

Report and Valuation

as at

31st March 2021

for

**Walls & Futures REIT PLC
3rd Floor,
111 Buckingham Palace Road,
London, SW1W 0SR**

of

Flat 1, 54 Elsenham Street, London, SW18 5NT

&

[REDACTED] Stroud, Gloucestershire, GL5 [REDACTED]

&

[REDACTED] Harwell, Oxfordshire, OX11 [REDACTED]

John D Wood Relationship with the Company

John D Wood has no relationship with the Company or its subsidiaries other than valuation reports provided by John D Wood for different Properties that Walls & Futures REIT PLC own. We confirm that John D Wood has no conflicts of interest with the Borrower or the Property and we are acting as an independent valuer in full compliance with current RICS Valuation – Professional Standards as stated within Appendix 1.

Fee income from the Company

For the financial year ending 31st March 2021, we anticipate that the proportion of fees payable by the Company to the total fee income of John D Wood will be materially less than 1%.

Involvement in the Properties in the previous 12 months

Other than stated above, John D Wood has had no other fee earning involvement with the Properties.

Inspection

We have not been instructed to reinspect the Properties because there has been no change to the dwellings since we inspected in December 2019.

Purpose of the valuation

We understand that the valuation is required in connection with the Company establishing a Market Value for each of the Properties as of 31 March 2021 for end of year financial accounting purposes. We valued the Properties as of 31st March 2020, in a report dated 4th August 2020. The aggregate value of the properties stated in the previous report were £3,915,000 and this covered the following properties:

Flats 1 & 2, 54 Elsenham Street, London, SW18 5NT

██████████ Stroud, Gloucestershire, GL5 ██████

██████████ Harwell, Oxfordshire, OX11 ██████

Changes since the previous report

We understand that the Client has disposed of Flat 2, London, SW18 5NT that was sold for £660,000 in January 2021.

Bases of valuation

Our opinion of the Market Value of the Properties has been primarily derived using comparable recent market transactions on arm's length terms.

Market Value

Market Value as defined in Valuation Standard 3.2 of the RICS Valuation Standards – Global and UK, 7th Edition ("the Red Book") and applying the conceptual framework which has been settled by the International Valuation Standards Council (IVSC). Under VS 3.2, the term "Market Value" means *"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."*

In undertaking our valuation on the basis of Market Value, we have applied the conceptual framework that is set out in IVS Framework paragraphs 30-34.

Market Conditions and Property Marketability

BREXIT

Background

The UK left the EU on 31 January 2020 and entered an 11-month transition period (which some prefer to call the implementation period), which began immediately after Brexit day and ended on 31 December 2020. During this period, the UK effectively remained in the EU's customs union and single market and continues to obey EU rules.

Businesses now have to adapt and make changes to their operations as a result of leaving the single market. Such issues as customs, people and recruitment, data protection and regulatory compliance all need to be considered. Recent reports suggest that all is not well, but this appears to be down to having to adapt to new procedures.

Residential

A residential market report was published by the RICS in March 2021, their headline;

'Sales market activity rises firmly over the month'

- Outlook

The March 2021 RICS UK Residential Survey results show sales market activity picking up sharply over the month, with indicators on enquiries, sales and new instructions all improving noticeably compared to last time out. Survey participants highlight the extension of the Stamp Duty holiday as a significant driving force behind this renewed momentum, while a gradual loosening in lockdown restrictions is also said to be contributing to the rise in activity.

- New Buyer Demand

At the national level, a net balance of +42% of respondents cited an increase in new buyer enquiries during March. This is up from a reading of zero previously and marks the strongest return since September last year.

- Sales

Agreed sales rose firmly during March, evidenced by a net balance of +50% of contributors reporting an increase. This marks a sharp acceleration compared to last month (net balance +7%) and is in fact the strongest reading since August last year

- Sales Expectations

sales expectations rose noticeably to post a net balance of +35%, up from a figure of +9% in February. What's more, the near term sales outlook is now the most upbeat since January 2020, with sales expectations positive across all parts of the UK. That said, this rise in sales looks set to be concentrated over the next few months, with the twelve-month expectations series consistent with more modest growth in sales further ahead.

- New Instruction

New instructions coming onto the market also improved, albeit the pace of growth (in net balance terms) was not enough to match the pick-up in demand reported. Indeed, a common

theme running through the comments left by contributors is that demand is running ahead of supply, and more new instructions will be needed to balance the market going forward. Over ¼ of the respondents noted that the number of appraisals were up on the same period last year (a turnaround on a reading of -19% in February), indicating new instructions should be in the pipeline over the next few months.

- House Price Growth

With regards to house prices, a net balance of +59% of respondents cited an increase at the national level over the latest survey period. This indicator has now risen slightly in each of the last two months, although the latest reading is still slightly below the recent high of +66% posted back in October last year. In terms of the regional breakdown, prices are reportedly rising across all regions/countries of the UK, with the strongest momentum signalled by respondents in the North West, Yorkshire & the Humber, as well as Northern Ireland.

Monthly UK House Price Statistics

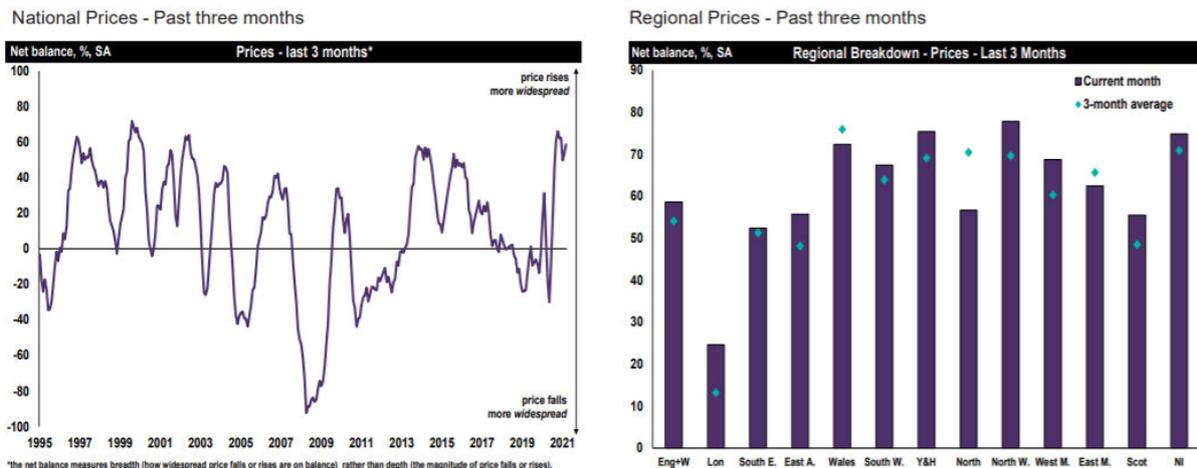
	Monthly % Change Seasonally Adjusted	3 Month on 3 Month % Change	Annual % Change	Average Price
Mar-20	0.9	1.2	3.0	219,583
Apr-20	1.2	1.7	3.7	222,915
May-20	-1.6	1.6	1.8	218,902
Jun-20	-1.5	0.3	-0.1	216,403
Jul-20	1.8	-0.9	1.5	220,936
Aug-20	1.9	-0.3	3.7	224,123
Sep-20	0.9	1.8	5.0	226,129
Oct-20	0.8	3.5	5.8	227,826
Nov-20	0.9	3.6	6.5	229,721
Dec-20	0.9	2.9	7.3	230,920
Jan-21	-0.2	2.2	6.4	229,748
Feb-21	0.7	1.8	6.9	231,068
Mar-21	-0.2	1.1	5.7	232,134

Given the recent excess of demand over supply, prices are expected to continue on a firmly upward trajectory over the coming three months. At the twelve month horizon, a net balance of +60% of contributors nationally anticipate higher prices in a year's time (an increase on +46% returned last month). Twelve-month price expectations are now pointing to significant growth across all parts of the UK, led by particularly elevated readings in Wales, Scotland, and Northern Ireland. Furthermore, recent signs of economic resilience and the stimulus measures announced in the Budget, including the extension of the furlough scheme and the stamp duty holiday, as well as the introduction of a mortgage guarantee scheme, suggest that housing market activity is likely to remain buoyant over the next six months.

At the regional level, respondents across all parts of the UK noted some degree of price growth in the latest results, with Wales, the North of England and Northern Ireland all exhibiting particularly strong readings. Moreover, whereas survey participants reported a slight pull-back in London house prices last month, the latest net balance rose to +20% across the capital. Although more areas are seeing growth, Nationwide recorded in their House Price Release that the growth rate slowed slightly. Given that the wider economy and the labour market has performed better than expected in recent months, the slowdown in March probably reflects a softening of demand ahead of the original end of the stamp duty holiday before the Chancellor announced the extension in the Budget.

The longer-term outlook remains highly uncertain. It may be that the recovery continues to gather momentum and that shifts in housing demand resulting from the pandemic continue to lift the market. However, if the labour market weakens towards the end of the year as policy support is withdrawn, as most analysts expect, then activity is likely to slow nearer the end of 2021, perhaps sharply.

Overall UK annual house price growth in Q1 was similar to Q4, although there was a mixed picture across the regions, with around half seeing a slowdown in growth. The graph below shows the average change in house prices on a national (left) and on a regional (right) level.



- Rental market and growth expectations

In the lettings market, tenant demand appears to be building a head of steam, as the latest net balance rose to +36% from +26% beforehand (non-seasonally adjusted monthly series). Set against this, landlord instructions continue to fall according to a net balance of -25% of contributors. Consequently, near term rental growth expectations rose sharply, posting a net balance of +47% (+37% last month). For the coming twelve months, respondents are now projecting rental growth to come in a little under 3% at the national level. On this measure, London is the only region where rents are not expected to rise over the year to come, with projections sitting in flat to marginally negative territory across the capital.

Coronavirus

The UK has been under another total lock down as a way of seeking to bring the Pandemic under control as it has delivered the fastest, deepest economic shock in history. Having excited a second lockdown in November, that was seen as a way of slowing down the virus, the Government decided that a third lockdown was required due to the discovery of new strains and variants of the virus. Firms were informed that viewings could still take place, although protective measures should be taken, but the uncertainty within the market would continue to impact consumer confidence.

In February, the Prime Minister set out roadmap to cautiously ease lockdown restrictions in England. The Governments roll out of multiple coronavirus vaccines to the elderly, vulnerable, and to key workers, has been a success and circa 50% of the population have now been provided with their first vaccination. These vaccines have provided a small boost to consumer confidence, and this has been further boosted by the execution of steps 1 (child back to school

and opening of some outdoor sport facilities) and step 2 (opening of non-essential retail, and other attractions/facilities).

To what affect this will have on the property market and values going forward is unknown however consumers are beginning to feel like progress is being made and we are closing in to returning to 'normality'. There are sales taking place and we are seeing 'under offer' appearing on boards.

The RICS definition of Market Value is 'the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion'. We interpret this to mean that the actual sales period can vary depending on the state of the market. In this circumstance a much longer marketing period would be required.

Valuation Approach

To calculate the market value of the residential properties, we have used a comparable method to find a value per sq ft and applied this to the sq ft. We have conducted analysis of these comparables to arrive at the new market value for the Properties.

Valuation

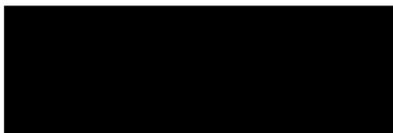
We are of the opinion that the Market Value as at 31st March 2021 of the respective freehold interest in each of the Properties as described in the appendices, subject to the Assumptions, Special Assumptions and comments in this Valuation Report and in the appendices was as follows:-

TOTAL - £3,215,000
(Three million two hundred and fifteen thousand pounds)

Confidentiality and Disclosure

The contents of this Valuation Report and appendices are confidential to Walls and Futures REIT PLC as referred to above for the specific purpose to which they refer and are for their use only. Consequently, and in accordance with current practice, no responsibility is accepted to any other party in respect of the whole or any part of their contents. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

Yours faithfully,



Paul Wolfenden FRICS
RICS Registered Valuer
Director
For and on behalf John D Wood

Appendix 1 – Compliance with RICS Valuation Procedures, Basis of Valuation and the Assumptions and Sources of Information

Compliance with RICS Valuation – Global Standards 31st January 2020

We confirm that the valuation will be prepared in accordance with the appropriate sections of the Professional Standards ('PS'), RICS Valuation ('Red Book Global') Valuation Practice Statements ('VPS'), RICS Global Valuation Practice Guidance – Applications ('VPGAs'), and International Valuation Standards (IVS) contained within the RICS Valuation – Global Standards (the 'Red Book Global').

Status of valuer and conflicts of interest

We confirm that we have sufficient current knowledge of the relevant market, and the skills and understanding to undertake the valuation competently. We confirm that Paul Wolfenden FRICS has overall responsibility for the valuation. Finally, we confirm that we have undertaken the valuation acting as External Valuers, qualified for the purpose of the valuation.

Bases of valuation

Our opinion of the Market Value of the Property has been primarily derived using comparable recent market transactions on arm's length terms.

Market Value

Market Value as defined in the 'Red Book Global' within RICS Valuation technical and performance 4 (VPS4) and applying the conceptual framework which has been settled by the International Valuation Standards Council (IVSC). Under IVS 104 paragraph 30.1, the term "Market Value" means *"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."*

In undertaking our valuation based on Market Value, we have applied the conceptual framework that is set out in IVS Framework paragraphs 30-34.

Taxation and costs

We have not made any adjustment to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposal incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposal.

As is normal in the UK we have made a deduction to reflect a purchaser's acquisition costs.

VAT

The Company has advised us that they have exercised their option to tax. The capital valuation and rentals included in this Valuation Report are therefore net of value added tax at the prevailing rate.

Assumptions and sources of information

An Assumption is stated in the Glossary to the 'Red Book Global' to be 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". In this context, Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process.

In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Owner has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below;

Title

As is normal we have not had access to the title deeds of the Property and have made an Assumption that the Owner is possessed of good and marketable freehold title and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Property is free from mortgages, charges or other encumbrances.

Condition of structure and services, deleterious materials

A condition survey has not been undertaken, nor have woodwork or other parts of the structure which are covered, unexposed or inaccessible, been inspected. Therefore, we are unable to report that the Property is structurally sound or is free from any defects. We have made an Assumption that the Property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations, and therefore we cannot confirm that the Property is free from risk in this regard. For the purposes of this valuation, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

We have not carried out an asbestos inspection and have not acted as an asbestos inspector in completing the valuation inspection of the Property that may fall within the Control of the Asbestos at Work Regulations 2002.

No mining, geological or other investigations have been undertaken to certify that the site is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the Property are sufficient to support the building constructed thereon. We have also made an Assumption that there are no services on, or crossing the site in a position which would inhibit development or make it unduly expensive and that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the Property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. However, we have made an Assumption that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

No allowance has been made in this valuation for any items of plant or machinery not forming part of the service installations of the building. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

Further, no account has been taken in our valuation of any business goodwill that may arise from the present occupation of the Property.

It is a condition of JDW or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

Environmental Matters

We have made enquiries of the relevant Local Authority website in order, so far as reasonably possible, to establish the risk of flooding at the Property and the potential existence of contamination arising out of previous or present uses of the site and any adjoining sites.

Our enquiries and inspection have provided no evidence that there is a significant risk of contamination in respect of the Properties.

Statutory Requirements and planning

We have made an Assumption that the building has been constructed in full compliance with valid town planning and building regulations approvals, that where necessary it has the benefit of a current Fire Risk Assessment compliant with the requirements of the Regulatory Reform (Fire Safety) Order 2005. Similarly, we have also made an Assumption that the Property is not subject to any outstanding statutory notices as to its construction, use or

occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Property are duly authorised or established and that no adverse planning condition or restriction applies.

No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have made an Assumption that the Property complies with all relevant statutory requirements.

In England and Wales, the Government has implemented the Energy Performance of Buildings Directive requiring Energy Performance Certificates ("EPC") to be made available for all properties, when bought or sold, subject to certain exemptions. If the Property is not exempt from the requirements of this Directive, we have made an Assumption that an EPC would be made available, free of charge, to a purchaser of the interest in the Property if a sale to be considered.

In addition, the Energy Act 2011 includes a provision whereby from April 2018 it will be unlawful to rent out premises with an EPC rating below a Band E.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required.

The above assumptions are general assumptions that would be made by valuers undertaking a valuation for the purpose for which this valuation has been commissioned.

Information

We have made an Assumption that the information the Owner and Borrower and its professional advisers have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.