

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
Leigh Street
High Wycombe
HP11 2QU**



Tenure	Freehold
Total gross Income	£240,000 per annum
Market Rental Value	£240,000 per annum
Market Value	£2,700,000
Market Value (VP)	£2,400,000
Description	<p>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.</p> <p>Gross Internal Area of buildings: 43,440 sq ft Estimated net lettable area: 32,000 sq ft No. of self-store units: 370</p>
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 We understand the net lettable, in terms of actual self-storage units, is circa 32,000 sq ft.
- 4.3 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 in part at least 100 years old 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).

- 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 which is 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 The property has been let to Store Space Ltd for ten years from 2007 at a current rent of £220,000. We have seen a draft new lease which has the following principal 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, 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 only 1%, 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 ordinarily add £1.50 per sq ft for the self-storage fitting-out, producing a gross rental value of £217,200 per annum. However, because the base 'industrial' rent is comparatively low, this underestimates the value as a self-storage facility which clearly is not adversely affected by the non-standard industrial /distribution warehouse location, specification, layout and access. An alternative approach and one which the self-storage industry applies is to take a percentage of either EBITDA or, more usually, a lower percentage of estimated gross turnover/income.
- 13.5 In this respect we have adopted a net lettable area of 32,000 sq ft and applied £25 per sq ft per annum, at 85% occupancy, before adding 10% for ancillary sales (insurance, boxes, tape etc) to arrive at a gross income of c. £750,000. We have then applied a third of that for rent; ie £250,000. On this basis we consider that the proposed rent of £240,000 per annum is in line with Market Rent and we have stated this rental level as being Market Rent.

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 Molesey, 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 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.
- 15.2 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.
- 15.3 We have not added any 'Hope value' for conversion/redevelopment to a residential-led, mixed-use, scheme as planning is still somewhat nebulous, although the likelihood is that any scheme would generate a higher 'site' value.
- 15.4 Copies 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



RUPERT MAUDE FRICS
(Surveyor – RICS Registered Valuer)
T: 020 7647 7240
E: rupert.maude@cluttons.com

Reviewed by



RICHARD MOSS MRICS
(Partner – RICS Registered Valuer)
T 020 7647 7226
E richard.moss@cluttons.com

For and on behalf of
Cluttons LLP
Valuation Consultancy
Portman House, 2 Portman Street, London W1 H 6DU
T 020 7408 1010 F 020 7647 7177 www.cluttons.com
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APPENDIX A

Instruction Letter & Our Terms of Engagement

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

Our Ref: SB/PG

20th September 2017

Attn Rupert Maude
Cluttons LLP
2 Portman Street
London
W1H 6DU

Dear Sir,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited 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: Fortitude Investment (Commercial) Ltd

PROPERTIES: Albany House, Leigh Street, High Wycombe, HP11 2QU

TENURE: Freehold

USE: Warehouse

TENANCIES: FRI lease to Store Space Ltd, 10 years remaining. Rent £240k p.a.

ACCESS: Via Matt Slivon, 01494 449528.

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 commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
6. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
7. 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.
8. 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 **fbc+** 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

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

FAO Brian Bartaby

02 October 2017

Dear Sirs,

Re: Albany House, leigh Street, High Wycombe, HP11 2QU

Thank you for your instructions to undertake a valuation of the freehold interest in the above-mentioned property for secured lending purposes. This letter is to record our agreement of terms of engagement in line with latest RICS requirements.

I confirm that neither I, nor Cluttons LLP, has any current or previous involvement with the property or borrower. Therefore, in accepting this instruction, we are not aware of any material conflict of interest and we are able to undertake the valuation in the capacity of External Valuer.

I confirm that the valuer has sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. I also confirm that Cluttons LLP holds adequate Professional Indemnity Insurance cover to undertake the valuation.

You have requested valuations on the following basis:-

- i) Market Value of the property in its current condition, as at the date of our inspection, subject to the existing tenancy;
- ii) Market Value with Vacant Possession; and
- iii) Market Rent.

You have additionally asked us to provide a guide on the reinstatement cost of the property 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.

The valuation will be carried out by Rupert Maude FRICS, a Partner of Cluttons LLP.

The firm is registered for regulation by RICS and the valuation will be undertaken by an RICS Registered Valuer in accordance with the current RICS Valuation - Professional Standards 2014 - Global and UK ("The Red Book"). Compliance with these standards may be subject to monitoring under RICS conduct and disciplinary regulations. Our terms and conditions, which includes details of the firm's complaints handling procedure, are attached for signature and return (if appropriate). Also enclosed are our Standard Valuation Assumptions.

Our fee for undertaking this work will be £4,000, exclusive of VAT. You have requested that we invoice the customer direct. We reserve the right to revert to Proplend Security Limited if we are unable to obtain payment from your customer.

Our report will be addressed to Proplend Security Limited, and is for your use only. No responsibility will be accepted to any other party, unless our prior agreement is given to extend our liability to further named parties. Also, our prior consent in writing will be required if you wish to reproduce the report or refer to it in any published document.

As per your instruction, the effective valuation date will be the date of our instruction.

Yours sincerely,



Rupert Maude
Partner
Valuation Consultancy

T: 020 7647 7240
E: Rupert.maude@cluttons.com
Ref: RMV2017-733-RM

TERMS AND CONDITIONS OF BUSINESS

GENERAL TERMS OF BUSINESS

These General Terms of Business have been prepared in order to clarify the basis upon which we will act for you. They apply to all services provided by Cluttons LLP.

They are to be read in conjunction with any other correspondence from us confirming the basis upon which your particular instructions are accepted ("Appointment Correspondence"). Any such additional terms will be sent to you before your instructions are confirmed/accepted.

The General Terms of Business and Appointment Correspondence will govern the relationship between you and Cluttons LLP ("The Contract"). The Contract will apply unless variation is agreed in writing.

Our relationship with you

- When we refer, in this document and elsewhere, to "Cluttons", "we", "our" and "us", we are referring to Cluttons LLP. We use the word "partner" to refer to a member of Cluttons LLP. No reference to a "partner" is to imply that any person is carrying on business with others in partnership.
- Your relationship is solely with Cluttons. No member, employee, agent or consultant of Cluttons will have any personal legal liability for the work that we undertake for you. Individuals signing letters, reports and other documents in their own names do so as representatives of Cluttons, without assuming any personal legal liability.
- Reference to papers and documents includes any written communication, however transmitted, on our stationery or from a Cluttons' email account. We do not accept responsibility for the contents of emails from other accounts.
- Our work for you is confidential to you and may not be passed on to or shared with others without our prior written consent. We accept no responsibility to anyone other than you, our client, for the work that we undertake for you. In the absence of express agreement to the contrary, no term of The Contract is enforceable pursuant to the Contracts (Rights of Third Parties) Act 1999 by any person who is not party to it.
- If you provide information and documentation to us, then we must rely on you for its accuracy. We will not be liable for any errors or losses arising from false, incomplete or misleading information or documentation that you have supplied.
- On completion of our work for you, we will usually store the papers relevant to your instruction, on the understanding that we have authority to destroy the file 12 years from the date on which our final fee invoice was issued.

Responsibility for work

- If we engage other professional advisors on your behalf, whether within or outside the UK, we do so as your agent. Their fees shall be payable by you in addition to our own fees and, unless we have otherwise agreed in writing, we accept no responsibility for their work.
- We may from time to time refer work to a firm with which we are in association. We will advise you clearly where this is the case. You accept that the appointment in respect of such advice is directly between you and any firm we are in association with and that Cluttons has no liability to you (in contract, tort (including negligence) or otherwise) for the referral or any such work undertaken.
- Where we refer work to a firm which we are in association with, unless you advise us otherwise, you agree that we may use our discretion and disclose information which you have provided to us (whether or not this information is confidential).
- Where we refer work to another professional adviser or any firm we are in association with, we may receive a referral fee from them. In such cases, we shall let you have details of the referral fee and seek your consent.

Fees

- Fees will be as set out in the Appointment Correspondence.

disbursements, including advertising, photocopying charges and out of pocket expenses, incurred on your behalf. Where these sums are significant, we may ask for a sum on account before the costs are incurred, or for reimbursement immediately afterwards.

- We do not pay interest on monies held on account of fees and disbursements.
- Invoices are payable on receipt. In the event of non-payment within thirty days of issue, we retain the right to charge interest on the amount outstanding at a rate of 5% above the base rate from time to time of Barclays Bank plc. Additionally, there will be no obligation to carry out any further work for you on any matter until the outstanding amount has been paid.
- If it is necessary to use solicitors or other parties to recover agreed fees, costs or charges, you agree to pay any reasonable costs incurred by us in that respect.
- All fees, costs and charges are subject to Value Added Tax.
- If any cheque you submit is dishonoured, a charge of £50 will be added to your account to cover our administrative time and charges made by our bankers.
- If you instruct us that a third party will be responsible for paying our fees, we will accept such an instruction only on the basis that you will pay our fees if they are not paid promptly (within 30 days of issue) by the third party.

Data protection

- Cluttons LLP complies with data protection legislation and we observe the confidentiality of our clients' affairs.
- Information about you that we learn in the course of acting for you may be shared within Cluttons LLP for the purposes of fulfilling your instructions, notifying you of matters that we consider might be of interest to you and for similar promotional reasons.
- This does not affect your statutory rights under the Data Protection Act 1998.

Copyright

- We retain copyright in and ownership of all documents, drawings, maps, reports, photographic and other records produced by us in connection with our work for you.

Complaints procedure

- In accordance with the Royal Institution of Chartered Surveyors' rules of conduct and disciplinary procedures, we have a formal procedure to deal with complaints from clients and others. Details of this procedure are available from the Client Partner who is handling your affairs, although we would normally expect that any difficulties arising can be resolved satisfactorily with the Client Partner and that the formal complaints procedure can be avoided.

Applicable law and jurisdiction

- Whether instructions are carried out within or outside of the United Kingdom, the Laws of England shall apply to The Contract and the English courts shall have exclusive jurisdiction.

Liability

- The maximum amount of our liability in respect of the work that we do for you will be limited to the amount (if any) specified in the Appointment Correspondence.
- If no amount is specified in the Appointment Correspondence, our liability in contract, tort (including negligence) or otherwise will not exceed: (i) £2 million; or (ii) if higher, an amount equal to 10 times the agreed fee (excluding disbursements and VAT) charged by us to you for performing the service to which the claim relates.
- If you require us to accept a higher limit of liability, you must notify us in writing prior to entering into The Contract and we will discuss the options with you.
- In no circumstances shall our total liability exceed £10 million.
- These liability limits are total figures, regardless of the number of people who comprise our client for any one instruction.
- These limitations would not apply to loss or damage caused by our deliberate and wilful default, or to damages for death or personal injury.
- Claims may be brought only against Cluttons LLP, and not (except for fraud) against Cluttons' individual members, employees, consultants or agents.
- We will not be liable for any indirect or consequential loss, damage, cost or expense of any kind. We shall not be liable to you, or be

disbursements, including advertising, photocopying charges and out of pocket expenses, incurred on your behalf. Where these sums are significant, we may ask for a sum on account before the costs are incurred, or for reimbursement immediately afterwards.

- We do not pay interest on monies held on account of fees and disbursements.
- Invoices are payable on receipt. In the event of non-payment within thirty days of issue, we retain the right to charge interest on the amount outstanding at a rate of 5% above the base rate from time to time of Barclays Bank plc. Additionally, there will be no obligation to carry out any further work for you on any matter until the outstanding amount has been paid.
- If it is necessary to use solicitors or other parties to recover agreed fees, costs or charges, you agree to pay any reasonable costs incurred by us in that respect.
- All fees, costs and charges are subject to Value Added Tax.
- If any cheque you submit is dishonoured, a charge of £50 will be added to your account to cover our administrative time and charges made by our bankers.
- If you instruct us that a third party will be responsible for paying our fees, we will accept such an instruction only on the basis that you will pay our fees if they are not paid promptly (within 30 days of issue) by the third party.

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- Cluttons LLP complies with data protection legislation and we observe the confidentiality of our clients' affairs.
- Information about you that we learn in the course of acting for you may be shared within Cluttons LLP for the purposes of fulfilling your instructions, notifying you of matters that we consider might be of interest to you and for similar promotional reasons.
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- Whether instructions are carried out within or outside of the United Kingdom, the Laws of England shall apply to The Contract and the English courts shall have exclusive jurisdiction.

Liability

- The maximum amount of our liability in respect of the work that we do for you will be limited to the amount (if any) specified in the Appointment Correspondence.
- If no amount is specified in the Appointment Correspondence, our liability in contract, tort (including negligence) or otherwise will not exceed: (i) £2 million; or (ii) if higher, an amount equal to 10 times the agreed fee (excluding disbursements and VAT) charged by us to you for performing the service to which the claim relates.
- If you require us to accept a higher limit of liability, you must notify us in writing prior to entering into The Contract and we will discuss the options with you.
- In no circumstances shall our total liability exceed £10 million.
- These liability limits are total figures, regardless of the number of people who comprise our client for any one instruction.
- These limitations would not apply to loss or damage caused by our deliberate and wilful default, or to damages for death or personal injury.
- Claims may be brought only against Cluttons LLP, and not (except for fraud) against Cluttons' individual members, employees, consultants or agents.
- We will not be liable for any indirect or consequential loss, damage, cost or expense of any kind. We shall not be liable to you, or be

- Any alleged liability on our part is to take account of other parties' contributory negligence and legal responsibilities, regardless of those parties' ability to pay or liability limitations in their own terms of engagement.

Regulation & Sanctions

- When we take instructions from a new client we may be obliged to ask for evidence of identity in order to conduct checks in accordance with money laundering regulations and the financial sanctions regime. We may also make searches of appropriate databases electronically using the information you have provided and/or that we have obtained from other sources.
- For the avoidance of doubt, and as required by the relevant legislation, searches may also be conducted on directors and "beneficial owners" of the client. If satisfactory evidence is not provided within a reasonable time, there may be circumstances in which we are not able to proceed with the instruction.
- In the event that we are prevented from carrying out your instructions by virtue of any applicable regulations or financial sanctions regime, we will not be liable for any losses incurred by you. You will remain liable for any fees incurred up to that date. We may also be required, in some cases, to disclose information to governmental or other regulatory authorities. For example, money laundering regulations require us to notify the National Crime Agency if we suspect or have reasonable grounds for suspecting that our client or another person is using the proceeds of crime. In that event, we may be precluded from seeking our client's consent to notify and/or from informing our client that notification has been made.
- In the event that we are prevented from dealing with you as a result of any money laundering or financial sanctions regime,
- To assist us in complying with relevant laws, we reserve the right to decline cash receipts in excess of £5,000.

Miscellaneous

- No variation to these conditions shall be binding unless agreed in writing between the parties.
- You acknowledge that in instructing Cluttons LLP you have not done so on the basis of, and do not rely on, any representation, warranty or other provision not expressly provided for in The Contract.
- If any provision of The Contract is held by any competent authority to be invalid or unenforceable in whole or in part, the validity of the remainder of The Contract shall not be affected.

Please sign below to confirm your acceptance of these General Terms of Business and receipt of our Appointment Correspondence and our Client Accounting Banking Charter.

Signed



Name BRIAN BARTABY

Date 5-10-2017

Address PROPLAND SECURITY LTD, 15 LITTLE GREEN, RICHMOND, SURREY,

Postcode TW9 1QH

Signed for and on behalf of Cluttons LLP

Signed

Date

Cluttons LLP is a limited liability partnership registered in England and Wales under the number OC344742, registered office and head office – Portman House, 2 Portman Street, London W1H 6DU.

Regulated by RICS.

Professional liability insurance

The contact details of our professional indemnity insurance underwriter and information on the territorial coverage of that insurance are available on request.

May 2017

APPENDIX B

Our Standard Valuation Assumptions and bases

1.0 STANDARD VALUATION ASSUMPTIONS AND BASES OF VALUATION

All valuations and appraisals have been carried out in accordance with **The RICS Valuation – Global Standards July 2017 - "The Red Book"**. Compliance with The Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients.

Please note that our valuation may not be relied upon for the stated or any other purposes until such time as our fee account has been paid in full.

Unless agreed otherwise in writing, or stated otherwise in our Valuation Report, the following Standard Conditions of Engagement shall apply:

General Comment

All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

Should you or the borrower contemplate a sale, we strongly recommend that the property is given proper exposure to the market.

You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisors.

1.1 **Assumptions:** In preparing the Valuation and Report, we have made the following general assumptions:

- i) We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or

the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

- ii) We rely upon information provided to us, by the sources listed, as to details of tenure and tenancies, planning consents and other relevant matters, as summarised in our report. We assume that this information is up-to-date, complete and correct and may be safely relied on.
- iii) That all information provided as to ownership (e.g. tenure, lease terms, tenant's improvements, development expenditure, etc.) is up to date, complete and correct. Also, that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoings or conditions, likely to have an adverse effect upon the value of the property, attaching to the relevant interest in the property of which we have not been made aware and that a good and marketable title to the relevant interest is held.
- iv) Where we have read leases, no reliance should be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved. We assume that all covenants in any head leases have been complied with and that there are no disputes with the lessors or notices received from the lessors or lessees which would adversely affect the valuation. Information regarding tenure and tenancies must be checked by your legal advisers.
- v) That, unless we have been informed otherwise, each property complies with all relevant Statutory Requirements (including, but not limited to, Fire Regulations, Bye-Laws, Disability Access, Asbestos, Radon Gas and Health and Safety at Work).
- vi) That each property has been constructed, and is occupied, in accordance with valid Town Planning Consents and Building Regulations Approvals, and that it complies with any other relevant Statutory and Bye-Law requirements and that there are no outstanding Statutory or other notices in connection with the property or its current use.
- vii) That, unless we have been notified otherwise, the presence of high alumina cement, calcium chloride additive, blue asbestos or any other deleterious, harmful or hazardous material has not been determined and our valuation assumes that these materials have not been used in the construction of any of the buildings or subsequently added.
- viii) With regard to development properties, we have assumed, except where notified otherwise, that there are no leases, underleases, tenancies, licences

or other agreements under which any person has or will have any right to possession, occupation or use of the property or any part thereof and that vacant possession for development is obtainable.

- 1.2 **Special assumptions:** Where special assumptions are necessary in order to adequately provide the valuation(s) required, these will have been agreed and confirmed in writing before the Report is issued. Special Assumptions may only be made if they can be regarded as realistic, relevant and valid, in connection with the particular circumstances of the valuation.
- 1.3 **Restricted information:** Where we have undertaken a Valuation on the basis of restricted information, the nature of the restriction and the impact upon the accuracy of the valuation has been referred to in our Report.
- 1.4 **Revaluations:** Revaluations without re-inspections are made only on the assumption that the client has confirmed that no material changes to the physical attributes of the property and the area in which it is situated have occurred. (For residential properties only: Unless otherwise agreed, we will not undertake revaluations without re-inspections if the property was inspected more than 12 months previously because the condition of such property can materially change significantly during this period of time, especially when let.)
- 1.5 **Structural condition:** No structural surveys have been carried out, nor have we tested any services or inspect roof voids, woodwork or any parts of the structures which are covered, unexposed or inaccessible, and, therefore, such parts are assumed to be in good repair and condition and the services are assumed to be in full working order. Any obvious defects or items of disrepair have been taken into account, but we are not be able to give any assurance that any property is free from defect.
- 1.6 **Plant and machinery:** Plant and machinery and trade fixtures and fittings have not been included in the valuation unless forming part of the structure or service installations and normally valued with the building.
- 1.7 **Site history investigations and surveys:** We recommend that a site history investigation and survey is undertaken although this is usually commissioned by lawyers. We have not carried out or commissioned a site investigation or geographical or geophysical survey unless requested to do so and, therefore, we are not able to give any opinion or assurance or guarantee that the ground has sufficient load bearing strength to support any of the existing constructions or any other constructions that may be erected in the future. We also cannot give any opinion or assurance or guarantee that there are no underground mineral, other workings, or archaeological remains beneath the site or in its vicinity nor that there is any fault or

disability underground which could or might affect the property or any construction thereon or that there is no abnormal risk of flooding.

- 1.8 **Contamination:** We are not qualified to give specific advice on the nature or risk of contamination. If, during the course of our inspection and subsequent enquiries for valuation purposes, or through our knowledge of the locality, we became aware of any matters which may indicate the likelihood or potential for contamination of the subject property, these are stated in our Report. If a Contamination Report is considered necessary, this should again be commissioned by lawyers as part of their due diligence process. Should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the premises have been or are being put to a contaminative use, this might reduce the values set out in our Valuation Report and we must be notified immediately.
- 1.9 **Measurements:** All measurements have been carried out in accordance with the latest Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors, unless stated otherwise in our Report.
- 1.10 **Planning/rating:** We have made informal oral enquiries of the relevant local planning and rating authorities together with publicly available electronic sources and we have taken into account the information received in the preparation of our Valuation Report. This verbal information is given to us and accepted by us on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. No searches have been carried out and, therefore, unless we are specifically advised to the contrary, we have assumed that the property and its value are unaffected by any matters which would be revealed by a full Local Search. We recommend that formal written enquiries should be undertaken by your lawyers.
- 1.11 **Tenant covenant:** We have undertaken limited research into the strength of covenant offered by commercial tenants in order to form a view of the likely perception of their financial status from the standpoint of potential purchasers. We have assumed that their financial standing is satisfactory, unless our research indicated otherwise. Unless informed to the contrary, we have assumed in all cases that there are no significant arrears of payment and that all commercial tenants are capable of meeting their obligations under the terms of leases and agreements. You should be aware we have made no such checks on residential tenants.
- 1.12 **Taxation/costs of realisation:** No account has been taken of any liability for taxation, which may arise upon the disposal of the property, nor have we deducted the likely costs of such disposal. However, normal purchaser's costs are reflected in our valuations where necessary.

- 1.13 **Development properties:** For properties in course of development, we have reflected the stage reached in construction and the costs remaining to be spent at the date of valuation. We have had regard to the contractual liabilities of the parties involved in the development and any cost estimates that have been prepared by the professional advisors to the project. For recently completed developments, we have taken no account of any retentions, nor have we made allowance for any outstanding development costs, fees, or other expenditure for which there may be a liability.
- 1.14 **Build Cost Information:** Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that we are supplied with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you or your advisors. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed upon our advice in these circumstances is severely restricted. If specialist build cost advice is subsequently obtained, we recommend that we are instructed to review our advice.
- 1.15 **Valuation date:** The date of our Valuation Report, unless specified otherwise.
- 1.16 **Comparables:** Information quoted in our reports is often based upon our verbal enquiries and electronically available information and its accuracy cannot be assured. However, such information is only referred to where we have reason to believe its general accuracy, or where it is in accordance with our expectation. We have not inspected comparable properties.
- 1.17 **Publication:** Prior consent in writing is required for any reproduction or public reference to the valuation or Report.
- 1.18 **Reliance on the report:** The Valuation Report has been provided only for the purpose agreed with the instructing Client and is for the sole use of that Client. As such, it is confidential to the Client and his professional advisors to whom we accept responsibility that the Report has been prepared with the skill, care and diligence that can reasonably be expected of a competent Valuer. We accept no responsibility whatsoever to other parties that subsequently rely on this report, for the whole or any part of its contents.
- 1.19 **Loan security:** Where instructed to comment on the suitability of property as a loan security, we are only able to comment on any inherent property risk. Determination of

the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

- 1.20 **Complaints procedure:** In accordance with the requirements of the RICS, a copy of our complaints procedure is available on request.
- 1.21 **Valuation Bases:** Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will have been agreed in the letter covering the specific terms for the instruction.
- 1.22 The definitions of the various valuation bases are reproduced below as follows:

1. Market Value (MV)

Market Value is defined as:

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

2. Market Rent (MR):

Market Rent is defined as:

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 arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

3. Fair Value

There are two recognised definitions of Fair Value and the valuer needs to be make explicit which definition is being adopted.

The definition adopted by the International Accounting Standards Board in IFRS 13 is:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

This definition is considered by RICS for most practical purposes to be the same as the Market Value.

The definition adopted by the IVSC in IVS Framework paragraph 38 is:

The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties.

For more information, valuers should refer to IVS Framework paragraphs 38-42.

4. Investment Value

Investment Value (or Worth) is defined as:

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

5. Projected Market Value (PMV) of Residential Property only

Projected Market Value is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends and is defined as:

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, between a willing buyer and a willing seller, in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

2.0 STANDARD CONDITIONS FOR INFORMAL ESTIMATES OF CURRENT REINSTATEMENT COST

- 2.1 The following standard conditions apply: -
- 2.2 If requested to do so, we have provided an informal estimate of the probable current reinstatement cost for insurance purposes assuming total loss of the property and this is provided solely as a guide for comparison against cover already taken out.
- 2.3 The estimate is based solely on the inspection of the property undertaken in connection with the preparation of market valuations.
- 2.4 The estimate does not constitute a formal Building Reinstatement Cost Assessment, and must not be relied upon as such
- 2.5 The information is provided as a guide only and is be subject to the following conditions:-
 - i) The estimate is given as a guide for the construction of an identical building, constructed of modern materials.
 - ii) The estimate is given on a day one basis of insurance and no allowance what so is made for any increase in building costs which may arise during the period of insurance or during any period of rebuilding and any period

necessary for design and obtaining necessary consents prior to such rebuilding. We recommend you ensure that adequate provision is made under the policy for inflation.

- iii) No allowance is made for any additional costs that may have to be incurred during reconstruction to meet current requirements of Local Authorities, Building Inspectors, Statutory Undertakers, Mortgagees, Landlords and Freeholders nor for any matters of a consequential nature, e.g. fire prevention and thermal insulation.
 - iv) It is assumed no allowance has to be made for any costs for the remediation of any contamination of the land in accordance with the requirements of the Environment Agency or any other statutory body.
 - v) No allowance is made within our estimate for any costs requiring special demolition and disposal, handling and/or dealing with dangerous or hazardous materials or situations remaining on or originating from the premises in the event of any incident.
 - vi) The estimate includes normal water, electricity and gas installations as appropriate.
 - vii) The estimate excludes tenants fit out/alterations furnishings, floor coverings, light fittings, furniture, wall coverings, false ceilings, all other occupiers fixtures and fittings, telephone installations and specialist service installations and buildings contents which would normally be subject of separate contents policies.
- 2.6 No allowance is made for the incidence of Value Added Tax, except on professional fees (unless stated otherwise).
- 2.7 In the case of commercial property VAT is payable on re-instatement expenditure and, unless the VAT status of the insured enables total recovery, a sum equal to the VAT which the insured will be unable to recover should be added. On the assumption that the insured is registered for VAT, we have not included an allowance for VAT in the assessment. It is recommended that, before arranging cover, you discuss the recovery or non-recovery of VAT with your insurers and accountants.
- i) We have not undertaken a structural survey and, in the absence of detailed drawings or specifications, assumptions will have to be made as to the construction of the buildings.
 - ii) The estimate is prepared on a full reinstatement basis, inclusive of professional fees, demolition costs, or site clearance but makes no allowance

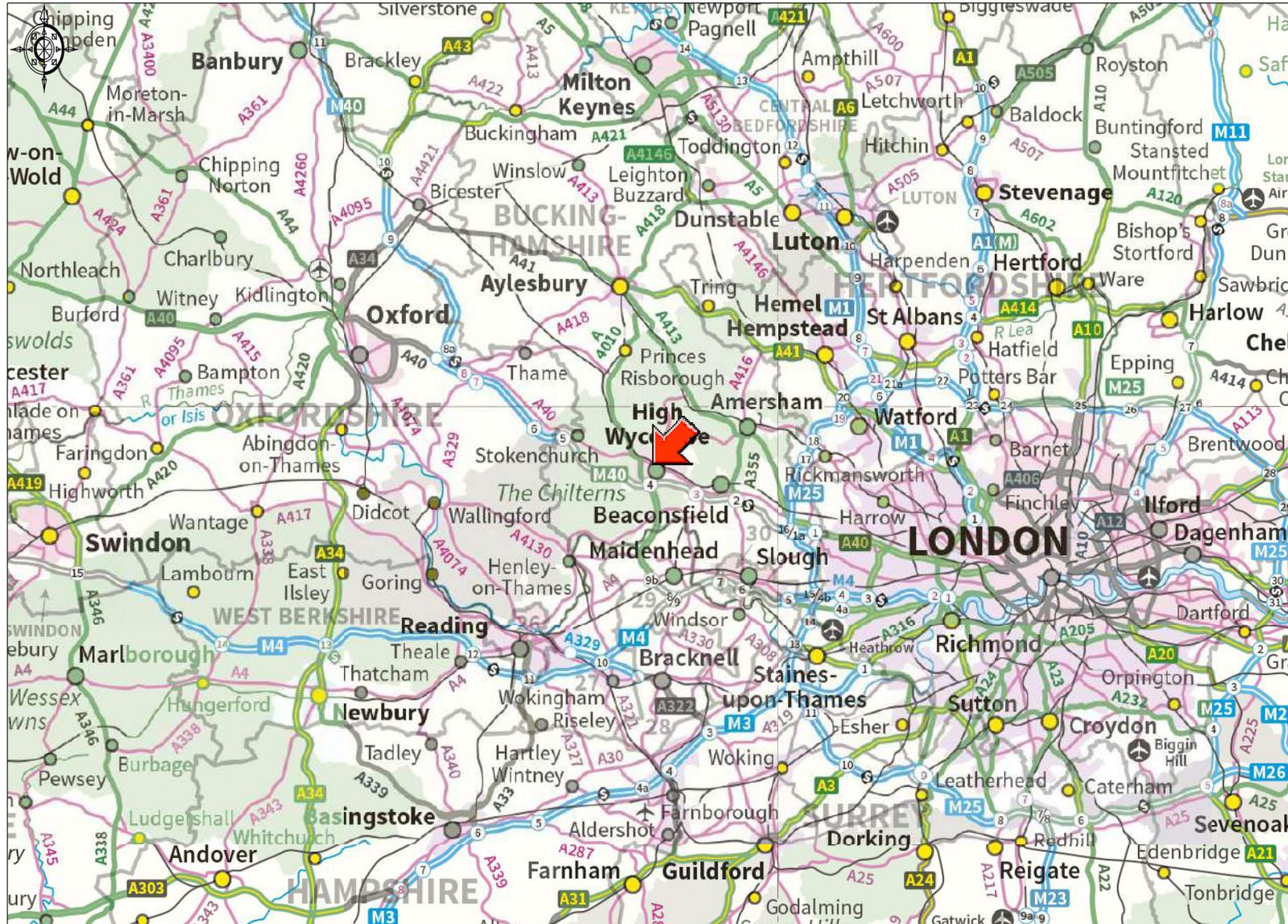
for any loss of rent or rental void incurred nor for any costs of alternative accommodation during the reinstatement period, nor other consequential losses such as the loss of income. These aspects should be considered with you insurers or brokers

- 2.8 Should you require a formal Building Reinstatement Cost Assessment for insurance purposes, prepared by a Chartered Building Surveyor, based on a detailed inspection for such purposes. We will be pleased to provide a proposal for consideration
- 2.9 We strongly recommend formal assessments for Grade I and Grade II* listed buildings, since their reconstruction can be subject to English Heritage involvement and guidance and might involve more expense than normal rebuilding, for which informal estimates are not suitable.

APPENDIX C

Location Plans

Albany House, Leigh Street, High Wycombe, HP11 2QU

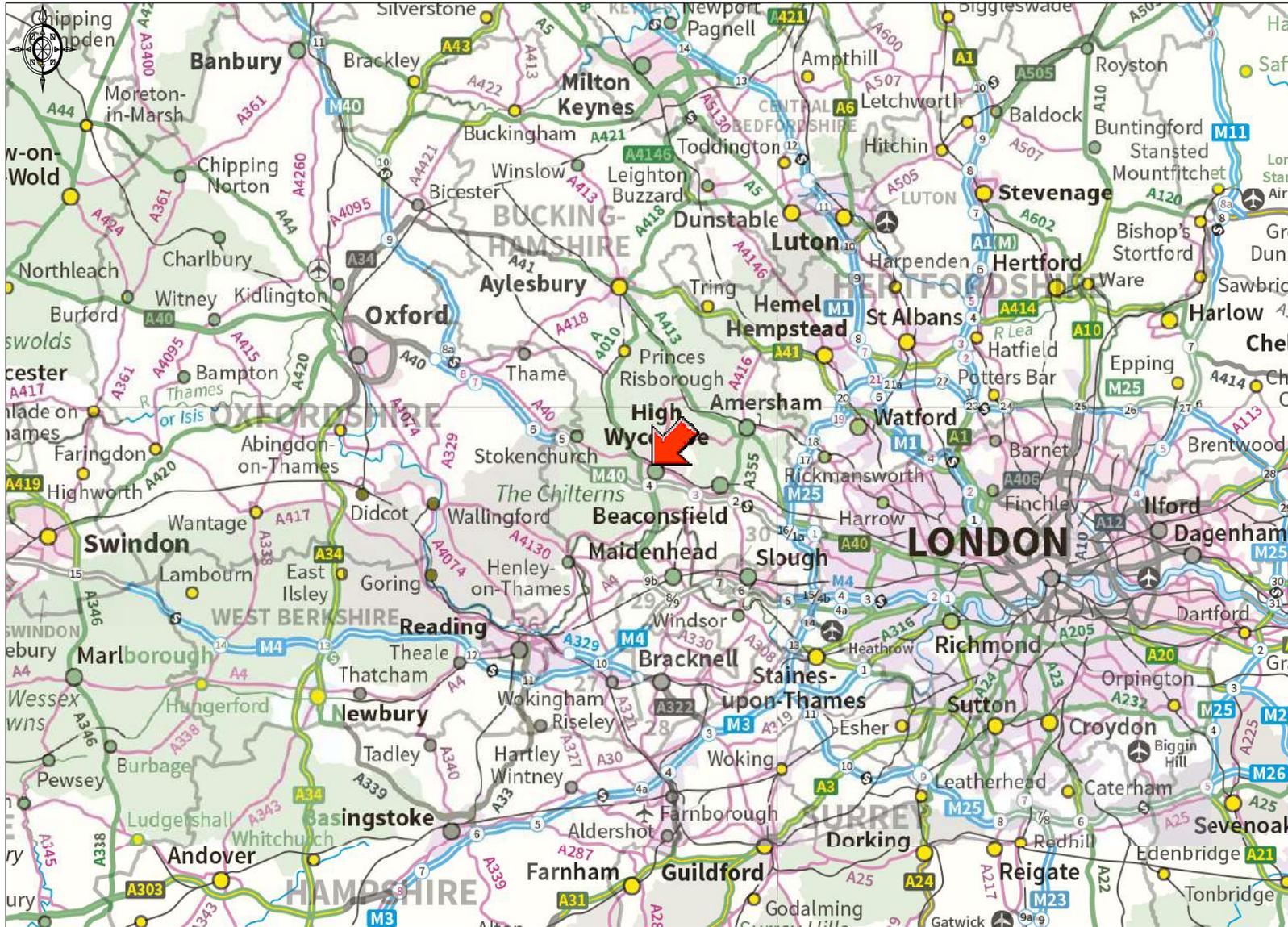


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Albany House, Leigh Street, High Wycombe, HP11 2QU

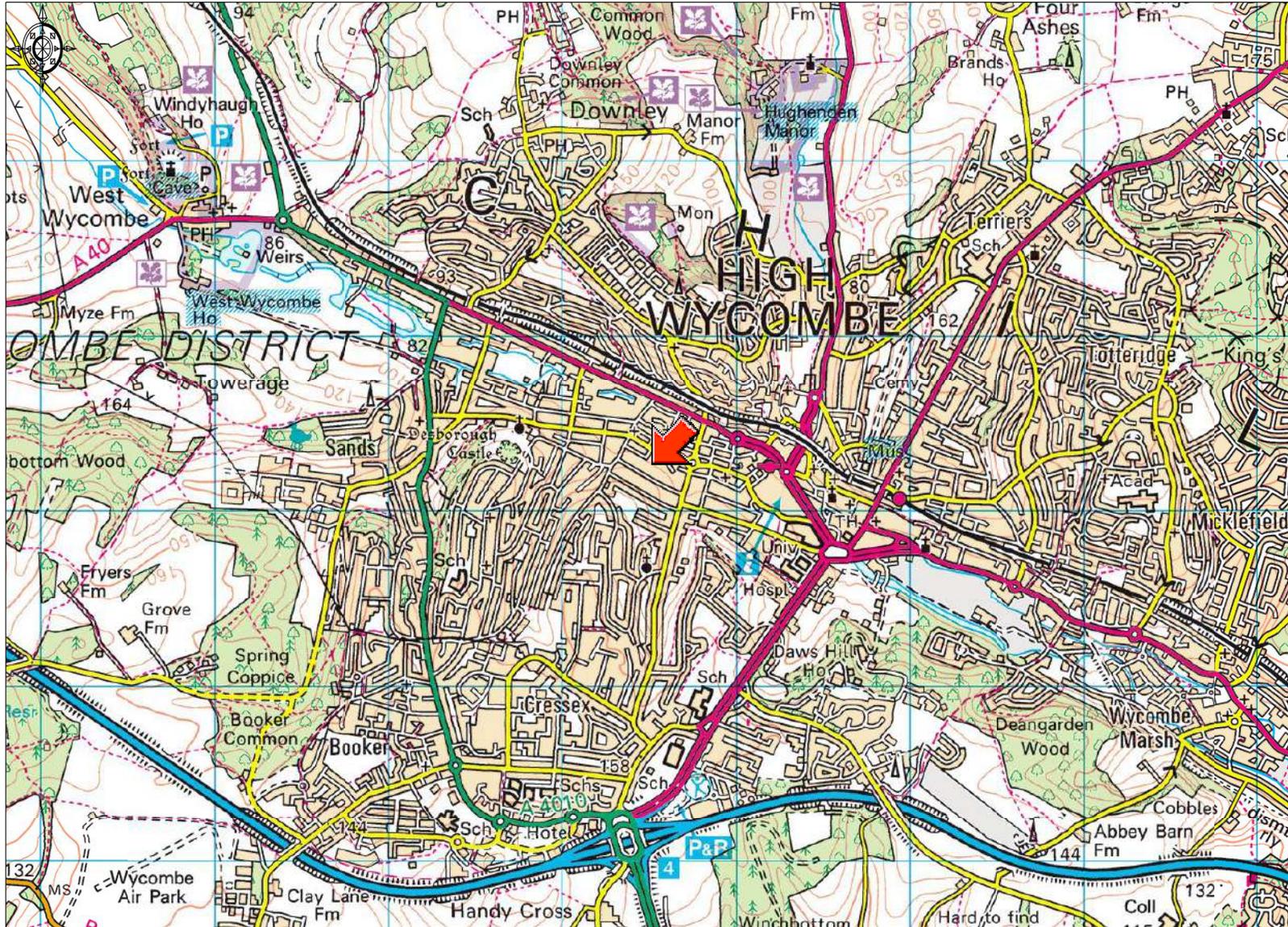


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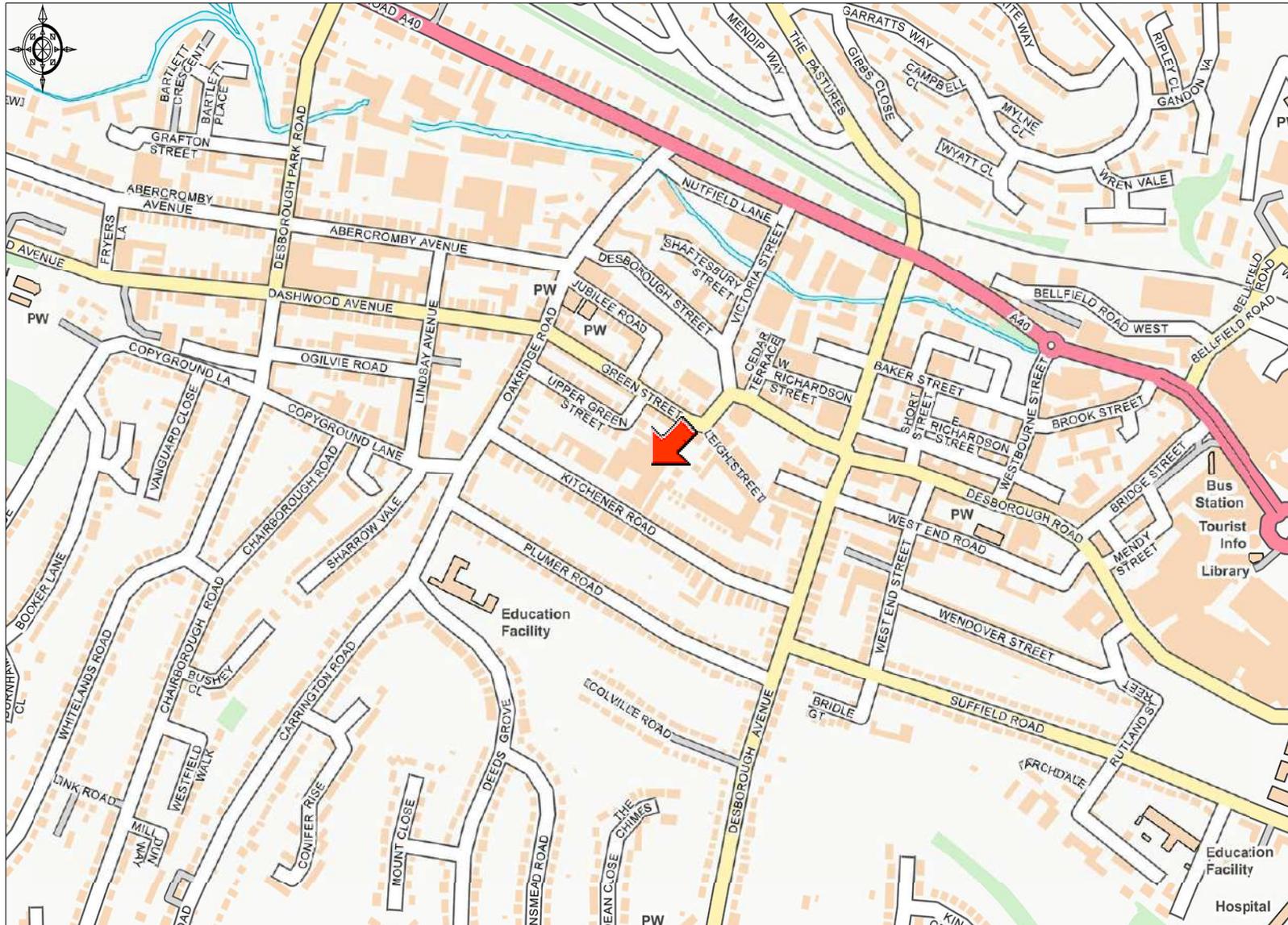


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APPENDIX D

Photographs

Albany House, Leigh Street, High Wycombe



Front Elevation



Rear Elevation



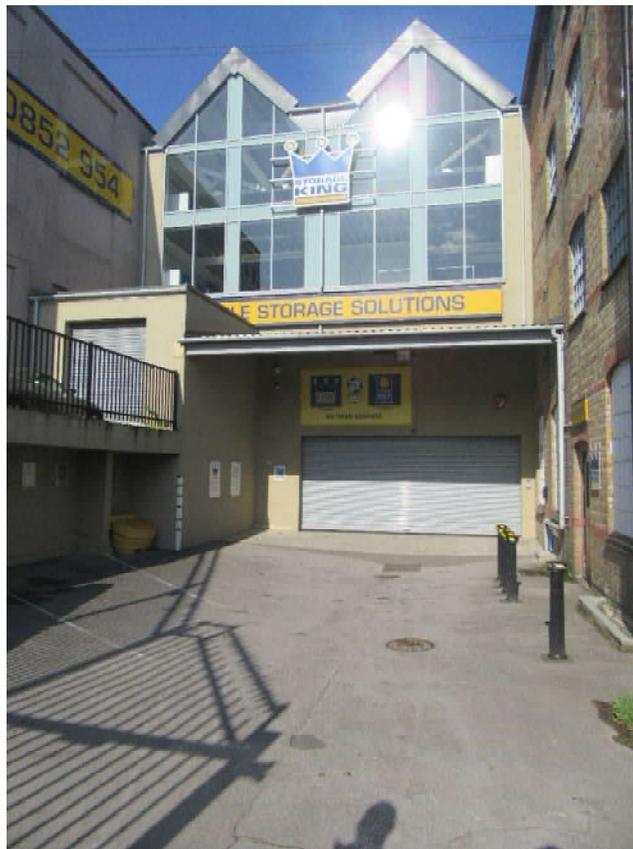
Typical Corridor



Lifts and loading bay



Top Floor – Connecting Block



Loading Bay



Service Road Access



Rear Site



Birch House



Service road onto Kitchener Road



Service road



Private parking

APPENDIX E

Valuation Printouts

Albany House, High Wycombe- MV

Report Date 09 October 2017
Valuation Date 09 October 2017

File/Ref No
Region South East

Description / Notes **Assumptions**

Valuation Tables Annually in Arrears

Valuation

Gross Valuation			
Capital Costs			<u>£2,823,529</u>
Net Value Before Fees			£0
			<u>£2,823,529</u>
Less Stamp Duty	@4.00% of Net Value		-£106,750
Agents Fee	@ 1.00% of Net Value		-£32,025
Legal Fee	@0.50% of Net Value		-£16,012

Fees include non recoverable VAT @ 20.00 %

Net Valuation			£2,668,742
		Say	<u>£2,700,000</u>

Equivalent Yield	8.7192%	True Equivalent Yield	9.2104%
Initial Yield (Deemed)	8.5000%	Initial Yield (Contracted)	8.5000%
Reversion Yield	8.8329%		
Total Contracted Rent	£240,000	Total Current Rent	£240,000
Total Rental Value	£249,400	No. Tenants	1
Capital value per ft ²	£84.37		

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
09-Oct-2017	£240,000	£240,000	8.5000 %	8.9715 %
09-Oct-2022	£249,400	£249,400	8.8329 %	9.3429 %

Yields based on £2,823,529

Albany House, High Wycombe- MV

Report Date 09 October 2017
Valuation Date 09 October 2017

Freehold TenureTenant - Store Space Ltd

Description
Status Occupied and Let
Lease 10 years from 09-Oct-2017
Expiring 08-Oct-2027
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £240,000
Rental Value £249,400 from Areas (Rounded)
Valuation Method Initial Yield (8.500 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
	£27.50	32,000	85.00 %	-66.66	£249,383
		32,000			£249,383
*Rental Value using Rounded ERV					£249,400

Lease History

Date	Years	Months	Days	Event	Rent Paid
09-Oct-2017	5	0	0	Review	£240,000
09-Oct-2022	5	0	0	Review	£249,400
09-Oct-2027	0	0	0	Reversion	£249,400

Component Valuation

09-Oct-2017					
Gross rent (Current)			£240,000		
Valuation rent				£240,000	
YP perp		@ 8.50%		11.7647 yp	
					<u>£2,823,529</u>
Gross Value					<u>£2,823,529</u>

Albany House, High Wycombe- VP

Report Date 09 October 2017
Valuation Date 09 October 2017

File/Ref No
Region South East

Description / Notes Assumptions

Valuation Tables Annually in Arrears

Valuation

Gross Valuation			
Capital Costs			<u>£2,544,664</u>
Net Value Before Fees			£0
			<u>£2,544,664</u>
Less Stamp Duty	@ 4.00% of Net Value		-£96,207
Agents Fee	@ 1.00% of Net Value		-£28,862
Legal Fee	@ 0.50% of Net Value		-£14,431

Fees include non recoverable VAT @ 20.00 %

Net Valuation			£2,405,165
		Say	<u>£2,400,000</u>

Equivalent Yield	9.0000%	True Equivalent Yield	9.4862%
Initial Yield (Deemed)	0.0000%	Initial Yield (Contracted)	0.0000%
Reversion Yield	9.8009%		
Total Contracted Rent	£0	Total Current Rent	£0
Total Rental Value	£249,400	No. Tenants	1
Capital value per ft ²	£75.00		

Running Yields

Date	Gross Rent	Net Rent	Annual	Quarterly
09-Oct-2017	£0	£0	0.0000 %	0.0000 %
09-Apr-2018	£124,700	£124,700	4.9005 %	5.0543 %
09-Apr-2019	£249,400	£249,400	9.8009 %	10.4320 %

Yields based on £2,544,664

Albany House, High Wycombe- VP

Report Date 09 October 2017
Valuation Date 09 October 2017

Freehold TenureTenant - Vacant

Description
Status Occupied and Let
Lease 10 years from 09-Apr-2018
Expiring 08-Apr-2028
Rent Reviews every 5 years Upward only
Parent Tenure Freehold
Current Rent £0
Rental Value £249,400 from Areas (Rounded)
Valuation Method Hardcore (9.000 %)

NotesAreas

Areas	per ft ²	ft ²	% of ERV	+/-% adjust	Rent pa
	£27.50	32,000	85.00 %	-66.66	£249,383
		32,000			£249,383
*Rental Value using Rounded ERV					£249,400

Lease History

Date	Years	Months	Days	Event	Rent Paid
09-Oct-2017	0	6	0	Pre Void	£0
09-Apr-2018	1	0	0	Fixed	£124,700
09-Apr-2019	4	0	0	Interim	£249,400
09-Apr-2023	5	0	0	Review	£249,400
09-Apr-2028	0	0	0	Reversion	£249,400

Component Valuation

09-Apr-2018					
Gross rent (Current)			£124,700		
Valuation rent				£124,700	
YP perp		@ 9.00%		11.1111 yp	
PV 6 Mths @ 9.00%				x 0.9578	
				10.6425 yp	
					<u>£1,327,122</u>
09-Apr-2019					
Gross rent		(Interim Step (non-RR))		£249,400	
Valuation rent				£124,700	
YP perp		@ 9.00%		11.1111 yp	
PV 1 Year 6 Mths @ 9.00%				x 0.8787	
				9.7638 yp	
					<u>£1,217,543</u>
Gross Value					<u>£2,544,664</u>