reinstated.

8.7.3 Any prepayment under this Facility Agreement shall be made together with accrued interest on the amount prepaid, without premium or penalty.

8.7.4 If the Borrower does not make a prepayment on the date for prepayment specified in this Facility Agreement, or gives a prepayment notice but fails to make the prepayment on the date specified in the prepayment notice, the default interest provisions of clause 7 shall apply to the unpaid prepayment amount.

8.7.5 No repayment, prepayment or cancellation is permitted, except in accordance with the express terms of this Facility Agreement.

**9 Payments**

**9.1 Currency of account**

9.1.1 The Lender has provided the monies for the Loan to the Borrower in Sterling in immediately available cleared funds following receipt of a valid Drawdown Request to, or for the account of, the Borrower's solicitor in accordance with the terms of this Facility Agreement and the anticipation of the Land Purchase.

9.1.2 Subject to clause 9.1.3, the currency of account shall be Sterling and all payments that the Borrower makes under this Facility Agreement shall be made:

9.1.2.1 in full, without any deduction, set-off or counterclaim; and

9.1.2.2 in immediately available cleared funds on the due date to an account which the Lender may specify to the Borrower for the purpose.

9.1.3 The Borrower shall pay costs, expenses, Taxes and the like (and any interest payable on those amounts) in the currency in which they are incurred.

## **9.2 Business Days**

Any payment under any Finance Document which is due to be made on a day which is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one), or the immediately preceding Business Day (if there is not). Any interest or other amount accruing on a daily basis shall be calculated accordingly.

## **9.3 Disruption to payment systems**

If either the Lender determines, or the Borrower notifies the Lender, that a Disruption Event has occurred:

9.3.1 the Lender shall consult and agree with the Borrower the changes (if any) needed to the operation or administration of the Facility as the Lender, in its absolute discretion, deems necessary in the circumstances;

9.3.2 the Lender shall not be obliged to consult the Borrower about any such changes if in its opinion it is not practical to do so in the circumstances; and

9.3.3 any change made or agreed under this clause 9.3 shall (whether or not an event is finally determined to be a Disruption Event) be binding on the Parties as an amendment of the Finance Documents notwithstanding the provisions of clause 22.

## **9.4 Partial payments**

If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under the Finance Documents, the Lender shall apply that payment in settlement of the obligations of the Borrower in the order determined by the Lender in its absolute discretion. The provisions of this clause 9.4 shall override any appropriation made by the Borrower.

## **10 Fees, charges and expenses**

### **10.1 Transaction expenses**

The Borrower shall, within five (5) Business Days of demand, pay to the Lender the amount of all costs and expenses (including legal, printing and out-of-pocket expenses) reasonably incurred by the Lender in connection with:

- 10.1.1 the negotiation, preparation, execution and perfection of the Finance Documents and the other documents referred to in them; and
- 10.1.2 any amendment, extension, waiver, consent or suspension of rights (or any proposal for any of these) relating to a Finance Document or a document referred to in any of them.

## **10.2 Enforcement and preservation costs**

The Borrower shall, on demand, pay to the Lender the amount of all costs and expenses (including legal, printing and out-of-pocket expenses) incurred by the Lender in connection with enforcing, preserving any rights under, or monitoring the provisions of, any Finance Document.

## **11 Taxes**

### **11.1 Stamp taxes**

The Borrower shall pay and, within three (3) Business Days of demand, indemnify the Lender against any cost, loss or liability that the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

### **11.2 Value Added Tax**

- 11.2.1 All amounts payable by the Borrower to the Lender under a Finance Document that (in whole or in part) constitute consideration for VAT purposes are deemed to be exclusive of VAT. Subject to clause 11.2.2, if VAT is chargeable on any supply made by the Lender to the Borrower under a Finance Document, the Borrower shall pay the Lender (in addition to, and at the same time as, paying the consideration) an amount equal to the amount of the VAT and the Lender shall promptly provide an appropriate VAT invoice to the Borrower.
- 11.2.2 Where a Finance Document requires the Borrower to reimburse the Lender for any costs or expenses, the Borrower shall, at the same time, reimburse and indemnify the Lender against all VAT incurred by the Lender in respect of those costs or expenses. The amount payable shall be the amount that the Lender reasonably determines is the amount that neither it, nor any other member of any group of which it is a member for VAT purposes, is entitled to recover from the relevant tax authority in respect of the VAT.



## **12 Increased Costs**

### **12.1 Increased Costs**

Subject to clause 12.3, within three (3) Business Days of a demand by the Lender, the Borrower shall pay the Lender the amount of any Increased Costs incurred by the Lender as a result of:

12.1.1 the introduction of, or any change in (or in the interpretation, administration or application of), any law or regulation by any governmental or regulatory authority; or

12.1.2 compliance with any law or regulation made after the date of this Facility Agreement.

### **12.2 Increased Cost claims**

12.2.1 If the Lender intends to make a claim under clause 12.1, it shall notify the Borrower of the event that will cause that claim.

12.2.2 As soon as practicable after a demand by the Borrower, the Lender shall provide a certificate confirming the amount of its Increased Costs.

### **12.3 Exceptions**

Clause 12.1 does not apply to any Increased Cost that is a Tax Deduction required to be made by the Borrower by law due to the wilful breach of any law or regulation by the Lender.

## **13 Indemnities**

### **13.1 Indemnities**

The Borrower shall indemnify the Lender within three (3) Business Days of demand against any cost, loss or liability incurred by the Lender as a result of:

13.1.1 the occurrence of any Event of Default or Potential Event of Default;

13.1.2 any prepayment of the Facility being made other than in accordance with a notice of prepayment given in accordance with the terms of this Facility Agreement;

13.1.3 the Loan not being made by reason of the operation of any one or more of the provisions of this Facility Agreement (other than by reason of default or negligence by the Lender); or

13.1.4 the Lender receiving or recovering all or part of the Loan or Unpaid Amount other than on the last day of the Interest Period relating to the Loan or Unpaid Amount.

## **13.2 General indemnity provisions**

13.2.1 The indemnity under clause 13.1 shall include any interest that the Lender would have received (as determined by the Lender) if the due payment had been received on the last day of the relevant Interest Period, less:

13.2.1.1 the amount the Borrower has actually paid in respect of interest up to the date of actual payment;

13.2.1.2 the amount of interest that the Lender has received by placing the principal amount (and any interest on it) paid by the Borrower on deposit, from the Business Day following receipt up to (and including) the last day of the relevant Interest Period.

13.2.2 Each indemnity in this Facility Agreement:

13.2.2.1 is a separate and independent obligation from the other obligations in this Facility Agreement;

13.2.2.2 gives rise to a separate and independent cause of action;

13.2.2.3 applies whether or not any indulgence is granted by the Lender; and

13.2.2.4 shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Facility Agreement, or any other judgment or order.

## **14 Mitigation by Lender**

### **14.1 Mitigation**

Subject to clause 14.2, if circumstances arise which would (or would on giving of notice), result in:

14.1.1 any amount becoming payable under clause 12.1; or

14.1.2 any prepayment under clause 8.5,

the Lender shall, in consultation with the Borrower, take such reasonable steps as may be open to it to mitigate or remove the relevant circumstance, including (without limitation) transferring all its rights and obligations under this Facility Agreement to another bank or financial institution.

### **14.2 Limitation of liability**

14.2.1 The Lender does not have to take the steps set out in clause 14.1 if it believes that taking them might have an adverse effect on its business, operations or financial condition, be contrary to its banking policies or disadvantage it in any other way.

14.2.2 Any action of the Lender under clause 14.1 shall:

14.2.2.1 not limit the Borrower's obligations under the Finance Documents;  
and

14.2.2.2 be without prejudice to the terms of any of clause 12.1 and clause 8.5.

14.2.3 The Borrower shall promptly indemnify the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under clause 14.1.

## **15 Representations and warranties**

The Borrower makes the representations and warranties in clause 15.1 to clause 15.16 inclusive to the Lender on the date of this Facility Agreement.

### **15.1 Due incorporation**

The Borrower:

15.1.1 is a duly incorporated limited liability company validly existing under the law of its jurisdiction of incorporation; and

15.1.2 has the power to own its assets and carry on its business as it is being conducted.

### **15.2 Powers**

15.2.1 The Borrower has the power to enter into, deliver and perform, and has taken all necessary action to authorise its entry into, delivery and performance of, the Finance Documents and the transactions contemplated by them.

15.2.2 No limit on its powers will be exceeded as a result of the borrowing or grant of security contemplated by the Finance Documents.

### **15.3 Non-contravention**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents do not and will not contravene or conflict with:

15.3.1 the Borrower's constitutional documents;

15.3.2 any agreement or instrument binding on it or its assets or constitute a default or termination event (however described) under any such agreement or instrument; or

15.3.3 any law or regulation or judicial or official order, applicable to it.

#### **15.4 Authorisations**

The Borrower has obtained all required or desirable authorisations to enable it to enter into, exercise its rights and comply with its obligations in the Finance Documents. Any such authorisations are in full force and effect.

#### **15.5 Binding obligations**

15.5.1 the Borrower's obligations under the Finance Documents are legal, valid, binding and enforceable; and

15.5.2 the Legal Charge creates (or, once entered into, will create):

15.5.2.1 valid, legally binding and enforceable Security for the obligations expressed to be secured by it; and

15.5.2.2 subject to registration under the Companies Act 2006 and, in the case of real property, registration at the Land Registry, perfected Security over the assets expressed to be subject to security in it,

in favour of the Lender, having the priority and ranking expressed to be created by the Legal Charge, and ranking ahead of all (if any) Security and rights of third parties except those preferred by law.

#### **15.6 No filing or stamp taxes**

Under the law of its jurisdiction of incorporation, it is not necessary to file, record or enrol any Finance Document (other than as provided in clause 15.5) with any court or other authority in that jurisdiction or pay any stamp, registration or similar Taxes in relation to any Finance Document or any transaction contemplated by any Finance Document.

#### **15.7 No default**

15.7.1 No Event of Default and, on the date of this Facility Agreement Potential Event of Default, is continuing or might reasonably be expected to result from the making of the Loan.

15.7.2 No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination thereof, would constitute) a default or termination event

(howsoever described) under any other agreement or instrument which is binding on it or to which any of its assets is subject which has or is likely to have a Material Adverse Effect.

## **15.8 Information**

The information, in written or electronic format, supplied by, or on behalf of, the Borrower to the Lender in connection with the Facility and the Finance Documents was, at the time it was supplied or at the date it was stated to be given (as the case may be):

- 15.8.1 if it was factual information, complete, true and accurate in all material respects;
- 15.8.2 if it was a financial projection or forecast, prepared on the basis of recent historical information and on the basis of reasonable assumptions and was arrived at after careful consideration;
- 15.8.3 if it was an opinion or intention, made after careful consideration and was fair and made on reasonable grounds; and
- 15.8.4 not misleading in any material respect, nor rendered misleading by a failure to disclose other information,

except to the extent that it was amended, superseded or updated by more recent information supplied by, or on behalf of, the Borrower to the Lender.

## **15.9 Financial statements**

Each set of financial statements delivered to the Lender by the Borrower was prepared in accordance with GAAP consistently applied unless expressly disclosed to the Lender in writing to the contrary before the date of this Facility Agreement, and gives a true and fair view of the Borrower's financial condition and operations during the relevant accounting period and was approved by the Borrower's directors in compliance with section 393 of the Companies Act 2006.

## **15.10 No material adverse change**

There has been no material adverse change in the business, assets, financial condition, trading position or prospects of the Borrower since the date of the publication of its most recent audited financial statements.

## **15.11 No litigation**

No litigation, arbitration or administrative proceedings are taking place, pending or, to the Borrower's knowledge, threatened against it, any of its directors or any of its assets.

## **15.12 No breach of law**

The Borrower has not breached any law or regulation which breach has or is likely to have a Material Adverse Effect.

**15.13 Pari passu**

The Borrower's payment obligations under the Finance Documents rank at least pari passu with all existing and future unsecured and unsubordinated obligations (including contingent obligations), except for those mandatorily preferred by law applying to companies generally.

**15.14 Ownership of assets**

15.14.1 The Borrower is the sole legal and beneficial owner of, and has good, valid and marketable title to, all its assets and no Security exists over its assets except for the Permitted Security.

15.14.2 The Borrower is the sole legal and beneficial owner of the land or asset secured or to be secured by the Legal Charge and no higher ranking Security exists over that land.

**15.15 Subsidy Control**

15.15.1 Provision of the Loan to the Borrower is made on the basis it is not a Subsidy. The terms of this Facility Agreement being in accordance with commercial terms.

15.15.2 To secure transparency that the Loan will be used exclusively for the Cash Flow, and in accordance with clause 15.15.1, the Loan shall be ringfenced within the Borrowers accounts.

15.15.3 The Borrower and the Lender shall comply with the Subsidy Control Rules at all times in respect of its receipt of the Loan:

15.15.4 No further Loan or further payment shall be made to the Borrower if it becomes subject to a recovery order following the Monitoring and Enforcement Authority, declaring any aid illegal and incompatible with the Subsidy Control Rules, whether in relation to a Loan or any other funding agreement.

15.15.5 In accordance with clause 15.15.3 above, the Lender is responsible for informing the Monitoring and Enforcement Authority, of Subsidy awards to the Borrower, including summary notification of the aid.

15.15.6 The Lender and the Borrower are jointly and individually responsible for maintaining detailed records with the information and supporting documentation necessary to establish that all the conditions set out in this Facility Agreement are fulfilled. Such records shall be maintained for ten (10) years following the granting

of the aid and shall be made available to the Monitoring and Enforcement Authority, within a period of twenty (20) working days if requested.

15.15.7 The Lender may monitor the Borrower's compliance with the requirements of this clause 15.15 and for the avoidance of doubt any failure to comply with such requirements (where applicable) shall be deemed to be an Event of Default for the purposes of clause 17.

15.15.8 Further to clause 17, the Lender may vary or withhold the Loan and / or require repayment of the Loan already provided to the Borrower, together with interest from the this Facility Agreement, if the Lender is required to do so as a result of a decision by the Monitoring and Enforcement Authority, or as a result of any obligation arising under the Subsidy Control Rules and / or decision of the Monitoring and Enforcement Authority

15.15.9 The interest rate payable under clause 15.16.8 shall be as determined by:

15.15.9.1 the relevant Subsidy Control Rules;

15.16.9.2 the UK Monitoring and Enforcement Body; or

15.16.9.3 such other competent body as has made the decision.

#### **15.16 Repetition**

The Borrower repeats the representations and warranties in this clause 15 on the first day of each Interest Period, by reference to the facts and circumstances existing on each such date.

#### **15 General covenants**

The Borrower covenants with the Lender as set out in clause 16.2 to clause 16.14 and undertakes to comply with those covenants.

#### **16.1 Continuing obligations**

The covenants given by the Borrower in this clause 16 shall remain in force from the date of this Facility Agreement for so long as any amount remains outstanding under the Finance Documents or any Commitment is in force.

#### **16.2 Negative pledge**

16.2.1 The Borrower shall not, without the prior written consent of the Lender:

16.2.1.1 create, or permit to subsist, any Security on or over the land or asset secured by Legal Charge or any other land or property owned by the

Borrower save that any such Security in place at the date of this Facility Agreement shall be Permitted Security; or

16.2.1.2 sell, transfer or otherwise dispose of any of its assets on terms whereby such asset is or may be leased to or re-acquired or acquired by it; or

16.2.1.3 sell, transfer or otherwise dispose of any of its receivables on recourse terms; or

16.2.1.4 enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

16.2.1.5 enter into any other preferential arrangement having a similar effect.

16.2.2 Clause 16.2.1 shall not apply to any security which is Permitted Security.

### **16.3 Notification of default**

16.3.1 The Borrower shall notify the Lender of any Potential Event of Default or Event of Default (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence.

16.3.2 The Borrower shall, promptly on request by the Lender, supply a certificate signed by two (2) of its director(s) or senior officers on its behalf certifying that no Event of Default is continuing (or, if an Event of Default is continuing, specifying the Event of Default and the steps, if any, being taken to remedy it).

### **16.4 Tax affairs**

The Borrower shall:

16.4.1 file all tax returns required to be filed within the time period allowed; and

16.4.2 pay all Taxes shown to be due and payable on such returns or any assessments made against it within the time period allowed (other than amounts being contested in good faith in respect of which payment may be lawfully withheld and in respect of which it maintains appropriate reserves).

### **16.5 Ranking of obligations**

The Borrower shall procure that any of its unsecured and unsubordinated obligations and liabilities under the Finance Documents rank, and will rank, at least pari passu in right and priority of payment with all its other unsecured and unsubordinated obligations and liabilities,



present or future, actual or contingent, except for those obligations and liabilities mandatorily preferred by law of general application to companies.

#### **16.6 Authorisations**

The Borrower shall promptly obtain all consents and authorisations under any law or regulation (and do all that is needed to maintain them in full force and effect) to enable it to perform its obligations under the Finance Documents and to ensure the legality, validity, enforceability and admissibility in evidence of the Finance Documents in its jurisdiction of incorporation.

#### **16.7 Compliance with law**

The Borrower shall comply in all respects with all relevant laws to which it may be subject, if failure to do so would materially impair its ability to perform its obligations under the Finance Documents.

#### **16.8 Change of business**

The Borrower shall not make any substantial change to the general nature or scope of its business as carried on at the date of this Facility Agreement.

#### **16.9 Financial statements**

The Borrower shall supply to the Lender copies of its audited financial statements for that financial year as soon as they become available.

#### **16.10 Certification of financial statements**

Each set of financial statements delivered to the Lender by the Borrower shall be certified by a director of the Borrower as giving a true and fair view of its financial condition as at the date at which those financial statements were drawn up.

#### **16.11 Financial statements requirements**

The Borrower shall ensure that the financial statements delivered to the Lender shall:

16.11.1 be prepared using GAAP; and

16.11.2 present a true and fair view of the Borrower's assets, liabilities, financial position and profit or loss during the relevant accounting period; and

16.11.3 have been approved by the Borrower's directors in compliance with section 393 of the Companies Act 2006.

#### **16.12 Change in accounting practices**

16.12.1 In relation to any set of financial statements, the Borrower shall notify the Lender if there has been a change in accounting principles, standards or practices or financial reference periods. The Borrower shall procure that its auditors deliver to the Lender sufficient information, in form and substance as may be reasonably required by the Lender, to enable the Lender to determine whether this clause 16 has been complied with.

16.12.1 If the Borrower's financial statements are prepared at the date of this Facility Agreement in accordance with GAAP, the Borrower may determine after the date of this Facility Agreement that its financial statements should be prepared in accordance with IFRS but, prior to implementing that change it shall agree with the Lender, both Parties acting in good faith, the amendments to be made to the provisions of this Facility Agreement to reflect that change in accounting principles on the basis of advice received from the Borrower's auditors. To the extent practicable those amendments will be such as to ensure that the change to IFRS does not result in any material alteration in the commercial effect of the obligations in this Facility Agreement.

#### **16.13 Further information**

The Borrower shall supply to the Lender:

16.13.1 details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against the Borrower or any of its directors as soon as it becomes aware of them, and which might, if adversely determined, have a Material Adverse Effect; and

16.13.2 promptly, any further information about the financial condition, business and operations of the Borrower that the Lender may reasonably request.

#### **16.14 Know your customer**

If the Lender is obliged for any reason to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall, promptly on the request of the Lender, supply (or procure the supply of) such documentation and other evidence as is reasonably requested in order for the Lender to carry out, and be satisfied that it has complied with, all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

### **17 Events of Default**

Each of the events or circumstances set out in clause 17.1 to clause 17.11 inclusive is an Event of Default.

### **17.1 Non-payment**

The Borrower fails to pay any sum payable by it under any Finance Document when due, unless its failure to pay is caused solely by:

- 17.1.1 an administrative error or technical problem and payment is made within three (3) Business Days of its due date; or
- 17.1.2 a Disruption Event and payment is made within three (3) Business Days of its due date.

### **17.2 Non-compliance**

The Borrower fails to comply with any provision of the Finance Documents and (if the Lender considers, acting reasonably, that the default is capable of remedy) such default is not remedied within fourteen (14) days of the earlier of:

- 17.2.1 the Lender notifying the Borrower of the default and the remedy required; and
- 17.2.2 the Borrower becoming aware of the default.

### **17.3 Misrepresentation**

Any representation, warranty or statement made, repeated or deemed made by the Borrower in, or pursuant to, the Finance Documents is (or proves to have been) incomplete, untrue, incorrect or misleading when made, repeated or deemed made.

### **17.4 Cessation of business**

The Borrower suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

### **17.5 Cross-default**

- 17.5.1 any Borrowed Money is not paid when due nor within any originally applicable grace period;
- 17.5.1 any Borrowed Money becomes due, or capable of being declared due and payable, prior to its stated maturity by reason of an event of default (howsoever described);
- 17.5.2 any commitment for any Borrowed Money is cancelled or suspended by a creditor of the Borrower by reason of an event of default (howsoever described); or
- 17.5.3 any creditor of the Borrower becomes entitled to declare any Borrowed Money due and payable prior to its stated maturity by reason of an event of default (howsoever described).

## **17.6 Insolvency**

- 17.6.1 The Borrower stops or suspends payment of any of its debts or is unable to, or admits its inability to, pay its debts as they fall due.
- 17.6.2 The Borrower commences negotiations, or enters into any composition, compromise, assignment or arrangement, with one or more of its creditors (excluding the Lender) with a view to rescheduling any of its Indebtedness (because of actual or anticipated financial difficulties).
- 17.6.3 A moratorium is declared in respect of any Indebtedness of the Borrower.
- 17.6.4 Any action, proceedings, procedure or step is taken in relation to:
  - 17.6.4.1 the suspension of payments, a moratorium of any Indebtedness, winding up, dissolution, administration or reorganisation (using a voluntary arrangement, scheme of arrangement or otherwise) of the Borrower; or
  - 17.6.4.2 a composition, compromise, assignment or arrangement with any creditor of the Borrower; or
  - 17.6.4.3 the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Borrower or any of its assets.
- 17.6.5 Any event occurs in relation to the Borrower that is analogous to those set out in clause 17.6.1 to clause 17.6.4 (inclusive) in any jurisdiction.
- 17.6.6 Clause 17.6.4 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within fourteen (14) days of commencement or, if earlier, the date on which it is advertised. The ending of any moratorium referred to in clause 17.6.3 shall not remedy any Event of Default caused by that moratorium.

## **17.7 Creditors' process**

A distress, attachment, execution, expropriation, sequestration or other analogous legal process is levied, enforced or sued out on, or against, the Borrower's assets and is not discharged or stayed within thirty (30) days.

## **17.8 Enforcement of security**

Any Security on or over the assets of the Borrower becomes enforceable.

## **17.9 Illegality**

All or any part of any Finance Document becomes invalid, unlawful, unenforceable, terminated, disputed or ceases to be effective or to have full force and effect.

## **17.10 Repudiation**

The Borrower repudiates or evidences an intention to repudiate the Finance Documents or any of them.

## **17.11 Material adverse change**

Any event occurs (or circumstances exist) which, in the opinion of the Lender, has or is likely to have a Material Adverse Effect.

## **17.12 Acceleration**

On and at any time after the occurrence of an Event of Default, the Lender may:

### **17.12.1 by notice to the Borrower:**

17.12.1.1 cancel the outstanding Commitment whereupon it shall immediately be cancelled; and/or

17.12.1.2 declare that the outstanding Loan, accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

17.12.1.3 declare that the outstanding Loan be payable on demand, whereupon they shall immediately become payable on demand by the Lender; and/or

17.12.2 exercise any or all of its rights, remedies, powers or discretions under the Legal Charge.

## **18 Assignment and transfer**

### **18.1 Assignment and transfer by the Lender**

The Lender may, subject to clause 18.2.1:

18.1.1 assign any of its rights under the Finance Documents; or

18.1.2 transfer all of its rights or obligations by novation,

to another bank or financial institution.

## **18.2 Conditions of assignment or transfer**

### **18.2.1 If:**

18.2.1.1 the Lender assigns any of its rights or transfers all of its rights or obligations under the Finance Documents; and

18.2.1.2 as a result of circumstances existing at the date of the assignment or transfer, the Borrower would be obliged to make a payment to any assignee or transferee under clause 12.1,

then such assignee or transferee is only entitled to receive those payments to the same extent that the Lender would have been so entitled if the assignment or transfer had not occurred.

## **18.3 Lender's right to charge, assign or create security over rights**

18.3.1 In addition to the other rights provided to the Lender under this clause 18, the Lender may at any time and without the Borrower's consent, charge, assign or otherwise create Security in or over all or any of its rights under any Finance Document to secure its obligations, including any charge, assignment or other Security to secure obligations to a federal reserve or central bank, except that no such charge, assignment or Security shall:

18.3.1.1 release the Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

18.3.1.2 require any payments to be made by the Borrower other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the Lender under the Finance Documents.

## **18.4 Assignment or transfer by the Borrower**

The Borrower may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents without the prior written consent of the Lender.

## **19 Information**

### **19.1 Confidential Information**

The Lender agrees to keep all Confidential Information confidential and not disclose it to anyone other than in accordance with clause 19.2.

## **19.2 Disclosure of confidential information**

The Lender may disclose:

19.2.1 to any actual or potential assignee or transferee of its rights or obligations under this Facility Agreement (and any of their professional advisers), in addition to any publicly available information, such Confidential Information as the Lender shall consider appropriate, if the person to whom the information is given has entered into a Confidentiality Undertaking, except that there shall be no requirement for a Confidentiality Undertaking if the recipient is subject to professional obligations to maintain the confidentiality of the information;

19.2.2 to any person with (or through) whom it enters into (or may enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, this Facility Agreement and/or the Borrower (and any of their professional advisers), in addition to any publicly available information, such Confidential Information as the Lender shall consider appropriate, if the person to whom the information is given has entered into a Confidentiality Undertaking, except that there shall be no requirement for a Confidentiality Undertaking if the recipient is subject to professional obligations to maintain the confidentiality of the information;

19.2.3 to any governmental, banking, taxation or regulatory authority or similar body, or any other person to the extent that it is required to do so by any applicable law, regulation, court order or the rules of any relevant stock exchange, such Confidential Information as the Lender shall consider appropriate, if the person to whom the information is given is informed that it:

19.2.3.1 is confidential; and

19.2.3.2 may be price-sensitive,

except that the Lender does not need to inform the person of clause 19.2.3.1 and clause 19.2.3.2 above, if it considers it is not practicable to do so in the circumstances;

19.2.4 to any person to whom information is required to be disclosed in connection with, and for the purpose of, any litigation, arbitration, administrative or other investigations, proceedings or disputes, such Confidential Information as the Lender shall consider appropriate, if the person to whom the information is given is informed that it:

19.2.4.1 is confidential; and

19.2.4.2 may be price-sensitive,

except that the Lender does not need to inform the person of clause 19.2.4.1 and clause 19.2.4.2 above, if it considers it is not practicable to do so in the circumstances;

19.2.5 to any person to whom or for whose benefit the Lender charges, assigns or otherwise creates Security under clause 18.3, such Confidential Information as the Lender shall consider appropriate, if the person to whom the information is given is informed that it:

19.2.5.1 is confidential; and

19.2.5.2 may be price-sensitive,

except that the Lender does not need to inform the person of clause 19.2.5.1 and clause 19.2.5.2 above, if it considers it is not practicable to do so in the circumstances.

### **19.3 Freedom of Information**

19.3.1 The Parties each acknowledge that they are both subject to the requirements of the Freedom of Information Act 2000 (**FOIA**) and the Environmental Information Regulations 2004 (**EIRs**).

19.3.2 Each party shall assist and cooperate with the other Party to enable it to comply with its Information disclosure obligations.

19.3.3 Each Party shall and shall procure that any sub-contractor shall:

19.3.3.1 provide all necessary assistance and cooperation as reasonably requested by the Party in receipt of a Request for Information (the "**Requesting Party**") to enable the Requesting Party to respond and comply with its obligations under the FOIA and EIRs within the relevant timescale as set out in section 10 of the FOIA or regulation 5 of the EIR;

19.3.3.2 transfer to the other Party all Requests for Information relating to this Facility Agreement that it receives as soon as practicable and in any event within two (2) working days of receipt; and

19.3.3.3 provide the Requesting Party with a copy of all relevant information requested in the Request for Information which is in its possession or control in the form that the Requesting Party requires within five (5) working days (or such other period as the Requesting Party may



reasonably specify) of the Requesting Party's request for such information.

- 19.3.4 The Party in receipt of a Request for Information shall be responsible for determining in its absolute discretion and notwithstanding any other provision in this Facility Agreement or any other agreement, whether any Information is exempt from disclosure in accordance with the provisions of the FOIA and / or EIRs.
- 19.3.5 Each Party acknowledges that the other may be required under the FOIA and / or EIRs to disclose information without consulting or obtaining consent from the other Party. When in receipt of a Request for Information a Party shall take reasonable steps to notify the other of the Request for Information to the extent that it is permissible and reasonably practical for it to do so.

#### **19.4 Data Protection**

- 19.4.1 Both parties will comply with all applicable requirements of the Data Protection Legislation. This clause 19.4 is in addition to, and does not relieve, remove or replace, a party's obligations or rights under the Data Protection Legislation.
- 19.4.2 The parties acknowledge that for the purposes of the Data Protection Legislation, in relation to any Personal Data provided by the Lender, the Lender is the Controller and the Borrower is the Processor.
- 19.4.3 Without prejudice to the generality of clause 19.4.1, each Party shall ensure that it has all necessary appropriate consents and notices in place to enable lawful transfer of the Personal Data to the other Party for the duration and purposes of this agreement.
- 19.4.4 Without prejudice to the generality of clause 19.4.1, the Borrower shall, in relation to any Personal Data processed in connection with the performance by the Borrower of its obligations under this agreement:
  - 19.4.4.1 ensure that it has in place appropriate technical and organisational measures as defined in the Data Protection Legislation, to protect against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, appropriate to the harm that might result from the unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the data to be protected, having regard to the state of technological development and the cost of implementing any measures (those measures may include, where appropriate, pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of its systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly

assessing and evaluating the effectiveness of the technical and organisational measures adopted by it);

19.4.4.2 ensure that all personnel who have access to and/or process Personal Data are obliged to keep the Personal Data confidential; and

19.4.4.3 not transfer any Personal Data outside of the European Economic Area the following conditions are fulfilled:

19.4.4.3.1 the Borrower has provided appropriate safeguards in relation to the transfer;

19.4.4.3.2 the data subject has enforceable rights and effective legal remedies; and

19.4.4.3.3 the Borrower complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred;

19.4.4.4 Assist the Lender, at the Lenders cost, in responding to any request from a Data Subject and in ensuring compliance with its obligations under the Data Protection Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators;

19.4.4.5 Notify the Lender without undue delay on becoming aware of a Personal Data Breach;

19.4.4.6 At the written direction of the Lender, delete or return Personal Data that has been provided by the Lender and in relation to which the Lender is the Controller, and copies thereof to the Lender on termination of the Facility Agreement unless required by Applicable Law to store the Personal Data; and

19.4.4.7 maintain complete and accurate records and information to demonstrate its compliance with this clause 19.4 and allow for audits by the Lender or the Lender's designated auditor.

19.4.5 The Lender does not consent to the Borrower appointing any third party processor of Personal Data under this Facility Agreement without the prior written consent of the Lender and the Borrower confirming that it entered or (as the case may be) will enter with the third-party processor into a written agreement incorporating terms which are substantially similar to those set out in this clause 19.4 and which the Borrower undertakes reflect and will continue to reflect the requirements of the Data Protection Legislation. As between the Lender and the Borrower, the

Borrower shall remain fully liable for all acts or omissions of any third-party processor appointed by it pursuant to this clause 19.4.5.

19.4.6 Either party may, at any time on not less than thirty (30) days' notice, revise this clause 19.4 by replacing it with any applicable controller to processor standard clauses or similar terms forming part of an applicable certification scheme (which shall apply when replaced by attachment to this agreement).

#### **19.5 Entire agreement**

This clause 19 constitutes the entire agreement between the Parties in relation to the obligations of the Lender under the Finance Documents regarding Confidential Information and supersedes any previous agreement regarding Confidential Information.

#### **19.6 Continuing obligations**

19.6.1 The obligations in this clause 19 are continuing. The obligations set out in clauses 19.1, 19.2, 19.3 and 19.5 will remain binding on the Lender for a period of twelve (12) months from the earlier of:

19.6.1.1 the date on which all amounts payable by the Borrower under or in connection with this Facility Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

19.6.1.2 the date on which the Lender ceases to be the Lender.

19.6.2 For the avoidance of doubt the obligations in relation to clause 19.4 shall continue.

#### **20 Set-off**

##### **20.1 Lender may set-off**

The Lender may at any time set off any liability of the Borrower to the Lender against any liability of the Lender to the Borrower, whether either liability is present or future, liquidated or unliquidated, and whether or not either liability arises under this Facility Agreement. If the liabilities to be set off are expressed in different currencies, the Lender may convert either liability at a market rate of exchange for the purpose of set-off. Any exercise by the Lender of its rights under this clause 20.1 shall not limit or affect any other rights or remedies available to it under this Facility Agreement or otherwise.

##### **20.2 No obligation to set-off**

The Lender is not obliged to exercise its rights under clause 20.1, but if the rights are exercised, the Lender shall promptly notify the Borrower of the set-off that has been made.

## **21 Calculations and certificates**

### **21.1 Accounts**

The Lender shall maintain accounts evidencing the amounts owed to it by the Borrower, in accordance with its usual practice. Entries in those accounts shall be prima facie evidence of the existence and amount of the Borrower's obligations as recorded in them.

### **21.2 Certificates and determinations**

If the Lender issues any certificate, determination or notification of a rate or any amount payable under this Facility Agreement, it shall be (in the absence of manifest error) conclusive evidence of the matter to which it relates.

### **21.3 Day count convention**

Any interest, commission or fee shall accrue on a day-to-day basis, calculated according to the actual number of days elapsed and a year of 365 days.

## **22 Amendments, waivers and consents**

### **22.1 Amendments**

No amendment of any Finance Document shall be effective unless it is in writing and signed by, or on behalf of, each party to it (or its authorised representative).

### **22.2 Waivers and consents**

22.2.1 A waiver of any right or remedy under any Finance Document or by law, or any consent given under any Finance Document, is only effective if given in writing by the waiving or consenting party and shall not be deemed a waiver of any other breach or default. It only applies in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.

22.2.2 A failure or delay by a party to exercise any right or remedy provided under any Finance Document or by law shall not constitute a waiver of that or any other right or remedy, prevent or restrict any further exercise of that or any other right or remedy or constitute an election to affirm any Finance Document. No single or partial exercise of any right or remedy provided under any Finance Document or by law shall prevent or restrict the further exercise of that or any other right or remedy. No election to affirm any Finance Document by the Lender shall be effective unless it is in writing.

### **22.3 Rights and remedies**

The rights and remedies provided under each Finance Document are cumulative and are in addition to, and not exclusive of, any rights and remedies provided by law.

## **23 Severance**

If any provision (or part of a provision) of any Finance Document is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision (or part of a provision) shall be deemed deleted. Any modification to or deletion of a provision (or part of a provision) under this clause 23 shall not affect the legality, validity and enforceability of the rest of the relevant Finance Document.

## **24 Counterparts**

### **24.1 Counterparts**

24.1.1 Each Finance Document may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute one agreement.

24.1.2 No counterpart shall be effective until each party has executed at least one counterpart.

## **25 Third party rights**

### **25.1 Third party rights**

25.1.1 A person who is not a party to this Facility Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Facility Agreement. This does not affect any right or remedy of a third party which exists, or is available, apart from that Act.

25.1.2 The rights of the Parties to rescind or agree any amendment or waiver under this Facility Agreement are not subject to the consent of any other person.

## **26 Notices**

### **26.1 Delivery**

Any notice or other communication given to a party under or in connection with any Finance Document shall be:

26.1.1 in writing;

26.1.2 delivered by hand by pre-paid first-class post or other next working day delivery service or sent by fax; and

26.1.3 sent to:

26.1.3.1 the Borrower at:  
Wansbeck Workspace, Rotary Parkway, Ashington, Northumberland,  
NE63 8QZ  
Attention: Managing Director

26.1.3.2 the Lender at:  
County Hall, Morpeth, Northumberland, NE61 2EF  
Attention: Monitoring Officer

or to any other address as is notified in writing by one party to the other from time to time.

## **26.2 Receipt by Borrower**

Any notice or other communication that the Lender gives to the Borrower under or in connection with any Finance Document shall be deemed to have been received:

26.2.1 if delivered by hand, at the time it is left at the relevant address; and

26.2.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting.

A notice or other communication given as described in clause 26.2.1 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

## **26.3 Receipt by the Lender**

Any notice or other communication that the Borrower gives to the Lender under or in connection with any Finance Document shall be deemed to have been received:

26.3.1 if delivered by hand, at the time it is left at the relevant address; and

26.3.2 if posted by pre-paid first-class post or other next working day delivery service, on the second Business Day after posting.

A notice or other communication given as described in clause 26.3.1 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

## **26.4 No notice by email**

A notice or other communication given under or in connection with any Finance Document is not valid if sent by email.

## **27 Governing law and jurisdiction**

### **27.1 Governing law**

This Facility Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

### **27.2 Jurisdiction**

Each party irrevocably agrees that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction over any dispute or claim (including non-contractual disputes or claims) that arises out of or in connection with this Facility Agreement or its subject matter or formation. Nothing in this clause 27 shall limit the right of the Lender to take proceedings against the Borrower in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

This Facility Agreement has been entered into on the date stated at the beginning of it.

**Schedule 1      REPORT AND VALUATION – Savills – November 2021**





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# Report & Valuation

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Phase 3 & 4 Land at Wayside Point  
Lynemouth Road  
Ellington  
Northumberland  
NE61 5HB

12 November 2021

Ref: DC/RM

Ascent Homes : Advance Northumberland  
Rotary Parkway  
Ashington  
Northumberland  
NE63 8QZ

David Craig

E: david.craig@savills.com

DL: +44 (0) 191 323 3145

M: +44 (0) 7970 680670

The Lumen, St James' Boulevard,  
Newcastle Helix  
Newcastle upon Tyne  
NE4 5BZ  
T: +44 (0) 191 323 3145  
savills.com

For the attention of Duncan Bowman, Development Director

Dear Duncan,

**PROPERTY: Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, Northumberland NE61 5HB**

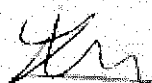
In accordance with the instructions contained in your email to us dated 1 November 2021, as confirmed in our letter to you dated 1 November 2021, we have inspected the Property and made such enquiries as are sufficient to provide you with our opinion of value on the basis stated below. Copies of your instruction letter and of our letter of confirmation are enclosed at Appendix I.

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.

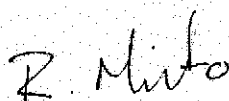
We trust that our report meets your requirements, however should you have any queries, please do not hesitate to contact us.

Yours sincerely

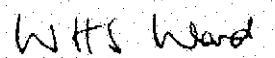
For and on behalf of Savills (UK) Limited



David Craig MRICS  
RICS Registered Valuer  
Associate Director



Ray Minto MRICS  
RICS Registered Valuer  
Director



William Ward MRICS  
RICS Registered Valuer  
Director



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

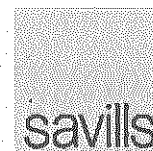


## Contents

<b>Executive Summary</b>	<b>1</b>
<b>1. Instructions and Terms of Reference</b>	<b>6</b>
1.1. Instructions	8
<b>2. The Property, Statutory &amp; Legal Aspects</b>	<b>12</b>
2.1. Location	14
2.2. Situation	15
2.3. Description	16
17	
2.4. Environmental Considerations	18
2.5. Town Planning	18
2.6. Taxation	19
2.7. Tenure	20
<b>3. Development Proposals</b>	<b>21</b>
3.1. Description Of Proposed Development	23
3.2. Proposed Accommodation	23
3.3. Construction	24
3.4. Proposed Specification	24
3.5. Section 106 Agreement	26
3.6. Community Infrastructure Levy	26
<b>4. Market Commentary</b>	<b>27</b>
4.1. Property Market Overview	29
4.2. Local Market Summary	29
4.3. Sales Transactions	30
<b>5. Valuation Advice</b>	<b>34</b>
5.1. Principal Valuation Considerations	36
5.2. Approach To Valuation	36
5.3. Residual Appraisal	37
5.4. Valuations	41
<b>6. General Assumptions &amp; Conditions to Valuations</b>	<b>44</b>
6.1. General Assumptions and Conditions	46
<b>Appendices</b>	
<b>Appendix 1.0 Letter of Engagement</b>	
<b>Appendix 2.0 Site Layout Plan</b>	
<b>Appendix 3.0 UK Housing Market Update</b>	
<b>Appendix 4.0 Residual Valuation</b>	

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## Executive Summary

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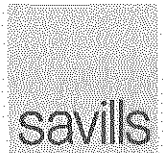
# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

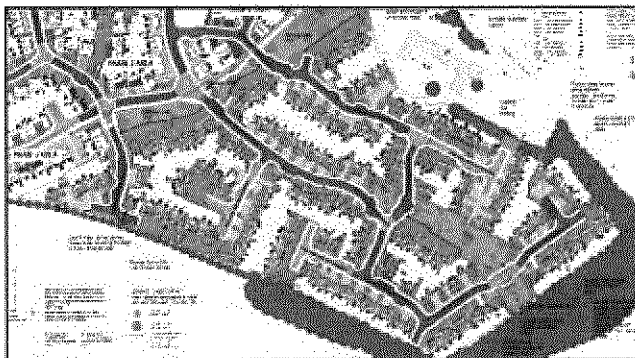
Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



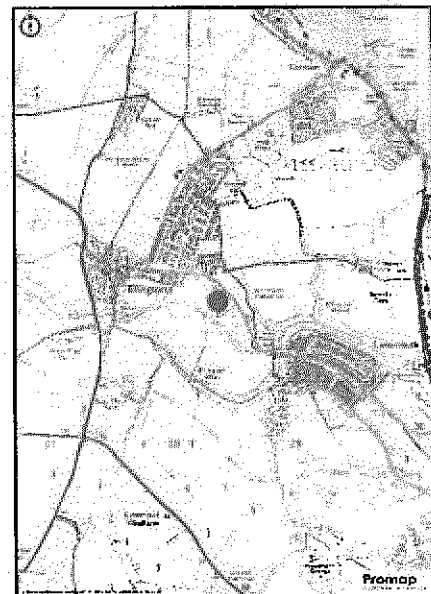
Site photo



Site plan



Location plan





# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



<b>Address</b>	Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB	
<b>Use</b>	Part former mining area cleared, undeveloped and remediated development land.	
<b>Location</b>	The subject site is located to the west of Lynemouth Road within the south western area of Ellington, an attractive village within south east Northumberland. Ellington is located 8 miles north east of Morpeth, 4 miles north of Ashington and 20 miles north of Newcastle. The site is accessed via Lynemouth Road which connects to the A1068 Coastal Route to the west which provides access to Northumberland to the north and the Tyne and Wear conurbations to the south.	
<b>Description</b>	The site is irregular in shape, extends to 15.7 acres (6.36 hectares) gross and is generally flat having been remediated by Harworth Estates. The site is brownfield in nature having previously accommodated former mine workings. The site now comprises cleared and undeveloped scrub land and forms a development platform for the final stages of Wayside Point which will be developed by Ascent Homes.	
<b>Existing Accommodation</b>	There are currently no buildings on site.	
<b>Proposed Accommodation</b>	We have been provided with a site layout plan for a 150 unit open market sale scheme. There is no requirement for on-site affordable housing as this has been provided on the previous phases.	
<b>Proposed Floor Area (150 no. units)</b>	189,758 sq. ft.	17,629 sq. m.
<b>Site Area</b>	15.7 Acres Gross 13 Acres Nett	6.36 Ha Gross 5.27 Ha Nett
<b>Planning</b>	<p>The site benefits from Outline Planning Permission which was granted for the subject site and previous Phases in September 2015 (Ref: 14/03016/FUL). A Reserved Matters application has been submitted for Phases 3&amp;4 for 152 no. residential dwellings and a decision is expected in December 2021 (Ref: 21/01796/REM).</p> <p>It should be noted that the scheme on which this valuation is based comprises 150 no. units. Although the application is for 152 units, we are advised that the decision has been taken to deliver more 4 bed units than initially planned, which has resulted in a reduction of overall units. We are advised by Ascent that Harworth has funded the Reserved Matters planning application.</p>	
<b>Tenure</b>	The freehold interest in the site is owned by Harworth Estates under title number ND154862. Ascent Homes has exchanged a conditional contract with Harworth and legal completion is anticipated to take place in December 2021.	
<b>Market Value</b>	£4,700,000 (Four Million Seven Hundred Thousand Pounds)	

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## Gross Development Value on the Special Assumption of Affordable Rent Unit Values

£36,645,000 (Thirty Six Million Six Hundred and Forty Five Thousand Pounds)

### Special Assumptions

- That satisfactory and implementable Reserved Matters planning permission for the proposed scheme is granted;
- We have assumed that all technical, planning and legal information provided to us is robust and accurate;
- 100% market sale tenure; and
- Professional fees at 5%

### Strengths

- Residential Outline Planning permission secured;
- Located in a sought after village which benefits from easy commuting distance to Newcastle and is conveniently located for the Northumberland coast;
- Previous phases have sold well; and
- Currently strong market demand.
- Close proximity to amenities and services;
- No immediate competing schemes; and
- Good road links.
- Remediated site

### Weaknesses

- Interest rates expected to rise; and
- Lynemouth located 2 miles to the south which may deter some purchasers.
- Ending of Help to Buy;
- Covid pandemic and potential further outbreaks/variants and lockdowns;
- Ending of Government Furlough scheme; and
- Brexit.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## 1. Instructions and Terms of Reference

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 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 Market Value of the freehold interest, on the Special Assumptions detailed within the Executive Summary above.
- The Gross Development Value of the proposed scheme, on the Special Assumptions detailed within the Executive Summary above.

### 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.

### 1.1.4. Definitions of Market Value

In undertaking our valuations, we have adopted the definitions of Market Value 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."

### 1.1.5. Definition of Gross Development Value

The RICS definition of Gross Development Value (GDV) as defined in the RICS Guidance Note on the Valuation of Development Property 2019 is:

"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".

### 1.1.6. Purpose of Valuations

You instruct us that our valuations are required to assist with internal development finance borrowing from Northumberland County Council (NCC). We are advised that the purchase has received NCC Board Approval and that this valuation will be used to satisfy the final stage of approval which shall be provided by NCC's Loan Board Committee.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 1.1.7. Proposed Loan Terms

We have not had sight of the loan terms between NCC and Ascent Homes. However, we are advised that the facility is an extension to the current facility which was provided by NCC to facilitate the delivery of phases 1 and 2. We are advised that this facility provides for finance to be drawn down at 2.5% over a projected programme period of 243 weeks. However, for the purpose of this valuation, it is agreed with Ascent that a market finance rate of 6% shall be adopted within our valuation.

## 1.1.8. Conflicts of Interest

We confirm that Savills (UK) Limited does not have a material connection or involvement with the subject property or any other parties and there are no other factors that could limit the valuer's ability to provide an impartial and independent valuation. Accordingly, we are reporting on an objective and unbiased basis.

## 1.1.9. Valuer Details and Inspection

The due diligence enquiries referred to below were undertaken by David Craig MRICS (Associate Director). The valuations have also been reviewed by Ray Minto MRICS (Director) and William Ward MRICS (Director).

The Property was inspected on 03 November 2021 by David Craig MRICS. At the time of our inspection, the property was open in nature and we were able to access the site. We had full sight of the area to be developed. The weather on the date of our inspection was overcast with occasional rain. We consider the access afforded to be sufficient to enable us to carry out our valuation.

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

## 1.1.10. 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. We have relied upon the accommodation schedule, site plans and abnormal cost schedule provided to us by Ascent Homes.

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.

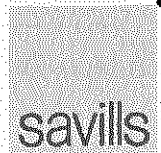
## 1.1.11. Liability Cap

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

This Report is given solely for the benefit of the Addressee and for the purpose stated herein. No third party may rely on this Report, and we shall have no liability in respect of any third parties unless otherwise agreed in writing.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



Without prejudice to the generality of the foregoing, any party who is permitted to rely on this Report (whether by our agreement, by an assignment, or who otherwise becomes entitled to rely upon this Report) may only do so subject to the terms of the engagement letter between us and the original Addressee. We shall have no liability that is greater, or for a longer duration, to any party than we have under the terms of the engagement letter. Without limitation to the terms of the engagement letter, any party purporting to rely on this Report does so subject to the following:

- a) Our aggregate liability due to or under and/or arising out of or in connection with this Report to any one or more or all parties relying on this Report, however that liability arises (including, without limitation, liability arising by breach of contract, tort, including the tort of negligence, or breach of statutory duty) shall be limited to 33% of Market Value reported which is capped at £25M per claim;
- b) "This Report is governed by and shall be construed in accordance with English law, and the English courts shall have exclusive jurisdiction over any claim or proceedings arising hereunder; and
- c) "This Report is confidential and may not be disclosed to any third party without our prior written consent.

## 1.1.12. 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.

## 1.1.13. 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. Where possible, we have sought to verify the information provided to us by the Housebuilder Partner.

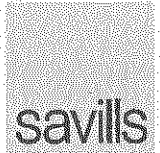
## 1.1.14. Confidentiality and Responsibility

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 party 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.

Harworth Estates own the freehold interest in the site under title ND154862. Ascent Homes has exchanged a conditional contract with Harworth and legal completion is anticipated to take place in December 2021 following receipt of Reserved Matters planning permission.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



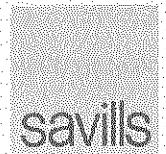
## 1.1.15. Historic Purchase Price

We understand that the site has been within Harworth Estates ownership for a considerable period of time. As such we are not aware of any previous purchase price that would have a material bearing on this valuation.



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



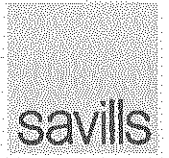
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## 2. The Property, Statutory & Legal Aspects

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

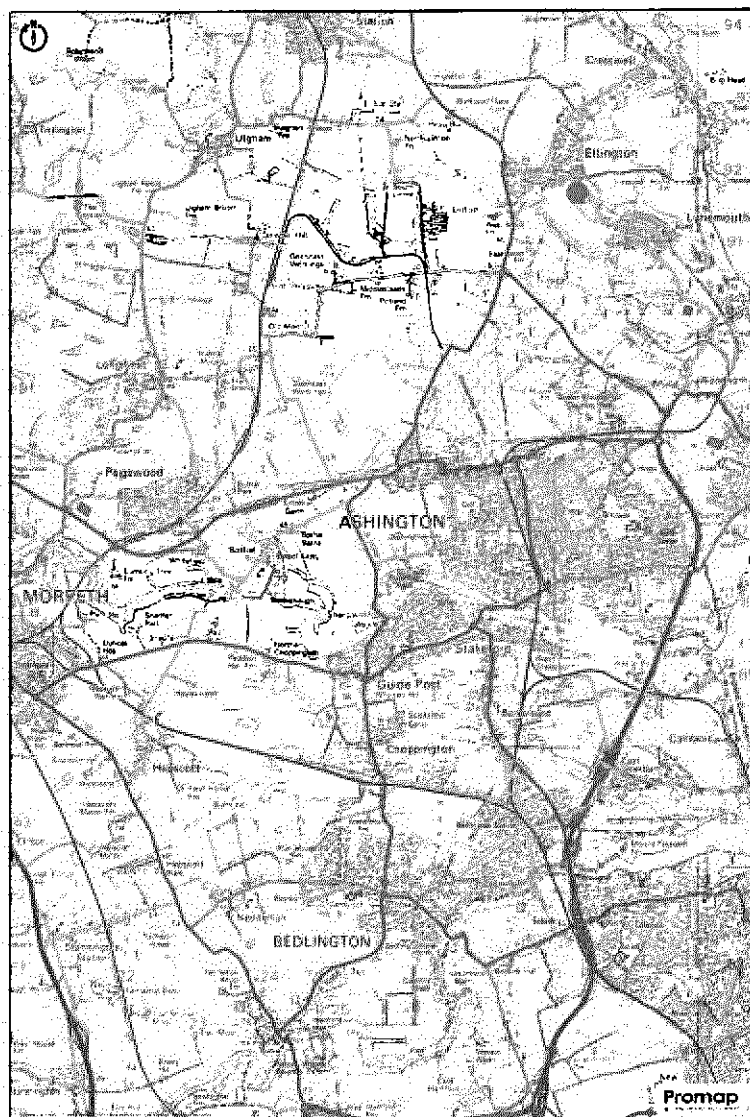


## 2.1. Location

The subject site is located to the west of Lynemouth Road within the south western area of Ellington, an attractive village within south east Northumberland. Ellington is located 8 miles north east of Morpeth, 4 miles north of Ashington and 20 miles north of Newcastle. The site is accessed via Lynemouth Road which connects to the A1068 Coastal Route to the west which provides access to Northumberland to the north and the Tyne and Wear conurbations to the south.

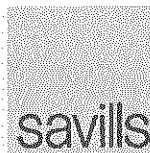
The surrounding area comprises new build housing immediately to the west, followed by existing housing the west and north. The areas to the south and east comprise agricultural land with an area of dense forest located immediately to the south eastern boundary. The western edge of Lynemouth village is located around 0.5 miles to the south east on Lynemouth Road, with the coastal village of Cresswell located 1.5 miles to the north east. Ellington Business Centre is abuts the eastern boundary of the site, part of which is currently utilised by Ascent as a site cabin for the current and future phases of development.

We enclose below a map showing the general location of the Property in its regional context.



# Report & Valuation

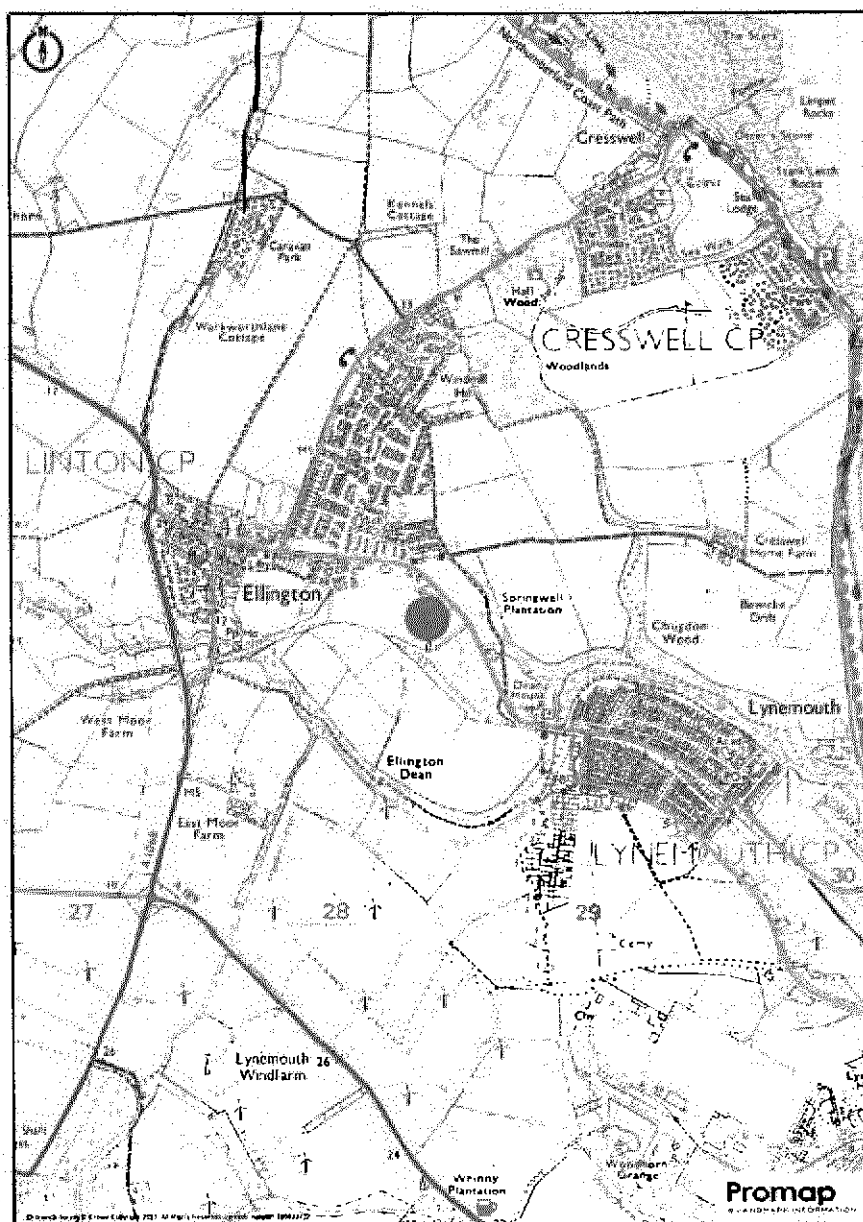
Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 2.2. Situation

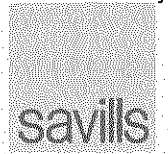
The site is situated to the south of Lynemouth Road between Phases 1 and 2 to the west, a dense tree area to the east and agricultural land to the south. The existing settlement of Ellington is located to the north west with a Caravan Storage area 350 metres to the south east on Albion Road followed by Lynemouth village. The remaining surrounding area is agricultural in nature.

We enclose below a plan showing the situation of the Property.



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 2.3. Description

### 2.3.1. Overview

The site extends to 15.7 acres (6.36 Ha) gross with a net developable area of 13 acres (5.26 Ha). It is brownfield in nature having previously been partially utilised for mining. It is irregular triangular in shape and is mostly flat with some areas requiring a small adjustment to levels. The site now comprises undeveloped scrub land.

The site is bounded by Ellington Business Centre to the north, a dense wooded area to the east, a strip of woodland and agricultural land to the south and the previous phases of Wayside Point to the west.

The proposed development will comprise a 150 no. family housing development offering a range of 2, 3, and 4 bedroom house types. Access will be taken from three estate road access points from phase 2 to the west.

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



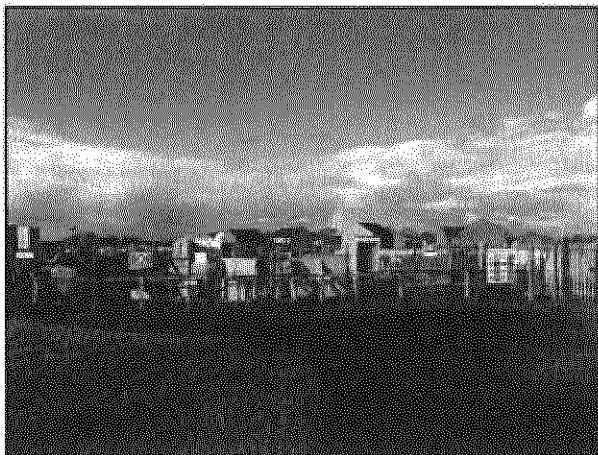
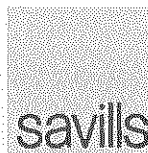
**Northern boundary looking south**



**Western boundary looking south**

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



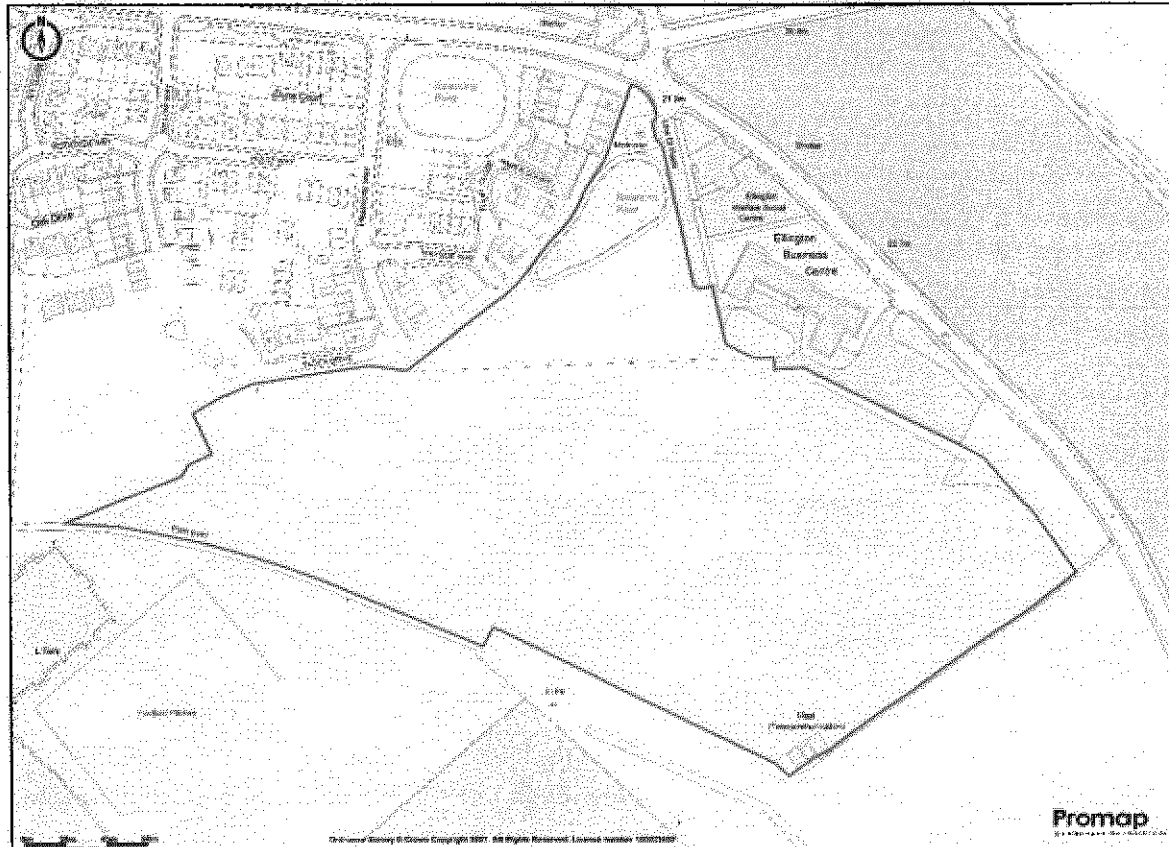
Existing Phase 2 development to west



Future access and view looking east

## 2.3.2. Site Area

By reference to the Ordnance Survey Extract, we calculate that the Property has an area of 15.7 acres (6.36 Ha) gross with a net developable area of 13 acres (5.26 Ha). We include below a copy of the Ordnance Survey extract plan which shows the Property edged red. This area and the precise site boundaries should be confirmed by your legal advisers.



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 2.4. Environmental Considerations

### 2.4.1. Informal Enquiries

As instructed, we have not carried out a soil test or an environmental audit. We have been provided with Ascent's schedule of abnormal costs which includes an allowance of £605,179.50 in respect of foundations, landscaping, compaction and grubbing up of existing foundations and structures. We have therefore incorporated this allowance within our valuation. We are advised that the landowner has fully remediated the site (excepting the grubbing up of foundations and structures) and therefore there are no abnormal costs relating to remediation. This comment is made without liability. For the avoidance of doubt, we have not had sight of any ground investigation report.

### 2.4.2. Assumption

We have relied upon the verbal confirmation provided to us by Ascent Homes in respect of the remediation that has been carried out by Haworth Estates. We have not had sight of any remediation documentation and have relied upon the information provided to us. Should it transpire that there is a requirement for additional remediation works at additional cost, then our opinion of value is likely to change.

### 2.4.3. Environmental Report

We have not been supplied with a copy of an Environmental Report and our valuation is provided on the assumption that no environmental issues exist. However, should it subsequently be established that environmental issues exist either on the site or neighbouring land, then we may wish to review our valuation advice.

### 2.4.4. 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.

### 2.4.5. Flooding

We have made enquiries with regard to potential flooding at the Environment Agency website, [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk) and note that the site is located within Flood Zone 1 and that the Environment Agency considers that the threat of flooding is 'low'. The low risk category states that the location is in an area that is unlikely to flood except in extreme conditions. The chance of flooding as estimated by the Environment Agency each year is low at less than 1 in 1,000 (0.1%).

## 2.5. Town Planning

### 2.5.1. Statutory Background

We have made internet based enquiries of the local planning authority, Northumberland County Council. The adopted development plan comprises the Castle Morpeth District Local Plan and saved policies within it. However, NCC is currently preparing the Northumberland Local Plan which is likely to be adopted in early 2022. Following the adoption of an up to date development plan, all planning applications thereafter will be assessed the policies within the new Local Plan.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 2.5.2. Planning History

We have consulted Northumberland County Council's planning portal which confirms that site benefits from Outline Planning Permission which was granted in September 2015 (Ref: 14/03016/FUL). This application was a hybrid application comprising Outline permission for up to 400 residential dwellings, small scale retail provision (up to 350 sq. m. gross) and associated access details. Detailed planning approval for football pitches and access via Lynemouth Road.

A Reserved Matters application has been submitted for Phases 3&4 for 152 no. residential dwellings and a decision is expected in December 2021 (Ref: 21/01796/REM). Details of this application comprise Phase 3&4 Reserved Matters application for appearance, layout, landscaping and scale for 152 no. dwellings (Use Class C3) on approved application 14/03016/FUL.

It should be noted that the scheme on which this valuation is based comprises 150 no. units. Although the planning application is for 152 units, we are advised that the decision has been taken to deliver more 4 bed units than initially planned, which has resulted in a reduction of overall units. We are advised by Ascent that Harworth has funded the Reserved Matters planning application.

## 2.5.3. Summary

During the course of our inspection we did not observe anything which would prevent the development of the scheme; although it should be noted that we have not carried out any ground or environmental surveys nor have we been provided with any reports detailing these matters. We have been provided with an abnormal costs schedule which are detailed in Section 5 below and are included within our valuation.

In valuing the property we have assumed that the site is used in accordance with its present lawful uses and that it complies with current planning laws and that it is not subject to any adverse proposals or possible enforcement actions.

Our Valuation is based on the strict Special Assumption that Reserved Matters Planning permission for the proposed scheme is granted and delivered by Ascent Homes. We also assume that there will be no Judicial Review related issues once the Council has resolved to grant permission. If this transpires not to be the case then our opinion of value is likely to change.

## 2.6. Taxation

### 2.6.1. Council Tax

As vacant land we assume that the land is not subject to business rates or Council Tax at the current time.

We assume that the units to be developed will be assessed for Council Tax once they have been completed

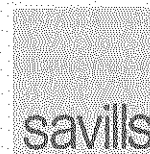
### 2.6.2. VAT

Our valuation is exclusive of VAT.



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 2.7. Tenure

The freehold interest in the site is owned by Harworth Estates under title number ND154862. Ascent Homes has exchanged a conditional contract with Haworth and legal completion is anticipated to take place in December 2021.

We have attempted to download electronic copies of the Property Register from Land Registry; however, at the time of writing copies were unavailable. We did note however that the mines and minerals are held separately under title number ND183082. We have assumed for the purpose of our valuation that Ascent will acquire full freehold title to the mines and minerals upon legal completion. If this transpires not to be the case then our opinion on value may change.

It is assumed for valuation purposes that the Property is not subject to any unusual or onerous covenants that are likely to affect the valuations herein provided.

We would strongly advise that your legal advisors confirm our understanding to be correct and to ensure that there are no further elements, restrictions or charges contained that are likely to have a detrimental effect upon the valuations as herein reported. We reserve the right to revise our valuation should it subsequently emerge our assumptions relating to the legal title are incorrect.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



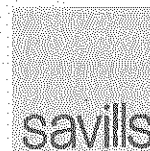
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## 3. Development Proposals

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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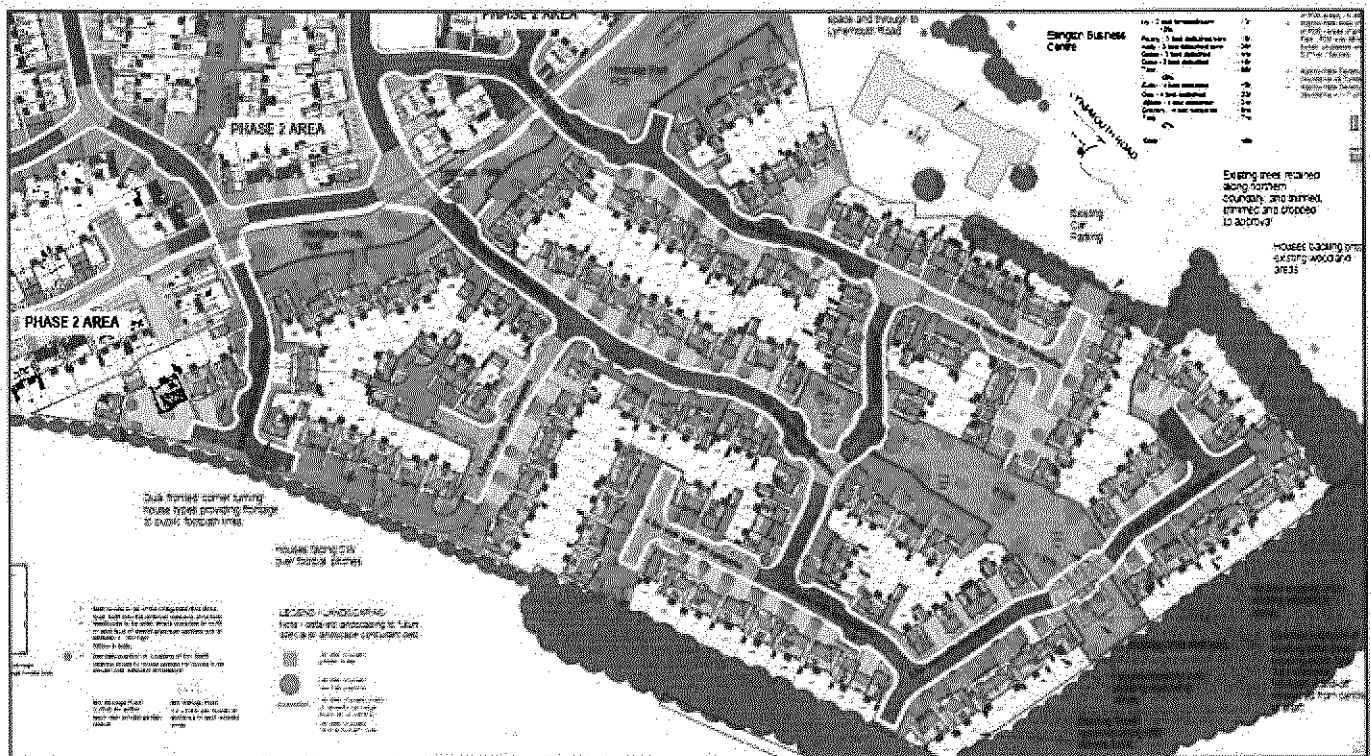
## 3.1. Description Of Proposed Development

### 3.1.1. Overview

The development comprises a 150 no. unit family housing development offering a range of 2, 3, and 4 bedroom house types. Access will be taken from three estate road access points from phase 2 to the west. A soft landscaped public open space area shall be located to the east and western part of the site along with a SUDS pond to the northern corner of the development.

We have been provided with an indicative layout plan produced by MEW Architects and an accommodation schedule by Ascent Homes which forms the basis of our valuation.

We include below a copy of the site layout plan showing the proposed development:



We attach a site layout plan at **Appendix 2**.

## 3.2. Proposed Accommodation

The net internal floor area figures set out below have been provided to us by Ascent Homes. We have assumed that the floor areas provided reflect the net sales area for each unit, measured in accordance with the RICS Property Measurement effective from January 2016 as updated.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



House Type	No.	Sq. Ft.	Sq. m.	Total Sq. Ft.	Total Sq. M.
Ivy Type 2 – 2B/4P	13	680	61.57	8,840	800.41
Holly Type 2 – 3B/5P	26	988	91.8	25,688	2,386.8
Oak Type 8 - 3B/6P	23	1,625	151	37,375	3,473
Willow Type 12 - 4B8P	24	1,799	166.59	43,176	3,998.16
Elder Type 15 – 4B/7P	15	1,447	125	21,705	1,875
Granary Type CT1 – 4B/7P	9	1,296	120.4	11,664	1,083.6
Dune Type CT2 – 3B/5P	18	994	92.37	17,892	1,662.66
Gable Type CT3	4	990	91.97	3,960	367.88
Peony – 3B/6P	18	1,081	100.39	19,458	1,807.02
	<b>150</b>			<b>189,758</b>	<b>17,454.53</b>
Single Garage 3m x 6m	32	194	18	6,208	576
Double Garage 6m x 6m	5	388	36	1,940	180
	<b>37</b>			<b>8,148</b>	<b>756</b>

The table above demonstrates that the total scheme comprising 150 no. units will provide 189,758 sq. ft. of net residential accommodation. The scheme will provide nine different unit types ranging between 680 sq. ft. and 1,799 sq. ft. At a net developable area of 13 acres the scheme has a density of 11.54 units per acre and 14,597 sq. ft. per acre.

Our valuation is based on the assumption that the proposed units will be constructed with and accord with all statutory building regulations.

### 3.3. Construction

We have not been provided with exact construction details; however, we understand that the property are to be of brick construction surmounted by pitched roofs with PVC windows and rainwater gullies.

### 3.4. Proposed Specification

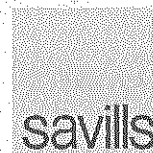
We have not been provided with a scheme specification. However, we have assumed that each proposed property will be finished to a good level of workmanship including (but not limited to) the following:

#### General Features

- NHBC 10 Year Warranty
- Built-in wardrobes with sliding mirrored doors
- Smooth ceilings decorated white throughout
- Internal walls decorated in white throughout

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



- Telecom & TV points to living room, kitchen / dining room and bedrooms
- TV point to living room pre-wired for clients future installation of Sky Plus
- Considerate Constructors Scheme

## Bathrooms & Ensuites

- White sanitary ware
- White shower enclosures (where applicable)
- Wall mounted thermostatic bath / shower mixer to bath with glass shower screen (where applicable)
- Attractive ceramic wall tiling to selected walls
- Low energy recessed ceiling downlighters
- White or chrome ladder towel rail

## Kitchens

- Stylish modern design
- Stainless steel appliances including built-under electric single oven & four burner gas hob
- Cooker extractor hood
- Integrated fridge / freezer
- Under shelf task lighting to wall units
- Attractive laminate worktops with upstands
- Stainless steel 1½ bowl / single drainer inset sink
- Low energy recessed ceiling downlighters

## Security & Safety Features

- Mains operated smoke detectors
- Carbon monoxide detector

## Heating & Economy

- White UPVC double glazed windows
- Gas fired central heating system
- Thermostatically controlled radiators (excludes hall radiator)
- Low energy lighting to most rooms

## Exterior Features

- External lighting
- External communal garden/patio areas

We have provided our valuation on the assumption the proposed units will be fitted and finished to the good standard of specification as detailed above and in accordance with the specification provided to us. We have assumed finished units will be independently inspected and provided with a NHBC 10 year warranty.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 3.5. Section 106 Agreement

We have not been provided with any Section 106 document or costs, however, we have reviewed the original S106 agreement under the initial hybrid application (14/03016/FUL). There are no financial Section 106 cost contribution which need to be paid as part of the development of the subject site. We have not therefore accounted for and S106 contributions as part of our valuation. If it transpires that Section 106 costs are payable then our opinion of value is likely to change. We are advised by Ascent Homes that there is no requirement for onsite affordable housing and that all of the units shall be sold on the open market.

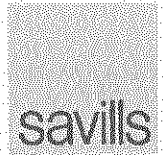
## 3.6. Community Infrastructure Levy

The Community Infrastructure Levy (CIL) is a planning charge introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It was adopted on 6 April 2010. CIL is chargeable on the net additional floor space of all new development of more than 100 sq. m GIA, or more than one dwelling.

We understand that Northumberland County Council does not currently have a CIL charging schedule. We have not therefore adopted a CIL figure within our valuation.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## 4. Market Commentary

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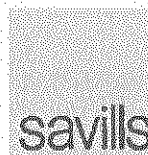
# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 4.1. Property Market Overview

We enclose a UK Housing Market Update at **Appendix 3**.

### National Market Summary

House prices rose by 0.7% in October according to Nationwide, putting annual growth at 9.9%. While growth is gradually slowing, the supply/demand imbalance is expected to keep growth positive.

Transaction activity spiked for a third time in September as the stamp duty holiday came to a close. House sales were 63% above the 2017-19 average for the month, but we will undoubtedly see a dip in activity in the October data. Thereafter, transactions are likely to remain strong, as the number of sales agreed in October were still 17% above the 2017-19 average for the month.

First Time Buyers (FTBs) have regained a competitive advantage with the end of the stamp duty holiday, being either exempt or paying reduced tax on homes under £500k. FTBs had fallen in market share over 2020/21, not seeing the same level of boost from the stamp duty holiday as other buyers types. There is evidence of this trend unwinding, with FTBs surging to the largest buyer type in the wake of the July stamp duty deadline. Rises in mortgage rates may limit their recovery however.

A rise in the base rate in the near future is anticipated, with some lenders already pricing this in. While the Bank of England held the base rate at their recent meeting on the 4th of November, they having been increasingly hawkish in their desire to contain inflation. Rises in the base rate will translate into higher mortgage costs, but we expect the immediate effect on the housing market to be limited. Any rate rise is likely to be small, and most mortgages are on fixed rates and vetted on a 3% stress test designed to cope with such a rise in rates.

The Budget last month brought little new to the housing market, largely confirming existing policies. Tax rises and increases in the living costs may stretch affordability for some households however.

## 4.2. Local Market Summary

We provide below a general overview of the residential market in Ellington. The average price paid for property in Ellington over the past 12 months currently stands at £246,597, with the current average value being £182,671. Prices are now 12.73% higher than they were 5 years ago. There have been 18 sales in Ellington over the past 12 months with values increasing by 3.63% over the same period.

The table below provides a comparison between Ellington, Morpeth and the wider county average figures:

House Type	Detached	Semi-detached	Terrace	Flats
Market				
Ellington	£260,435	£158,448	£100,777	£59,323
Morpeth	£359,476	£189,322	£159,787	£166,970
Northumberland	£323,420	£168,776	£138,390	£120,854

(Zoopla, November 2021)

The table above demonstrates that house type values in Ellington across all dwelling types are outperformed by those of Morpeth and the county as a whole. However it is pertinent to note that values in Ellington are substantially higher than those of the neighbouring settlements of Lynemouth and Ashington to the south.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



It is also important to note that the figures above comprise data for both new build and secondhand properties which can vary dramatically in terms of their internal state of repair, street positioning and parking availability.

## 4.3. Sales Transactions

In reaching our opinion of value for the Property we have had regard to a number of sales of comparable properties for both development land and completed units in the vicinity and discussions with both our own agents and local agents. We have analysed new build sales from the previous phases of development in order to provide an indication as to the tone of the new build market in the locality.

We have highlighted comparable sales and made adjustments to the comparable evidence to reflect the individual characteristics of each property, including: location, size, outside space and condition.

Our valuation is based on market evidence which has come into our possession from numerous sources. That from other agents and valuers is given in good faith but without liability. It is often provided in verbal form. 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, we are unable to warrant that the information on which we have relied is correct although we believe it to be so.

### 4.3.1. Residential Sales Comparables

The previous phases of development are the only noteworthy new build comparable sales which have taken place in Ellington. We have relied upon Land Insight whose data is provided from Land Registry and the EPC Register. From time to time there are anomalies within the data as a result of inaccurate recordings taken by either Land Registry, the EPC Register, or both. We have therefore disregarded these sales when formulating our views on appropriate sales values.

We have also had due regard to wider external factors including the coronavirus pandemic, the ending of furlough and the SDLT holiday, Brexit, the potential easing of restrictions in respect of the current lockdown, the ending of the SDLT holiday along with the ending of the Government's furlough scheme. The values we have adopted are therefore reflective of these considerations, along with the immediate market factors detailed above.

We are instructed to value the units on the basis of their capital value, based on open market tenure.

#### Ascent Homes: Wayside Point, Lynemouth Road, Ellington, NE61 5HH

Wayside Point is currently being delivered by Ascent Homes and comprises a 196 unit scheme including 28 on site affordable houses. It is located immediately to the west of the subject site. The table below details the sales that have taken place on Phases 1 and 2:

Address	Type	Date of Sale	Price	Sq. Ft.	£/Sq. Ft.
17, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Detached	25/01/2019	£274,950	1,572	£175
16, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	28/09/2018	£274,950	1,572	£175
3, Oak Drive, Saxon Vale, Morpeth, Northumberland NE61 5DF	Detached	02/08/2019	£280,950	1,572	£179
11, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	12/10/2018	£274,950	1,572	£175
17, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Detached	25/01/2019	£274,950	1,572	£175
				<b>Avg:</b>	<b>£176</b>

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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Address	Type	Date of Sale	Price	Sq. Ft.	£/Sq. Ft.
13, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	15/10/2018	£254,950	1,356	£188
10, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	05/10/2018	£254,950	1,356	£188
9, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Detached	14/06/2019	£253,950	1,345	£189
2, Primrose Way, Saxon Vale, Morpeth, Northumberland NE61 5BR	Detached	31/01/2020	£264,350	1,345	£196
8, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	03/05/2019	£249,950	1,345	£186
5, Oak Drive, Saxon Vale, Morpeth, Northumberland NE61 5DF	Detached	22/11/2019	£253,950	1,345	£189
				<b>Avg:</b>	<b>£190</b>
2, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	28/03/2018	£239,950	1,259	£191
14, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	05/07/2019	£194,950	1,249	£156
13, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	21/05/2020	£193,950	1,249	£155
				<b>Avg:</b>	<b>£167</b>
15, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Detached	21/11/2018	£234,950	1,163	£202
20, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Detached	20/12/2018	£179,950	1,130	£159
14, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Semi-det.	07/02/2019	£179,950	1,130	£159
21, Willow Way, Saxon Vale, Morpeth, Northumberland NE61 5BQ	Terraced	30/08/2019	£183,950	1,130	£163
6, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Terraced	31/07/2019	£183,950	1,130	£163
17, Willow Way, Saxon Vale, Morpeth, Northumberland NE61 5BQ	Terraced	20/03/2020	£180,452	1,130	£160
				<b>Avg:</b>	<b>£161</b>
3, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Detached	16/03/2018	£190,950	1,098	£174
2, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Detached	31/08/2018	£190,950	1,098	£174
1, Holly Way, Ellington, Morpeth, Northumberland NE61 5DG	Detached	18/12/2017	£179,950	990	£182
3, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Semi-det.	20/12/2018	£176,950	969	£183
5, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Semi-det.	29/08/2018	£176,950	969	£183
12, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	21/06/2019	£165,950	969	£171
16, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	09/09/2019	£165,450	969	£171
4, Holly Way, Saxon Vale, Morpeth, Northumberland NE61 5DG	Semi-det.	05/11/2020	£170,952	969	£176
11, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	09/05/2019	£165,950	969	£171
15, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	30/10/2019	£169,950	969	£175
				<b>Avg:</b>	<b>£176</b>
7, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Terraced	03/06/2019	£169,950	797	£213
8, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Terraced	21/06/2019	£174,950	797	£220
				<b>Avg:</b>	<b>£217</b>
4, Willow Way, Saxon Vale, Morpeth, Northumberland NE61 5BQ	Terraced	29/01/2018	£109,950	797	£138
2, Willow Way, Saxon Vale, Morpeth, Northumberland NE61 5BQ	Terraced	30/01/2018	£113,950	797	£143
4, Woodside Way, Saxon Vale, Morpeth, Northumberland NE61 5DE	Semi-det.	29/03/2018	£113,950	797	£143
22, Woodside Way, Saxon Vale, Morpeth, NE61 5DE	Semi-det.	28/02/2018	£113,950	797	£143
				<b>Avg:</b>	<b>£142</b>
<b>Overall Average</b>					<b>£175</b>

The sales which we have analysed show that values have ranged between £155/sq. ft. and £220/sq. ft. with the overall average being £175/sq. ft. We would comment that the final four transactions which have averaged £142/sq. ft. are considerably lower than the others and this may be due to the fact that they are affordable tenure. Removing these units increases the overall average to £178/sq. ft.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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Typically smaller units would achieve higher square foot values due to less quantum being applied; however, the larger 4 bed units around the 1,300 – 1,400 sq. ft. have achieved the highest values which suggests that demand is particularly strong for these unit types. It should be noted that these transactions are somewhat historic in the context of the current market, particularly the price increases experienced over the past 12 months. Sales and values have increased and we would anticipate current values to be higher than those above if sold on the open market at the time of writing.

Land Insight, whose data we have relied upon for our analysis, provides a current market value estimate for each transaction. The overall average square foot values based on the comparables above equates to £175/sq. ft. However, Land Insight has provided an Estimated Market Value figure of £213/sq. ft. which reflects an increase of 21% on the comparable transactions above.

Whilst we acknowledge that this is simply an estimate, we have had regard to this and Zoopla's price increase data when formulating our opinions on value for the proposed properties.

## Ellington: Second Hand Comparables

Although not directly comparable to new build properties at the subject site, we have also analysed existing sales values which have taken place over the past two years. The table below provides an analysis of sales which have taken place over the past two years:

Address	Type	Date of Sale	Price	Sq. Ft.	£/Sq. Ft.
6, Low Farm, Ellington, Morpeth, Northumberland NE61 5PA	Detached	31/03/2021	£415,000	3,154	£132
9, Windmill Heights, Ellington, Morpeth, NE61 5HW	Detached	31/01/2020	£382,500	2,486	£154
35, Mill Farm, Ellington, Morpeth, Northumberland NE61 5BW	Detached	11/12/2020	£430,000	2,088	£206
11, Till Grove, Ellington, Morpeth, Northumberland NE61 5ER	Detached	13/07/2021	£245,000	1,916	£128
17, Windmill Heights, Ellington, Northumberland NE61 5HW	Detached	29/01/2021	£365,000	1,399	£261
2, Primrose Way, Saxon Vale, Northumberland NE61 5BR	Detached	31/01/2020	£264,350	1,345	£196
11, The Elms, Ellington, Morpeth, Northumberland NE61 5LH	Detached	03/12/2020	£299,500	1,335	£224
12, Willow Way, Saxon Vale, Northumberland NE61 5BQ	-	11/09/2020	£189,952	1,249	£152
8, Willow Way, Saxon Vale, Northumberland NE61 5BQ	-	05/11/2020	£189,952	1,249	£152
3, Holly Way, Saxon Vale, Morpeth, Northumberland NE61 5DG	Detached	29/10/2020	£239,950	1,163	£206
12, Ivy Close, Saxon Vale, Morpeth, Northumberland NE61 5DH	Semi-det.	25/06/2021	£192,500	1,130	£170
8, Holly Way, Saxon Vale, Morpeth, Northumberland NE61 5DG	-	11/09/2020	£192,950	1,130	£171
4, Dune Court, Lynemouth Road, Ellington, NE61 5BP	-	02/09/2020	£189,950	1,130	£168
50, Beech Drive, Ellington, Morpeth, Northumberland NE61 5EU	Semi-det.	29/09/2020	£181,000	1,130	£160
15, Willow Way, Saxon Vale, Northumberland NE61 5BQ	-	26/03/2020	£194,950	1,130	£172
16, The Knoll, Ellington, Morpeth, Northumberland NE61 5LQ	Detached	04/12/2020	£237,500	1,109	£214
2, Cheviot Close, Ellington, Morpeth, Northumberland NE61 5HZ	Semi-det.	19/03/2021	£175,000	1,055	£166
6, Second Row, Ellington, Morpeth, Northumberland NE61 5HE	Terraced	09/07/2021	£79,000	1,001	£79
10, Second Row, Ellington, Morpeth, Northumberland NE61 5HE	Terraced	28/07/2020	£84,000	980	£86
2, Dune Court, Lynemouth Road, Ellington, NE61 5BP	-	06/03/2020	£176,950	969	£183
4, Rede Court, Ellington, Morpeth, Northumberland NE61 5LW	Semi-det.	03/01/2020	£140,000	928	£151
14, Windmill Hill Close, Ellington, Morpeth, NE61 5BS	Detached	25/09/2020	£210,500	915	£230

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

savills

Address	Type	Date of Sale	Price	Sq. Ft.	£/Sq. Ft.
17, Wansbeck Close, Ellington, Northumberland NE61 5LL	Semi-det.	16/10/2020	£169,950	872	£195
8, Harthope, Ellington, Northumberland NE61 5ET	Semi-det.	10/07/2020	£120,000	861	£139
13, Aln Court, Ellington, Northumberland NE61 5LR	Terraced	09/04/2020	£126,000	829	£152
55, Tweed Avenue, Ellington, Northumberland NE61 5ES	Semi-det.	29/01/2021	£76,000	753	£101
28, Linden Way, Ellington, Morpeth, Northumberland NE61 5EY	Terraced	21/12/2020	£55,000	721	£76
18, Breamish, Ellington, Morpeth, Northumberland NE61 5LJ	Terraced	28/08/2020	£90,000	689	£131
26, Hazel Grove, Ellington, Morpeth, Northumberland NE61 5EZ	Terraced	25/09/2020	£118,750	657	£181
3, Beech Drive, Ellington, Morpeth, Northumberland NE61 5EU	Terraced	02/11/2020	£128,450	624	£206
2, Front Street, Ellington, Morpeth, Northumberland NE61 5JF	Terraced	04/09/2020	£120,000	527	£228
				<b>Avg:</b>	<b>£167</b>

The transactions that we have analysed above have ranged between £76/sq. ft. and £228/sq. ft. with the average equating to £167/sq. ft. Values to the west of the village have generally been stronger than those achieved to the north. It should of course be noted that secondhand stock can vary dramatically in terms of repair, street positioning and parking availability; all of which have a large bearing on values achievable.

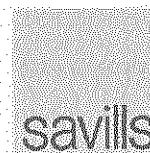
## 4.3.2. Development Site Comparables

Given that the only new build development in Ellington is the previous phases of the subject site, the most relevant and indeed only comparable land transaction is that of the first two phases of Wayside Point which completed in December 2016. We are advised that the net purchase price paid for phases 1 and 2 was £4.3m. At a net site area of 12.66 acres this equates to £340,000 per developable acre and c. £23,000 per blended plot. It should be noted at 28 affordable units were delivered on site.

Although this transaction is somewhat historic, it still provides good comparable evidence when assessing land value for the subject site, particularly given that both build costs and sales rates have increased at largely the same trajectory since 2016.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## 5. Valuation Advice

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB





# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 5.1. Principal Valuation Considerations

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

The site is situated within an established residential settlement and benefits from Outline Planning Permission for housing development. Planning risk for the proposed scheme is therefore greatly reduced, particularly given that Reserved Matters permission is expected in December 2021. It benefits from good road links along with local amenities situated at the front of the overall development (Coop). Additionally, it is very close to the Northumberland coast which will undoubtedly appeal to many prospective purchasers, particularly those who have the flexibility to regularly work from home.

## 5.2. Approach To Valuation

We have approached our valuation of the Property in three ways:-

### 1. Sales History

The site has been vacant undeveloped brownfield land for a period of time and will be acquired from Harworth Estates following the grant of Reserved Matters planning permission which is expected in December 2021.

The site has been openly marketed through Knight Frank on behalf of Harworth Estates. We have therefore assumed that the market has been fully tested and the deal agreed represents market value.

### 2. Comparable Evidence

When formulating our opinion on value we have attributed the most weight to transactions which have taken place on the previous phases. These houses have also been built by Ascent, are adjacent to the site and therefore provide very good comparable evidence. These values have therefore been used to underpin our assumptions in respect of achievable values for the units.

### 3. Residual Appraisal

We have carried out a residual appraisal based on the Proposed Development. We comment on the inputs into our appraisals within the next section.

We have applied more weight to the residual appraisal on the basis it takes into consideration the site specific revenue and development costs. Whilst the single land transaction comparable offers an element of useful evidence in respect of land transactions, our residual valuation based on the proposed scheme provides a more accurate and detailed reflection of how the market would approach the valuation of the site. We have undertaken our residual appraisal based on our knowledge of valuing similar development sites in the area.

We have been instructed to provide a residual site value based on the special assumption that satisfactory and implementable planning permission for the proposed scheme is granted.

Our residual site value based on the above, is £4,689,547, **say £4,700,000**, which equates to £361,500 per net acre and £31,300 per plot. However, we would comment that this allows for abnormal costs at £601,580 (£4,000 per plot).

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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## 5.3. Residual Appraisal

We have undertaken a residual appraisal which is the accepted method used to value property with potential for redevelopment or refurbishment. It involves assessing the value of the completed development and deducting the estimated cost of the work, including professional fees, finance (on land and work), and developer's profit, to arrive at the value of the Property.

The calculation comprises many variables, most of which are based on estimates of cost or value. A residual valuation is therefore significantly affected by small changes in its elements, such as construction costs or costs of finance or the percentage deducted for developer's profit. For example, a relatively small adjustment to one of the inputs can have a disproportional impact on the value of the site. The residual method of valuation should as a result be viewed with caution, although it is the method which is generally accepted in the marketplace. In addition, residual appraisals tend to be conservative, especially when based on robust assumptions and 100% LTV, which is in itself unrealistic.

We have used an automated valuation model called Circle (Argus) Developer in order to undertake the calculations. Circle Developer is an industry wide model and is used commonly used by valuers when assessing properties with development potential. A copy of our appraisal is attached at **Appendix 4**.

### 5.3.1. Gross Development Value (GDV)

In preparing our valuation of the Gross Development Value (GDV) we have adopted the comparable method of valuation. We have appraised the proposed development as outlined within our report.

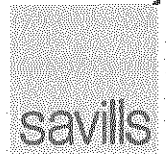
We summarise our GDV for the private residential units below:

House Type	No.	Sq. Ft.	£/Sq. Ft.	Unit Price	End Value
Ivy Type 2 – 2B/4P - Terraced / Semi Det.	13	680	£213	£145,000	£1,885,000
Holly Type 2 – 3B/5P - Detached / Semi Det.	26	988	£192	£190,000	£4,940,000
Oak Type 8 - 4B/6P – Detached	23	1,625	£191	£310,000	£7,130,000
Willow Type 12 - 4B8P – Detached	24	1,799	£189	£340,000	£8,160,000
Elder Type 15 – 4B/7P – Detached	15	1,447	£197	£285,000	£4,275,000
Granary Type CT1 – 4B/7P – Detached	9	1,296	£204	£265,000	£2,385,000
Dune Type CT2 – 3B/5P – Detached	18	994	£191	£190,000	£3,420,000
Gable Type CT3 - Detached	4	990	£193	£190,000	£760,000
Peony – 3B/6P – Detached / Semi Det.	18	1,081	£190	£205,000	£3,690,000
	150				£36,645,000

Our opinion on Gross Development Value, based on 100% open market sale tenure for the proposed scheme is therefore **£36,645,000** reflecting **£193/sq. ft.** based on a sales area of 189,758/sq. ft. This represents an increase of approximately 8% against the transactions from the previous phases. Given the strength of the residential market currently, notwithstanding the Zoopla and Land Insight increases, we consider this increase to be reasonable and representative of the tone of the market in which the site is situated.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



We would comment that square foot values typically decrease as the unit size increases and indeed this is true for the two and three bed units. However, we are advised by Ascent that the four bed units sold particularly well on the previous phases with demand levels being very strong. It is our opinion that this theme will continue and we have therefore accounted for the within our opinion of values which are set out above.

## 5.3.2. Purchase Costs

This is broken down into three costs

- i. Stamp Duty - We have allowed for Stamp Duty at the current commercial rate;
- ii. Legal Acquisition Costs - We have assumed a fixed legal cost of 0.8%; and
- iii. Agent acquisition fees at 1%.

## 5.3.3. Construction Costs

### Build Costs

We have applied an 'all in' build cost of £105/sq. ft. for the avoidance of doubt, this includes base build costs, preliminaries and external costs.

We have cross checked our build cost against the RICS Building Cost Information Service (BCIS) and obtained average build costs for estate housing within Northumberland. The BCIS build costs rebased for Castle Morpeth in Northumberland are as follows:

Type	Mean	Lower Quartiles	Median	Upper Quartiles
Estate Housing – General	£119 per sq. ft.	£102 sq. ft.	£115 per sq. ft.	£130 sq. ft.

The BCIS costs above allow for base build and preliminaries, however they do not include external works. External works, based on our experience for apartment schemes amount to an additional 15% on base build and preliminary costs.

The lower quartile cost, after an additional 15% for external costs equates to £117/sq. ft., which is £12/sq. ft. above the rate that we have applied. However, we are advised by Ascent that their costs are in line with the level that we have adopted. Further still, it is our view that if the site was not developed by Ascent and was offered to the open market, a volume house builder would benefit from sufficient buying power to secure build costs at the level that we have adopted. We recommend the build costs are reviewed by an appropriately Qualified Surveyor.

### **Garages**

We are advised that the scheme will include 32 no. single garages and 5 no. double garages. We are advised by Ascent that their garages are costed at £7,000 for a single and £15,000 for a double. We have therefore applied the following costs to the construction period within our valuation.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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Garage Type	No.	Sq. Ft.	Unit Cost	Total
Single Garage	32	194	£7,000	£224,000
Double Garage	5	388	£15,000	£75,000
			<b>Total</b>	<b>£299,000</b>

We have applied a contingency of 3% of build costs to our appraisal.

## Infrastructure Costs

Our all in build cost includes an allowance for estate roads, sewers and street lighting (externals). We have assumed that services are available to connect into.

## Abnormal Costs

We have been provided with an abnormal cost figure of £601,180 from Ascent Homes. We would comment that if these costs increase, Savills reserves the right to revisit our valuation advice. We have included these costs within our valuation and have spread them equally over the construction period of 12 months. The provisional abnormal costs are as follows:

Item	Cost
Vibro piling at £1,250/plot	£187,500
Piling Mats at £750/plot	£112,500
500mm Cover to soft Landscaping	£225,949.50
Turnover and Compaction	£55,230
Existing Foundations and Structures 25 plots at £800/plot	£20,000
<b>Total</b>	<b>£601,180</b>

### 5.3.4. Community Infrastructure Levy/ Section 106 Contributions

At the time of writing CIL had not been adopted.

We are advised by Ascent Homes that no Section 106 contributions will be payable.

### 5.3.5. Finance

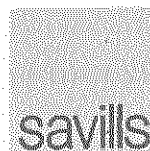
The cost of finance has been allowed for at 6%. This includes an allowance for arrangement fees. We have made the assumption that the scheme is 100% debt financed.

### 5.3.6. Professional Fees

Professional fees have been accounted for at a rate of 5% on construction costs.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



## 5.3.7. Disposal Costs

We have assumed a rate of £600 per plot in respect of plot sales legal costs.

Sales and marketing has been included at a cost of 3% on Gross Development Value.

## 5.3.8. Developer's Profit

We have applied 20% on GDV in respect of developer's profit margin. We consider this level to be reflective of the current market and proportionate to the level of risk associated with developing the subject site.

## 5.3.9. Timescales and Phasing

We have adopted the following timescales for the purposes of our valuation:

Activity	Start Date	Completion Date	Duration
Purchase	December 2021	December 2021	1 months
Pre-Construction	January 2022	June 2022	6 months
Construction	July 2022	August 2026	50 months
Sales	January 2023	February 2027	50 months
<b>Total</b>			<b>63 months</b>

We have assumed a sales and construction rate of three units per month, with sales receipts beginning six month following commencement of construction.

We consider these to be reasonable assumptions given our experience of schemes of this nature, and have adopted them in our valuation.

Additionally, we have made the following assumptions with regard to cost and revenue timings:

- An S Curve distribution of the various build in fit out costs through appropriate periods of the development.
- Fees payable at the time of provision.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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## 5.3.10. Residual Value

Our residual site value on the basis applying a profit on GDV of 20% and allowing for the abnormal costs provided to us is £4,700,000. We would comment that our valuation is based on 100% private sale housing which maintains GDV and in turn residual land value.

Our valuation calculations have been prepared using Argus Developer software, and a copy of our appraisal and is attached at Appendix 4.

## 5.3.11. Sensitivity Analysis

The value of a property with development potential, by its nature, can be highly volatile and the residual approach adopted is sensitive to changes in its key variables. This being so, it is useful to provide a sensitivity analysis, giving context to the inter-relationship between key variables, these generally being developer's profit requirement, sales values and construction costs, as well as potential to add or lose value through planning outcomes.

We have varied the sales and construction rate in increments of £5/sq. ft. across the saleable area whilst maintaining a profit of 20% on GDV.

This illustrates that by reducing the construction rate (horizontal) and increasing the sales rate (vertical) both by £10/sq. ft. the residual land value is increased to £7,501,819. Conversely by reducing the sales rate and increasing the construction rate both by £10/sq. ft. the land value is reduced to £1,871,647 as demonstrated in the table below:

	-10.00 /ft <sup>2</sup>	-5.00 /ft <sup>2</sup>	0.00 /ft <sup>2</sup>	5.00 /ft <sup>2</sup>	10.00 /ft <sup>2</sup>
-10.00 /ft <sup>2</sup>	(£5,153,628)	(£4,334,247)	(£3,514,448)	(£2,693,865)	(£1,871,647)
-5.00 /ft <sup>2</sup>	(£6,949,484)	(£6,949,484)	(£6,949,484)	(£6,949,484)	(£6,949,484)
0.00 /ft <sup>2</sup>	(£5,740,735)	(£4,921,667)	(£4,102,127)	(£3,282,069)	(£2,461,025)
5.00 /ft <sup>2</sup>	(£7,139,242)	(£7,139,242)	(£7,139,242)	(£7,139,242)	(£7,139,242)
10.00 /ft <sup>2</sup>	(£6,327,841)	(£5,508,857)	(£4,689,547)	(£3,869,863)	(£3,049,492)
15.00 /ft <sup>2</sup>	(£7,329,000)	(£7,329,000)	(£7,329,000)	(£7,329,017)	(£7,329,013)
20.00 /ft <sup>2</sup>	(£6,914,948)	(£6,095,964)	(£5,276,958)	(£4,457,428)	(£3,637,497)
25.00 /ft <sup>2</sup>	(£7,518,758)	(£7,518,758)	(£7,518,758)	(£7,518,758)	(£7,518,758)
30.00 /ft <sup>2</sup>	(£7,501,819)	(£6,683,070)	(£5,864,086)	(£5,044,848)	(£4,225,302)
35.00 /ft <sup>2</sup>	(£7,708,515)	(£7,708,515)	(£7,708,515)	(£7,708,515)	(£7,708,515)

## 5.4. Valuations

5.4.1. Market Value on the Special Assumption that Reserved Matters Planning Permission for the proposed scheme is granted:

Having carefully considered the Property, as described in this report, we are of the opinion the current Market Value of the Property with full vacant possession, on the basis of the special assumptions as detailed in this report, is in the order of:

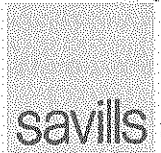
**£4,700,000**

**(Four Million Seven Hundred 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.

## Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



### 5.4.2. Gross Development Value (GDV)

Having carefully considered the Property, as described in this report, we are of the opinion the Value of the proposed scheme on the Special Assumption that it has been completed in accordance with the scheme provided to us following grant of Reserved Matters Planning Permission and provided with full vacant possession, is in the order of:

**£36,645,000**

**(Thirty Six Million Six Hundred and Forty Five Thousand Pounds)**

For the avoidance of doubt these valuations reflect the total value of the elements based on open market tenure, prior to estate agency and conveyancing fees. Accordingly, we have assumed an orderly sale of the units over a period of time. In addition, being a day one valuation, we have not reflected any possible inflation/deflation in sales prices between now and the date of practical completion.

# Report & Valuation

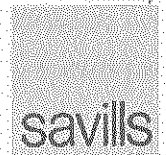
Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB





# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## 6. General Assumptions & Conditions to Valuations

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



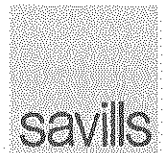
## 6.1. General Assumptions and Conditions

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(s) to be constructed will be 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 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.
6. 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.
7. 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.
8. 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.
9. 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.
10. We will not make any allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the Property.
11. Our Valuation will be exclusive of VAT (if applicable).

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



12. No allowance will be made for any expenses of realisation.
13. 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.
14. 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.
15. No allowance will be 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.
16. 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.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## Appendices

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## Appendix 1.0 Letter of Engagement

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1 November 2021

David Craig MRICS  
E: david.craig@savills.com  
DL: +44 (0) 191323 3145  
M: +44 (0) 7970 680 670

Our Ref:  
Your Ref:

The Lumen, St James Boulevard, Newcastle Helix,  
Newcastle upon Tyne, NE4 5BZ  
T: +44 (0)  
savills.com

**Ascent Homes: Advance Northumberland**  
Rotary Parkway  
Ashington  
Northumberland  
NE63 8QZ

(the Addressee(s))

**For the attention of Duncan Bowman**

Dear Duncan,

**BORROWER: ASCENT HOMES: ADVANCE NORTHUMBERLAND**  
**PROPERTY: PHASES 3 AND 4, WAYSIDE POINT, ELLINGTON, NORTHUMBERLAND**

#### CONFIRMATION OF TERMS OF ENGAGEMENT FOR THE PROVISION OF VALUATION ADVICE

1. Thank you for your correspondence dated 01 November 2021. 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 Ascent Homes: Advance Northumberland (**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. We confirm that Savills (UK) Limited does not have a material connection or involvement with the subject property or any other parties and there are no other factors that could limit the valuer's ability to provide an impartial and independent valuation. Therefore, the valuer will report 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 David Craig 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.

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 client is the addressee of this letter. We will address our Report to the Addressee.

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

- (i) The interest to be valued is detailed below:

Property Address	Tenure	Use
Land at Wayside Point, Ellington, Northumberland	Freehold	Vacant Land

- (ii) The interest/interests will be valued subject to the current/proposed occupational agreement/agreements, or The interest/interests will be valued subject to vacant possession, details to be confirmed in our Report.
- (iii) The interest to be valued is being acquired for housing development, subject to receipt of statutory planning permission.
- (d) The valuation will be in pounds sterling.
- (e) Purpose of the valuation

The Valuation is required for internal borrowing and development finance which is to be provided from Northumberland County Council to Ascent Homes: Advance Northumberland. 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 (f) below.

- (f) Bases of value

The basis of our Valuation will be Market Value.

- (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. Accordingly, and for the avoidance of doubt, our valuation will not be reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

For the avoidance of doubt 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**

- (i) 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 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
Accommodation Schedule	Ascent Homes
Title Information	Ascent Homes
Site and Floorplans	Ascent Homes
Abnormal Cost Schedule	Ascent Homes

- (ii) To the extent that you have provided us with information, 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 not be undertaking a full measurement. It is agreed that we will rely on the Gross Internal Area (GIA) floor areas provided to us subject to our taking check measurements to satisfy ourselves as to their veracity. We will revert to you for further instructions if our check measurements are outside an acceptable tolerance.
- (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 £5,000 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 you to us within 30 days of us issuing you 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](http://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 Nicola McGinnis ([nmcginnis@savills.com](mailto:nmcginnis@savills.com)), Chief Financial Officer.

#### **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.

21. The provision of our services is a business in the regulated sector under the Proceeds of Crime Act 2002 and, as such, we are required to comply with this legislation which includes provisions that may require us to make a money laundering disclosure in relation to information we obtain as part of our normal work. It is not our practice to inform you when such a disclosure is made or the reasons for it because of the restrictions imposed by the 'tipping off' provisions of the legislation.

#### **HEALTH AND SAFETY**

22. 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**

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

#### **APPENDICES**

24. 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,



**David Craig MRICS**  
RICS Registered Valuer  
Associate Director

For and on behalf of Savills (UK) Limited

## Client Acceptance

I confirm Ascent Homes: Advance Northumberland'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 Ascent Homes: Advance Northumberland, by its duly authorised signatory

Signature

*Duncan Bowman*

Name (in capitals)

DUNCAN BOWMAN

Position

DEVELOPMENT DIRECTOR

Date

2 / NOV / 21.



## 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)

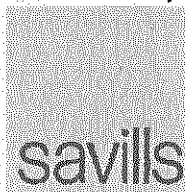
The value of an asset to a particular owner or prospective owner for individual investment or operational objectives (RICS Valuation – Global Standards 2020).

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

**Market Value for Capital Gains Tax, Inheritance Tax, Stamp Duty Land Tax and the Annual Tax on Enveloped Dwellings**

The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price must not be assumed to be reduced on the grounds that the whole property is to be placed on the market at one and the same time (RICS Valuation - Global Standards 2017: UK national supplement).

**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 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 3: Further General Assumptions applicable to residential valuations

The following general assumptions apply to residential property valuations and are in addition to the general assumptions at Appendix 2.

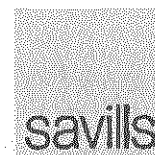
1. Where the Property comprises flats or maisonettes, unless instructed or otherwise aware to the contrary, we will assume that:
  - (a) The costs of repairs and maintenance of the building and grounds are shared equitably between the flats and maisonettes.
  - (b) There are suitable, enforceable covenants between all leaseholds, or through the landlord or the owner.
  - (c) There are no onerous liabilities outstanding.
  - (d) There are no substantial defects, or other matters requiring expenditure (in excess of the current amount or assumed amount of service charge payable on an annual basis), expected to result in charges to the leaseholder, or owner of the Property, during the next five years, equivalent to 10% or more of the reported Market Value.
2. Where the dwelling is leasehold and it is not possible to inspect the lease or details have not been provided, the following further assumptions will be made, unless instructed to the contrary:
  - (a) The unexpired term of the lease is 85 years, and no action is being taken by any eligible party with a view to acquiring the freehold or to extending the lease term.
  - (b) That there are no exceptionally onerous covenants upon the leaseholder.
  - (c) The lease cannot be determined except on the grounds of a serious breach of covenant in the existing lease agreement.
  - (d) If there are separate freeholders, head and/or other sub-head leaseholders, the terms and conditions of all the leases are in the same form and contain the same terms and conditions.
  - (e) The lease terms are mutually enforceable against all parties concerned.
  - (f) There are no breaches of covenants or disputes between the various interests concerned.
  - (g) The leases of all the properties in the building/development are materially the same.
  - (h) The ground rent stated or assumed is not subject to unreasonable review and is payable throughout the expired lease term.
  - (i) In the case of blocks of flats or maisonettes of over six dwellings, the freeholder manages the property directly or there is an appropriate management structure in place.
  - (j) There is a dutyholder, as defined in the Control of Asbestos Regulations 2012, and there are in place an asbestos register and effective management plan, which does not require any immediate expenditure, pose a significant risk to health or breach of the Health and Safety Executive (HSE) regulations.
  - (k) Where the Property forms part of a mixed residential or commercially used block or development, there will be no significant changes in the existing pattern of use.
  - (l) Where the Property forms part of a development containing separate blocks of dwellings, the lease terms of the Property apply only to the block. There will be no requirement to contribute towards costs relating to the other parts of the development, other than in respect of common roads, paths, communal grounds and services.

- (m) Where the Property forms part of a larger development, the ownership of which has since been divided, all necessary rights and reservations have been reserved.
  - (n) There are no unusual restrictions on assignment or sub-letting of the Property for residential purposes.
  - (o) There are no outstanding claims or litigation concerning the lease of the Property or any others within the same development.
  - (p) Where the Property benefits from additional facilities within a development, the lease makes adequate provision for the lessee to continue to enjoy them with exceptional restriction, for the facilities to be maintained adequately, and that there are no charges over and above the service charge for such use and maintenance.
3. In respect of insurance the following assumptions will be made, unless instructed otherwise:
- (a) The Property can be insured under all-risks cover for the current reinstatement cost and is available on normal terms.
  - (b) There are no outstanding claims or disputes.
  - (c) Where individuals in a block makes separate insurance arrangements, the leases make provision for mutual enforceability of insurance and repairing obligations and
  - (d) Any landlord responsible for insurance is required to rebuild the Property with the alterations that may be necessary to comply with current Building Regulations and planning requirements.

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB

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# Report & Valuation

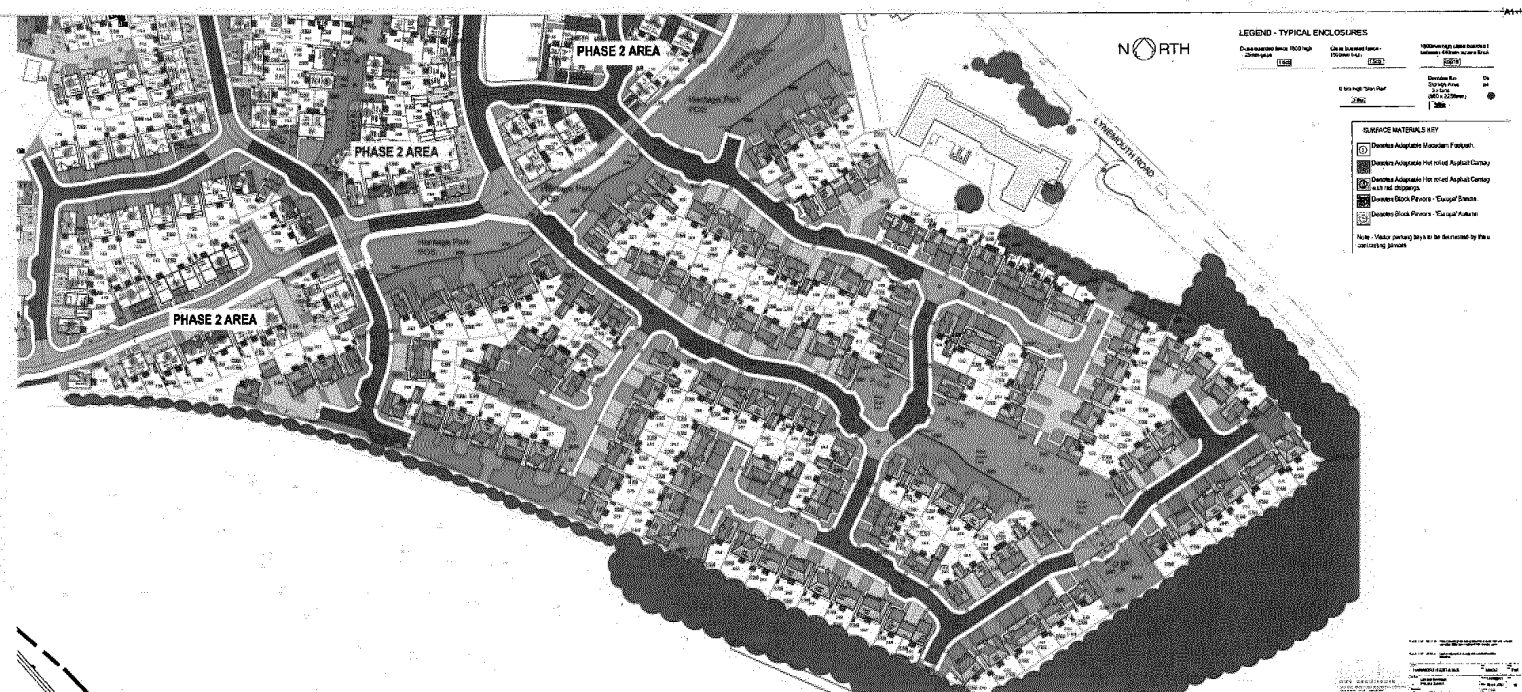
Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## Appendix 2.0 Site Layout Plan

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## Appendix 3.0 UK Housing Market Update

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# UK Housing Market Update

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## Value growth remains strong, while activity enjoyed a final stamp duty boost

House prices rose by 0.7% in October according to Nationwide, putting annual growth at 9.9%. While growth is gradually slowing, the supply/demand imbalance is expected to keep growth positive.

Transaction activity spiked for a third time in September as the stamp duty holiday came to a close. House sales were 63% above the 2017-19 average for the month, but we will undoubtedly see a dip in activity in the October data. Thereafter, transactions are likely to remain strong, as the number of sales agreed in October were still 17% above the 2017-19 average for the month.

First Time Buyers (FTBs) have regained a competitive advantage with the end of the stamp duty holiday, being either exempt or paying reduced tax on homes under £500k. FTBs had fallen in market share over 2020/21, not seeing the same level of boost from the stamp duty holiday as other buyers types. There is evidence of this trend unwinding, with FTBs surging to the largest buyer type in the wake of the July stamp duty deadline. Rises in mortgage rates may limit their recovery however.

A rise in the base rate in the near future is anticipated,

with some lenders already pricing this in. While the Bank of England held the base rate at their recent meeting on the 4<sup>th</sup> of November, they having been increasingly hawkish in their desire to contain inflation. Rises in the base rate will translate into higher mortgage costs, but we expect the immediate effect on the housing market to be limited. Any rate rise is likely to be small, and most mortgages are on fixed rates and vetted on a 3% stress test designed to cope with such a rise in rates.

The Budget last month brought little new to the housing market, largely confirming existing policies. Tax rises and increases in the living costs may stretch affordability for some households however.

The average UK rent increased 1.3% over the year to September, according to the ONS. Rents grew most strongly in the East Midlands and the South West, up 2.7% each, and least in London, falling -0.3%.

Annual house price growth in July was strongest in Scottish Borders at 17.3% followed by Derbyshire Dales at 15.3%. Just over one in five local authorities saw double digit house price growth in the year to July. Weakest house price growth was in Westminster at -3.4%, followed by Aberdeen, at -2.9%.

Figure 1 House price growth to Jul-21 since 07/08 peak

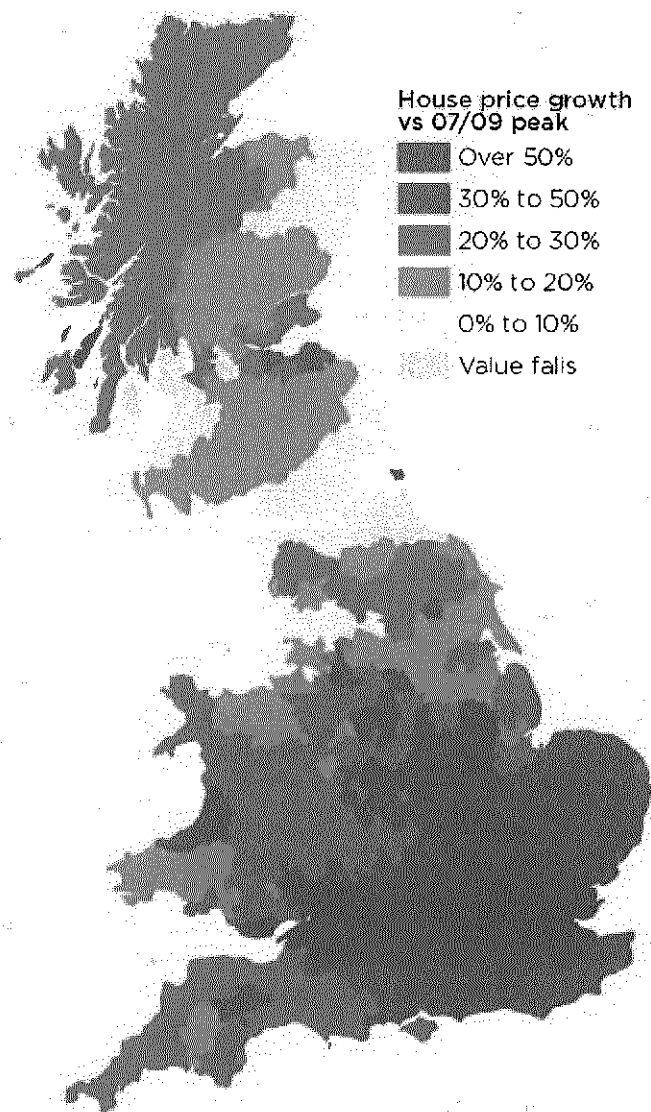
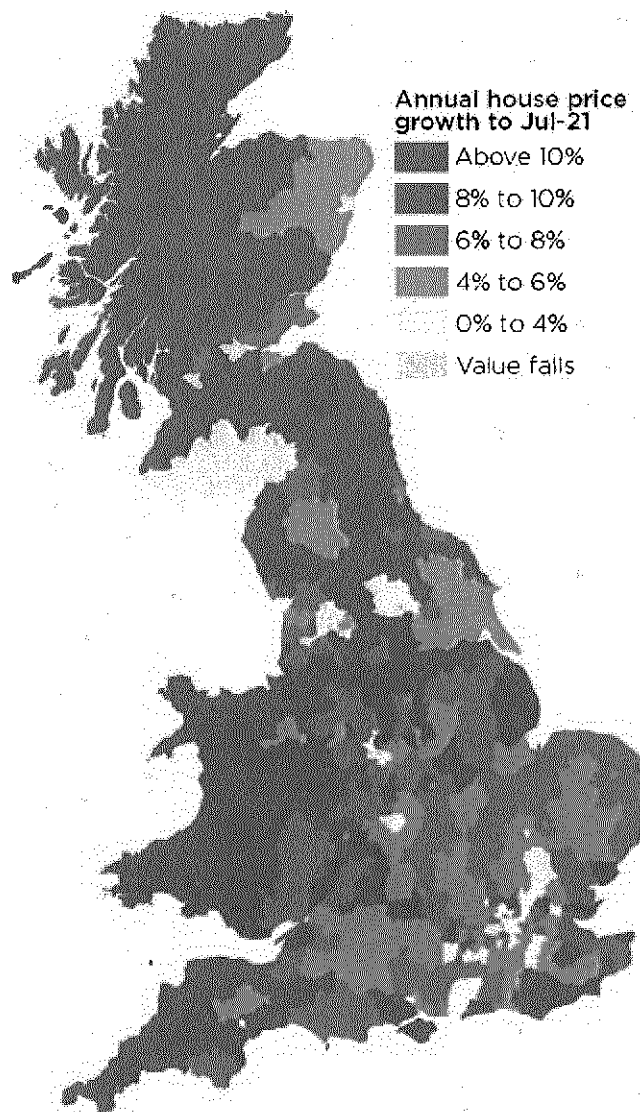


Figure 2 Annual house price growth to Jul-21



The RICS survey for September showed that levels of demand started to stabilise, with new buyer enquiries across the UK at a net balance of 0%, up from -13% in August.

Lack of supply continues to be an issue, with surveyors reporting negative levels of new instructions for the past 6 months.

With the SDLT holiday now over, we anticipate levels of supply to continue to be a constraint on the market, keeping house price growth positive.

The RICS survey can be a good early indicator of house price movements, which are later picked up by other indices.

The majority of surveyors continued to indicate inflating house prices in September. The +68% reading has come down slightly from its peak of +82% in May but remains strong in historic terms.

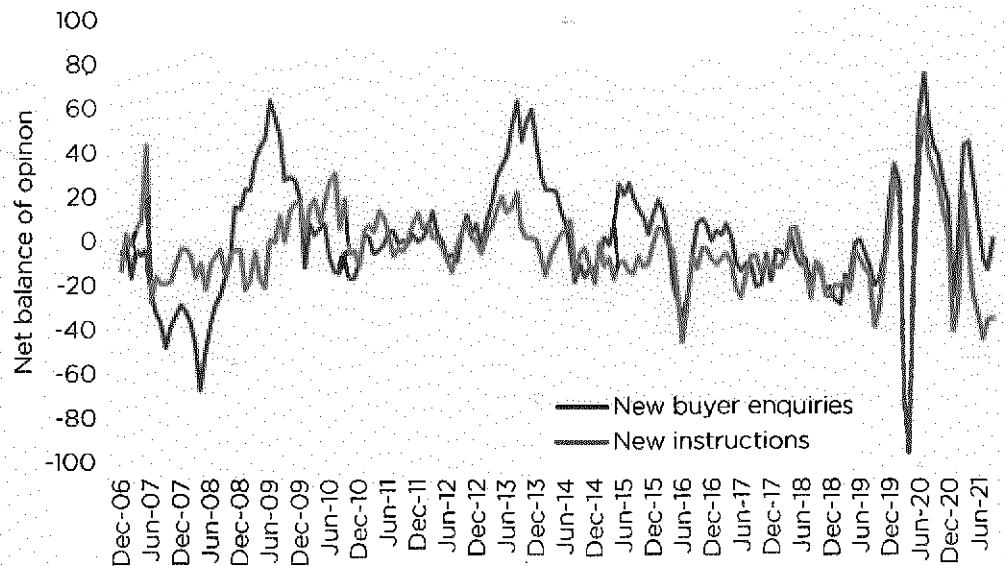
House prices increased by 2.8% over the three months to October, up from 1.5% last month.

The ONS index continues to be volatile, with a three month house price growth figure of 3.0% to August, a large uptick from the 0.8% reported in July.

Three peaks in transactions have emerged this year, distorted from normal levels by the incentive of the stamp duty holiday. 165,720 completions were recorded in September as the final opportunity for a tax saving occurred, 63% above pre-pandemic levels for September.

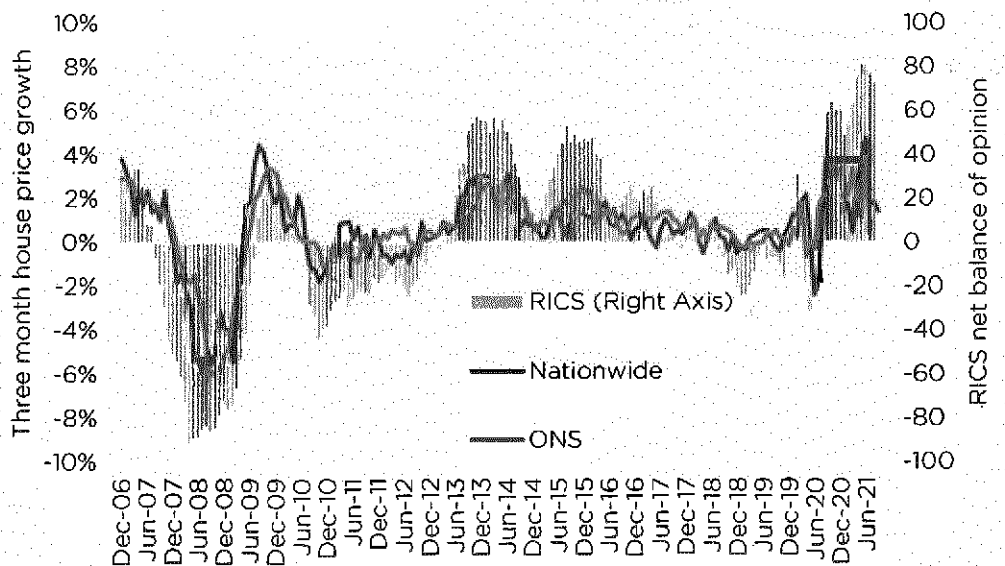
A less volatile end to the year for transactions is expected, although a record-breaking number of total sales for 2021 is forecast.

**Figure 3** Demand holds steady as supply shortage continues to grow



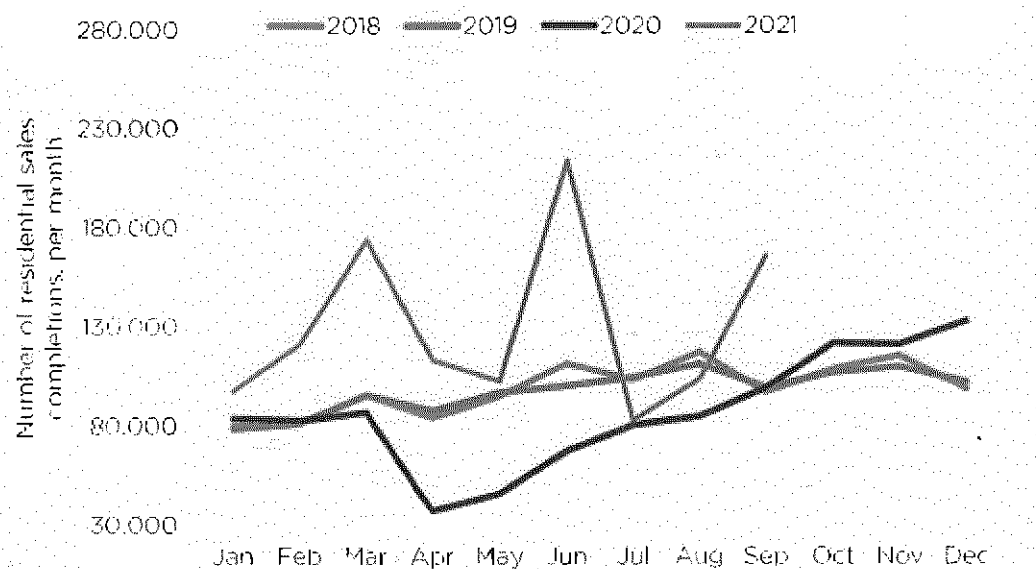
Source RICS (seasonally adjusted)

**Figure 4** House values continue to climb



Source RICS, Nationwide, ONS (seasonally adjusted)

**Figure 5** Transactions peak upwards in September for the final SDLT holiday deadline



Source HMRC

Table 1 Recent house price growth

	Nationwide (Regions to Q3 2021, UK to Oct-21)			ONS (to Aug-21)			Savills (to Jul-21)		
	m/m	q/q	y/y	m/m	q/q	y/y	m/m	q/q	y/y
UK	0.7%	2.1%	9.9%	2.8%	2.8%	10.7%	0.1%	1.2%	7.5%
London	-	-1.1%	4.2%	6.2%	5.6%	7.5%	-0.3%	-0.6%	3.7%
South East	-	1.6%	9.8%	1.7%	2.2%	8.8%	0.2%	1.0%	6.5%
East of England	-	1.5%	8.8%	2.9%	2.9%	9.6%	0.1%	1.1%	6.2%
South West	-	2.1%	9.8%	3.9%	1.2%	9.0%	0.0%	1.1%	7.7%
East Midlands	-	1.4%	10.6%	2.3%	2.0%	10.4%	0.3%	1.4%	7.3%
West Midlands	-	1.0%	10.0%	2.0%	2.9%	11.1%	0.5%	1.7%	7.2%
North East	-	2.5%	10.8%	1.8%	4.5%	13.3%	0.3%	1.8%	8.2%
Yorks & Humber	-	2.0%	12.3%	1.2%	0.7%	8.9%	0.4%	1.3%	8.4%
North West	-	1.6%	11.5%	3.9%	2.5%	12.6%	0.5%	1.9%	9.0%
Wales	-	3.7%	15.3%	1.0%	2.0%	12.6%	1.0%	2.6%	9.6%
Scotland	-	3.0%	11.6%	1.7%	4.7%	17.2%	0.8%	1.6%	6.1%

Source Savills using HM Land Registry and Registers of Scotland (6 month smoothed)\*, Nationwide (seasonally adjusted), ONS (seasonally adjusted)

Table 2 House price forecasts

## New house price forecasts coming next month

In the meantime, you can find our previous forecasts [here](#)

### Savills team

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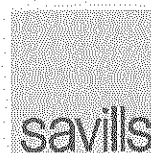
\*Savills index is an unadjusted repeat sales index based on HM Land Registry and Registers of Scotland price paid data. Note that Savills national index (labelled UK) is for Great Britain, not including Northern Ireland.

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# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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## Appendix 4.0 Residual Valuation

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**Ph 3&4 Wayside Point, Ellington, Northumberland  
150 Units - 100% Market Housing Scheme**

**Development Appraisal  
Savills  
08 November 2021**

**APPRAISAL SUMMARY****SAVILLS**

**Ph 3&4 Wayside Point, Ellington, Northumberland**  
**150 Units - 100% Market Housing Scheme**

**Appraisal Summary for Phase 1**

Currency in £

**REVENUE****Sales Valuation**

	Units	ft²	Sales Rate ft²	Unit Price
Ivy Type 2 - 2 Bed Ter/Semi	13	8,840	213.24	145,000
Holly Type 2 - 3Bed Det/Semi	26	25,688	192.31	190,000
Oak Type 8 4 Bed Det.	23	37,375	190.77	310,000
Willow Type 12 - 4 Bed Det.	24	43,176	188.99	340,000
Elder Type 15 - 4 Bed Det.	15	21,705	196.96	285,000
Granary Type CT1 - 4 Bed Det.	9	11,664	204.48	265,000
Dune Type CT2 - 3 Bed Det.	18	17,892	191.15	190,000
Gable Type CT3 - Det.	4	3,960	191.92	190,000
Peony 3 Bed Det./Semi	18	19,458	189.64	205,000
<b>Totals</b>	<b>150</b>	<b>189,758</b>		

**NET REALISATION****36,645,000****OUTLAY****ACQUISITION COSTS**

Residualised Price		4,689,547	
			4,689,547
Stamp Duty		224,477	
Effective Stamp Duty Rate	4.79%		
Agent Fee	1.00%	46,895	
Legal Fee	0.80%	37,516	
			308,889

**CONSTRUCTION COSTS****Construction**

	ft²	Build Rate ft²	Cost
Ivy Type 2 - 2 Bed Ter/Semi	8,840	105.00	928,200
Holly Type 2 - 3Bed Det/Semi	25,688	105.00	2,697,240
Oak Type 8 4 Bed Det.	37,375	105.00	3,924,375
Willow Type 12 - 4 Bed Det.	43,176	105.00	4,533,480
Elder Type 15 - 4 Bed Det.	21,705	105.00	2,279,025
Granary Type CT1 - 4 Bed Det.	11,664	105.00	1,224,720
Dune Type CT2 - 3 Bed Det.	17,892	105.00	1,878,660
Gable Type CT3 - Det.	3,960	105.00	415,800
Peony 3 Bed Det./Semi	19,458	105.00	2,043,090
<b>Totals</b>	<b>189,758 ft²</b>		<b>19,924,590</b>
Contingency		3.00%	597,738
Abnormal Costs			601,180
Garages			299,000

**21,422,508****PROFESSIONAL FEES**

Professional Fees	5.00%	996,229	
			996,229

**DISPOSAL FEES**

Sales Agent Fee		3.00%	1,099,350
Sales Legal Fee	150 un	600.00 /un	90,000
			1,189,350

**FINANCE**

**APPRAISAL SUMMARY****SAVILLS****Ph 3&4 Wayside Point, Ellington, Northumberland****150 Units - 100% Market Housing Scheme**

Debit Rate 6.000%, Credit Rate 0.000% (Nominal)

Land

699,194

Construction

10,283

Total Finance Cost

709,476

**TOTAL COSTS****29,316,000****PROFIT****7,329,000****Performance Measures**

Profit on Cost%

25.00%

Profit on GDV%

20.00%

Profit on NDV%

20.00%

IRR% (without Interest)

30.44%

Profit Erosion (finance rate 6.000)

3 yrs 9 mths



**APPRAISAL SUMMARY****SAVILLS**

**Ph 3&4 Wayside Point, Ellington, Northumberland**  
**150 Units - 100% Market Housing Scheme**

**Gross Sales**

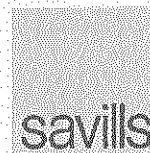
1,885,000  
4,940,000  
7,130,000  
8,160,000  
4,275,000  
2,385,000  
3,420,000  
760,000  
3,690,000  
**36,645,000**

**APPRAISAL SUMMARY****SAVILLS**

**Ph 3&4 Wayside Point, Ellington, Northumberland**  
**150 Units - 100% Market Housing Scheme**

# Report & Valuation

Phase 3&4 Land at Wayside Point, Lynemouth Road, Ellington, NE61 5HB



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Associate Director

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**Ray Minto MRICS**  
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Ray.minto@savills.com



**SPECIFIC CONDITIONS**

**NOT USED**

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

The Common Seal of **NORTHUMBERLAND  
COUNTY COUNCIL** was hereunto affixed  
in the presence of:

.....  
Authorised signatory

Executed as deed by **ADVANCE NORTHUMBERLAND  
(DEVELOPMENTS) LIMITED** acting by  
**FREDERICK CHARLES O'FARRELL,**  
a director, and

.....  
Director

**JEFFREY GEORGE WATSON,**  
a director

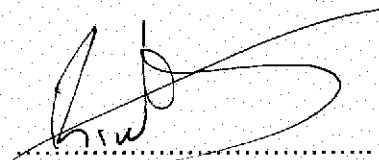
.....  
Director





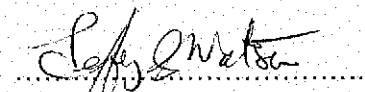
This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as deed by **ADVANCE NORTHUMBERLAND  
(DEVELOPMENTS) LIMITED** acting by  
FREDERICK CHARLES O'FARRELL, a director,

A handwritten signature in black ink, appearing to read 'F. O'Farrell', written over a dotted line.

Director

and JEFFREY GEORGE WATSON, a director

A handwritten signature in black ink, appearing to read 'J. G. Watson', written over a dotted line.

Director

The Common Seal of **NORTHUMBERLAND COUNTY  
COUNCIL** was hereunto affixed in the presence of

.....  
Authorised signatory