

**VALUATION REPORT**

**ON**

**7, 8 & 9 LIVERPOOL TERRACE  
WORTHING  
BN11 1TA  
AND  
22 SHELLEY ROAD  
WORTHING  
BN11 1TU**

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Proplend Security Limited and  
Cairn Global Fund PLC acting for its sub-fund  
Cairn European Commercial Mortgage Fund  
H1, Ascot Business Park  
Lyndhurst Road  
Ascot  
SL5 9FE

Date: 27 September 2016

Our Ref: JAS/cl/43,032

Your Ref: Sealion Estates Limited

*For the attention of Julie Pavlick*

Dear Sirs

**CUSTOMER: SEALION ESTATES LIMITED**

**PROPERTY: 7, 8 AND 9 LIVERPOOL TERRACE, WORTHING BN11 1TA AND  
22 SHELLEY ROAD, WORTHING BN11 1TU**

In accordance with your emailed instructions of 28 June 2016 (See Appendix C), as confirmed by our letter of 11 July 2016, we have inspected the above properties in order to advise you of our opinion of the Market Value of the freehold interests for your secured lending purposes.

Our valuations have been prepared in accordance with the RICS Valuation - Professional Standards January 2014 and we confirm that the valuer conforms to the requirements of the Professional Standards and is an external valuer as defined therein.

The date of valuation is the date of this report and our valuations assume full vacant possession and are subject to the leases described herein. The properties were re-inspected on 15 July 2016 by James Sadler BSc (Hons) MRICS, RICS Registered Valuer, who has the required experience and expertise to complete the valuation. Our inspection of the properties and this valuation report are subject to our Conditions of Engagement attached to our letter of confirmation.

However, as you are aware, we have previously provided valuation reports to other lenders regarding the properties, the most recent dated 14 March 2016. We confirm that we have no other current or foreseeable fee earning relationship concerning the subject properties apart from the valuation fee and that we have had no relationship with any of the interested parties or any previous involvement with the properties, other than stated, within the past two years.

Stiles Harold Williams has Professional Indemnity Insurance cover of £10,000,000 for any one claim.

The valuations, unless otherwise stated, are subject to the caveats and assumptions and relevant definitions contained in Appendices A and B, which form an integral part of this report. Stiles Harold Williams operates a complaints procedure which we can make available to you and this valuation may be subject to monitoring under the RICS conduct and disciplinary regulations.

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27 September 2016  
Proplend Security Limited and  
Cairn European Commercial Mortgage Fund

7, 8 & 9 LIVERPOOL TERRACE AND 22 SHELLEY ROAD,  
WORTHING, WEST SUSSEX

We understand that the properties, also including No. 6 Liverpool Terrace, were purchased by your customer for a price of £1.6 million in late 2014/early 2015.

## **1.00     EXECUTIVE SUMMARY**

- The subject property comprises:
  - 7, 8 and 9 Liverpool Terrace
  - 7, 8 and 9 Field Row
  - Car park at 22 Shelley Road
- Note: Your Customer also owns the freehold title of 6 Liverpool Terrace. However we understand from you that this is not to be included as security for the loan facility.
- Freehold interests.
- Worthing town centre location.
- Market Value at £1,225,000 (One Million Two Hundred and Twenty Five Thousand Pounds)
- Market Value making the Special Assumption of Vacant Possession at £1,225,000 (One Million Two Hundred and Twenty Five Thousand Pounds)
- Current income for 7, 8, and 9 Liverpool Terrace, assuming all agreed lease renewals complete, at £72,720 (Seventy Two Thousand Seven Hundred and Twenty Pounds) Per Annum.
- Current income for 22 Shelley Road at £11,545 (Eleven Thousand Five Hundred and Forty Five Pounds) Per Annum.
- Total Income at £84,265 (Eighty Four Thousand Two Hundred and Sixty Five Pounds) Per Annum.
- Note: Excluding the car park, approximately 32% of the accommodation is vacant and 30% is held on leases where the tenant is holding over or negotiating a lease renewal.
- Total Market Rent at £113,900 (One Hundred and Thirteen Thousand Nine Hundred Pounds) Per Annum.

### **1.01     We recommend the following issues require further clarification:**

- See Section 5 regarding condition, in particular our comments relating to the damp.

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- See Section 7 regarding tenure.
- See Section 8 regarding tenancies.
- See Section 9 regarding town planning.

## **2.00     LOCATION**

- 2.01     Worthing is a principal town on the West Sussex coast, located approximately 50 miles south of central London, 12 miles to the west of Brighton and 20 miles east of Chichester. The A24 trunk road connects Worthing to the M25 and is of dual carriageway for the majority of its length with connections to Horsham, Crawley and Gatwick to the north. The A27 trunk road connects all principal centres on the south coast and connects to the A23 to the north of Brighton.
- 2.02     Liverpool Terrace and Shelley Road are located in Worthing town centre and are within approximately ¼ mile of one another. Liverpool Terrace is located just off Montague Street, close to the Montague Shopping Centre, the town's main retail area.
- 2.03     Liverpool Terrace overlooks lawned gardens and the terrace comprises mainly offices and converted flats.
- 2.04     Shelley Road connects to the north end of Liverpool Terrace and is mainly residential in nature. Access to the car park is from the south side of Shelley Road, between numbers 11 and 13 Shelley Road.
- 2.05     We attach a location plan below.



### 3.00 DESCRIPTION

3.01 The subject property comprises:

- 7, 8 and 9 Liverpool Terrace
- 7, 8 and 9 Field Row
- 22 Shelley Road

3.02 We understand from your customer that there have been no material changes to the property since we last reported, save to some internal decoration work to the vacant office suites.

3.03 7, 8 and 9 Liverpool Terrace comprises a terrace of three bow fronted, Grade II Listed period properties, each with a retail/office unit to the rear, known as Field Row. 7, 8 and 9 Liverpool Terrace have been converted into offices and the majority of the accommodation is arranged on lower ground, ground, first, second and third floors, however, number 8 has been extended into the roof to create additional fourth floor accommodation. 8 and 9 Liverpool Terrace interconnect at first floor. However, it appears relatively simple to reinstate the dividing walls and make these buildings self contained.

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- 3.04 The units in Field Row are at the rear of the main buildings and connect at ground and lower ground floor. However, these units are on ground and first floors when approached from Field Row.
- 3.05 The basements to Liverpool Terrace have separate street entrances and are also accessible from the ground floors of the main buildings. Each building is converted to provide individual rooms used for offices. The offices typically have painted and papered ceiling and walls, ceiling mounted lights, wall mounted electric heaters or panelled radiators. The accommodation also generally has separate WC and kitchen facilities located throughout the building.
- 3.06 The accommodation in Field Row is a mix of former retail units and office accommodation with separate access from Field Row.
- 3.07 The buildings are of typical brick construction with painted stucco elevations to the front and rendered elevations to the rear. The main roofs are pitched and have slate tiles. The majority of the windows are single glazed sashes, however, some of the windows to the rear are single glazed casement.
- 3.08 The buildings have no passenger lifts and no parking.
- 3.09 We attach photographs below.



**FRONT ELEVATION**



**TYPICAL OFFICE ACCOMMODATION**



**TYPICAL OFFICE ACCOMMODATION**



**REPAIRS TO AREA OF DAMP TO TOP  
FLOOR, NO. 7**



**OFFICE ACCOMMODATION, NO. 9**



**NO. 7 FIELD ROW**



**NO. 9 FIELD ROW**



**SHELLEY ROAD, CAR PARK**

- 3.10 22 Shelley Road is a surfaced car park of approximately 0.11 acres plus an access road. The car park has 23 marked car parking spaces. Numbers, 20, 21 and 22 are in tandem and number 23 is in triplicate. In addition, some of the spaces are in the corner and hemmed in. Taking the above into account we are of the opinion that 17 of the car parking spaces have unencumbered access.

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#### 4.00 ACCOMMODATION

4.01 We have previously measured the property in accordance with the RICS Code of Measuring Practice (6<sup>th</sup> Edition) and we calculate the net internal floor areas (NIA) of the buildings as below.

4.02 From 1 January 2016, the RICS adopted the 'International Property Measurement Standards (IPMS) – Offices', as the mandatory measurement standard for office premises. As this is a relatively recently adopted measurement basis, we consider that the Market would continue to value based on the net internal floor areas (NIA) as any comparable evidence would be measured on such a basis. As agreed with you, we have not re-measured the property on an IPMS basis and instead we have used the NIA areas below in reaching our opinion of the Market Value.

	SQ. M.	SQ. FT.
7 Liverpool Terrace & 7 Field Row	298.90	3,218
8 Liverpool Terrace & 8 Field Row	320.83	3,454
9 Liverpool Terrace & 9 Field Row	<u>288.81</u>	<u>3,109</u>
<b>TOTAL</b>	<b>908.54</b>	<b>9,781</b>

4.03 Note: On our re-inspection of the property, we were not able to gain access to the ground floor suite at 9 Liverpool Terrace nor the first floor at 9 Field Row, both occupied by John Dixon Salt. We have also been unable to measure these areas on previous inspections. We have relied on measurements of these two suites provided by the 2014 selling agent as being approximately 464 sq.ft and 205 sq.ft respectively. If it is subsequently found that these office suites are significantly different in floor area to those stated then this may impact upon the opinions of value reported herein.

4.04 We attach Ordnance Survey Extracts below showing our understanding of the extent of the property edged in red.

27 September 2016  
Proplend Security Limited and  
Cairn European Commercial Mortgage Fund

7, 8 & 9 LIVERPOOL TERRACE AND 22 SHELLEY ROAD,  
WORTHING, WEST SUSSEX



7, 8 & 9 Liverpool Terrace



22 Shelley Road

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- 4.05 Based upon the above we calculate a site area of approximately 0.045 hectares (0.111 acres) for 7, 8 and 9 Liverpool Terrace and approximately 0.045 hectares (0.112 acres) for 22 Shelley Road.

**5.00 CONDITION**

- 5.01 We have not been provided with a building survey or engineer's report and have not been asked to compile either.
- 5.02 Our superficial valuation inspection revealed that overall, the majority of the accommodation is a little dated and requires modernisation, the main exceptions being the lower ground, ground, first and second floors at 8 and 9 Liverpool Terrace. These suites have been modernised and the accommodation comprises painted and plastered ceiling and walls, modern category 2 lighting, modern electric heaters, newly installed kitchen, decorated and new floor coverings.
- 5.03 We understand that your Customer is currently refurbishing the office suites as and when they become available, or as part of negotiations for new leases.
- 5.04 There is currently scaffolding erected to the front elevations of numbers 7 & 8. This is because of the ongoing repair work to the join between the roof and the front elevation. This junction has been allowing water to penetrate in the ceilings of the top floor office suites.
- 5.05 In addition to the generally dated accommodation, the main items of disrepair are as follows:
- Damp to the internal plasterwork at the front walls and ceilings on the third floors, in particular at number 7 Liverpool Terrace. Scaffolding is currently erected and your Customer is in the process of resolving this issue.
  - Smashed window pane to the WC in number 7, Liverpool Terrace.
  - Some of the sash windows are in poor repair and also have broken sash cords.
  - External timber window sills are rotten and in poor repair.
- 5.06 In addition to the above, the car park surface at 22 Shelley Road is in poor repair, cracked and with vegetation growth coming through the tarmac surface. The car park is enclosed by the rear garden walls of various properties and some of these walls are in poor repair. We are not aware who owns these walls, nor the repairing/maintenance liabilities. We recommend that your solicitors seek clarification of this issue.
- 5.07 We have not included any explicit deductions within our valuation calculations to reflect the potential costs of these repairs. However, we have reflected the overall condition of the buildings within our opinion of the Market Value.

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- 5.08 Bearing in mind the age and the damp issues, we recommend that your Customers commission a damp specialist to investigate the damp issues and to provide any recommendations or repair works that are not already ongoing.
- 5.09 The Energy Act 2011 provides that from April 2018, no commercial property can be marketed without an EPC rating of E or above. If the subject property fails to meet this rating it could affect the future saleability.
- 5.10 From our online enquiries we understand each of the buildings have the following EPC ratings:
- 7 Liverpool Terrace – E (112)
  - 8 Liverpool Terrace – E (112)
  - 9 Liverpool Terrace – F (141)
- 5.11 We therefore advise your Customer to carry out the necessary improvement works to ensure that the property meets the requirements in the future.

## **6.00 SERVICES**

- 6.01 We have not been provided with any information in this regard. However, our inspection revealed that all expected mains services are connected.

## **7.00 TENURE**

- 7.01 We have not had sight of any title papers nor a report on title and have for the purpose of valuation assumed each separate building (to include the Field Row element) is held on separate freehold interests. We also assume that each freehold title is good and marketable, free from any onerous restrictions, easements, payments or covenants.
- 7.02 We make similar assumptions regarding the car park at 22 Shelley Road and that the land has the necessary rights of access.
- 7.03 We recommend that your solicitors seek clarification of these issues.

## **8.00 TENANCIES**

- 8.01 Your customer has provided us with a tenancy schedule and we replicate part of this within Appendix D of this report. We have not had sight of the occupational agreements but make the following comments.
- 8.02 The following buildings/suites are vacant:
- 7 Liverpool Terrace: third floor

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- 8 Liverpool Terrace: lower ground and ground floors
  - 8 Field Row: ground, first, and third floors
  - 9 Liverpool Terrace: lower ground floor
- 8.03 The following suites are understood to be subject to leases that have expired and the tenants are holding over:
- 7 Liverpool Terrace: lower ground
  - 9 Liverpool Terrace: ground, second, and third floors
  - 9 Field Row: first floor
- 8.04 The following occupational agreements have expired and the tenants are understood to be negotiating a renewal:
- 7 Liverpool Terrace: lower ground floor
  - 7 Liverpool Terrace: second floor, together with 7 Field Row, is due to be let to the existing tenant on a new lease which is currently with solicitors for drafting.
  - 9 Field Row: ground floor – new lease has been agreed and is with solicitors for drafting.
- 8.05 22 Shelley Road: It is understood that 19 of the car parking spaces are let on 7 separate licence agreements at licence fees of between £535 - £720 per annum (inclusive) per space, an annual equivalent of £11,545.
- 8.06 Note: We understand from your Customer that the majority of the car parking licences have expired or are held on a periodic basis subject to either one or three months' notice. We recommend that your solicitors seek clarification of the exact position relating to the leases and licences of the subject units.
- 9.00 TOWN PLANNING, HIGHWAYS & STATUTORY CONSENTS**
- 9.01 The subject properties are located in an area under the control of Adur & Worthing Councils and the Worthing Core Strategy (2011).
- 9.02 We have made online enquiries of the LPA Planning Portal and we outline the most pertinent findings as follows:
- 9.03 7 Liverpool Terrace and 7 Field Row: No pertinent results.
- 9.04 8 Liverpool Terrace and 8 Field Row: Planning Application (Ref: 03/00918/FULL) was refused in 2003 for a change of use on the second floor from Class Use C3

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(residential) to Class B1 (office use). However, change of use from residential to offices (Class B1) was granted in 1989 on the fourth floor at 8 Liverpool Terrace.

- 9.05 9 Liverpool Terrace: Planning Application (Ref: 0019/92) for change of use of second floor from residential to office use was granted in 1992.
- 9.06 The buildings are and appear to have most recently been used as offices. However, the issue of planning on the subject properties is not totally clear. For the purpose of the valuation we have assumed the buildings have the necessary planning consent for their existing uses, primarily as offices and we recommend that your solicitors seek clarification of this issue.
- 9.07 Numbers 7, 8 and 9 Liverpool Terrace are Grade II Listed and are located in the Montague Street Conservation Area.
- 9.08 Although not included as security for your loan facility, your Customer also owns the freehold of 6 Liverpool Terrace. We therefore provide the planning history relating to number 6 below, as we understand from your Customer that the outcome of the pending applications may have a bearing on the future uses of 7 to 9 Liverpool Terrace.
- 9.09 6 Liverpool Terrace: Planning Application (Ref: AWDM/1533/15) and Listed Building Consent (Ref: AWDM/1536/15) have been submitted for the conversion from offices to residential use (Class C3) and change of use of 6 Field Row from retail use to residential. The application seeks to convert the whole building to one residential dwelling comprising 5 bedrooms, and includes the demolition of a single storey rear addition, the removal of the front external staircase, minor alterations to layout and the replacement of 3 windows and 1 door. These applications were validated on 16<sup>th</sup> December 2015 and are pending consideration.
- 9.10 6 Liverpool Terrace: Planning Application (Ref: AWDM/0434/14) and Listed Building Consent (Ref: AWDM/0442/14) were submitted but later withdrawn in 2014 seeking permission for the change of use from offices to residential to form 3 one bedroom flats on basement, second and third floors with access off Liverpool Terrace and one mews (one bedroom) cottage accessed from Field Row together with allied alterations including replacement rear windows.

## **10.00 ENVIRONMENTAL CONSIDERATIONS**

- 10.01 As local authorities do not give verbal advice regarding contamination, no formal enquiries have been made and we rely on our valuation inspection of the property to identify whether the property or any neighbouring land is likely to be contaminated or has been, or is being put to any potentially contaminative use. Our inspection has not revealed any matters which would affect our valuation. However, if it is established subsequently that contamination exists or that the property has been put to a contaminative use, this may reduce the values now reported.

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**11.00 RATEABLE VALUE / COUNCIL TAX**

- 11.01 We have carried online enquiries of the Valuation Office Website and summarise within Appendix E a list of the individual rateable values.

**12.00 REINSTATEMENT COST**

- 12.01 A formal assessment has not been commissioned but our informal assessment of the reinstatement cost for each building (including the Field Row elements) is in the region as follows:

7 Liverpool Terrace & 7 Field Row at £750,000

8 Liverpool Terrace & 8 Field Row at £805,000

9 Liverpool Terrace & 9 Field Row at £725,000

**TOTAL £2,280,000**

**13.00 VALUATION CONSIDERATIONS**

- 13.01 We understand that the properties, including No. 6 Liverpool Terrace, were purchased by your customer for a price of £1.6 million in late 2014/early 2015.

Market Commentary

- 13.02 The Q2 2016 RICS UK Commercial Property Market Survey shows a significant deterioration in market sentiment following the Brexit vote. The heightened sense of caution is visible across both investment and occupier sides of the market, with uncertainty pushing rental and capital value projections into negative territory. Whether or not the adverse hit to sentiment is a knee-jerk reaction that will unwind as the result is digested, or the start of a more prolonged downturn, remains to be seen.
- 13.03 On a UK-wide basis, occupier demand failed to rise for the first time since 2012. Declines were reported in the office and retail areas of the market but demand proved somewhat more resilient across the industrial sector. Worries over a potential hit to business confidence, caused by political and economic uncertainty, appear to be reflected in respondents' rental outlook. This is especially the case over the shorter term. The office and retail sectors experienced the steepest decline, with the reading for both now comfortably in negative territory. In the industrial sector, although the net balance softened notably, it remains positive given the very tight supply and demand conditions.
- 13.04 At the UK-wide level and, despite a softening demand backdrop, the supply of property for investment purposes still remains tight. Indeed, investable stock reportedly declined for an eighth consecutive quarter.

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13.05 Although opinions are mixed, the largest share of respondents across the UK (36%) feel the market is now in the early stages of a downturn. All parts of the UK saw an increase in the proportion of contributors sensing the market is turning down. London exhibits the highest proportion, with 54% of respondents taking this view.

13.06 Locally, the Worthing office market has been relatively subdued in recent years, with relatively low demand for lower specification offices, particularly in comparison to nearby Brighton, which has a far more buoyant office market.

#### **Market Rent**

13.07 Approximately 32% of the accommodation is vacant and a further 30% of the floor space is held on leases where the tenant is holding over/negotiating a lease renewal, only approximately 38% is let on a current lease that has not expired. Of this floor space, the current rents on the office accommodation equate to between approximately £3.60 - £18.65 per sq.ft applied to our opinion of the NIA.

13.08 In forming our opinion of the Market Rent we have had regard to the level of rents currently achieved within the building and recent rental transactions, summarised in the attached appendices as Appendix F.

13.09 The rental comparables provide a typical range of rents of between approximately £8 - £13 per sq.ft. In addition, the following suites are available to let:

13.10 Lower Ground, Ground and First Floors, 3 Liverpool Terrace, Worthing at a quoting rent of £11.50 per sq.ft.

13.11 Various suites in the subject properties are available to let at quoting rents ranging from approximately £11.50 per sq.ft to £16 per sq.ft.

13.12 Taking the passing rent, the rental transactions and the available property into account we have applied rents of between £8 and £11.75 per sq.ft to our opinion of the NIAs for each of the offices.

13.13 We have applied higher rents on the ground and first floor office accommodation and lower rents on the lower ground floor suites and the accommodation on the second, third and fourth floors. The reduced rents on the lower ground floor reflects the relatively poor levels of natural light and the lower rents on the upper floors reflects the lack of passenger lift.

13.14 Subject to the foregoing we would expect the majority of the suites to let on a floor by floor basis, probably on relatively short lease terms of say 5 years with break options and rent reviews at the end of year 3.

13.15 In terms of Field Row, these units are a little unusual inasmuch as they are quasi retail (with no High Street frontage). 9 Field Row is the only unit that is currently tenanted although a lease has been agreed on 7 Field Row formalising Future Planning Ltd's occupation of these areas. The rent for the new lease at 9 Field

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Row will increase from £3,750 pa to £4,000pa, which equates to approximately £10 on the first floor and £15 per sq.ft on the ground floor. Taking into account the unusual nature of these units we are not aware of any recent or similar lettings of this type of accommodation.

- 13.16 However, the ground floor, 3 Field Row is currently being marketed at a rent of £4,000 per annum for approximately 267 sq.ft, equating to approximately £15 per sq.ft.
- 13.17 Taking the existing rents and the availability of 3 Field Row into account, we have applied rates of £15 per sq.ft to the ground floor accommodation and £10 per sq.ft to the first floor accommodation.
- 13.18 In relation to the car park at 22 Shelley Road, we understand from your Customer that the car parking spaces have been let on licence fees of between £535 - £720 per annum. Those spaces let at £535 per annum are achieved where your Customer has let 7 car parking spaces under one licence, and so reflects a discount for quantum. The most recent lettings are for 3 spaces under 1 licence at £600 per annum per space, and 4 spaces under one licence at £720 per annum per space
- 13.19 Elsewhere in the town the following annual charges are being quoted:
- High Street Multi Storey car park: £1,084
  - Buckingham Road Multi Storey car park: £1,084
  - Grafton Multi Storey car park: £1,084
  - Teville Gate Multi Storey car park: £500
  - Lyndhurst Road East: £975 per annum
  - Lyndhurst Road West: £975 per annum
  - Beach House East; £975 per annum
  - Beach House West: £975 per annum
- 13.20 Taking the above into account we are of the opinion that the Market Rent of the individual car parking spaces is at an average of £600 per annum, per space. This assumes that 17 of the car parking spaces are lettable and provides a total of £10,200 per annum. However, this does not take into account the relatively high level of void periods.

#### Summary of Market Rents

- 13.21 Assuming that the agreed lease renewals at the properties complete in the near future, the total current rent for the offices is £72,720 per annum. If fully let, we

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consider that the offices would together have a total Market Rent of £103,700 per annum, as detailed in Appendix H.

- 13.22 This Market Rent, together with our opinion of the Market Rent of £10,200 per annum for the car parking, provides a total Market Rent for all of the properties of £113,900 per annum.

### **Market Value**

- 13.23 In terms of forming our opinion of the Market Value we have assumed that each of the buildings (to include each of the Field Row elements) is capable of being sold on separate freehold interests. Bearing in mind the amount of vacant floor space and the number of tenants holding over or negotiating a lease renewals we have had regard to both vacant possession values and to a lesser extent investment sales.
- 13.24 We have found very few additional sales transactions that have occurred in Worthing since we last reported in March 2016. However, we attach as Appendix G a summary of freehold transactions. The freehold vacant possession transactions reflect rates of between £131 - £222 per sq.ft with half rates applied to the basements. We also note from our planning enquires that there is a pending planning application to convert the whole of 6 Liverpool Terrace into one entire residential dwelling. Taking the comparables, the current state of repair and the possible long term redevelopment opportunities into account we have applied rates of between £125 and £130 per sq.ft to the main office accommodation including Field Row and a half rate applied to the basement accommodation.
- 13.25 In terms of the valuation on 9 Liverpool Terrace and 9 Field Row, the majority of this building (approximately 80%) is let although some tenants are currently holding over. Our opinion of the Market Value of this building reflects an initial yield of approximately 7.5% rising to 8.8% once the building is fully let.
- 13.26 As outlined earlier in this report, number 6 Liverpool Terrace is also owned by your Customer although not included as security for the loan facility. This building is vacant and there is a pending planning application to convert the whole of number 6 into one residential dwelling. We are of the opinion that if planning consent is granted, then this is likely to set a precedent for similar conversions of numbers 7-9 in the future. If planning permission is granted, and depending upon the nature of the consent, we would then expect the Market Values of the subject properties to rise, albeit perhaps marginally.
- 13.27 In terms of the Market Value on 22 Shelley Road, we have assumed that 17 of the car parking spaces are lettable at an average rent of £600 per annum per space. We have then applied a yield of 10% to our opinion of the Market Rent and made the usual deductions to reflect purchaser's costs. The net figure equates to approximately £5,500 per useable car parking space. We are of the opinion that there may be longer term potential for residential development of this site. If planning consent was granted for residential development and everything else remaining equal, the Market Value would rise.

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**14.00 SUITABILITY AS A SECURITY**

- 14.01 Based upon our enquiries we conclude the subject property is capable of providing security for loan purposes at the valuation figures reported herein subject to the following qualification. This report may be relied upon by each of the parties named herein.
- 14.02 The Energy Act 2011 provides that from April 2018, no commercial or residential property can be marketed without an EPC rating of E or above. If the subject property fails to meet this rating, it could affect the ability to let or sell in the future.
- 14.03 From our informal online enquiries we have found that the subject properties have EPC ratings between E and F.
- 14.04 We therefore advise your Customer to carry out the necessary improvement works to ensure that the property meets the requirements in the future.

**15.00 VALUATION**

- 15.01 Following the referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of significant uncertainty in relation to many factors that historically have acted as drivers of the property investment and letting markets. Such circumstances are unprecedented but are expected to result in uncertainty in much of the property market. In view of this, we would advise you to have less confidence than usual in the probability of our opinion of value exactly coinciding with the price achieved were there to be a sale. We would recommend that the valuation is kept under regular review, and that specific marketing advice is obtained should you wish to effect a disposal.
- 15.02 Subject to the foregoing, we are of the opinion that the Market Values of the freehold interests in the properties with either vacant possession (VP) or subject to the existing leases as at the date of this report for your secured lending purposes is as follows:

**Market Value:**

**7 Liverpool Terrace (including 7 Field Row)**

**£360,000 (Three Hundred and Sixty Thousand Pounds)**

**8 Liverpool Terrace (including 8 Field Row)**

**£410,000 (Four Hundred and Ten Thousand Pounds)**

**9 Liverpool Terrace (including 9 Field Row)**

**£360,000 (Three Hundred and Sixty Thousand Pounds)**

**22 Shelley Road**

*Cont'd/...*



**£95,000 (Ninety Five Thousand Pounds)**

**TOTAL MARKET VALUE**

**£1,225,000 (One Million Two Hundred and Twenty Five Thousand Pounds)**

**Total Market Rent:**

**£113,900 (One Hundred and Fourteen Thousand Four Hundred Pounds) per annum**

- 15.03 Subject to the foregoing we are of the opinion that the Market Value of the freehold interests in the properties making the Special Assumption of Vacant Possession as at the date of this report for your secured lending purposes is as above. We are of the opinion that due to the high level of vacant floor space, there is no significant difference in the two valuations.
- 15.04 A copy of our valuation calculations can be found as Appendix H.
- 15.05 We consider that the most appropriate method of sale would be by private treaty and that completion could be achieved within a period of 6 months.
- 15.06 These valuations should be read in conjunction with the Caveats and Assumptions in the following Appendices. We draw your attention specifically to the confidentiality and non-disclosure provisions.

Yours faithfully,



**Valuation completed by:**

James Sadler BSc(Hons) MRICS, RICS Registered Valuer  
Senior Surveyor  
**for and on behalf of**  
**Stiles Harold Williams Partnership LLP**



**Countersigned by:**

M S McFadden FRICS ACI Arb, RICS Registered Valuer  
Partner  
**for and on behalf of**  
**Stiles Harold Williams Partnership LLP**

Cont'd/...



# **APPENDIX A**

## **CAVEATS & ASSUMPTIONS**

### **NOTE**

THE FOLLOWING CAVEATS & ASSUMPTIONS FORM  
AN INTEGRAL PART OF THIS REPORT INsofar AS THEY  
ARE APPLICABLE TO THE SUBJECT PROPERTY & UNLESS  
SPECIFIC COMMENT IS MADE TO THE CONTRARY IN THE  
FIRST SECTION OF THIS REPORT

## CAVEATS & ASSUMPTIONS

### INSPECTION

We have undertaken a visual inspection of the exterior and interior of the property to the extent to which it is accessible with safety and without undue difficulty. We have not carried out a building survey or inspected those parts of the property which are covered, unexposed or inaccessible and such parts are assumed to be in good repair and condition.

We have not tested the electrical, heating or other services and we have assumed that the services are connected to the main supplies and that they conform to necessary regulations.

Purchasers are advised that before completing any exchange of formal contracts, they should arrange for a building survey and for contractors to carry out an independent test on all the services including a full drainage test to ensure that no major defects or remedial works are required.

In preparing the report, unless otherwise stated, the following assumptions have been made and which we have no duty to verify:

- (a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
- (b) that inspection of those parts which have not been inspected would neither reveal material defects nor cause us to alter the valuation materially;
- (c) that no exceptional problems would be encountered in construction with regard to the nature of the subsoil, underground services and site conditions etc; and
- (d) that the property complies in all respects with all legislation, statutory provisions and regulations relating to its construction, use and occupation and that no notices are outstanding against the property.

### MEASUREMENTS

All measurements are carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors. In the event of dimensions or areas being calculated from plans or other sources, this has been stated in the report.

### GENERAL ASSUMPTIONS

Unless otherwise stated, all items normally associated with the valuation of land, business and buildings are included in the valuation and reinstatement costs to the extent that they existed at the date of inspection, including:

Fixed space heating, domestic hot water system, lighting, mains services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial processes, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, suspended ceilings, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant and machinery, carpets and fixed demountable partitions except where these are tenant's fixtures.

*Cont'd/...*



### **ENVIRONMENTAL CONSIDERATIONS**

We do not undertake any environmental testing as part of a normal valuation inspection and will therefore usually report that our enquiries have not revealed any contamination affecting the property or neighbouring property, which would affect the valuation. However, should it be established subsequently that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to any contaminative use, this might reduce the values reported.

When valuing a property where we suspect contamination may exist this has been reported.

### **DISABILITY DISCRIMINATION ACT 1995 (DDA)**

The Disability Discrimination Act introduces new laws and measures aimed at ending discrimination that many disabled people face, and gives disabled people new rights in the areas of employment and access to goods, facilities and services. This can impact on the value of the property interest. Under the Act, disability is given a wide definition incorporating most long-term and substantial impairments. Its scope is broad-ranging, and includes such diverse ailments as asthma, dyslexia, visual impairment and problems with mobility.

Employers are under a duty to make reasonable changes to practices and procedures within the workplace to enable disabled people to do their jobs. This may extend to making physical alterations to the workplace. These provisions came into force in 1996, and further provisions come into effect in October 2004, when Part III of this Act, covering the provision of goods, services and facilities directly to the public, came into force. A service provider now has to take reasonable steps to remove, avoid or alter any physical feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of services, or make changes to practices, policies or procedures in the service provision.

The DDA outlaws discrimination against disabled people in recruitment and employment and in the provision of goods, facilities and services. It is not known whether an access audit has recently been undertaken for the subject property in relation to the DDA and services provided and without sight of such an audit it is not possible to comment on the full extent of the deficiencies, if any, in the services provided with regard to the DDA.

You may wish to commission specialist investigations in this regard. We can provide this additional advice if you so wish for an additional fee.

### **CONTROL OF ASBESTOS AT WORK REGULATIONS**

We do not undertake any asbestos audit or register as part of a normal valuation inspection and unless we have information to the contrary, we have assumed that there are no asbestos-related issues which would affect the valuation. Should it be established subsequently that there is a cost implication relating to the presence of asbestos at the property, this might reduce the values reported.

We have valued assuming that the "Control of Asbestos Regulations 2012" have been adhered to. We are not qualified to advise as to whether or not an asbestos audit or register have been properly undertaken

*Cont'd/...*



### **VERIFICATION OF TITLE**

Unless otherwise expressly agreed we have relied upon information provided by the client and other professional advisers relating to tenure, leases and all other relevant matters. We have assumed that good Title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing. It is understood that if a Report on Title is subsequently obtained which is in conflict with our report, it will be referred to us for further consideration. No responsibility or liability is accepted for the true interpretation of the legal position of the lender and other parties. Any interpretation of legal documents and legal assumptions should be checked by the client or suitably qualified person, if it is to be relied upon.

The Landlord & Tenant Act 1987 gives certain rights to residential tenants to acquire the freehold interest in a property, where the landlord intends to dispose of his interest and where more than 50% of the floor space is in residential use. If these circumstances apply we assume that these rights do not adversely affect the valuation of the property.

### **TENANTS**

Although we have reflected the general market understanding of a tenant's status in the valuation, we have made only limited enquiries about the financial status of the tenant, and rely upon the client to advise us where there appear grounds for concern. In the context of investment property where the tenant covenant is significant, such assumptions that affect the valuation approach have been commented upon in the Valuation Considerations Section of the report. We have assumed that appropriate enquiries were made when leases were originally exchanged or when consent was granted to tenants to assign or underlet, and that tenants are not in breach of covenant.

### **TOWN PLANNING, HIGHWAYS & OTHER STATUTORY REGULATIONS**

We have made such informal, verbal planning and highways enquiries which are appropriate and possible in the circumstances. It is an assumption that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries and that neither the property nor its condition, nor its use, nor its intended use is, or will be, unlawful. It is recommended that verification is obtained from your solicitors that:

- (a) our findings in respect of planning and highways matters are correctly stated in the report;
- (b) the property is not adversely affected by any other decisions made or conditions prescribed by Local Authorities; and
- (c) the property complies with all other statutory regulations.

Where the operation of a business is dependent upon some form of Statutory Licence we will have inspected same and have reported any material conditions thereto. If documentation is not available has been reported and we have stated any assumptions made.

*Cont'd/...*

### **REINSTATEMENT COST**

We have not carried out a formal assessment of the current cost of reinstatement of the buildings and our opinion is given solely as a guide and is indicative only.

Our opinion is based on our measured areas and average rebuilding cost data, assuming the buildings are in their present form or that buildings under construction will be completed as proposed.

Our figure is on a day one basis and includes an allowance for the costs of demolition, clearance and professional and statutory fees. No allowance has been made for cost inflation, loss of rent, cost of alternative accommodation, cost of treatment or removal of contamination or Value Added Tax except on fees.

Our indicative figure should not be relied upon and is for informal guidance only.

### **COSTS AND TAX**

Where appropriate allowance has been made in our valuation for a purchaser's costs of acquisition but no allowance has been made for expenses of realisation or for any taxation that may arise on disposal or acquisition.

The valuation excludes any Value Added Tax that may be payable either on disposal or acquisition or any Value Added Tax that may be payable on any passing rental.

### **CONFIDENTIALITY**

This report is provided for the stated purpose and for the sole use of the client. We accept responsibility to the client alone that the report has been prepared with the skill, care and diligence to be expected of a competent valuer. It is confidential to the client and his professional advisers and we accept no responsibility whatsoever to any parties other than the client. Any third parties rely upon the report at their own risk.

Neither the whole nor any part of this valuation report or any reference to it may be included in any published document, circular or statement or published in any way without our written approval of the form and context in which it may appear.

*Cont'd/...*



## **APPENDIX B**

# **DEFINITIONS OF VALUE**

## **DEFINITION OF VALUE**

The Professional Standards of the RICS Valuation - Professional Standards January 2014 sets out the following definitions. The relevant definitions have been adopted in the preparation of our report.

### **EXISTING USE VALUE (EUV)**

The estimated amount for which an asset or liability should exchange on the date of valuation 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 property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

### **DEPRECIATED REPLACEMENT COST (DRC)**

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

### **MARKET VALUE (MV)**

The estimated amount for which an asset or liability should exchange on the *valuation date* between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

### **MARKET RENT (MR)**

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

### **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*.

Cont'd/...



## **APPENDIX C**

### **COPY OF INSTRUCTION LETTER**

Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

Our Ref: Sealion Estates Ltd

1<sup>st</sup> July 2016

Styles, Harold, Williams  
1 Jubilee Street  
Brighton  
BN1 1GE

Attn: Richard Bull

Dear Sir,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited and Cairn European Commercial Mortgage Fund shall rely. The valuation may be shown to any third parties in connection with the financing of the properties albeit it cannot be relied on by those parties directly. **Please advise us immediately if you are unable to give prompt attention to this matter.**

**BORROWER:** Sealion Estates Ltd

**PROPERTIES:** 7 Liverpool Terrace (including 7 Field Row), Worthing, BN11 1TA  
8 Liverpool Terrace (including 8 Field Row), Worthing, BN11 1TA  
9 Liverpool Terrace (including 9 Field Row), Worthing, BN11 1TA  
Land to the south side of 11 Shelley Road (car park), BN11 1TU

**TENURE:** Freehold

**USE:** Mainly offices and car park

**TENANCIES:** Multiple – See attached tenancy schedule

**ACCESS:** Mark Staples – [markstaples007@aol.com](mailto:markstaples007@aol.com)

**Instruction**

The report should be addressed to **Proplend Security Limited and Cairn European Commercial Mortgage Fund** which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Limited and Cairn European Commercial Mortgage Fund, it will need to be viewed by its Lending members on the understanding that only Proplend Security Limited and Cairn European Commercial Mortgage Fund may rely on the report



for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

#### **Valuation and Report**

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Properties in their current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Properties on the assumption that they have vacant possession.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
5. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
6. Please provide a full description of the Properties to include their accommodation, size, construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of each Property.
7. Please certify that the Property is acceptable for secured lending purposes.

#### **Report on Title**

A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

#### **Fees**

You have quoted and the Borrower has agreed to pay a fee of **£800+VAT (if no material changes occurred to the Properties) or £950+VAT (if material changes occurred to the Properties)** for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrower whose contact details are supplied above. Proplend Security Limited and Cairn European Commercial Mortgage Fund cannot accept any responsibility for non-payment of your fees in this regard.

Please contact **Richard Berkley on 07768 512079** if you have any queries regarding this instruction. Please send a draft copy of your report by email in the first instance to **admin@proplendsecurity.com** with final hard copy to H1 Ascot Business Park, Lyndhurst Road, Ascot SL5 9FE.

Yours faithfully,



**Brian Bartaby**  
Proplend Security Limited  
Director

# **APPENDIX D**

## **TENANCY SCHEDULE**



## 7, 8 & 9 LIVERPOOL TERRACE AND FIELD ROW, WORTHING

### TENANCY SCHEDULE

PROPERTY	TENANT	DEMISE (USE)	SQ.FT	LEASE EXPIRY	RENTAL INCOME	COMMENTS
<b>7 Liverpool Terrace</b>						
Lower Ground	Peter's Kingshill	Office	625	June 2014	£5,900	Holding over. Negotiating renewal.
Ground	Future Planning Ltd	Office	471	June 2019	£13,000	Demise includes first floor.
First	Future Planning Ltd	Office	637	June 2019	Incl. above	
Second	Future Planning Ltd	Office	498	November 2014	£5,500	Holding over - Negotiating renewal to include 7 Field Row at a rental of £5,500 pa.
Third	Vacant	Office	495	-	-	-
<b>7 Field Row</b>						
Ground	Occupied by Future Planning Ltd	Retail	250	-		Negotiating within renewal of Second floor lease at a total rental of £5,500 pa.
First	Occupied by Future Planning Ltd	Office	242	-	-	Negotiating within renewal of Second floor lease at a total rental of £5,500 pa
		<b>Total</b>	<b>3,218</b>			
<b>8 Liverpool Terrace</b>						
Lower Ground	Vacant	Office	540	-	-	
Ground	Vacant	Office	476	-	-	
First	Somers Financial	Office	469	February 2019	£5,100	Somers Financial
Second	Jackson Civil Engineering	Office	540	January 2017	£10,070	Jackson Civil Engineering – one year licence
Third	Vacant	Office	532	-	-	Negotiating dilapidations claim with outgoing tenant (Asphaleia)

Fourth	Sussex Kitchens & Bathrooms Ltd	Office	477	June 2019	£3,800	Let on new lease to Sussex Kitchens & Bathrooms Ltd.
<b>8 Field Row</b>						
Ground	Vacant	Retail	228	-	-	-
First	Vacant	Office	<u>192</u>	-	-	-
		<b>Total</b>	<b>3,454</b>			
<b>9 Liverpool Terrace</b>						
Lower ground	Vacant	Office	619	-	-	-
Ground	John Dixon Salt	Office	464	October 2016	£12,500	
First	Somers Financial	Office	563	March 2020 (Break Clause March 2018)	£6,900	Adjoins First Floor, No. 8.
Second	Asphaleia	Office	494	May 2014	£6,200	Holding over. Demise includes 9 – third floor
Third	Asphaleia	Office	525	May 2014	-	Holding over. Included within demise of 9 – second floor
<b>9 Field Row</b>						
Ground	Aleisha's	Retail	239	June 2015	£3,750	Holding over – Heads of Terms agreed for a renewal lease at £4,000 pa for 10 years, subject to a break clause in year 5.
First	John Dixon Salt	Office	<u>205</u>	October 2016		Included in the demise of the Ground Floor, No. 9.
		<b>Total</b>	<b>3,109</b>			
<b>GRAND TOTAL</b>			<b>9,781</b>		<b>£72,720</b>	

## **APPENDIX E**

# **SCHEDULE OF RATEABLE VALUES**



## SCHEDULE OF RATEABLE VALUES

Address	Description	Rateable Value
<b>7 Liverpool Terrace</b>		
Lower Ground (front)	Offices and premises	£3,400
Lower Ground	Offices and premises	£1,400
Ground	Offices and premises	£14,900 (one assessment)
First	Offices and premises	
Second	Offices and premises	
Third	Offices and premises	£4,250
		£3,500
<b>7 Field Row</b>		
Ground		£3,500 (one assessment)
First		
<b>8 Liverpool Terrace</b>		
Lower Ground	Offices and premises	£4,900
Ground (front)	Offices and premises	£5,200
Ground (rear)	Offices and premises	£2,075
First	Offices and premises	£4,450
Second		Not yet assessed
Third	Offices and premises	£4,000
Fourth	Offices and premises	£2,550
<b>8 Field Row</b>		
Ground	Shop and premises	£3,250
First		Not yet assessed
<b>9 Liverpool Terrace</b>		
Lower Ground	Offices and premises	£6,500
Ground	Surgery and premises	£7,600
First	Offices and premises	£6,800
Second	Offices and premises	£4,050
Third	Offices	£3,850
<b>9 Field Row</b>		
Ground	Store and premises	£1,450
First		Not yet assessed
<b>Shelley Road Car Park</b>		
Parking spaces 1-5		£1,375
Parking spaces 6-13		£2,200
Parking spaces 14-23		£2,750

# **APPENDIX F**

## **RENTAL TRANSACTIONS**

## APPENDIX F

### RENTAL TRANSACTIONS

**1 Shelley Road, Worthing:** This 1,688 sq.ft ground and first floor office suite was let in June 2016 at a rent of £18,000 per annum, subject to a three month rent free period. The letting was agreed for a term of 5 years, on FRI terms, and inside the security of tenure provisions of the Landlord & Tenant Act, subject to a break clause in the 3<sup>rd</sup> year. Taking into account the rent free period, the rent equates to approximately £9.80 per sq.ft until the break clause.

**Fourth Floor, 8 Liverpool Terrace, Worthing:** We understand that your Customer let this office suite in June 2016 at a rent of £3,800 per annum, equating to approximately £8 per sq.ft. The suite is let on a 3 year effectively FRI lease with no incentives.

**Second Floor, 8 Liverpool Terrace, Worthing:** We understand that your Customer let this second floor office suite in January 2016 at a rent of £10,070 per annum, equating to approximately £18.50 per sq.ft. The suite is let on a one year licence with no incentives, and we consider that the relatively high rent per sq.ft reflects the short term nature of the agreement.

Two office suites were let in June and September 2015 at **3 Liverpool Gardens, Worthing** rents equating to £12 per sq.ft. These two ground floor suites measured 794 sq.ft and 1,148 sq.ft and were let separate to two Limited Companies on FRI leases of 10 and 5 year terms. Each suite was allocated two car parking spaces.

**Part 1<sup>st</sup> Floor, Westmoreland House, South Strand, Worthing:** This suite is currently being marketed at a quoting rent of £10 per sq.ft, over 3,983 sq.ft of office space. The offices benefit from gas fired central heating, perimeter trunking, fluorescent strip lighting, passenger lift and male and female WCs.

**1 Shelley Road, Worthing:** This property is currently being marketed at a quoting rent of £20,250 per annum, equating to £12 per sq.ft overall. The property, which is self-contained, with brickwork elevations under a pitched roof, is arranged over ground and first floors. Internally, the accommodation is laid out to provide a series of modern offices. There are separate ladies' and gents' WC facilities as well as a separate disabled WC. There is a kitchen and lighting throughout is by way of fluorescent strips. The accommodation is gas fired centrally heated.

**Argyll House, 15 Liverpool Gardens, Worthing:** We understand from the letting agent that they have recently agreed lettings on five office suites on relatively short terms understood to be 5 years with break options at year 3 at rents at or very close to the quoting terms. The quoting rents equated to approximately £13 per sq.ft and we understand that minimal rent free periods were granted. The building is described as having recently been refurbished with gas fired central heating, solid oak flooring, WC facilities on each floor and on site parking. The individual suites are of between approximately 880 – 1,322 sq.ft and we are of the opinion that these appear superior in comparison to the subject suites.



## **APPENDIX G**

# **SUMMARY OF FREEHOLD TRANSACTIONS**

## APPENDIX G

### FREEHOLD VACANT POSSESSION TRANSACTIONS

#### Worthing Offices

**Sussex Chambers, 5 Liverpool Terrace & 5 Field Row, Worthing:** The freehold title of this property sold in January 2015 at a price of £470,000. The sale price equates to approximately £131 per sq.ft. However, although relatively short leases, this is an investment sale and the sale price reflects a net initial yield of 8.35%. The property is multi-let on 7 separate leases and the longest term certain expires in June 2017, approximately 2.5 years hence. The total market rent is £41,139 per annum. The building is arranged on lower ground, ground, first to third floors with an office suite in Field Row, a total of approximately 3,580 sq.ft.

**11 North Street, Worthing:** SHW recently sold the freehold interest of this property at a price of £390,000. The agreed sale price equates to approximately £209 per sq.ft applied to our opinion of the NIA (excluding the basement). The property is detached with the main accommodation arranged on ground and first floors, providing approximately 1,865 sq.ft. The offices are a series of rooms with strip lights, carpets, modern electric heaters, kitchen and WC facilities. In addition, there are 10 car parking spaces with the potential to increase this to 15. This property was alternatively available to let by way of a new FRI lease at a quoting rent of £15.50 per sq.ft.

**15 Grafton Road, Worthing:** SHW sold the freehold interest of this building in May 2013 at a price of £310,000. The sale price equated to approximately £167 per sq.ft applied to our opinion of the NIA excluding the cellar area. This is a detached building, the main accommodation arranged on ground and first floors with an additional 129 sq.ft of accommodation within the roof space. The total floor space is approximately 1,858 sq.ft plus a cellar. The offices have kitchen and WC facilities and on site parking for 10 cars.

#### Freehold Offices from a wider geographical location

**Appleyards House, 72 Brighton Rd, Horsham:** The freehold of this 2,691 sq.ft detached Grade II Listed office sold in September 2015 at a price of £553,000. The sale price equated to approximately £222 per sq.ft applied to the selling agent's opinion of the NIA, and after applying a 50% discount to the basement level. The property comprises cellular office accommodation with kitchenette and toilet facilities arranged over ground and first floors, with 397 sq.ft of basement storage. The property has suspended ceiling tiles, recessed category II lighting, carpeted floors, gas fired central heating, and original period single glazed sash windows.

**1 Ringles Place, Ringles Cross, Uckfield:** The freehold interest of this property sold in February 2015 at a price of £155,000. The sale price equates to approximately £180 per sq.ft applied to our opinion of the NIA. This is an attractive ground floor office suite of approximately 866 sq.ft with private patio and 3 car parking spaces. This is a slightly unusual suite inasmuch as it is situated in an attractive mixed use building that has flats.

**Palmeston House, Farren Court, Cowfold:** We understand from the selling agent that the freehold interest of this building sold in December 2014 at a price of £245,000. The sale price equated to approximately £180 per sq.ft applied to the selling agent's opinion of the NIA. The property comprises a relatively modern office building of approximately 1,365 sq.ft arranged on ground and first floors. The property has WC and kitchen facilities, together with 5 on site car parking spaces.



# **APPENDIX H**

## **VALUATION CALCULATIONS**

**7,8, & 9 Liverpool Terrace, Worthing**

**Market Value as at 11 August 2016**

<b>No. 7 Liverpool Terrace (inc. Field Row)</b>	<b>Sq ft</b>	<b>£ psf</b>	<b>£</b>
NIA (ex. Basement)	2,593	£125.00	£324,125
Basement	625	£62.50	£39,063
<b>Total</b>	<b>3,218</b>		<b>£363,188</b>
	<b>SAY</b>		<b>£360,000</b>

<b>No. 8 Liverpool Terrace (inc. Field Row)</b>	<b>Sq ft</b>	<b>£ psf</b>	<b>£</b>
NIA (ex. Basement)	2,914	£130.00	£378,820
Basement	540	£65.00	£35,100
<b>Total</b>	<b>3,454</b>		<b>£413,920</b>
	<b>SAY</b>		<b>£410,000</b>

<b>No. 9 Liverpool Terrace (inc. Field Row)</b>	<b>Sq ft</b>	<b>£ psf</b>	<b>£</b>
NIA (ex. Basement)	2,490	£130.00	£323,700
Basement	619	£65.00	£40,235
<b>Total</b>	<b>3,109</b>		<b>£363,935</b>
	<b>SAY</b>		<b>£360,000</b>

**TOTAL £1,130,000**

**Market Value of 22 Shelley Road as at 11 August 2016**

Market Rent is 17 spaces at £600 cps	£10,200
YP in perp at 10%	£102,000
Less purchasers Costs	£2,778
	<b>£99,222</b>

**BUT SAY £95,000**

£5,588.24 per cps

**Grand Total £1,225,000**

**Market Rent as at 11 August 2016**

<b>No. 7 Liverpool Terrace</b>	<b>Sq ft</b>	<b>£ psf</b>	<b>£</b>
3rd Floor	495	£10.00	£4,950
2nd floor	498	£11.00	£5,478
1st Floor	637	£11.75	£7,485
G Floor	471	£11.75	£5,534
Lower Ground Floor	625	£8.00	£5,000
G Floor - Field Row	250	£15.00	£3,750
1st Floor- Field Row	242	£10.00	£2,420
<b>Total</b>	<b>3,218</b>		<b>£34,617</b>
	<b>SAY</b>		<b>£34,600 pa</b>

<b>No. 8 Liverpool Terrace</b>	<b>Sq ft</b>	<b>£ psf</b>	<b>£</b>
4th Floor	477	£8.00	£3,816
3rd Floor	532	£10.00	£5,320
2nd floor	540	£11.00	£5,940
1st Floor	469	£11.75	£5,511
G Floor	476	£11.75	£5,593
Lower Ground Floor	540	£8.00	£4,320
G Floor - Field Row	228	£15.00	£3,420
1st Floor- Field Row	192	£10.00	£1,920
<b>Total</b>	<b>3,454</b>		<b>£35,840</b>
	<b>SAY</b>		<b>£35,800 pa</b>

<b>No. 9 Liverpool Terrace</b>	<b>Sq ft</b>	<b>£ psf</b>	<b>£</b>
3rd Floor	525	£10.00	£5,250
2nd floor	494	£11.00	£5,434
1st Floor	563	£11.75	£6,615
G Floor	464	£11.75	£5,452
Lower Ground Floor	619	£8.00	£4,952
G Floor - Field Row	239	£15.00	£3,585
1st Floor- Field Row	205	£10.00	£2,050
<b>Total</b>	<b>3,109</b>		<b>£33,338</b>
	<b>SAY</b>		<b>£33,300 pa</b>

**Total** **£103,700 pa**