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VALUATION REPORT

Albany House
Leigh Street
High Wycombe
HP11 2QU

UNDERTAKEN ON BEHALF OF

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

FOR THE ATTENTION OF

Brian Bartaby

09 October 2017

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EXECUTIVE SUMMARY

Albany House
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Tenure	Freehold
Total gross Income	£240,000 per annum
Market Rental Value	£240,000 per annum
Market Value **Market Value (VP)**	£2,700,000 £2,400,000
Description	A converted early 20th century chair factory arranged on two to four floors, located on the edge of the town centre in a mixed-use area. The property has been operating as a self-storage business for some ten years under the Storage King banner. Gross Internal Area of buildings: 43,440 sq ft Estimated net lettable area: 32,000 sq ft No. of self-store units: 370
Loan security	The particular strengths and weaknesses of the property are as follows:

Strengths

- Freehold;
- Let and income producing at Market Rent;
- Good occupation levels;
- Alternative uses / redevelopment opportunities; and
- Expanding market sector.

Weaknesses

- Might be a while before the area is fully regenerated;
- Value partly dependent on the management skills of the operator; and
- High Wycombe is one of the less affluent towns in the county.

We have taken these factors into consideration in determining our opinion of Market Value.

Property Address: Albany House, Leigh Street, High Wycombe, HP11 2QU

Client: Proplend Security Limited

Customer: Fortitude Investment (Commercial) Limited

Reference no: RMV2017-733-RM

1.0 INTRODUCTION

Instructions

1.1 In accordance with your instructions, we have inspected the above mentioned freehold property, owned by your customer, in order to advise you as to our opinion of:

- The current Market Value of the freehold interest in the property, as an investment, as at the date of valuation, and otherwise on the basis of the other assumptions contained herein.
- The current Market Value of the freehold interest in the property, as at the date of valuation, assuming vacant possession and otherwise on the basis of the other assumptions contained herein.
- Market Rent.

1.2 You have additionally asked us to provide a guide on the reinstatement cost of the building for insurance purposes. We propose providing an indicative estimate that is sufficient for you to judge whether your interest as mortgagee is adequately covered in the policy effected by the Borrower.

1.3 We have valued the property based on the information provided and otherwise on the assumptions referred to herein. We have not been provided with any Report on Title and have assumed the property has good title, free from any onerous or restrictive covenants and other encumbrances.

1.4 Having made all necessary enquiries and completed our research, we are now able to report to you with our opinion of value.

Purpose of valuation

1.5 We understand that our valuation is required for secured lending purposes. A copy of our letter of engagement is enclosed at **Appendix A**.

Compliance

1.6 We confirm that this report has been prepared strictly in accordance with the RICS Valuation – Global Standards 2017 (the ''Red Book''). The firm is considered to be an external valuer as defined in the RICS Standards.

1.7 We confirm that our professional indemnity insurance cover, on a per claim basis, is available in respect of the services provided.

1.8 We have undertaken a conflict of interest check and can confirm that we are not aware of any conflict of interest arising as a result of our acceptance of this instruction.

1.9 The valuation has been carried out in accordance with our Standard Valuation Assumptions and Bases of Valuation, which are attached at **Appendix B**.

Inspection

1.10 The property was inspected externally and internally on Tuesday 12 September 2017. The valuation has been prepared by Rupert Maude FRICS, a Partner at Cluttons LLP, who we confirm has experience in valuing commercial properties of this type.

Date of valuation

1.11 The valuation date is the date of this report, 09 October 2017.

2.0 LOCATION AND SITUATION

High Wycombe

2.1 High Wycombe is a large town in Buckinghamshire, 29 miles north-west of central London and 17 miles south of the county town of Aylesbury, adjacent to the M40 London to Birmingham motorway and 13 miles west of the M25 London Orbital motorway. Oxford is 27 miles north-west, Reading 23 miles south-west and Maidenhead 9 miles south.

2.2 The town has a population of c. 125,000 (Source: ONS official estimates) and is the second largest town in the county, after Milton Keynes. It is situated on the edge of the Chilterns and surrounded by Areas of Outstanding Natural Beauty.

2.3 Originally a mill town, being situated on the River Wye, it became synonymous with the chair-making industry in the 19th century, although this industry all but disappeared in the 1970s with the transfer of manufacturing to China. More recent industries include production of paper, precision instruments, clothing and plastics, with most now being located on the Cressex industrial area, south-west of the town centre and adjacent to J.4 of the M40.

2.4 The town centre was redeveloped in the 1960s with two shopping centres, office blocks and multi-storey carparks.

2.5 The town has a significant Asian population (16%), with English being the first language spoken by 66% of school pupils, 19% being Punjabi and 6% Urdu.

2.6 The railway station is on the Chiltern Main Line with services to London Marylebone, with a fastest time of 23 minutes, and to Birmingham Snow Hill.

Situation

2.7 The property is located approximately 1km west of the town centre, between Desborough Avenue, which leads south to the district of Cressex and the M40, and Carrington Road, which is a residential feeder road.

2.8 It is situated on a steep north-facing slope overlooking the Wye valley, with access off Green Street/Desborough Street and a service access from Kitchener Road, to the south. The immediate area is largely terraced two-storey Victorian housing, although Kitchener Road is characterised by Victorian semi-detached houses.

2.9 The site forms part of what is known as the Leigh Street Quarter, which covers an area of approximately 2.8 hectares, bounded by Desborough Avenue, Desborough Street and, to the south, Kitchener Road, with Leigh Street, a scruffy cul-de-sac, being the heart of the area. It was the subject of a Development Brief prepared by Wycombe District Council in November 2008.

2.10 The area was noted as having a diverse mix of mainly commercial uses and with many vacant buildings, many, including the subject property, at least in part, dating from the late 19th and early 20th century chair-making industry. The area remains in largely mixed commercial, with some community, uses, although we understand that plans are progressing for the refurbishment and redevelopment of the buildings either side of Leigh Street and around Commercial Square, including Birch House, in a residential-led scheme. The Planning Brief envisages retaining and enhancing the two 'distinctive' factory buildings, Birch House and Albany House.

2.11 The main vehicular access is from Green Street up a fairly steep private (shared) access road and which leads to the buildings around Commercial Square, including the four-storey Birch House, a single-storey office building, a two-storey brick industrial building, a two-storey Victorian house (occupied as offices) and various other single and two-storey buildings either side of the access road as it runs south to Kitchener Road.

2.12 Please refer to the Location Plan and Ordnance Survey extract attached at **Appendix C**.

3.0 DESCRIPTION AND CONSTRUCTION

Site

3.1 The site is shown, for identification purposes only, edged red on the attached Ordnance Survey extract (scale approximately 1:1,250), has the following dimensions and area:

	Metric	Imperial
Site frontage	45 metres	148 feet
Maximum Site depth	85 metres	279 feet
Site Area	0. 21 hectares	0. 35 acres

Buildings

3.2 The property originally dates from the early 20th century and is arranged on ground and three upper floors, of brick elevations with concrete and timber floors beneath a mix of pitched, timber constructed and flat roofs.

3.3 Although the property is fully interconnecting, it comprises essentially three blocks, with the northernmost block running east-west right through to Upper Green Street and the footpath access to Kitchener Road; this is the block that can be seen from the north and is the original chair factory and is presumably what makes it 'distinctive'.

3.4 Adjacent to this north block is a small connecting section, extended at the front with a modern access block /loading block, with two goods lifts, unloading area and feature steel and glass frontage, also on ground and three upper floors.

3.5 To the south, and interconnecting at first, second and third floor levels, is a 'T' shaped block probably dating from the 1950/60s. Because of the slope to the site there is no ground floor to this block.

3.6 As well as the two goods lifts and main staircase in the access block there are additional internal staircases in the other blocks as well as a metal fire-escape in the north block.

3.7 The principal access is through the main loading area which has a security gate and fencing and with the entrance to the Manager's office. There are further security controlled doors from the service road which allows 24 hour access for customers. There is also a small parking area in front of the property.

3.8 Internally, the finishes are basic industrial although completely fitted out with 370 self-storage units of varying sizes, constructed of corrugated steel sheeting. There is sensor controlled lighting along the corridors and security cameras throughout. The original four-storey Victorian block has single-glazed, crittal-style, metal windows along both main elevations.

3.9 To the rear there is a cleared site, bounded to the north and east by the subject property, to the west by the footpath and by a modern factory off Kitchener Road to the south. It was formerly occupied by the Hillside Centre.

3.10 Photographs of the property are attached at **Appendix D.**

4.0 ACCOMMODATION

4.1 We have scaled the gross internal floor area (GIA) from architect's plans, in accordance with the RICS Code of Measuring Practice (6th Edition). We set out the GIA below:-

Floor	GIA (sq m)	GIA (sq ft)
Third	932.8	10,041
Second	1,193.1	12,843
First	1,199.9	12,916
Ground	709.6	7,638
Total	**4,035.4**	**43,438**

4.2 An Ordnance Survey Plan extract is attached at **Appendix C**.

5.0 CONDITION AND STATE OF REPAIR

5.1 In preparing this report, Cluttons LLP were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject property. We emphasise that we have not undertaken a building survey of the property, and should you require a more detailed report upon the structural condition and state of repair, a further inspection and report will be necessary. We would also refer you to our comments made under the heading 'Environmental Issues' below.

5.2 No significant defects were apparent on the date of inspection. The property is clearly fairly ancient but was converted and refurbished for its present use about ten years ago and has been maintained in that use since.

5.3 We can confirm that we have taken into account the existing condition of the property within our valuation.

6.0 SERVICES

6.1 The site is connected to all the main services, including electricity, gas and water.

6.2 It was beyond the scope of our inspection to test the services, however, we have assumed these are fully operational, are subject to regular maintenance and comply with all current guidelines and regulations.

7.0 ENVIRONMENTAL ISSUES

7.1 We were not instructed to undertake or commission an environmental assessment to establish whether contamination exists or may exist, nor are we aware of any such assessment having been prepared by a specialist advisor in respect of the subject property and its environs.

7.2 However, during the course of our inspection of the property and its immediate vicinity for valuation purposes and our usual subsequent enquiries, the possibility that the property may be contaminated has been considered. This was done by complying with the requirements of the “Royal Institution of Chartered Surveyors” and the property observation checklist for identifying apparent potential for contamination included therein.

7.3 We would remind you that, in accordance with your instructions, we have not undertaken any detailed site investigations. The historical use was the manufacture of wooden chairs and presumably over the course of over a century there will have been some contaminative processes. However, as noted earlier, the long-term intentions for the whole area is for redevelopment as mixed-use, but residential-led, schemes and as such we would anticipate that any redevelopment would include substantial investigations and remediation at that time.

7.4 For the purposes of this valuation report, we shall assume that no contamination or deleterious materials exist to be sufficient to affect our opinions of value. However, we would stress that should this assumption prove to be incorrect, the values reported herein may be reduced.

7.5 We assume that the Local Authority have served no notices upon the subject property.

Energy Performance Certificates

7.6 Energy Performance Certificates (EPCs) are required for the construction, sale or rent of residential buildings. We have consulted the Landmark Non-Domestic Energy Performance Register and have been unable to obtain a copy of the Energy Performance Certificate for the property, probably because there isn’t one.

7.7 The Energy Act 2011 includes new provisions under which, inter-alia, with effect from April 2018 it will be unlawful to let business premises that do not meet minimum energy efficiency standards. The exact details will be the subject of secondary legislation but it is currently suggested that the minimum required threshold will be an EPC rating of E (i.e. it will be unlawful to let units with an F & G rating). Despite the current EPC rating, given the age and type of construction of the subject building, we cannot rule out the possibility that some future expenditure on compliance measures will be

required to improve its thermal efficiency, ready for future disposal particularly should the energy efficiency requirements become more stringent.

7.8 Generally, as the new legislation becomes embedded over time, it seems likely that the property market will see an increasing divergence of values between those buildings which are compliant and those which are not. Similarly, it is widely predicted that property investors and occupiers will become increasingly sensitive to a building's wider environmental and sustainability performance (e.g. BREEAM rating) with consequent implications for capital performance.

Flood Risk

7.9 A search of the Environment Agency's website has identified that the property is near an area at very low risk of flooding. This means that each year, this area has a chance of flooding of less than 1 in 1000 (0.1%). In any event this refers to the area immediately around the River Wye which is considerably lower than the subject site.

8.0 PLANNING

8.1 The property falls within the administrative boundaries of Wycombe District Council.

8.2 Planning for the District is currently guided by the Local Plan which was adopted in January 2004, Saved and Extended in 2007 and partially replaced by the adopted Core Strategy July 2008.

8.3 The pre-submission version of the replacement Local Plan, covering the period up to 2033, has been approved by Council Cabinet, with the pre-submission document being placed before full Council on 9 October 2017. Subject to their approval there will then be a six-week public consultation, starting 16 October, before being sent to the Secretary of State for examination.

8.4 The plan shows the locations where nearly 11,000 new homes are to be built to meet local housing needs and where the 21 hectares of employment land will be allocated. Over half (6,350) of the homes will be in High Wycombe.

8.5 Many of the homes to be built in High Wycombe are already in the pipeline or on sites identified on previous plans. Leigh Street is identified as being appropriate for housing-led mixed-use development, keeping the former factory, Birch House. In the emerging Local Plan this site is identified as accommodating 54 dwellings. Policy HW13 in the emerging plan deals specifically with Leigh Street, with the following statements:

- Retain buildings with heritage value;
- Provide for the retention of the employment floorspace on or off-site;
- Be designed to provide significant environmental improvements to protect and enhance the Leigh Street Furniture Heritage Conservation Area;
- Create a new direct pedestrian connection between Leigh Street and Desborough Road; and
- Provide increased non-motorised connectivity to the town centre.

8.6 We have made informal online enquiries of the local planning portal, which has confirmed that the property is not listed although the north block would appear to be situated within the Leigh Street Heritage Conservation Area, which was adopted in 2006 and is subject to Policy HE6 in the current Local Plan.

8.7 The conservation area includes all the important elements of the chair-making industrial community within the least altered industrial area in the town. It includes Birch House where one of the leading chair and furniture makers of the pre-war era, William Birch, was based, with the factories being constructed in 1901 and 1913 to 1926.

8.8 A Development Brief for the Leigh Street Quarter was prepared and approved in November 2008. The boundaries of the area covered by the Brief was larger than the Conservation Area and included all the commercial buildings between Desborough Avenue, Desborough Road, Green Street and Kitchener Road, including the subject property and the site to the rear, known as The Hillside Centre and extending in total to some 2.8 hectares. The key planning policy principles for the Quarter are:

- that at least 1 hectare is to be retained as business use, to incorporate small business and start-up accommodation;
- residential uses are suitable as part of the redevelopment. It is for applicants to justify the number of dwellings that can be accommodated with appropriate design, height, density and open space provision and within the specified land use mix;
- any proposed retail uses on the site would need to be robustly justified in terms of need, impact and sequential tests;
- the community facilities on the site including the Skidz Project, the High Wycombe Amateur Boxing Club and Commercial Square Studios should be retained; and
- key historical buildings to be retained.

8.9 We have inspected the statutory planning register on Wycombe Council's website and outline details of major planning applications submitted within the last ten or so years in regards to the property:-

Application Number	Decision Date	Decision	Details
06/07684/FUL	16/01/2007	Approve with conditions	Part demolition of existing building and construction of extension to provide B8 (storage and distribution) floor space over 4 floors.
06/07687/CAC	18/01/2007	Approve with conditions	Demolition of an unlisted building within a Conservation Area.

8.10 Green Street is understood to be adopted and maintained by the Local Authority and our valuations assume full and unequivocal rights of pedestrian and vehicular access are available to the estate from this highway.

8.11 Our valuations further reflect that as far as we have been able to confirm and otherwise assume neither the site nor the local area will be detrimentally affected by any town planning or other related published proposals within the foreseeable future.

8.12 In arriving at our opinion of value we have assumed that the property complies with all the necessary statutory consents, including town planning and current building regulation requirements.

9.0 BUSINESS RATES

9.1 We have made informal online enquiries of the Valuation Office website which confirms that the property is listed for Business Rates purposes as follows.

Address	Description	Rateable Value
Albany House, Leigh Street	Warehouse & Premises	£53,000

9.2 The national non-domestic multiplier for 2017/2018 is 47.9p in the £.

10.0 TENURE

10.1 We understand that the property is held Freehold.

10.2 We have not seen Title Deeds and have assumed that these are free from any unduly onerous restrictions, easements, or covenants that would affect our opinion of value.

11.0 TENANCY

11.1 We have seen a draft new lease with the following terms:

Demise:	Albany House, Leigh Street, High Wycombe		
Lessor:	Fortitude Investments (Commercial) Ltd		
Lessee:	Store Space Ltd		
Term:	10 years from October 2017		
Rent:	£240,000 per annum	Rent Review:	20 October 2022
Basis of Rent Review:	Upward only rent review to the higher of the Annual Rent payable immediately before the Review Date or the Market Rent payable on the relevant Review Date, assuming the property is let as a whole for a period equal to the unexpired term. Standard assumptions and disregards apply.		
Interest:	2% above Base rate for late payment (4% above for default).		
Repair:	The Tenant is to keep the property in good repair and condition.		
Alterations	The tenant may make non-structural, internal, alterations with the landlord's consent which is not to be unreasonable withheld.		
Insurance LL/T:	The Landlord agrees to keep the Premises insured, the cost of which is recovered from the Tenant.		
Approved Use:	Self-storage within Class B8 of the Use Classes Act or such other use within Class B8 with landlord's consent, which is not to be unreasonable withheld.		
Alienation:	The Tenant is permitted to sublet the whole of the property, subject to the Landlord's consent, which shall not be unreasonably withheld. The sublease is to be on terms which are consistent with this lease, but is not to permit the sub-tenant to underlet, apart from as self-storage units.		

11.2 We consider the draft lease is drawn on acceptable full repairing and insuring terms.

Tenant Covenant

11.3 We have sourced a CreditSafe Company Report on Store Space Ltd (Company No. 05868310) which assesses the company as having a Credit Rating of 90/100. Companies with scores of between 71 & 100 are described as 'Very Low Risk'.

12.0 MARKET COMMENTARY

Economic Background

12.1 The latest figures released by the Office for National Statistics (ONS) showed that UK GDP grew by 0.3% (q-o-q) in the second quarter of this year compared to 0.2% in the previous quarter.

12.2 Growth was largely driven by the services sector which grew by 0.5% in Q2. Construction and manufacturing were the biggest drags on the economy as these sectors recorded a decline in growth of 0.9% and 0.5% respectively.

12.3 Average weekly earnings increased by 2.1% on an annual basis in the three months to June, higher than the estimated 1.8%. Inflation held steady at 2.6% in June 2017, resulting in a 0.5% fall in real wages.

12.4 According to Experian, although the latest data showed an increase in pay growth, real incomes continue to fall. In the short term, an easing in inflation rather than an acceleration in pay increases appears to be the most likely to end this decline. Import cost pressures that accentuated the upward trajectory in inflation since the Brexit vote now appear to be fading, and consumer price growth should peak in the coming months. Conversely, pay growth is unlikely to move much, as firms exhibit caution in their hiring policies until the terms of Brexit become clearer.

12.5 The unemployment rate fell marginally to 4.4% in the period between April to June 2017, from 4.5% in the period from March to May 2017 according to the Office of National Statistics (ONS).

12.6 The Markit/CIPS Construction Purchasing Managers' Index (PMI) increased to 55.1 in July 2017 up from 54.2 in June. According to the report, companies reported improved inflows of new work from clients in North America, Europe, the Asia-Pacific region and the Middle-East. The domestic market also remained a positive contributor to order books, although not to the same extent as signalled earlier in the year.

12.7 The Consumer Prices Index (CPI) remained unchanged from June 2017 at 2.6% in the year to July 2017. Although the price of motor fuel continued to fall and provide the largest downward contribution to change in the rate, this was offset by smaller upward contributions from a range of goods and services, including clothing, household goods, gas and electricity, and food and non-alcoholic beverages.

Property Investment Market

12.8 Over the past 5 months capital value growth across the IPD Monthly Index has been 1.8%. With relatively low levels of investment stock available, there has been keen bidding from institutions for the best properties, in markets that are less likely to be

directly impacted by the UK's departure from the European Union, leading to downward pressure on yields.

12.9 The strongest market has been the industrial and logistics sector, which has continued to see rental and capital growth, especially in London and the south east, aided by low levels of speculative development, a shortage of stock, and structural changes in the retail sector fuelling demand for warehouse storage. The IPD capital value increase for south east industrials, including London, was 6.3%.

12.10 Also, there has been a renewal of investor interest in supermarkets, where the attraction of long dated income from top quality covenants, especially where the rent reviews have inflation based uplifts, have led to a hardening of yields and corresponding capital value improvements. The IPD capital value increase for supermarkets nationwide was only1%, but we are aware that transaction prices achieved in the south, have generally been stronger.

12.11 Similarly, in the retail warehouse sector; for the right property, offering strong income and growth prospects, there may be keen institutional interest and competitive bidding. An example of this was the sale of Harrogate Retail Park, comprising Aldi, B&Q and Pets at Home, which was marketed at £16.2m and attracted 10 bids, and is believed to be sold to DTZIM for £18.2m or 4.5% NIY.

12.12 Secondary retail and shopping centres remain weak while offices are generally stable in terms of yields, possibly improving a little outside London, while London office rents are under downward pressure.

12.13 IPD Monthly capital growth in July was +0.4% and +0.4% in August. I suspect that September will be better – if it was say +0.7% then Capital growth for Q3 would be 1.5%.

12.14 With CG for H1 at +2% + 1.5% for Q3 and if the same happened in Q4, then CG for the year could be 5% and, after adding income return, Total returns for the year could be over 10%, which is well ahead of IPF's cautious view in August, which, for 2017 had a Mean CG of +1.7% and TR of 6.7%.

12.15 The status of Brexit negotiations and uncertainty, North Korea and other world events, reduced debt volumes and an upward drift in interest rates could dampen this optimism.

Self-storage Market

12.16 The self-storage market is now an established part of the property market albeit the vast majority of operations are owner-occupied either by the principal operators or under franchise. As such, the majority of properties are sold as 'going-concerns'. The acquisition of The Self Storage Company by Schroders' Real Estate Fund in July 2017 for over £44m is the first time that an institution has directly invested in the sector and which included the acquisition of the Self Storage brand and intellectual property, but even this was a purchase of the business rather than a property investment.

12.17 Another recent 'company' purchase is that of Storage King by Stor-Age Property REIT, which operates the Stor-Age Self Storage brand in South Africa, in August 2017, for over £77m. The portfolio includes 13 owned facilities and 12 properties (including the

subject property) under licensing and management agreements, primarily in Southeast England. It comprises 577,000 sq ft gross leasable space.

12.18 The Jumbo Self Storage company, a portfolio of three assets, two in Stoke on Trent and one in Nottingham, with a total of 70,000 sq ft was acquired by a subsidiary of the Ready Steady Store Group, who also operate 12 stores under the Alligator brand and 10 stores under the Ready Steady Store brand, in July 2017.

12.19 There have been some £300m of sales in the sector in the past 12 months, virtually all portfolios of Going Concerns.

13.0 RENTAL VALUE

13.1 As noted earlier, because self-storage facilities are almost inevitably owned by the operators, rental evidence is scarce, to say the least. However, the industry does require rental values to be attributed for accounting purposes and the general consensus is that between 25 & 35% of gross revenue is appropriate for rent. Another way of looking at it is to apply the appropriate industrial rent and add c. £1.50 per sq ft for the fit-out, assuming it forms part of the property rather than a tenant's 'improvement'.

13.2 We set out below details of some recent lettings of standard industrial units in High Wycombe which we have considered in arriving at our opinion of Market Rent.

- **Unit 3 Halifax Road, High Wycombe HP12 3SL** – a modern industrial building of 39,250 sq ft. Part, extending to 10,441 sq ft GIA, let to Virgin Media Ltd for 10 years from August 2017 at a rent of £9.50 psf with 6 months rent free.

  Located on the established Cressex Industrial Estate.

- **Unit 3, Coronation Road, High Wycombe HP12 3SU** – a modern unit of 8,150 sq ft GIA let for 10 years from June 2017 at a rent of £10.75 psf, with 6 months rent free.

  Also on the Cressex Industrial Estate.

- **Lincoln Road, High Wycombe, HP12 3RL** – a 1950s factory of 4,550 sq ft, let to Pixipixel for 5 years from April 2017 at a rent of £3.95 psf.

  Also on the Cressex Industrial Estate.

- **Unit 2, Oakridge Road, High Wycombe HP11 2PA** – a 1980s industrial unit of 7,615 sq ft GIA, let for 5 years from August 2016 at a rent of £41,130 pa (£5.40 psf).

  Located in a similar mixed-use area about 0.5km north-west of the subject, off Abercromby Avenue.

- **Unit 6 Tannery Road, High Wycombe HP13 7EQ** – a 1980s unit of 9,822 sq ft GIA, let for 10 years from June 2016 at £4.95 psf.

  Located a mile east of the town centre, off the A40, towards Loudwater.

- **Unit 2 Abercromby Avenue, High Wycombe HP12 3BW** – a Victorian multi-storey building. The first floor of 5,584 sq ft GIA, let for 5 years from May 2017 at £2.69 psf.

  Established inner town industrial estate 0.5km north-west of the subject property.

13.3 Good quality, well located industrial units are achieving between £9.00 and £11.00 psf with secondary and/or older units commanding between £4 and £5.50 psf. With most of the multi-storey buildings either demolished or vacant awaiting redevelopment there was only one piece of letting evidence that we could find, where a whole floor was let at £2.69 per sq ft. This reflects a sensible discount to best in class and standard 1980s units. No doubt, if the unit were split into much smaller studios a considerably higher rent could be expected.

13.4 We consider that the base 'industrial' rent for the building, if it were let in floors, is £3.50 per sq ft. To this we would add £1.50 per sq ft for the self-storage fitting-out, producing a gross rental value of £217,200 per annum. However, see our comments under Valuation Commentary.

14.0 CAPITAL VALUE

14.1 In determining our opinion of the Market Value of the property, as a fitted self-storage facility, we have used the comparative and investment methods of valuation involving the assimilation of relevant sales information, as well as analysing data obtained from internet based research. Evidence relied upon includes vacant possession sales of standard industrial units in the High Wycombe area. For self-storage units we have had to cast our net rather wider.

High Wycombe industrial units

- **Wycombe Panels, Coronation Road, Cressex Business Park, High Wycombe, HP12** – a collection of interconnecting industrial building dating from the 1950/70s of 20,188 sq ft GIA on a site of 0.95 acre. The freehold sold with vacant possession in November 2015 for £825,000 (£41 psf).

  Older industrial building on the established Cressex Industrial Estate.

- **Unit 7-8 Earl Howe Road, High Wycombe HP15 6QT** – a 1970s basic industrial building of 4,161 sq ft GIA. Freehold sold in October 2015 for £385,000 (£93 psf).

  2 miles north-east of the town, off the A404, on the edge of Hazlemere.

- **Suffolk Works, 20 Hatters Lane, High Wycombe, HP13 7LU** – located at the junction of Hatters Lane and London Road, a short distance from junctions 3 and 4 of the M40. A 1970s workshop/storage building of 6,405 sq ft, including first floor offices of 2,969 sq ft. The freehold sold with vacant possession in July 2017 for £540,000 (£84 psf)

  One mile north-east of the town centre in a largely residential area.

- **Unit 5 Lisle Road, High Wycombe HP13 5SH** – a 1977 built single-storey industrial building of 4,637 sq ft GIA. Freehold sold with vacant possession in December 2015 for £330,000 (£71 psf).

  Half a mile north of the town centre in a mixed industrial/residential area.

- **1-3 Independent Business Park, High Wycombe HP14 3TP** – a 1978 built single-storey industrial building of 16,034 sq ft GIA. Freehold sold with vacant possession in October 2016 for £1,350,000 (£84 psf).

  Located off the M40 at Stokenchurch in a largely rural location, but close to J.5.

- **Spring Gardens, High Wycombe HP13 7AB** – a 1970 built single-storey industrial building, with three-storey attached office block, of 20,571 sq ft GIA. Freehold sold with vacant possession in August 2016 for £1,250,000 (£61 psf).

  Located a short distance east of the town centre, off the a40 in a mixed commercial/residential area.

- **Unit A-C Wye Business Park, High Wycombe HP10 0PF** – a 1984 built single-storey industrial building, with two-storey integral office block, of 55,665 sq ft GIA. Freehold sold with vacant possession in January 2017 for £4,700,000 (£84 psf).

  Located south of the town, close to Marlow.

- **Treadaway Hill, High Wycombe HP10 9QL** – a 1968 built factory, with two-storey integral office block, of 16,626 sq ft GIA. Freehold sold with vacant possession in August 2016 for £1,320,000 (£79 psf).

  Located 2 miles east of the town centre, off the A40, in Loudwater

- **Seymour House, Copyground Lane, High Wycombe HP12 3HE** – a 1950 built multi-storey industrial building of 14,493 sq ft GIA. Freehold sold with vacant possession in November 2016 for £645,000 (£45 psf).

  Located a short distance west of the subject in a residential district.

Self-storage

- **Jumbo Self-storage** – three facilities at Bull Close, Nottingham, 2 Beaumont Road, Stoke-on-Trent and 292 Leak Road, Stoke-on-Trent. Aggregate 71,200 sq ft net lettable area. Acquired in August 2017 by Ready Steady Store Group on confidential terms. The group already operate 10 stores under the readt Steady Store brand and 12 stores under the Alligator brand.

- **The Self-Storage Company** – a portfolio of 5 units in West Molseley, London NW7, Waltham Abbey, Hemel Hempstead and Welwyn Garden City. Acquired in August 2017 by Schroder real Estate Fund for c. £44m, reflecting £200 per sq ft on net lettable area.

- **Fort Box, 6 Hall Road, London NW8 9PA –** central London's largest self-storage facility with 380 units, with 25 sq ft units available at £29 per week (£60 psf/pa). The property was sold on a sale and leaseback earlier this year at a relatively low rent cover, at a price apparently reflecting 6.5% net initial yield.

- **Block B, New South Quarter, Purley Way, Croydon, CR0 4XJ** – a new Barratt London development of flats with ground floor shell units available for self-storage.
  Unit 7: 6,772 sq ft GIA. Sold February 2017 for £480,000 (£71psf).
  Unit 8: 8,463 sq ft GIA. Sold February 2017 for £600,000 (£71psf).

15.0 VALUATION COMMENTARY

15.1 As noted in paragraph 13.4, the base industrial rent is in the order of £3.50 per sq ft reflecting the multi-storey nature of the building and town centre location and difficult access (for lorries). In this instance the standard £1.50 per sq ft addition for the fitting-out underplays the rental value as a fully-fitted self-storage facility because the income that can be generated is not adversely affected by the non-standard industrial/distribution warehouse location, layout and access.

15.2 On the basis of an average rent of £25 per sq ft for the self-storage units and applying the gross to net ratio and occupancy rates discussed earlier, the proposed rent of £240,000 per annum is not unreasonable, reflecting c. 33% of potential gross income.

15.3 On the basis that the new lease is in place we have applied 8.5%, to reflect the older nature of the building and the other points noted above. Our Market Value, as an investment, reflects c. £62 per sq ft on the GIA of the building and c. £84 per sq ft on the estimated net lettable area.

15.4 In undertaking our vacant possession valuation, we have assumed a 6-month letting void and then allowed for half market rent for one year to allow the operator to arrive at a stabilisation level of c.85%.This reflects £55 per sq ft on the GIA and £75 per sq ft on the estimated net lettable area.

15.5 A copy of the valuation printouts are attached at **Appendix E.**

16.0 MARKETABILITY

16.1 Whilst we have valued the property as a self-storage investment it is clear that in the medium term there are opportunities to redevelop the site as a residential-led mixed use scheme, retaining the north block and possibly incorporating the site to the rear. Indeed, we understand that the developers of Birch House have made an offer at our valuation figure.

16.2 The business has been in existence for over 10 years and the tenant has a reasonably good Credit rating. As such the investment would be attractive for both the security of income and attractive yield.

16.3 As an industrial building there is unlikely to be much demand because it is multi-storey and has poor access. However, we consider that another self-storage operator would be interested in the property, particularly with the fitting-out in place. As noted earlier, these operations are generally sold as Going Concerns and, subject to full disclosure of accounts, would probably achieve a higher value than that reported here.

17.0 VALUATION

Market Value

17.1 We are of the opinion that the current Market Value of the freehold interest in Albany House, Leigh Street, High Wycombe, HP11 2QU, as at the date of valuation, is:

£2,700,000

(Two million seven hundred thousand pounds)

17.2 Market Value with vacant possession

17.3 In our opinion, the Market Value of the freehold interest in the property, assuming vacant possession, as at the date of this report, is:

£2,400,000

(Two million four hundred thousand pounds)

Market Rent

17.4 Our opinion of the Market Rent of the Property, as at the valuation date, is:

£240,000 per annum
(Two hundred and forty thousand pounds per annum)

18.0 REINSTATEMENT COST

18.1 You have instructed us to provide you with an informal estimate of the current reinstatement cost of the subject property for insurance purposes. This is provided solely as a guide for comparison against cover already taken out and is based solely in connection with the preparation of the market valuation.

18.2 Our estimate of the current reinstatement costs of the subject property in its existing condition, and of the ground floor only, on a day one basis, is in the order of:

£5,530,000
(Five million five hundred and thirty thousand pounds)

18.3 This estimate is prepared on a full reinstatement basis, inclusive of professional fees, demolition costs, site clearance, etc, but make no allowance for any loss of rent or rental voids that may be incurred.

18.4 The figure is given as a guide for the construction of an identical building, constructed of modern materials.

18.5 No allowance has been made in our estimate for any increase in building costs which may arise during the period of insurance or during any period of rebuilding or any period necessary for design and obtaining requisite consents prior to such rebuilding.

18.6 No allowances have been made in our estimate for the incidence of Value Added Tax, other than on professional fees.

18.7 We would remind you that this estimate does not constitute a formal Building Reinstatement Cost Assessment and must not be relied upon as such.

18.8 Please note it is not common practice to provide a reinstatement cost assessment for part of a building which is combined within the construction of the whole building. We have provided you with the above figure for your internal review purposes only.

19.0 SUITABILITY FOR LOAN SECURITY

19.1 On the basis of the above information with which we have been provided and following our inspection, we would summarise the main strengths and weaknesses of the subject property as follows.

Strengths

- Freehold;
- Let and income producing at Market Rent;
- Good occupation levels;
- Alternative uses / redevelopment opportunities; and
- Expanding market sector.

Weaknesses

- Might be a while before the area is fully regenerated;
- Value partly dependent on the management skills of the operator; and
- High Wycombe is one of the less affluent towns in the county.

20.0 CONFIDENTIALITY AND DISCLOSURE

20.1 Our valuation is confidential to the addressees for the specific purpose to which the report refers and no responsibility is accepted to any third party for the whole or any part of its contents.

20.2 If our opinion of value is disclosed to persons other than the addressees of this report, the basis of valuation should be stated. Before the certificate or any part of it is reproduced, or referred to in any document, circular or statement, and before its contents or the contents of any part of it are disclosed verbally to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained.

Prepared by _____

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APPENDIX A

Instruction Letter & Our Terms of Engagement

APPENDIX B

Our Standard Valuation Assumptions and bases

APPENDIX C

Location Plans

APPENDIX D

Photographs

APPENDIX E

Valuation Printouts