

VALUATION REPORT

Property:
46-48
Castle Street
Hinckley
Leicestershire
LE10 1DB

18th July 2017

Bank's Customer:
Yewstone Properties Ltd

Property Reference Number:
F.37134

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

CONTENTS

Paragraph	Subject
1.	Introduction
2.	Executive Summary
3.	Location
4.	Description
5.	Accommodation
6.	Town and Country Planning
7.	Services
8.	Repair and Condition
9.	Rating
10.	Tenure
11.	Property Taxation
12.	Environmental Contamination
13.	Site and Ground Conditions
14.	Market Commentary
15.	Market Rent
16.	Valuation Considerations
17.	Valuation
18.	Security Considerations
19.	Reinstatement Cost Assessment
20.	Limitations and Publication

APPENDICES

- A Letter of Instruction**
 - B Conditions of Engagement**
-

**46-48
CASTLE STREET
HINCKLEY
LEICESTERSHIRE
LE10 1DB**

1.0 INTRODUCTION

- 1.1 We refer to your instructions dated 12th July 2017 requesting a Valuation Report in respect of the freehold interest in the above property. This Report has been prepared with a view to assisting you in assessing the suitability of the property as security in the application for a loan.
- 1.2 This Report has been prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015). We enclose within Appendix A a copy of your instruction letter.
- 1.3 Phil Glenn, MRICS responsible for the preparation of this report and confirms that he is an Independent Valuer in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015). The Valuer also confirms that he possesses sufficient skills, knowledge and understanding required to undertake the valuation competently, and is a RICS Registered Valuer.
- 1.4 We confirm that we have had no previous, current or anticipated involvement with the property or prospective borrower with the exception of the fact that we valued the property in April 2017 for another lender but the same customer. We understand that you are happy for us to progress this report with this knowledge.
- 1.5 The property was inspected on 30th March 2017 and again on 18th July 2017 and for the avoidance of doubt we confirm that the valuation date is 18th July 2017. On the July inspection we were only able to carry out a customer inspection of 46 Castle Street. We would draw your attention to the fact that values change over time and a valuation given on a particular date may not be valid on an earlier or later date.

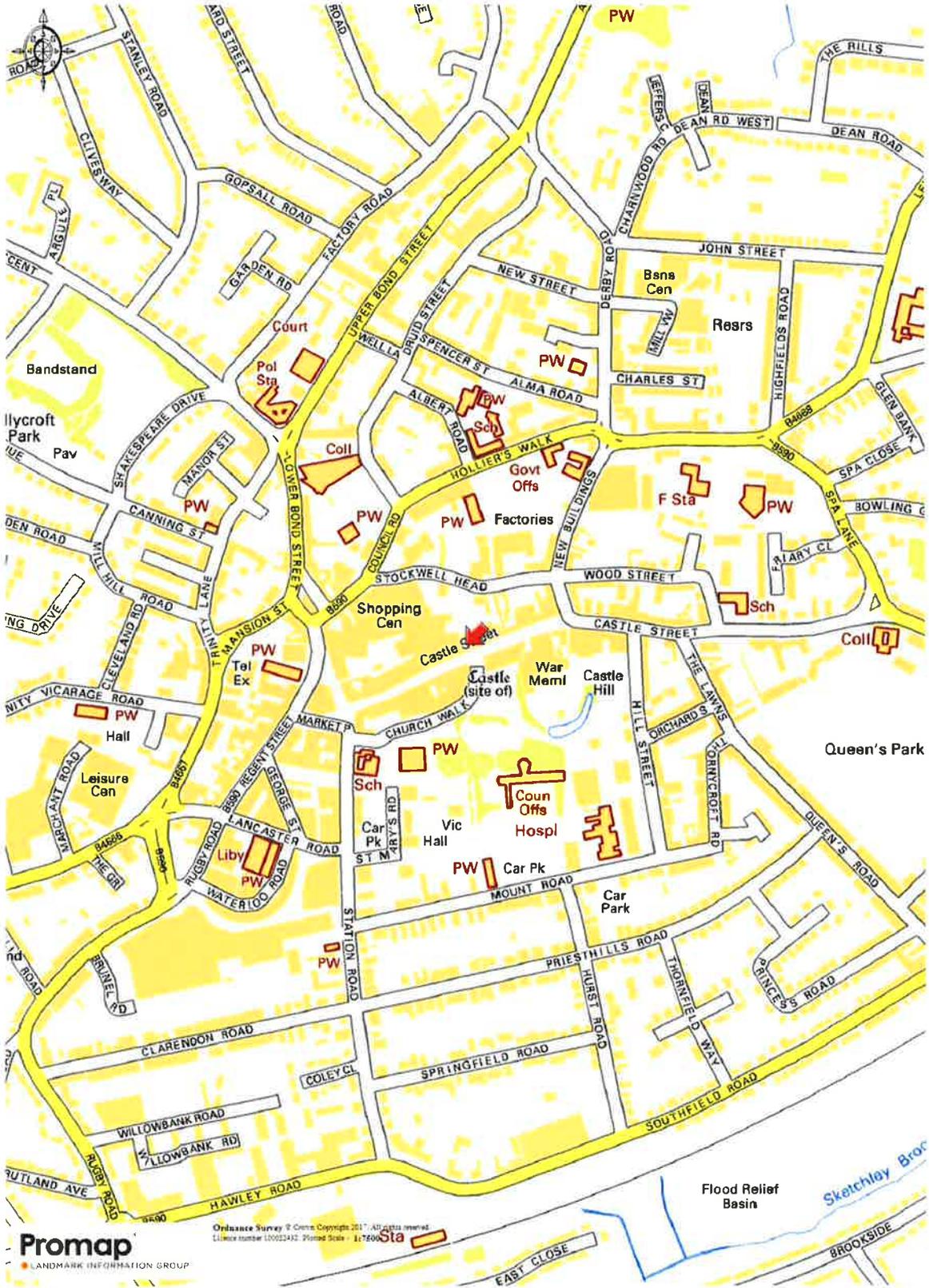
2.0 EXECUTIVE SUMMARY

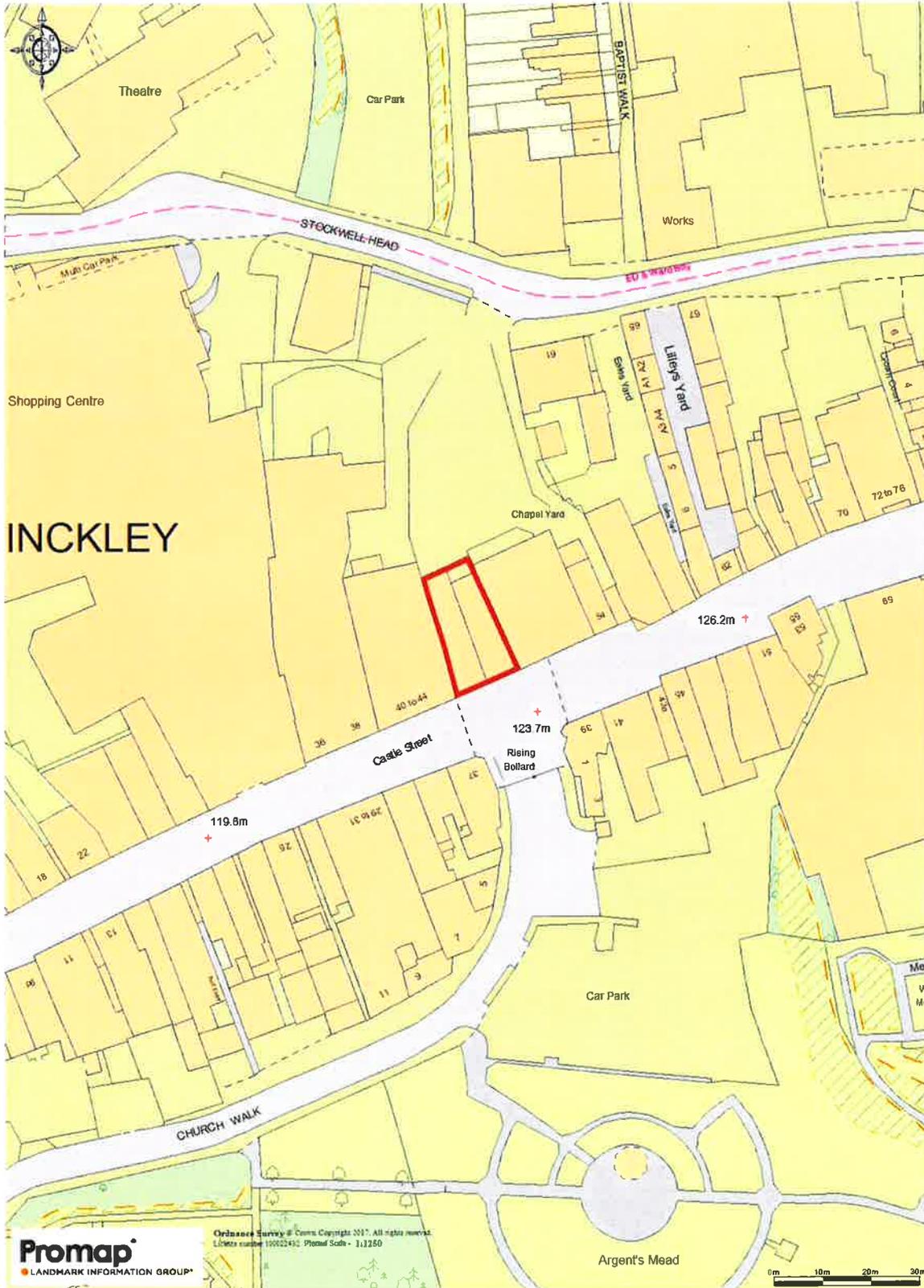
<u>LOCATION</u>	The property occupies a prominent position fronting Castle Street, which is the prime retail street in Hinckley town centre.
<u>DESCRIPTION</u>	The subject property comprises two adjoining, part two storey, part single storey buildings of brick construction under flat asphalt roofs providing ground floor retail units with ancillary accommodation at first floor level.
<u>ACCOMMODATION</u>	<p><u>48 Castle Street</u> Total NIA: 188.42 sq m 2,028 sq ft</p> <p><u>46 Castle Street</u> Total NIA: 190.42 sq m 2,050 sq ft</p>
<u>TOWN & COUNTRY PLANNING</u>	Assumed to both be within class A1 of the Town & Country Planning (Use Classes) Order 1987.
<u>TENURE</u>	<p>Freehold</p> <p>48 Castle Street is let to Holland & Barrett Limited on a 10-year lease commencing 24th June 2012 at a rent of £29,500 per annum. The lease incorporated an option to break on the 23rd June 2017, however we have assumed this was not exercised.</p> <p>46 Castle Street is let to CEX (Franchising) Limited for a term of 10 Years commencing 6th February 2015 at a rent of £25,000 per annum incorporating a tenant break option in February 2020</p>
<u>MARKET RENT</u>	£52,700 per annum (Fifty Two Thousand Seven Hundred per annum)
<u>MARKET VALUE</u>	£670,000 (Six Hundred and Seventy Thousand Pounds)
<u>MARKET VALUE ASSUMING VACANT POSSESSION</u>	£480,000 (Four Hundred and Eighty Thousand Pounds)
<u>REINSTATEMENT COST</u>	£380,000

(Three Hundred and Eighty Thousand Pounds)

3.0 LOCATION

- 3.1 Hinckley is a popular Market Town situated some 21 km (13 miles) south west of Leicester on the Leicestershire / Warwickshire boundary adjacent to Junctions 1 & 2 of the M69 Motorway and just to the North of the A5 trunk road.
- 3.2 The town is readily accessible from these major routes together with the A47 and A447 roads which both converge on the town. Hinckley is an established Market Town with a pedestrianised shopping area on Castle Street, as well as substantial industrial areas around the Southern sector of the Town and orientated towards the A5 and M69.
- 3.3 Hinckley has the benefit of its own railway station on the Leicester to Birmingham Line which provides access to both London St Pancras and London Euston Stations in under 1.5 hours. The town is also conveniently situated for both Birmingham International and East Midlands Airports.
- 3.4 In recent times the town centre has undergone significant changes with the addition of a new town centre shopping scheme centred around a Sainsbury's supermarket constructed on the site of the former bus station and adjoining land just to the west of Station Road.
- 3.5 The resident population of Hinckley is estimated to be 105,078 according to the 2011 Census. Major employers in the town include Tesco, Triumph Motorcycles, Galliford Try and Hinckley District Hospital.
- 3.6 The subject premises occupies a frontage position on the north side of Castle Street directly opposite the junction with Church Walk in the heart of Hinckley's primary pedestrianized shopping area. Occupiers nearby include national covenants such as Greggs, Costa, Vision Express, Dunelm, Carphone Warehouse, W H Smiths, 02 and various national Banks
- 3.7 We enclose two plans showing the location of the properties and a Site Plan showing our understanding of the freehold boundaries edged with a red verge. We have not seen a Title Plan and for the purposes of this valuation we have assumed that our boundaries are correct.





4.0 DESCRIPTION

- 4.1 The subject property comprises two part two-storey, part single storey buildings of brick construction under flat asphalt roofs arranged as ground floor retail units with ancillary accommodation at first floor level. The first-floor frontage to 46 Castle Street has a rendered finish. Internally, the properties have predominantly solid floors to the ground floor and suspended board and joist floors to the first floor.
- 4.2 48 Castle Street, occupied by Holland & Barrett, comprises a ground floor retail area with ancillary storage and staff and storage facilities on the first floor. There is a slight change of floor level in the trading area, which is mitigated by way of a sloping floor as opposed to incorporating a step. The specification in the sales area includes a suspended ceiling with inset Cat 2 lighting, ceramic tiled flooring and two cassette air conditioning units. The ancillary accommodation to the rear and first floor is of basic specification having painted walls, surface mounted strip lighting and vinyl floor coverings. To the rear of the ground floor is a small enclosed yard which leads onto the Stockwell Head carpark.
- 4.3 46 Castle Street, occupied by CEX UK comprises a ground floor retail area with offices at the rear. An internal staircase at the front of the property leads to further ancillary offices, stores and staff facilities on the first floor. The retail accommodation has been fitted out to include display cabinets and shelving which including a service counter, and has painted walls, strip lighting and a number of cassette air-conditioning units. As with 48 Castle Street, there is a sloping floor to accommodate the change in floor level. The ancillary accommodation above is looking tired and is in need of decoration. It comprises a number of store rooms and staff facilities including a WC. The accommodation includes suspended ceilings with surface mounted lights, painted emulsion walls, cassette air conditioning units and a mixture of carpet and linoleum floor coverings.
- 4.4 Both of the properties have display frontages with a recessed double doorway to 48 Castle Street and a flush fronted single doorway to 46 Castle Street. Loading to both units is via doors to the rear, accessed across a car park approached from Stockwell Head.
- 4.5 We enclose a series of photos detailing the internal and external areas of the respective properties.





5.0 ACCOMMODATION

- 5.1 From measurements taken on site, we calculate the properties provides the following approximate accommodation, measured on a Net internal basis in accordance with the Royal Institution of Chartered Surveyors Professional Statement: Property Measurement 1st Edition, May 2015 (incorporating International Property Measurement Standards):-

48 Castle Street

<u>Floor/ area:</u>	<u>sq m</u>	<u>sq ft</u>
Ground Floor Sales	119.58	1,287
(ITZA)	(66.79)	(71)
First Floor Stores / Staff Facilities	68.84	741
Total Net Internal Area:	188.42 sq m	2,028 sq ft

46 Castle Street

<u>Floor/ area:</u>	<u>sq m</u>	<u>sq ft</u>
Ground Floor Sales	117.35	1,263
(ITZA)	(58.43)	(629)
Ground Floor Ancillary Offices	12.37	133
First Floor Stores / Staff Facilities	60.70	653
Total Net Internal Area:	190.42 sq m	2,050 sq ft

- 5.2 From digital mapping, we calculate a total site area of 0.032 hectares (0.079 acres) or thereabouts.

6.0 TOWN AND COUNTRY PLANNING

- 6.1 We have made internet based enquiries of Hinckley & Bosworth Borough Council, the Local Planning Authority, as detailed below but in general terms have presumed that all buildings, structures and operations currently existing within the various curtilages have the benefit of formal planning permission, building regulation and other required approvals and are, therefore, immune from any form of enforcement or action for termination by the respective authorities.
- 6.2 It should be noted that no formal search has been instigated and we recommend that verification be obtained from your legal advisers that the position is correctly stated in our report.
- 6.3 In the absence of information to the contrary and, so far as it is material to value, we have assumed, that planning permissions are of a perpetual nature for the benefit of the premises.
- 6.4 Enquiries made of the Planning Authority have not confirmed the current authorised use of either of the properties. However, we are aware that they have been used as retail shops for a number of years. For the purpose of this valuation we have therefore assumed that they both have full unconditional consent within Class A1 of the Town and Country Planning (Use Classes) Order 1987.

-
- 6.5 We are further aware that the first floor of 48 Castle Street has previously been used as a Gents Hairdressers and also as a Health and Beauty Centre (application no's: 78/00215/4 & 89/0821/4).
 - 6.6 Our enquiries also revealed that there have been various planning approvals in relation to alterations to the respective shop fronts.
 - 6.7 The property is not Listed but does fall within the Hinckley Town Centre Conservation Area.

7.0 SERVICES

- 7.1 We were informed that the premises have the benefit of mains water, electricity, drainage and gas. However, no tests or checks have been carried out with regard to these services and it has been assumed, therefore, that they are free from defect and would satisfy the requirements of any appropriate statutory bodies.
- 7.2 We have assumed that the capacity of the services is adequate for the future use of the properties but have been unable to verify that this is the case.

8.0 REPAIR AND CONDITION

- 8.1 We have not carried out a building or structural survey as this was beyond the scope of our instructions and neither have we inspected areas of the property which are covered, unexposed or inaccessible. No warranty can be given therefore, as to the structural condition of any building, neither can it be reported as being free from rot, infestation or any other defect.
- 8.2 We have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.
- 8.3 No tests have been carried out to establish whether high alumina cement products, calcium chloride, asbestos or wood wool slabs used in structural formwork or other deleterious materials have been used in the construction, modification or extension of the building. Our valuation is on the assumption that the buildings do not incorporate these or similar products and are free from infestation. The associated costs of maintaining, repairing or altering a building with asbestos can be significantly higher because of the need for specialist contractors and precautions that are necessary under the Control of Asbestos Regulations 2006 and this can impact on the value of a property. We have assumed for the purposes of this report that unless indicated otherwise, there would not be evidence of asbestos or deleterious materials in the building in circumstances where it is likely to adversely affect health or safety. We recommend that confirmation is sought as to the existence of an asbestos inspection report or one obtained and that a management plan has been implemented, where appropriate.
- 8.4 Due note has been made of the various forms of construction and apparent state of repair of the properties which have, as far as possible and if specifically stated, been reflected in our valuation figure.
- 8.5 It is assumed that normal periodic maintenance will be carried out to maintain the property in a state or repair fit for its present use.

- 8.6 At the time of our inspection the properties were generally in a good state of external repair and condition, save for some damage to the rendering on 46 Castle Street and also evidence of the paintwork deteriorating on the first-floor windows.
- 8.7 Internally, the retail areas of the respective properties were in good order and had been fitted out to a satisfactory standard. However, we must comment that the ancillary accommodation for both of the demises was looking worn and is in need of decorating and further upkeep.
- 8.8 This valuation does not take into account the rights or liabilities of the occupiers under the Defective Premises Act, the Office Shops and Railway Premises Act and the Health and Safety at Work Act. We have assumed that the premises comply with all Statutory and Local Authority requirements. Under The Regulatory Reform (Fire Safety) Order 2005, fire certificates are no longer issued and have been superseded by 'Risk Assessments' by a 'Responsible Person' as defined in the Order. We have not seen any such 'Risk Assessment' in relation to the property and have assumed for the purposes of this report it does comply with the associated regulations.
- 8.9 The Equality Act 2012 has replaced all previous equality legislation such as the Race Relations Act, Disability Discrimination Act and Sex Discrimination Act. With particular regard to the subject properties, its use and access by people with varying disabilities we consider acceptable.
- 8.10 By virtue of The Energy Act 2011 (The Act), from 1st April 2018, it will not be possible to let commercial (or residential) properties below a stated minimum Energy Rating which based on current indications, seems likely to be set at an E rating in England and Wales.
- 8.11 Internet based enquires we have made of the non-domestic EPC register have confirmed that 46 Castle Street has an Energy Performance Certificate (EPC) rating of D (84), dated November 2013.
- 8.12 However, our enquiries did not reveal that there was an EPC existing in respect of 48 Castle Street. We have therefore assumed that in the event that an EPC was produced it would have no material impact on value. In view of the minimum EPC rating requirement from April 2018, we would recommend that it would be prudent to obtain an EPC assessment on the property so that if any improvements are needed, the associated costs can be established and factored into any borrowing requirements and/or annual budgets to minimise the impact of these requirements and spread the costs.

9.0 RATING

- 9.1 Internet based enquiries we have made to the Valuation Office Agency indicate that the premises are assessed for non-domestic rating purposes in the current rating list (2010) as follows: -

Premises	Description	Rateable Value
48 Castle Street, Hinckley	Shop & Premises	£28,250
46 Castle Street, Hinckley	Shop & Premises	£22,500

- 9.2 The uniform business rate for 2017/18 is 47.9 pence in the pound but for small properties with an RV of less than £51,000 the small business rate multiplier of 46.6p is applicable.

- 9.3 We have not investigated whether the property is subject to any transitional relief or phasing and are unable to comment in this respect.

10.0 TENURE

- 10.1 We are informed that the premises are freehold but we have not seen documents relating to Title and have assumed, therefore, that it is free from any unusual or onerous covenants or restrictions, encumbrances or outgoings which would materially affect value.
- 10.2 We understand and have assumed that the principal roads serving the premises are adopted and maintainable at public expense.
- 10.3 No investigations as to the rights of public utilities over any parts of the property have been carried out and we have assumed that any such right would not impose any undue restrictions and therefore materially affect value.
- 10.4 In respect of 48 Castle Street we have been provided with a copy lease between Yewstone Properties Limited (landlord) and Holland & Barrett Limited (tenant), dated 1st November 2012. We detail the salient terms below:
- **Term** – 10 Years from the 24th June 2012.
 - **Rent**- £29,500 per Annum exclusive of rates and VAT.
 - **Break Cause** –23rd June 2017 (Assumed not exercised).
 - **Rent Review** – 24th June 2017
 - **Use** - The permitted use is as a retail health store or chemist shop within Use Class A1 of the Town and Country (Use Classes) order 1987.
 - **Repair**- The tenant shall keep the property clean and tidy and at all times during the term, repair, amend, renew, uphold, support, maintain, decorate and cleanse the demised premises.
 - **Decorations**- The tenant shall decorate all internal parts of the demised premises which ought to be decorated in the fifth year of the term and in the last three months of the term. The tenant shall also decorate the outside wood and ironwork and all additions thereto in the fifth year of the term with two coats of good quality paint.
 - **Alterations** – The tenant shall not make any structural alterations or additions to the demised premises without the written consent of the Landlord, such consent must not be unreasonably withheld or delayed.
 - **Alienation** – The tenant covenants not to sub-let or assign part of the demised premises. Subletting or assigning whole of the demise is permitted, subject to obtaining the landlord's prior written consent, such consent not to be unreasonably withheld or delayed. In respect of an assignment of the whole, the landlord can reasonably request the tenant to enter into an Authorised Guarantee Agreement.
 - **Insurance** -The landlord insures against fire and the usual perils and the tenant reimburses the premium.
 - **Outgoings** – The tenant to pay all rates, taxes and outgoings.
- 10.5 In respect of 46 Castle Street we have been provided with a lease between Yewstone Properties Limited (landlord) and CEX (Franchising) Limited (tenant), dated 6th February 2015. We detail the salient terms of this to be as follows:

- **Term** – 10 Years from the 6th February 2015.
- **Rent**- £25,000 per Annum exclusive of rates and VAT.
- **Break Cause** – Tenant may break on 6th February 2020 with 6 months written notice.
- **Rent Review** – 6th February 2020
- **Use** - The permitted use is as a retail store for the sale of computers, consoles, films, magazines, books, electronic products and any items ancillary thereto within Use Class A1 of the Town and Country (Use Classes) order 2005.
- **Repair**- The tenant shall keep the property clean and tidy and in good and substantial repair and condition and in good decorative order and condition to the reasonable satisfaction of the Landlord.
- **Decorations**- The tenant shall decorate all internal parts of the demised premises which ought to be decorated in the fifth year of the term and in the last six months of the term. The tenant shall also decorate the outside wood and ironwork and all additions thereto in the fifth year of the term and in the last six months of the term with two coats of good quality paint.
- **Alterations** – The tenant shall not make any structural alterations or additions to the building without the written consent of the Landlord, such consent must not be unreasonably withheld or delayed.
- **Alienation** – not to sub-let or assign part of the demised premises. Subletting or assigning whole of the demise is permitted, subject to obtaining the landlord’s prior written consent, such consent not to be unreasonably withheld or delayed. In respect of an assignment of the whole, the landlord can reasonably request the tenant to enter into an Authorised Guarantee Agreement.
- **Insurance** -The landlord insures against fire and the usual perils and the tenant reimburses the premium.
- **Outgoings** – The tenant to pay all rates, taxes and outgoing.

10.6 We would recommend that your legal advisers are instructed to verify the above information.

Tenant Status

10.7 We have made brief status enquiries of the tenants by sourcing respective credit reports prepared by Dunn & Bradstreet.

10.8 In respect of 48 Castle Street, the report details the tenant Holland & Barrett Limited (Company No. 00390308) as having a D & B credit rating of 2A1 as at 5th April 2017. The last published accounts dated 31st December 2015, detail the company a tangible net worth of £5,553,398 and a net current assets of £5,553,398.

10.9 In respect of 46 Castle Street, the report details the tenant CEX (Franchising) Limited (Company No. 05592492) as having a D & B credit rating of 2A1 as at 5th April 2017. The last published accounts dated 31st December 2015, detail the company a sales turnover of £19,566,107 a profit before taxes of £1,904,998 and a Tangible Net Worth of £6,339,841.

11.0 PROPERTY TAXATION

11.1 We are not aware as to the property’s VAT registration status. Accordingly, we have assumed that either the Landlord has not elected to Waive Exemption status or that if he has it has no adverse effect on rental or capital value.

-
- 11.2 We are not aware of whether or not there are any capital allowances that might transfer with the property. Such capital allowances are dependent upon the tax position of an individual purchaser and it is not feasible to make reliable enquiries in this regard. Accordingly, we have assumed that no allowances would be available and have not adjusted our valuation. It should be noted, however, that should a purchaser be able to use significant capital allowances, this might enable him to improve his bid for the property, which could result in increasing the purchase price above our valuation.

12.0 ENVIRONMENTAL CONTAMINATION

- 12.1 We are not aware of the contents of any Environmental Audit or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work we have assumed that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses, either of the property or on any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites and have therefore assumed that none exist.
- 12.2 However, should it be established subsequently that contamination, seepage or pollution exist at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, we reserve the right to amend the values reported and confirm that this situation would probably result in the values reported being reduced.
- 12.3 Non-native invasive plant species can pose a threat to properties and one of the most damaging is Japanese Knotweed (*Fallopia Japonica*). The Environmental Protection Act 1990 classifies it, including soil containing its rhizomes as controlled waste and must be disposed of safely at a licensed landfill site, if removed from the site of origin. Landowners can be prosecuted for failing to manage and dispose of it responsibly or sued for costs and damages if they fail to prevent it from spreading to a neighbouring property. From our inspection of the property, we can confirm that we did not see any obvious signs of Japanese knotweed within the accessible parts of the site during the course of our inspection.
- 12.4 The principle sources of flood risk to properties generally comes from water courses such as rivers and the sea or pluvial flooding associated with heavy rainfall due to inadequate drain and sewer facilities combined with increased development.
- 12.5 In relation to the risk from rivers and the sea, the Environment Agency website has confirmed that the property is situated within an area which they consider the likelihood of flooding to be low and is unlikely to flood except in extreme conditions. The chance of flooding each year is 0.5% (1 in 200) or less. This takes into account the effect of any flood defences that may be in this area, whether or not these are currently illustrated on the Environment Agency Flood Map. Flood defences reduce but do not completely remove the likelihood of flooding and can be over topped or fail in extreme weather conditions.
- 12.6 In the absence of any information to the contrary being provided to us and for the purposes of this report, we have assumed that the property has not been and is unlikely to be affected by pluvial flooding. We have also assumed for the purposes of this report that is the subject of full insurance without significant additional premium to cover flood risks and we have, therefore, not made any adjustment to our valuation in respect of flood risk issues.

-
- 12.7 We have checked on the Health Protection Agency “Radon in Homes in England & Wales: 2010 Data Review” and can advise that the Postcode District LE10 has a total of 21,300 dwellings of which 8 were checked and with none of those having a reading above the accepted level of 200 becquerels per cubic metre. We consider it to be highly unlikely that there would be a radon issue at the premises and have assumed this to be the case for the purposes of this report.

13.0 SITE AND GROUND CONDITIONS

- 13.1 We have not carried out or commissioned a site investigation, geotechnical or geophysical survey and we can give no assurance of the grounds load bearing strength to support either existing structures or any other structure which may be erected in the future. We have assumed that any development or future extensions on the site can be carried out using conventional foundations and at no unusual or extraordinary costs.

14.0 MARKET COMMENTARY

Commercial Outlook

- 14.1 Nationally, The Bank of England Business Conditions Report for 2017 Q1 reports an easing in retail sales volumes, expected to slow further during the year with the weakening in Sterling feeding through to higher prices and reduced household purchasing power. In contrast and for much of the same reason, export volume growth had improved. The fall in Sterling has been passed through into consumer goods price inflation. Business and consumer services price inflation has also edged higher. Construction output growth has changed little. Bank credit availability is reported to have remained relatively stable with a small increase in the demand for loans with occupier demand for commercial real estate remaining resilient overall. Other indicators include very slight growth in employment intentions but increasing difficulties with recruitment, subdued growth in labour costs and price inflation in materials and imported goods with a significant rise in output price inflation, again largely due to the fall in Sterling.
- 14.2 The May 2017 Property Investors Bulletin reports a fall in the value of investment transactions across all sectors over the first four months of the year in comparison to the same period in 2016.
- 14.3 The year of 2016 was characterised by unpredictability with Britain voting to leave the EU amongst other global events. Although early 2017 showed key economic indicators as generally positive, uncertainty remains the underlying market sentiment, not least due to the calling of a General Election in June 2017 and the subsequent hung parliament. This heightened uncertainty attaches not only the economy in general but also specifically the property market and consequently property values. Inflationary pressures are increasingly prevalent.
- 14.4 The UK Government’s strategy towards Brexit negotiations had begun to evolve but is now also subject to potential change.

- 14.5 The Q1 2017 RICS UK Commercial Property Market Survey shows both rental and capital value growth projections strengthening with sentiment still strongest across the industrial sector. Office and retail markets are flatter in comparison. Nationally, tenant demand increased at the all-sector level for the third consecutive quarter, albeit the pace of growth remained only modest. The sector breakdown shows office and retail demand struggling for momentum. Availability continues to decline sharply in the industrial sector whilst, in contrast, retail availability increased marginally, the first reported rise since 2013. Rents are expected to rise most firmly in the industrial sector whilst at the same time, offices are expected to see only modest growth while rents are anticipated to hold steady in the retail segment. Prime office rents are expected to show some improvement but the outlook is broadly flat for secondary locations. Secondary retail shows negative projections whilst some anticipate marginal growth in prime retail rents.
- 14.6 Having outperformed the rest of the country for some time, the London occupier market has cooled with prime and secondary offices and secondary retail rents all anticipated to decline in the capital whilst across almost all other parts of the UK headline rental expectations remain positive.
- 14.7 Investment market enquiries continue to increase whilst the supply of investment properties in the office and industrial sectors fell significantly, and more modestly in the retail sector.
- 14.8 According to RICS, the clear majority of respondents continue to view commercial real estate prices either at or below fair at present, to a proportion consistent with recent quarters.

15.0 MARKET RENT

- 15.1 Castle Street forms the main part of Hinckley's prime pedestrianised retail pitch. Zone A rents along Castle Street typically range from between £344 – £398 per sq m (£32-£37 per sq ft) and vary depending upon the location of the pitch and the use of the property. Rental values generally peak around the entrance to the Britannia Centre, approximately 40m west of the subject units.
- 15.2 We have analysed the passing rent for 48 Castle Street of £29,500 per annum to reflect a Zone A rate of £408.38 per sq m (£37.94 per sq ft) with £32.29 per sq m (£3 per sq ft) applied to the first floor ancillary accommodation.
- 15.3 We have analysed the passing rent for 46 Castle Street of £25,000 per annum to reflect a Zone A rate of £385.24 per sq m (£35.79 per sq ft) with £43.06 per sq m (£4 per sq ft) on the ground consultation room/office and £32.29 per sq m (£3 per sq ft) on the first-floor ancillary accommodation.
- 15.4 In forming our opinion of Market Rent we have had regard to the following recent rental transaction in Hinckley:
- **11 Castle Street, Hinckley-** A three storey premises with ground floor retail accommodation extending to 356.03 sq m (3,843 sq ft) let during February 2016 for a term of 10 years at a headline rent of £31,000 per annum, equating to £269.10 per sq m ITZA (£25 per sq ft ITZA). This property is located in an inferior trading position in comparison to the Subject properties.

- **Unit 7, The Britannia Shopping Centre, Hinckley-** A ground floor retail unit with first floor ancillary storage extending to 122.82 sq m (1,322 sq ft) let during September 2014 for a term of 10 years at a headline rent of £65,000, equating to £396.33 per sq m ITZA (£36.82 per sq ft ITZA). This property is situated in a superior trading position to the subjects.
- **Unit 3 24-26 Castle Street, Hinckley-** A ground floor retail unit with first floor ancillary storage. The lease was re-gearred during August 2014 for a further 10 year term at an average rent of £31,500 per annum, equating to £298.70 per sq m ITZA (£27.75 per sq m ITZA). This property is situated very close to the Britannia Shopping Centre entrance. We consider that a 'soft' deal was struck to retain the tenant.
- **16 Castle Street, Hinckley -** A ground floor retail unit with first floor ancillary storage extending to 160.54 sq m (1,728 sq ft) was let during September 2013 for a headline rent of £24,000 per annum, equating to £396.33 per sq m ITZA (£36.82 per sq ft ITZA). This property is situated in a comparable trading location to the subjects.

The comparable floor areas have been taken from the Valuation Office Agency website. A rate ranging between £21.53 per sq m - £53.82 per sq m (£2.00-£5.00 per sq ft) has been applied to the respective ancillary accommodation, in order to de-value the agreed rent.

- 15.5 In calculating our opinion of Market Rent we have applied a Zone A rate of £382.12 per sq (£35.50 per sq m) based on the letting of 46 Castle Street and the other evidence detailed above, with rates of £21.52-£53.82 per sq m (£2-5 per sq ft) applied to the ancillary accommodation. This results in Market Rental Values of £25,000 per annum for 46 Castle Street and £27,700 per annum for 48 Castle Street. The aggregate Market Rent therefore equates to £52,700 per annum.
- 15.6 The Market Rental Values reflect the slight slope to the floors.
- 15.7 If the subject properties were to become vacant and are exposed to the market for re-letting purposes then we would envisage a new letting to be concluded within a period of 9-12 months. Typical rent free incentives are around 3-6 months for every 5 year term certain on the lease.
- 15.8 Our opinion of Market Rent is based upon the terms of institutionally acceptable leases for a minimum period of 3 years without any onerous covenants upon either party, on a Full Repairing and Insuring basis.

16.0 VALUATION CONSIDERATIONS

- 16.1 The subject properties are situated within the prime pedestrianised retail pitch of Hinckley Town Centre, benefitting from good levels of footfall. At present occupancy levels along Castle Street are good with a limited number of voids
- 16.2 The properties are considered to be suitable for their current uses providing functional ground floor retail accommodation with sufficient ancillary space. The retail accommodation of the respective properties has been fitted out to a reasonably good standard specification by the tenants. However, the ancillary accommodation for both units is in need of decorating and modernising. The units incorporate a step in levels but sloping floors have been installed to mitigate this.

- 16.3 In general investors tend to prefer investment properties that are let to strong covenants with long unexpired lease terms in place. Where there is a short unexpired term or a weak covenant in place there tends to be an outward shift in yields, unless there are good re-letting prospects.
- 16.4 Having regard to the financial information obtained from our internet based enquires, we are of the opinion that investors would consider both tenants to be good covenants for the level of the rent commitment in place.
- 16.5 With regard to the unexpired lease terms, we have assumed that Holland and Barrett Limited have not exercised their tenant break option (at least six months written notice is required before the 23rd June 2017) and therefore there are approximately 5 years 2 months remaining on their lease. In the current retail investment market investors would consider this income to be relatively secure.
- 16.6 However, CEX (Franchising) Limited only have 2 years 10 months remaining until their break option which is considered relatively short in the current market.
- 16.7 We calculate the Weighted Average Unexpired Lease Term to be circa 3.85 years.

Valuation Approach

- 16.8 In forming our opinion of Market Value we have adopted the investment methods of valuation. Accordingly, we have had regard to retail investment transactions within the nearby vicinity. The details of these are as follows:
- **11 Castle Street, Hinckley** – A freehold retail premises with ancillary accommodation, let to Cancer Research UK, for £31,000 per annum, sold during Q3 2016 for £410,000 reflecting a net initial yield of 7.25%. The lease had approximately 4.5 years unexpired until the tenant break option as at the sale date. A smaller lot size but similar unexpired term.
 - **13-15 Castle Street, Hinckley** – A pair of retail units arranged over 3 floors, let to Thorntons PLC and Bodycare respectively generating a current combined income of £77,500 per annum. The building was sold during Q2 2016 for £920,000, reflecting a net initial yield of 7.97 %. The properties were sold with a WAULT of 4.4 years until break. This investment had a similar WAULT to the Subject.
 - **24-26 Castle Street, Hinckley**- A pair of retail units let to the Works Bookstore & Clinton Cards respectively, generating an income of £40,000 per annum, sold during Q1 2015 for £760,000, reflecting a net initial yield of 8.33%. The properties were sold with a WAULT of 5 years until breaks. This again offered a similar WAULT and lot size to the subject property.
 - **21 Castle Street, Hinckley** - A freehold retail unit with first floor ancillary accommodation, let to H Samuel on a 25 year lease from June 1992. The current passing rent is £29,000 per annum. The property was sold at auction in Q4 2014 for £341,000, reflecting a net initial yield of 8.11%. The property was sold with an unexpired term of just under 3 years which is marginally less than the Subjects.
 - **70-76 Castle Street, Hinckley**- A pair of retail units let to The Air Ambulance and MIND with first floor offices let to Hinckley Town Partnership. The aggregate passing rent equates to £51,000. The property was sold during Q1 2016 for £450,000, reflecting a net initial yield of 10.85%. The demises were sold with unexpired terms all under 5 years. The covenant strength offered by the tenants is substantially weaker to the Subjects.

- **14 Market Place, Hinckley** – a freehold bank unit let to Halifax/Bank of Scotland on a lease expiring in 2031 at a rental of £35,000 per annum. The property sold for £560,000 representing a net initial yield of 4.25%. This investment has a much longer unexpired term which drives the lower yield resulting from the sale.
- 16.9 In calculating our opinion of Market Value we have assumed that the tenant of 46 Castle Street will exercise their break in 2020 and reflected a 9 month marketing void and a 6 month rent free period. We have then capitalised our opinion of aggregate Market Rent at a net initial yield of 7.75% based on the evidence set out, which results in a Market Value of £670,000.
- 16.10 In calculating our opinion of Market Value with Vacant Possession we have utilised our opinion of Market Rent and allowed for marketing periods of 9 months on one unit and 12 months on the other together with rent free periods of 6 months. We have reflected void holding costs at 50% of the rental value and re-letting fees of 15% of the rental value. We have capitalised at a nominal equivalent yield of 8.75% and this results in a Market Value with vacant possession of £480,000.

17.0 VALUATION

- 17.1 Having regard to the comments and assumptions we have made in this report we are therefore of the opinion that the freehold interest has a Market Value as defined below, assuming vacant subject to and with the benefit of existing tenancies as detailed, for loan security purposes, as at 6th April 2017, exclusive of VAT, of: -

£670,000
(Six Hundred and Seventy Thousand Pounds)

- 17.2 Market Value is defined in the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) as follows: -

‘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 arms-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.

- 17.3 In arriving at our figure no allowance has been made for any liability which may arise on the disposal for payment of Corporation or Capital Gains Tax and the figure stated is exclusive of VAT. Furthermore, no allowance has been made for any expenses of sale which might arise in the event of a disposal. We confirm, however, that we have deducted purchaser’s costs at 5.22% to arrive at the net yield (Market Value).
- 17.4 We confirm that the principal methodology used in our valuation was comparable and investment.
- 17.5 We also confirm, on the special assumption that the property has full **vacant possession**, that our opinion of the Market Value is **£480,000, exclusive of VAT**.
- 17.6 For the avoidance of doubt we confirm that the above Market Value still assumes an exchange of contracts on the date of this valuation and that the appropriate marketing period has already taken place.
- 17.7 We consider the Market Rent of the property at the valuation date *on the lease terms stated* as at 6th April 2017, exclusive of VAT to be: -

£52,700 per annum
(Fifty Two Thousand Seven Hundred per annum)

- 17.8 Market Rent is defined in the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) as follows: -

‘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 arms-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion’.

18.0 SECURITY CONSIDERATIONS

- 18.1 As a consequence of the decision to leave the EU in June 2016 we have now entered a period during which the UK Government will negotiate the terms of our exit which will probably take at least two years to achieve. Currently the worst fears of a vote to leave have not manifested themselves in the performance of the economy or the property market. In general terms the property market has taken the decision in its stride and transactions have taken place that are reflected in our opinion of value. However, it is generally accepted that during the period of negotiations the UK will potentially be in a period of increased uncertainty which may affect the economy and as a consequence the property market.
- 18.2 The property comprises a retail investment secured on two national retailers with a WAULT of 3.85 years. It is considered that if the property were offered to the market it would meet with satisfactory demand and a purchaser could be secured at our opinion of Market Value within a period of 6-9 months
- 18.3 The property, in our opinion provides satisfactory security for loan purposes.
- 18.4 The landlord has the opportunity to negotiate a lease re-gear with the tenant to remove the break option and improve the security of income. This would add value to the asset.

19.0 REINSTATEMENT COST ASSESSMENT

- 19.1 We would estimate that the Reinstatement Cost of the premises is in the sum of: -

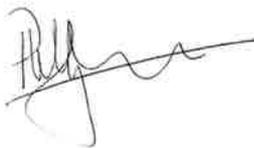
£380,000
(Three Hundred and Eighty Thousand Pounds)

- 19.2 The Reinstatement Cost for insurance purposes is given as a guide which may be varied and should not, therefore, be regarded as a formal valuation for these purposes. A formal estimate for insurance purposes can only be given by a Quantity Surveyor or other person with sufficient current experience of replacement costs.

- 19.3 It is assumed that the policy is on an indemnity basis with a fully operating reinstatement clause and no special conditions.
- 19.4 We have assumed that an instantaneous basis of value has no regard to variation of building costs subsequent to the date of our estimate. The figure we have given reflect the buildings in their present form, excluding all items of plant and machinery, trade fixtures and fittings and furniture which do not form an integral part of the structure of the building. The figure includes an allowance for site clearance, demolition, insuring and propping together with appropriate Architects', Surveyors' and Engineers' fees likely to be incurred in the reconstruction works.
- 19.5 It does not allow for VAT, except on fees, nor does it make any allowance for the effects of inflation over the period of the policy. It does not include any estimate of the cost of alternative accommodation during the works of reinstatement.

20.0 LIMITATIONS ON LIABILITY AND PUBLICATION

- 20.1 This report, including assumptions, caveats and the Appendices, should be read as a whole so that no part may be taken out of context.
- 20.2 Neither the whole nor any part of this report or any reference thereto may be included in any published document, circular or statement nor published in any way without our written approval of the form or context in which it may appear.
- 20.3 This valuation is for the stated purpose and for the sole use of Cambridge and Counties Ltd and is confidential to them and their professional advisors. We accept no responsibility whatsoever to any other party.



PHIL GLENN MRICS
DIRECTOR



RAHUL SAINI MRICS
ASSOCIATE DIRECTOR

FOR AND ON BEHALF OF INNES ENGLAND LIMITED

Tel: 0116 2555455
Email: pglenn@innes-england.com / rsaini@innes-england.com
Dated: 18th July 2017

APPENDIX A

LETTER OF INSTRUCTION

Our Ref: RB/SB

12th July 2017

Innes England Limited,
Peat House,
1 Waterloo Way,
Leicester,
LE1 6LP

Dear Messrs Glenn and Saini,

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 shall rely. The valuation may be shown to any third parties in connection with the financing of the property 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: Yewstone Properties Limited

PROPERTIES: 46-48 Castle Street, Hinckley, Leics, LE10 1DB

TENURE: Freehold

USE: Retail

TENANCIES: Holland & Barrett
CEX Entertainment Exchange

ACCESS: Via Mike Hird of Step Up Finance on 01379 644061

Instruction

The report should be addressed to Proplend Security Limited 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 Ltd, it will need to be viewed by its Lending members on the understanding that only Proplend Security Ltd 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 Property in its 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 Property on the assumption that the Property was being sold without the benefit of a going concern.
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 Property to include its accommodation, its size, its 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 the 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 £ tba + VAT 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 Borrowers whose contact details are supplied above. Proplend Security Limited 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 copy of your report by email in the first instance to admin@proplendsecurity.com with hard copy to H1 Ascot Business Park, Lyndhurst Road, Ascot SL5 9FE.

Yours faithfully,



Brian Bartaby
Proplend Security Limited
Director

APPENDIX B

TERMS OF ENGAGEMENT

Terms of Engagement: Valuation

Client Details

Name of Client: Proplend Security Ltd.
Contact name and address: 20-22 Wenlock Road London N1 7GU
Telephone: 0203 397 8290 **Email:** admin@proplendsecurity.com

Property Details

Property Addresses: 46-48 Castle Street Hinckley LE10 1DB
Tenure: Freehold **Type of Property:** Retail
Interest to be Valued: Freehold subject to tenancies
Special Assumptions: None

Job Details

Purpose of Valuation: Loan Security **Term of Loan** N/A
Basis of Value: Market Value

Name of Valuer: Phil Glenn **Status of Valuer:** MRICS
Email address: pglenn@innes-england.com **Phone Number:** 0116 2555455

Knowledge and Skills We confirm that the Valuer is an RICS Registered Valuer, with sufficient current local or national (as appropriate) knowledge of the particular market, and the skills and understanding necessary to undertake the valuation competently.

Report Timescale: Within 2 weeks of instruction **Instruction Date:** 12th July 2017
Valuation Date: Date of report **Currency:** GBP
Fee Basis: £750 plus vat **Disbursements Included:** Yes

Previous Involvement: We have previously valued the property for another lender earlier in 2017.

Conflicts of Interest: None known.

RICS Valuation Standards We confirm that the valuation will be prepared in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) in particular the requirements of VPS3 (Valuation Reports).

RICS Regulation The valuation may be subject to monitoring under the RICS conduct and disciplinary regulations

Complaints A copy of our Complaints Handling Procedure is available on request

Basis of Value

Our valuation will be on the basis stated, which will one or more of;

Market Value: The estimated amount for which an asset or liability should exchange on the valuation date, between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Market Rent: The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Assumptions

In providing our valuation advice, we shall make the following assumptions unless agreed with you in advance. If, after inspection or investigation, we consider an assumption to be inappropriate, or should be a special assumption, we shall discuss and agree these with you prior to the conclusion of the valuation and the delivery of the report.

Unless it is made apparent by our express statement to the contrary in the report, we will be under no duty to verify our assumptions. If any of them are subsequently found to not be valid, we may wish to review our valuation as there may be an impact on it.

Town and Country Planning

We shall make verbal and/or internet based enquiries of the relevant local planning authorities, but in general terms will assume that all buildings, structures and operations currently existing within the various curtilages have the benefit of formal planning permission, building regulations and other required approvals and are, therefore, immune from any form of enforcement or action for termination by the respective authorities.

However, no formal search shall be instigated and we recommend that verification be obtained from your legal advisers that the position is correctly stated in our report.

In the absence of information to the contrary and, so far as it is material to value, we shall assume, that planning permissions are of a perpetual nature for the benefit of the property.

Title and other Statutory Investigations

We shall assume:

- a) That there is good and unencumbered title to the property, free from onerous covenants, easements, restrictions or other encumbrances or outgoings. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. Unless stated we shall not inspect the Title Deeds or Land Registry Certificate. Any legal assumptions made must be checked by your legal advisors and no responsibility or liability will be accepted for the true interpretation of your legal title in the property.

- b) That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in our report is complete and correct.
- c) That the information provided by the Local and Statutory Authorities is correct and complete and that a local search would not reveal any matter that would have an adverse effect upon the value of the property, nor liability to the Client, or Client Lender (for a secured lending valuation);
- d) That the property and any alterations or extensions thereto complies in all respects with current legislation affecting the property and its use, or its intended use.
- e) That the principal roads serving the property are adopted and maintainable at public expense.
- f) No investigations as to the rights of public utilities over any parts of the property will be carried out and we will assume that any such right would not impose any undue restrictions and therefore materially affect value.

Extent of Inspection and Condition

We will undertake a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty, as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which we consider reasonably necessary to provide the service, having regard to its purpose.

We will not carry out a building or structural survey and will not inspect areas of the property which are covered, unexposed or inaccessible. No warranty can be given therefore, as to the structural condition of any building, neither can it be reported as being free from rot, infestation or any other defect.

We will not test any of the drains or other services, and for the purpose of our valuation we will assume that they are all operating satisfactorily and no allowances will be made for replacement or repair.

No tests will be carried out to establish whether high alumina cement products, calcium chloride, asbestos or wood wool slabs used in structural formwork or other deleterious materials have been used in the construction, modification or extension of the property. Our valuation will assume that the property does not incorporate these or similar products and is free from infestation.

Due note will be made of the various forms of construction and apparent state of repair of the property which will, as far as possible and if specifically stated, be reflected in our valuation figure.

We will assume that normal periodic maintenance will be carried out to maintain the property in a state or repair fit for its present use.

In respect of newly built property we will assume that a full package of guarantees and collateral warranties are available from the design, professional and build team responsible for the erection of the subject property. We will recommend that your solicitors are instructed to confirm that the warranties etc. are acceptable.

Our valuation will not take into account the rights or liabilities of the occupiers under the Defective Premises Act, the Health and Safety at Work Act, the Control of Asbestos at Work Regulations, or the Disability Discrimination Act 1995. We will assume that the property complies with all Statutory, Local Authority requirements and the Regulatory Reform (Fire Safety) Order 2005.

Although regard will be taken of the apparent state of the property, defects may exist that are latent or would be revealed in a more detailed survey.

We will be unable to confirm that the property is free from risk of high alumina cement concrete, calcium chloride additive, asbestos or other potentially deleterious or hazardous materials or techniques having been used in the construction or alteration of the property.

Unless specifically requested otherwise by the Client or stated otherwise by us, where our instructions relate to office property, any measurement will be carried out in accordance with the latest edition of the RICS Code of Measuring Practice, not with the International Property Measurement Standards ("IPMS"). This is because we do not consider IPMS measurements will have any impact on the substance or purpose of these instructions. Please contact us before confirming the terms set out herein if that is not understood and accepted.

No measurement or calculation will be made of the load bearing capacity of foundation, floors or other elements of the structure which will be assumed are suitable for the present or proposed uses.

The valuation will assume that any more detailed reports, tests, calculations would not reveal any materially adverse conditions.

Where provided we will comment on the EPC rating, or will assume that in the event that an EPC was produced it would have no material impact on value.

Services

Unless informed otherwise we shall assume that the property has the benefit of mains water, electricity, drainage and gas. However, no tests or checks will be carried out with regard to these services and we will assume that they are free from defect and would satisfy the requirements of any appropriate statutory bodies.

We will assume that the capacity of the services is adequate for the future use of the property but may be unable to verify that this is the case.

In respect of development sites, we will assume that all relevant services are available at the site and that water, electricity, drainage, gas and telecommunications can be connected at normal cost and that there are no on or off site, abnormal infrastructure or service provision costs which are required.

Contamination and Environmental Issues

We will assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We will not carry out any investigation into past or present uses, either of the property or on any neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites and will assume that none exist.

However, should it be established subsequently that contamination, seepage or pollution exist at the property or on any neighbouring land, or that the property has been or is being put to a

contaminative use, we reserve the right to amend the values reported and confirm that this situation would probably result in the values reported being reduced.

We will make internet-based enquiries of The Environment Agency in respect of flooding. Where this shows that the property has a 1 in 75 (1.3%) chance of flooding or worse, we will assume that the property is the subject of full insurance without significant additional premium to cover flood risks and we will not make any adjustment to our valuation in respect of flood risk issues.

We will not carry out or commission a site investigation, geotechnical or geophysical survey and will give no assurance of the grounds load bearing strength to support either existing structures or any other structure which may be erected in the future. We will assume that any development or future extensions on the site can be carried out using conventional foundations and at no unusual or extraordinary costs.

Reinstatement Cost Assessments

Any Reinstatement Cost for insurance purposes will be given as a guide which may be varied and should not, therefore, be regarded as a formal valuation for these purposes. A formal estimate for insurance purposes can only be given by a Quantity Surveyor or other person with sufficient current experience of replacement costs.

We will assume that the policy is on an indemnity basis with a fully operating reinstatement clause and with no special conditions.

We will assume that an instantaneous basis of value has no regard to variation of building costs subsequent to the date of our estimate. The figure we give will reflect the buildings in their present form, excluding all items of plant and machinery, trade fixtures and fittings and furniture which do not form an integral part of the structure of the building. The figure will include an allowance for site clearance, demolition, insuring and propping together with appropriate Architects', Surveyors' and Engineers' fees likely to be incurred in the reconstruction works.

It will not allow for VAT, except on fees, nor will it make any allowance for the effects of inflation over the period of the policy. It will not include any estimate of the cost of alternative accommodation during the works of reinstatement.

Limits on Liability and Publication

Our valuation report, including assumptions, caveats and the Appendices, should be read as a whole so that no part may be taken out of context.

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

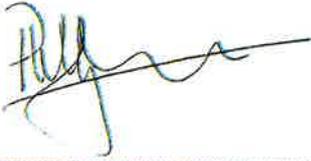
Our maximum aggregate liability to you (whether in contract, tort, negligence or otherwise) in relation to the Services that these Terms of Engagement apply to shall not in any circumstances exceed the lower of 25% of the Market Value of the properties valued or £1,000,000. Nothing in these Terms of Engagement shall exclude or limit our liability to you for death or personal injury caused by our negligence or for fraudulent misrepresentation.

Our valuation report will be for the stated purpose and for the sole use of the named Client and will be confidential to them and their professional advisors. We accept no responsibility whatsoever to any other party.

.....

Signature of Client or Authorised Representative

(If signing on behalf of Company or Partnership, state capacity)



.....

Signature of Authorised Representative of Innes England

.....

Date:

Date: 17th July 2017

Peat House, 1 Waterloo Way, Leicester, LE1 6LP
T 0116 255 5455