

# Property Valuation Committee

## Focus areas for 2024/2025

- / Appointment of new valuer
- / Review of quarterly valuations

**Richard Jones**

Chair of the Property Valuation Committee



## We have appointed a new external valuer, effective June 2025.

### Terms of reference

The Committee's responsibilities are set out in its terms of reference, which are reviewed annually. These include reviewing the quarterly valuation reports produced by the external valuer before their submission to the Board, looking in particular at:

- Significant adjustments from previous quarters;
- Individual property valuations;
- Commentary from management;
- Significant asset specific issues that should be raised with management;
- Material and unexplained movements in the Company's net asset value;
- Compliance with applicable standards and guidelines;
- Reviewing findings or recommendations of the valuer; and
- The appointment, remuneration and removal of the Company's valuer, making such recommendations to the Board as appropriate.

### Activity

The Committee met four times during the year ended 31 March 2025. In addition, members of the Property Valuation Committee, together with management, met with the external valuer, CBRE, each quarter to review the valuations and underlying assumptions, included in the year-end valuation process.

These valuations are undertaken in accordance with the Royal Institution of Chartered Surveyors Red Book valuation standards. The matters which were considered included:

- Property market conditions and trends;
- Movements compared to previous quarters;
- Yields on properties within the portfolio;
- Letting activity and vacant properties;
- Covenant strength and lease lengths;
- Estimated rental values; and
- Comparable market evidence.

At the April 2024 meeting, the Committee considered the market trends that were evident over the course of the year and concluded these had been fully reflected by the external valuer in the quarterly valuation reports. The Committee was also satisfied with the valuation process throughout the year.

At the July 2024 meeting, the Committee considered and agreed the proposed approach and timeline for the tender process for the selection and appointment of a new valuer.

At the October 2024 meeting, a member of the CBRE team presented to the Committee on the current real estate market and future outlook and emerging trends. In addition, the Committee received an update on the timetable to appoint a new valuer.

At the January 2025 meeting, the Committee considered the recommendation to appoint Knight Frank as the new valuer in place of CBRE. The Committee also reviewed its performance and effectiveness as part of the wider internal Board and Committee evaluation process with the conclusion drawn that the Committee continued to operate effectively.

### External valuer and appointment of new valuer

CBRE Limited has been the Group's external valuer since 2013, responsible for carrying out a valuation of the Group's property assets each quarter, the results of which are incorporated into the Group's half-year and annual financial statements, and the quarterly net asset statements.

In last year's Annual Report, the Committee highlighted the new RICS' rules on mandatory rotation of UK valuers, with the new requirements to change the valuation firm valuing the same assets every ten years, with the valuer within the valuation firm to be changed every five years.

The Committee delegated to the Chair and management to lead on the selection process for a new valuer with a view to making an appointment in good time to allow for a period of overlap and a smooth handover. Following a robust selection process, Knight Frank were appointed by the Board, to take effect for the June 2025 quarter end valuation.

Knight Frank's selection was based on a number of factors including their processes, knowledge and expertise in the asset classes we invest in. As part of the transition, Knight Frank agreed to produce a shadow valuation for the March 2025 quarter end, which was reviewed by the Committee and management.

On behalf of the Committee and management, I would like to express my thanks to CBRE for their excellent service over the previous 13 years, in their work as external valuer to the Company.

#### Richard Jones

Chair of the Property Valuation Committee  
21 May 2025

The Property Valuation Committee is chaired by Richard Jones. The other members of the Committee are Mark Batten, Helen Beck and Francis Salway. Maria Bentley and Lena Wilson stepped down as members of the Committee during the year.