



ASHWICK
CHARTERED SURVEYORS

COMMERCIAL VALUATION REPORT

SUBJECT PROPERTY:

Unit 4 Connaught Road
Kingswood Business Park
Kingston Upon Hull
HU7 3AP

UNDERTAKEN ON BEHALF OF:

Proplend Limited
20-22 Wenlock Road
London
N1 7GU

Prepared By: Christopher Wilson, MRICS
Inspection Date: 14th August 2018
Report Date: 22nd August 2018
ASH41000

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EXECUTIVE SUMMARY

**Unit 4 Connaught Road
Kingswood Business Park
Kingston upon Hull
HU7 3AP**



Tenure

Market Value with Vacant Possession £1,000,000

**Market Value with Vacant Possession
subject to a special assumption of a
180 day marketing period £1,000,000**

**Market Value with Vacant Possession
subject to a special assumption of a
90 day marketing period £900,000**

Market Value – Investment £1,000,000

**Market Value – Investment – with the
special assumption of a 180 day
marketing period £1,000,000**

**Market Value – Investment – with the
special assumption of a 90 day
marketing period £900,000**

Market Rent £90,000 per annum

Description

The property was built around 15 years ago as an industrial business unit of 15,000 sq ft with ancillary offices on 2 floors of approximately 3000 sq ft. The industrial area would have comprised approx. 13,500 sq ft, with ground floor offices of 1500 sq ft and first floor offices of 1500 sq ft. It has been converted by the current tenant to a 2 storey office unit of approx 27,425 sq ft. The property is a steel framed unit clad in double skin profile metal cladding. It has parking and loading areas to the rear.

Loan Security

The particular positive and negatives of the property are as follows:

Positives

- Modern Industrial premises.
- Well located to the north of Hull.
- Good car parking area.

Negatives

- Kingswood has been affected by flooding in the past.

Property Address:	Unit 4 Connaught Road, Kingswood Business Park, Kingston Upon Hull HU3 3AP
Client:	Proplend Limited
Applicant:	Mr Steve Finan
Ashwick Reference No:	ASH41000

1.0 BASIS OF INSTRUCTIONS

1.1 On 6th August 2018 you requested Ashwick Limited to inspect and value the property known as Unit 4 Connaught Road, Kingswood Business Park, Kingston Upon Hull HU3 3AP.

1.2 The instructions requested that we provide you with our opinion of:

- (a) Market Value with vacant possession
- (b) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 180 days.
- (c) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 90 days.
- (d) Market Value – subject to existing tenancy(ies)
- (e) Market Value subject to existing tenancy(ies) and Special Assumption of a defined marketing constraint of 180 days.
- (f) Market Value subject to existing tenancy(ies) and Special Assumption of a defined marketing constraint of 90 days.
- (g) Market Rent

of the leasehold interest in the subject premises, as at the date of inspection in the light of current market conditions.

1.3 We understand that this valuation is required for the purposes of assisting you in considering the suitability of this property in respect of a provision of loan, mortgage or other finance, and is thus for secured lending purposes. This valuation is intended solely for this and for no other purposes and should not be relied upon by any third party to whom it is not addressed who would do so entirely at their own risk.

1.4 In preparing this valuation we have relied upon the following information, The Annual Report and Financial Statement of Sonoco Limited up to 31st December 2016, and have therefore assumed that you are satisfied that we are able to place reliance on the information.

1.5 We would confirm the surveyor has the required knowledge, skills and understanding to undertake the valuation competently.

1.6 We confirm we have no financial interest in this transaction.

1.7 We would confirm that Ashwick Limited holds sufficient Professional Indemnity Insurance for any one claim in respect of this instruction.

- 1.8 We can confirm that there is no conflict of interest.
- 1.9 Our instructions were to provide an assessment of the current Market Value of the above mentioned property for secured lending purposes. We were not instructed to carry out any form of Building/Condition survey and neither were we instructed to carry out any tests to the services provided to the same. Our report is made in accordance with the RICS Valuation – Global Standards (Red Book) incorporating the IVSC International Valuation Standards and to include the new GAAP standards which apply from 5 January 2015.
- 1.10 Ashwick Limited operates a Complaints Handling Procedure in accordance with the RICS Rules of Conduct and a copy is available on request.

2.0 CONDITIONS OF ENGAGEMENT

- 2.1 Your instructions are accepted on the basis of your Panel or Service Agreement which has previously been agreed between our respective organisations or, in the absence of this, our standard Terms and Conditions based upon the requirements of the Royal Institution of Chartered Surveyors, a copy of which was sent to you when your instructions were received. Any variance from the appropriate Terms and Conditions which have been agreed, are noted in this report. A copy of the appropriate Terms and Conditions are included in the Appendix to this report.
- 2.2 We are not aware of any conflicts of interest that preclude us from preparing this valuation.
- 2.3 We have discussed and agreed with you in writing any Special Assumptions prior to commencing the valuation process, other than the marketing constraints defined in your instructions.
- 2.4 Our valuation has been prepared in accordance with the RICS Valuation – Global Standards (Red Book), as amended.
- 2.5 We confirm that this report is not in contravention of Section 13 of the Building Societies Act 1986.
- 2.6 In accordance with the required standards of PS 2.3 of the RICS Valuation – Global Standards it is confirmed that this firm does not have any anticipated, or has not had any current or recent fee earning involvement with the property to be valued, with the borrower or prospective borrower, or with any other person connected with the transaction for which the lending is required.

3.0 DETAILS OF INSPECTION

- 3.1 The property was inspected on 14th August 2018 and the report prepared by Christopher Wilson, MRICS, who is acting as an External Valuer.
- 3.2 At time of Inspection the tenant company, Sonoco Limited, were in occupation at the property.
- 3.3 Weather conditions at the time of inspection were fine.
- 3.4 We confirm we were able to access all areas of the property.

3.5 The Property is not on the market for sale.

4.0 LOCATION

Situation

4.1 The property is well located to the north of the city of Hull on the Kingswood Business Park.

Character of Area/Locality

4.2 The area is commercial in nature comprising the business park and Kingswood Retail Park which is close by.

4.3 Location plans are attached at Appendix A.

5.0 GENERAL OVERVIEW (DESCRIPTION / CONSTRUCTION)

5.1 The property currently provides a business / office unit with an extensive range of well fitted offices to 2 floors. A mezzanine floor has doubled the floor area of the original unit which was built as an industrial unit with 2 storey ancillary office suite of approx. 15,000 sq ft. The industrial area would have comprised approx. 13,500 sq ft, with ground floor offices of 1500 sq ft and first floor offices of 1500 sq ft.

5.2 The current floor area of the offices over the 2 storeys is approx. 27,425 sq ft.

5.3 We understand that the office fit out has been carried out by the tenant company as a tenant improvement and is thus excluded from the rent at rent reviews.

5.4 The unit itself is of steel framed construction with double skin insulated cladding to the external walls and roof. The ground floor is of solid concrete construction and the first floor is of suspended timber. Suspended ceilings are installed to much of the office accommodation. Full central heating and air conditioning is installed. Fluorescent lighting is installed throughout.

5.5 Externally there are substantial car park and loading areas to the front and side of the property.

5.6 External, internal and street scene photographs are attached at Appendix B.

6.0 ACCOMMODATION

6.1 EXTERNAL

6.1.1 Car park to the front of the unit of 574 sq m approx.

6.1.2 Loading area / carpark to left side of unit of 1115 sq m approx.

6.1.3 Additional rear car park area, understood to be occupied by the tenant under a separate agreement, and excluded from this valuation.

6.2 INTERNAL

- 6.2.1 Ground floor offices including a large general open plan office surrounded by private offices and staff facilities.
- 6.2.2 First floor offices including a large general open plan office surrounded by private offices and staff facilities including a canteen and rest room.

7.0 MEASUREMENT RECORD

- 7.1 We have measured the premises in accordance with RICS Property Measurement 2nd Edition and calculated that it provides the following approximate areas in accordance with the requirements of that document which may be viewed at http://www.rics.org/Global/prop%20measurement_2ndedition_2018.pdf

Floor	Floor Area (Comm – Office – IPMS 3 Other – IPMS 2)	
	Sq M	Sq Ft
Ground Floor	1,270.00	13,660
First Floor	<u>1,277.87</u>	<u>13,765</u>
Total	2,547.87	27,425

- 7.2 The site area of the property is approximately 4,200 sq m

8.0 MORTGAGE REGULATION

- 8.1 Not applicable as property is wholly commercial

9.0 SERVICES

- 9.1 We have not been able to make specific enquiries with the statutory utilities in the time available regarding the availability, capacity or location of services. However, our observations indicate that all mains services are provided to the property.
- 9.2 No plant or machinery has been included in this valuation other than that normally considered to form a service installation for the benefit of the property in general.
- 9.3 We have assumed for the purposes of this valuation that all services are regularly inspected by appropriately qualified persons and any requirements complied with in full.

10.0 CONDITION

- 10.1 This valuation is made on the assumption that the property is in a condition commensurate with its age, character, style of construction and mode of use at the date of this valuation and that it will remain so throughout the term of the loan.

- 10.2 We have made a visual internal and external inspection of the premises on the date of inspection prior to preparing this valuation. The external inspection has been undertaken from ground level only. We have not inspected those parts of the property which are covered, unexposed or inaccessible including the roof space and such parts are assumed to be in good repair and condition.
- 10.3 At the time of our inspection, the premises appeared to be in a good condition and state of repair having regard to the age and construction, and no significant defects were noted.
- 10.4 Any comments expressed above under 10.3 are, in terms of your consideration of this section of our report, strictly for your information only and the points noted do not require your action. Under the heading 21.0 Security and Recommendations below, we will specifically summarise matters, which are material to you in terms of your commercial mortgage lending process and suggest the action, which you should take.
- 10.5 We have not been instructed to undertake any structural or building survey, test the services or arrange for investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject premises or subsequent additions. In the event that a subsequent survey reveals defects in the subject premises, we reserve the right to reconsider our valuation in the light of the revised facts.

Energy Performance Certificates

- 10.6 In undertaking this valuation we have not been provided with a copy of an EPC for the Property. Our valuation assumes that an EPC would be provided on sale in accordance with the aforementioned legislation and we would recommend that this is clarified by your legal advisors.
- 10.6.1 We draw your attention that The Energy Act 2011 includes provisions that will outlaw the letting of residential and commercial property with 'F' and 'G' EPC ratings by no later than 1 April 2018.

Fire Safety

- 10.7 We have not been asked to comment on fire safety

Asbestos

- 10.8 We have not carried out a survey to determine whether asbestos is present in the property or completed a risk assessment. Please note, asbestos in good condition presents little or no hazard to health but if disturbed can create a health hazard. Future management of asbestos can be very costly due to the need to employ specialist licensed contractors and this factor along with increasing legislative requirements could have a future effect upon the value of the subject premises.
- 10.8.1 We have been unable to identify or inspect an Asbestos Register or Asbestos Management Plan. Any asbestos disclosures in the Asbestos Register requiring work or management may have an adverse effect on the reported valuation.
- 10.8.2 The relevant legislation is contained in the Control of Asbestos Regulations 1987 and the control of Asbestos at Work Regulations 2002. The control of Asbestos at Work Regulations imposes a duty to protect workers from exposure to Asbestos Containing Materials (ACM's). If it is reported that asbestos is known to exist in the premises, a written management plan for the property should be in place.

11.0 BUILDING, PLANNING & FIRE CERTIFICATES

- 11.1 The property lies within the area covered by Hull City Council, which is the Local Planning Authority. In view of online enquiries, we have concluded that the present use is fully in accordance with current Planning Law although we would reserve the right to review our valuation on the basis of any alternative facts should they come to light.
- 11.2 Online enquiries have confirmed that the property has consent for industrial / business use, falling within Class B1 of the Use Classes Order 1987 (as amended).
- 11.3 The property is not Listed, and is not located within a Conservation area.
- 11.4 Your lawyer should check whether any planning and building control restrictions are in force should the property be listed as being of historic importance. Your Lawyer should confirm that any recent repairs, extensions or alterations have been carried out with the benefit of the appropriate planning consents and listed building consents and that all other statutory requirements have been met. Any repair work, decoration or alteration to Listed buildings, including any works recommended in this Report, must be undertaken or supervised by those having appropriate knowledge and experience of working with historic buildings.

12.0 GROUND CONDITIONS AND ENVIRONMENTAL RISKS

- 12.1 We have not carried out any investigation into past uses of the property or past or present uses of neighbouring land to establish whether there is any potential for contamination from these uses or sites to the property and have assumed that none exists.
- 12.2 We are not aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination. In undertaking this valuation we have assumed that no contaminative or potentially contaminative uses have been carried out on the property.

Invasive Plant Species

- 12.3 On the basis of the site inspection we did not note the presence of Japanese Knotweed at the property. Please note, however, that we have not made a full site investigation and cannot guarantee that there is no Knotweed at the property although our valuation assumes that this is the case.
- 12.4 If the Client requires confirmation of the presence or otherwise of any individual plant species on the property a suitably qualified expert should be employed to survey and report accordingly. If this reveals the presence of any such plants on the property we should be notified immediately in order that we can review our valuation report.

Flooding and Flood Risk Management

- 12.5 We have checked the Environment Agency flood risks map for the locality and note the property is in a defined risk area classified as Flood Zone 3. It is classified as an "area with a high probability of flooding though the area is protected by local flood defenses". The property is within close proximity of the River Hull. It should be noted that The Environment Agency's Flood Map only identifies flood risks from rivers or the sea and not risks from dams, rainwater run-off, etc. This aside Flood Risk Assessments should identify flood risks from all identifiable sources and have consideration of the specific local topography which may make a property likely to flood.
- 12.6 We have not been provided with a Flood Risk Assessment or Flood Screening Report for the property.
- 12.7 Our investigations have led us to conclude that the property does have an above average risk of flooding from river or sea flooding, though this risk is mitigated by flood defenses.

Mineral Workings (Coal Mining & Brine Extraction)

- 12.8 The property is not located in an area identified in the Department of Energy & Climate Change Gazetteer of England and Wales as requiring a Mining Search (Coal and Brine).
- 12.9 In undertaking this valuation we have assumed there is no mining activity present which would have an effect on the property.
- 12.10 Should it be established subsequently that mining activity does exist in the locality we should be notified so that we may assess whether it is likely to have a material impact on the values herein-under reported.

Other Mineral Workings & Quarrying Activities

- 12.11 We have not carried out any investigations in respect of the presence or otherwise of non-coal mineral workings or quarries and recommend that should the Client require confirmation of the presence of any such workings or activities they should obtain a copy of a Shallow Mining Hazards Report from the BGS. Our valuation assumes that no such workings or quarries exist.

Ground Movement Risk

- 12.12 There are no trees within a notifiable distance and none appear to have been recently removed. The property is not built on a significant slope. We have assumed that there is minimal risk of natural subsidence which we believe to be a reasonable assumption.

Radon Gas

- 12.13 While prevailing levels of Radon Gas tend to be reflected in the tone of local values, it can present a real health hazard. Levels, expressed in terms of the percentage of houses requiring preventative attention, may be checked at <https://www.gov.uk/government/publications/radon-indicative-atlas-in-england-and-wales> Should the Client require further investigation, a site-specific search facility is available.

Archaeological Remains

12.14 We recommend that the Client’s solicitors or a suitable expert be asked to verify the contents of the Historic Environmental Records (HER) with respect to the subject property. For the purpose of this valuation we have therefore assumed there are no archaeological remains on or under the land which could adversely impact on the values reported herein.

Other Adverse Ground Conditions or Environmental Risks

12.15 We are not aware of the contents of any site investigation reports identifying any other adverse ground conditions that exist.

General

12.16 In undertaking this valuation we have assumed that no adverse environmental issues, including but not limited to those described above, exist or may affect the property, whether within its boundaries or on adjacent land.

12.17 Should it subsequently be established that this assumption is incorrect we should be notified in order that we may consider whether this affects the values reported, and we reserve the right to reissue the valuation if necessary.

13.0 TENURE AND OCCUPATIONAL LEASES

13.1 We are informed that your customers hold the long leasehold interest in the property. Originally the lease was for 150 years though we are advised there are 135 years unexpired. We have assumed that no significant ground rent is payable, and would reserve our right to adjust this valuation should a significant ground rent be payable.

13.2 At the time of our inspection we noted that the premises were occupied by the tenant, Sonoco Limited, and there appeared to be no sub-tenancies of any part of the accommodation. We have therefore assumed that the leasehold premises would be available with the benefit of the lease in place in the event of a sale.

13.3 We have been provided with a copy of the lease, which we have read, and would summarise the principal terms as follows:

Landlord	Connaught Road LLP
Tenant	Sonoco Limited
Start date	24/09/2012
Break Clause	None
Term	8 Years
Current Rent	£90,000 per annum
Next Rent Review	No rent review is due before the lease term date.
Review Basis	None included in the lease.
Repairs	Tenant is responsible for all repairs and decorations.
Alienation	The tenant cannot assign or sublet the premises without the landlord's consent, such consent not to be unreasonably withheld.
User	Use of the premises as offices or any use within classes B1, B2 and B8 of the Town and Country Planning (Use Classes) Order 1987

- 13.4 We have not yet seen a Title Plan but will be pleased to subsequently confirm our understanding of the extent of the property to the Client when one is available. We were unable to fully ascertain the boundaries of the property, and our valuation is subject to examination of a Deeds Plan to establish the extent of the land to be charged. The plan should indicate any rights or easements benefitting the property or to which it is subject.
- 13.5 We have not been provided with a Report on Title. Accordingly we assume that good Title can be shown and we reserve the right to vary our report and valuation if any adverse matters are discovered. The Lenders Solicitor should make their own investigations and satisfy themselves in respect of the Title of the property.
- 13.6 The Client's solicitors should be asked to verify that the information above and its interpretation are correct. If incorrect, we should be notified so that we may consider the impact on the values herein reported.

14.0 BUSINESS RATES & COUNCIL TAX

- 14.1 We have examined the Non Domestic Business Rates Database as found on the Valuation Office website (www.voa.gov.uk) and are advised that the property is currently entered into the Rating List as follows:-

Description	Rateable Value
Offices and Premises	£136,000

15.0 MARKET TRENDS AND VALUATION COMMENTARY

- 15.1 The valuation has been prepared in accordance with normal practice taking into account comparable evidence and current market conditions. In determining our opinion of market value we have had regard to both the comparison method of valuation and the identification of a projected market rent and the capitalisation of the adopted income stream with an applicable investment yield.
- 15.2 We have carried out our usual research and enquiries, including discussions with local agents. We have analysed the existing market commentaries and data in determining our opinion as to the Market Value and Market Rent of the subject property. Information has also been obtained from internal records.
- 15.3 In order to arrive at our opinion of Market Value, we have taken into account the following transactions:

Commercial Comparables

- Unit 5 Connaught Road, Hull, HU7 3AP

A slightly larger unit of 20,000 sq ft forming part of the same development as the subject premises. It is located next to the subject property. The rent on this unit was subject to rent review in June 2017 and the agreed rent at review was settled at £5 per sq ft for the industrial space and £7.50 per sq ft for the offices. (Negotiations undertaken by Scotts Surveyors, Hull)

- Unit 26 Melton Enterprise Centre, Redcliff Road, Melton, HU14 3RS

This is a modern unit of 4,500 sq ft. The unit is let to Alliance Health Care Distribution at a rental of £20,500 pa. The lease term is for 5 years from May 2015. The investment property, subject to the lease has been sold by Garness Jones Surveyors at £265,000.

- Unit 10 Marfleet Environmental Industrial Park, Hedon Road, Hull, HU9 5LW

This is a 30,000 sq ft unit which was let by Garness Jones in October 2017 at £5 per sq ft.

- Units 5 - 11 Dansom Lane, Hull HU8 7LA

A 38,319 sq ft unit for sale. The asking price was £1,200,000 and a sale is due to complete this month at £1,000,000. (Sale handled by Garness Jones, Hull).

- 15 Kimberley Street, Hull, HU3 1HH

A 3,404 sq ft unit being offered by Garness Jones. This was being offered to let at £25,000 pa (7.28 per sq ft) or for sale at £260,000. It is under offer.

Consideration of Comparable Evidence/Methodology

15.4 Unit 5 Connaught Road is a direct comparable to the subject property as it would have been prior to the tenants improvements being undertaken. This provides an accurate assessment of the industrial rental at £5 per sq ft for a larger unit on the site. We have based our assessment of the rental valuation on the original configuration of the premises, prior to the installation of the tenant's offices.

15.5 The sale of Unit 26 Melton Industrial Park is a good investment comparable showing a yield of 7.7% and YP of 12.93, based on the passing rent of £20,500 and agreed sale price of £265,000. This reflects the strong investment market in the area at the present time.

Adopted Values, Yields and Multipliers

15.6 We have adopted a yield of 9% with a multiplier of 11.11 which reflects the fact the subject property is a long leasehold premises, as opposed to a freehold. It also reflects the fact that, although we consider it more than likely that the existing tenant will renew the lease in 2 years time, there is a risk that the tenant could vacate at this time and a new tenant at this time would be required. Having stated this however, if the tenant were to vacate, the property has been considerably improved by the tenant with the existing office conversion and fit out, and it is likely the property would revert back to the landlord in a greatly improved state, which would enhance the value.

Lettability

15.7 We believe the property would require 6 months to attract a tenant.

16.0 MARKET RENT

16.1 £90,000 per annum

16.2 In order to arrive at our opinion of Market Rent, we have taken into account the following transaction:

- Unit 5 Connaught Road – is a direct comparable to the subject property as it would have been prior to the tenants improvements being undertaken. This provides an accurate assessment of the industrial rental at £5 per sq ft for a larger unit on the site. We have based our assessment of the rental valuation on the original configuration of the premises, prior to the installation of the tenant's offices.

17.0 INSURANCE REINSTATEMENT COST

17.1 We are not aware of the current level of building reinstatement insurance cover and therefore cannot comment upon the adequacy of the same. However, we would recommend that the building be insured in its present condition for a minimum sum of:

£1,100,000

(One Million One Hundred Thousand Pounds)

17.2 The building insurance figure above is for the subject property only and given solely as a guide.

17.3 This sum allows for demolition, site clearance, full reinstatement, excludes VAT except on fees, professional fees, but excludes loss of rent provision and any allowance for inflation, and should accordingly be updated on an annual basis to keep pace with rising costs.

17.4 This insurance reinstatement appraisal is provided for guidance only. It does not take into account any additional Local Authority requirements, which may be involved in the rebuilding and assumes that there are no foundation problems or need for abnormal foundations or rebuilding. It should therefore be verified by a specialist commercial buildings insurance assessor.

17.5 We emphasise that the figure detailed above is our estimate of the cost of rebuilding the premises and bears no direct relationship to current Market Value.

18.0 BASIS OF VALUATION

- 18.1 (a) Market Value with vacant possession
- (b) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 180 days.
- (c) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 90 days.
- (d) Market Value – subject to existing tenancy(ies)
- (e) Market Value subject to existing tenancy(ies) and Special Assumption of a defined marketing constraint of 180 days.
- (f) Market Value subject to existing tenancy(ies) and Special Assumption of a defined marketing constraint of 90 days.
- (g) Market Rent

of the leasehold interest in the subject premises, as at the date of inspection in the light of current market conditions.

- 18.2 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 arm's length transaction, after property marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- 18.3 Market Rent – the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after property marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
- 18.4 Our valuation has been prepared in accordance with the RICS Valuation – Global Standards, as amended, and any particular assumptions, which have been made, have been drawn to your attention in this report.
- 18.5 The premises have been valued on the unencumbered interest as stated, no account being taken of any fixtures and fittings other than those normally designated as landlord's fixtures and fittings, outstanding mortgages or loans that may have existed at the time of valuation. No deductions have been made for any costs involved in the sale of the property and no allowances have been made for VAT or any other taxes.
- 18.6 We have formulated our valuation based on direct comparison methodology.

19.0 SPECIAL REQUESTS AND OTHER INFORMATION

- 19.1 We have not had sight of the HM Land Registry Title Plan but will be pleased to comment once this is available and/or should a Report on Title be made available to us.

20.0 VALUATION

20.1 In our opinion the Market Value of the subject property is in the sum of:-

£1,000,000
(One Million Pounds)
Market Value with Vacant Possession

£1,000,000
(One Million Pounds)
Market Value with the special assumption of a 180 day marketing period

£900,000
(Nine Hundred Thousand Pounds)
Market Value with the special assumption of a 90 day marketing period

£1,000,000
(One Million Pounds)
Market Value – Investment

£1,000,000
(One Million Pounds)
Market Value – Investment – with the special assumption of a 180 day marketing period

£900,000
(Nine Hundred Thousand Pounds)
Market Value – Investment – with the special assumption of a 90 day marketing period

In respect of rental value, the property has a:

£90,000 per annum
(Ninety Thousand Pounds)
Market Rent

based on the assumptions, statements or facts as set out above within the body of this report.

20.2 The valuation date is the inspection date previously stated in this report.

21.0 SECURITY & RECOMMENDATIONS

21.1 Allowing for regular maintenance and decoration it is anticipated that the building will retain a useful economic life of at least 35 years.

- 21.2 Subject to the above comments, the property is considered to provide suitable security for an advance by the mortgage lender on typical market parameters for an asset of this type and age.
- 21.3 Any matters arising which contradict this report and the assumptions stated herein, or are otherwise likely to affect the valuation should be referred to us for reconsideration.

22.0 LIMITATION & PUBLICATION

- 22.1 This valuation is prepared solely for the use of the addressee and no responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisors assisting in respect of the purpose for which the valuation is prepared.
- 22.2 Neither the whole nor any part of this valuation certificate nor any reference thereto may be included in any published document, circular or statement nor published in any way without our approval of the form and context in which it may appear.
- 22.3 In accordance with the requirements of the RICS we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

23.0 SIGNATURE OF VALUER

Prepared by 

Counter Signed 

Christopher Wilson, MRICS

Peter Miller, FRICS

RICS Registered Valuer

Director – RICS Registered Valuer

Report Date: 22nd August 2018

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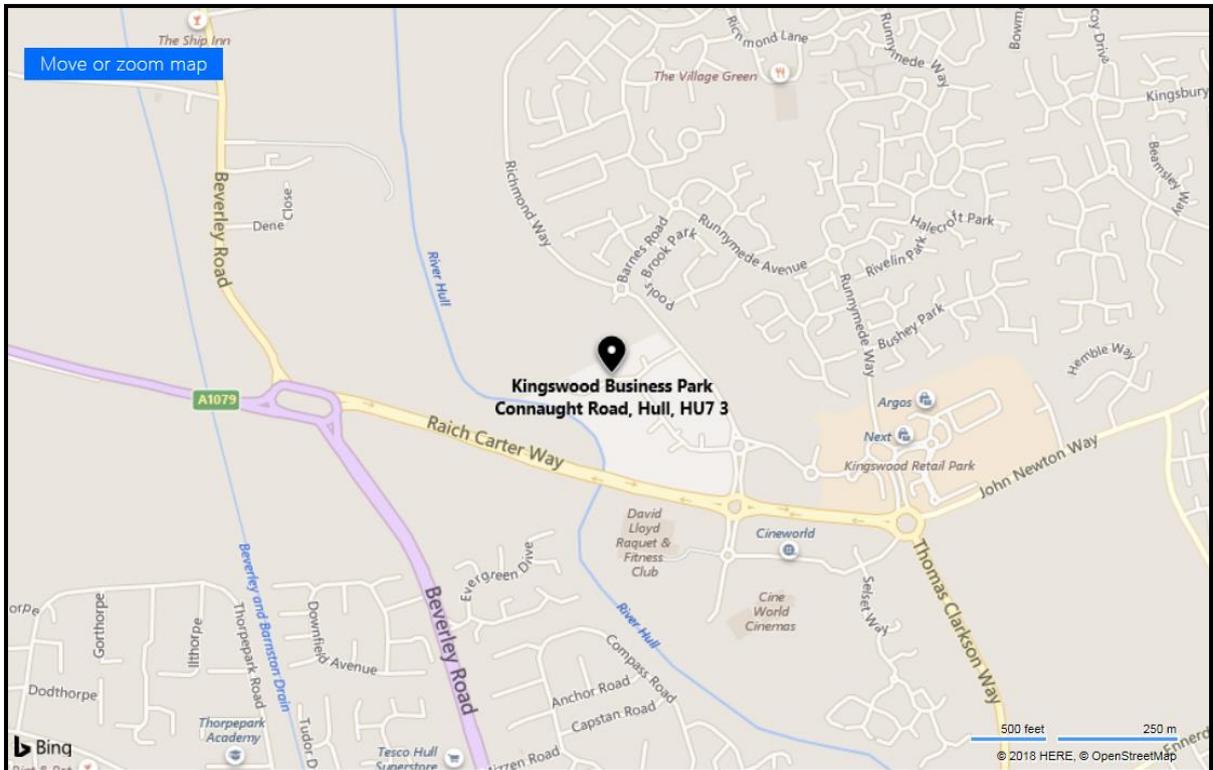
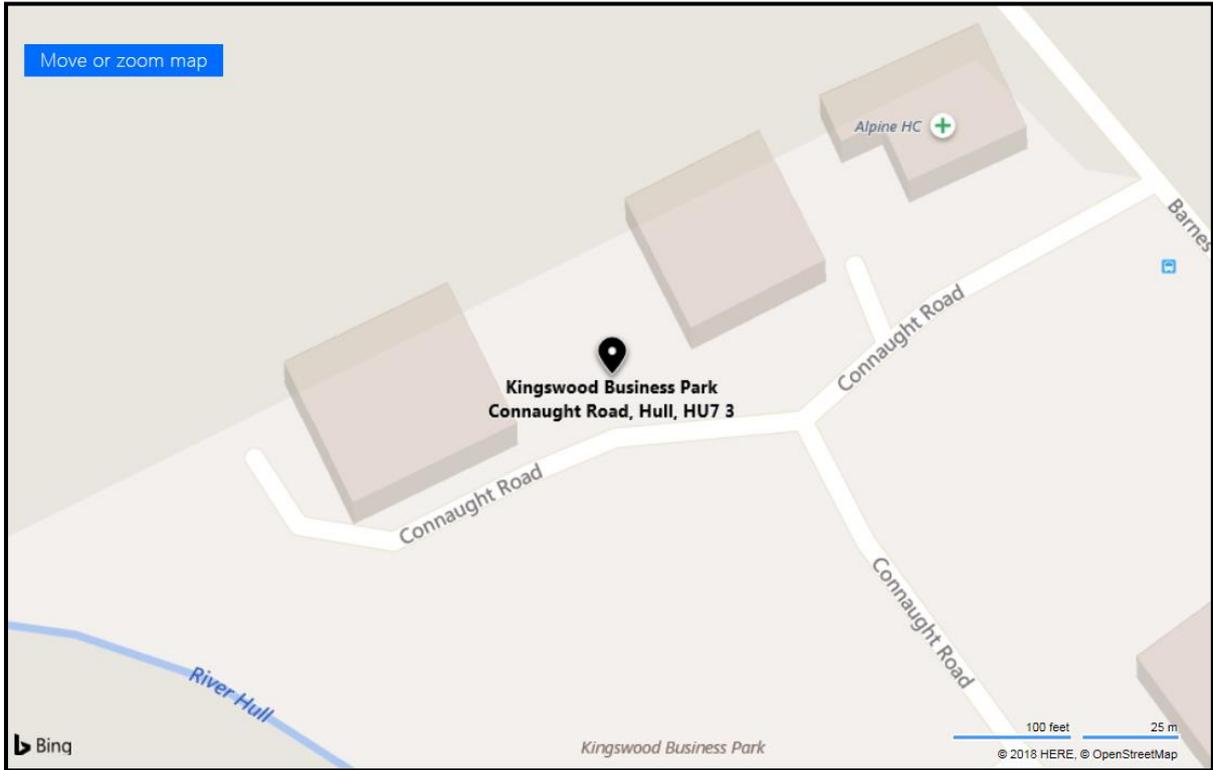
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E: admin@ashwickltd.co.uk

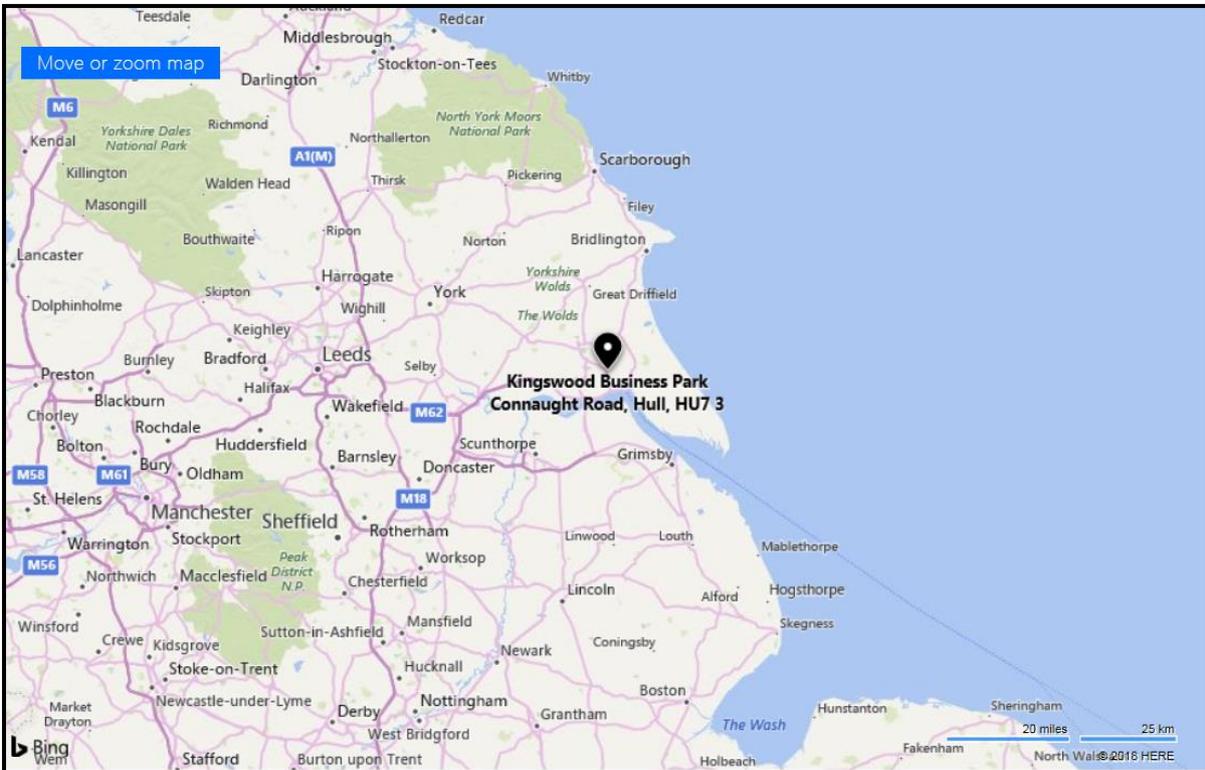
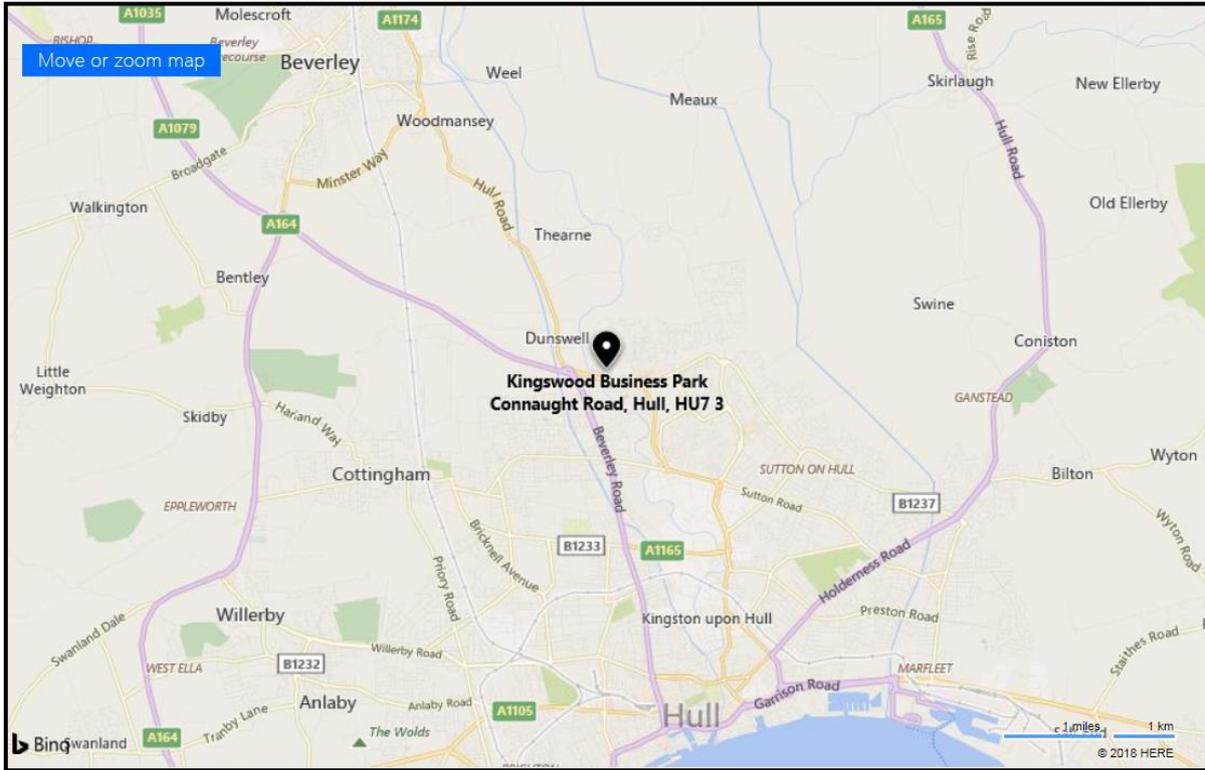
For and on behalf of
Ashwick Limited

Unit 1, The Mill House, The Stables Business Park, Rooksbridge, Somerset BS26 2TT

APPENDIX A

Location Plans





APPENDIX B

Photographs

FRONT ENTRANCE



ACCESS ROAD



SIDE ELEVATION



CAR PARK



REAR ELEVATION



GROUND FLOOR OPEN PLAN OFFICE



TRAINING ROOM



GROUND FLOOR OPEN PLAN OFFICE



OFFICE



FIRST FLOOR OPEN PLAN OFFICE



CANTEEN



FIRST FLOOR OFFICE



APPENDIX C

Conditions of Engagement for the Valuation and Appraisal of Land and Buildings

1.0 The Service

1.1 Our Valuer will provide directly to the Lender a Report based on an inspection as described below. In respect of the subject property, our Valuer will be an External Valuer, who is a Member of the Royal Institution of Chartered Surveyors, and:-

- (a) in respect of the particular type of property, has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently;
- (b) each valuation will be prepared by, or under the supervision of, an appropriately qualified Member who accepts responsibility for it;
- (c) has, and whose partners, co-directors and employees, have, no other recent or foreseeable potential fee earning relationship concerning the subject property, apart from the fee for this service and who has disclosed any past or present relationship with any of the interested parties or any previous involvement with the subject property as required by the Royal Institution of Chartered Surveyors, and no significant financial interest or management involvement in the [borrower's] concern.

1.1.1 Our Valuer will act with independence, integrity and objectivity in undertaking the valuation.

1.1.2 In the event that the instruction is issued by you as a prospective [borrower], or a [broker], you should be aware that the Report may not be acceptable to a [lender].

The Report will provide the following points:-

1.1.3 A full description of the property, its location, apparent state of repair and other relevant information such as the site area and floor area.

1.1.4 Our Valuer's valuation(s):-

- (a) On whichever of the bases (see paragraph 4 below) have been agreed between our Valuer and the Lender and / or such other basis as they may have agreed.
- (b) If our Valuer believes there is a special prospective purchaser, on the above basis(es) but reflecting the bid of that special prospective purchaser:-
 - (i) where the valuation(s) reported pursuant to (a) above, has/have been affected by the existence of an unimplemented planning consent for change of use or other development or by the prospect of such consent(s) being available, our Valuer will so report and advise as to the amount(s) of the increase reported in consequence.

1.1.5 In the case of the property to be held as an investment:-

- (a) A projection, at rental levels current at the reporting date, of the rental income to which the owner will be entitled from the property if it remains fully occupied;
- (b) An opinion upon the effects on value of the quality and terms of the lease(s) and relevant implications upon the valuation in respect of privity of contract (if any); and

- (c) Our Valuer's view of the markets opinion of tenant covenants for the class of the subject property in the subject locality.
- 1.1.6 Advise, if our Valuer considers it relevant, that there is a significant prospect of or potential for change of use or other development of the subject property, or those in the vicinity, which would materially affect the value of the subject property.
- 1.1.7 Advise on any other factors, which our Valuer considers, are likely materially to affect the status of the property as security.
- 1.1.8 Comment upon the proposed purchase price if this has been notified to our Valuer.
- 1.1.9 A statement as to any special assumptions which our Valuer has made.
- 1.1.10 Our Valuer's opinion of the property as a lending security in terms of present saleability, suitability, expected obsolescence and potential, bearing in mind the length (which will be stated) of the terms of the loan contemplated by the Client Lender and assuming that the borrower will maintain the property in a reasonable state of repair.
- 1.1.11 An opinion (without liability on the part of the Valuer) of the current market conditions and current and expected trends in respect of the type of property in the area.
- 1.1.12 A statement as to the valuation method adopted, and an indication as to the extent to which our Valuer has been able to have regard to comparable market transactions:-
 - (a) in the case of property valued for the existing use as an operational entity having regard to trading potential, the opinion which our Valuer has formed as to the future trading potential, including the gross income and profitability likely to be achieved; and
 - (b) in the case of property valued on a residual basis, the significant material figures and assumptions made and the consequences of changes thereto.
- 1.1.13 If requested by the Lender, an indication for insurances purposes (which is given solely as a guide as a formal estimate for insurances purposes can be given only by a quantity surveyor or other person with sufficient current experience of replacement costs) of the current reinstatement cost of:-
 - (a) the buildings in their present form (unless otherwise stated); or
 - (b) buildings being constructed as proposed to be completed; each including the costs of clearance and professional fees but excluding:
 - (i) VAT (except on fees);
 - (ii) loss of rent; and/or
 - (iii) cost of alternative accommodation for the reinstatement period.
- 1.1.14 Any other aspects, other than the usual legal investigations, which our Valuer considers require further consideration or investigations by or on behalf of the Lender.
- 1.2 Following provision of the Report, our Valuer will be prepared to discuss its contents with the Lenders representative.

- 1.3 Our Valuer shall, unless otherwise expressly agreed, rely upon information provided by the Lender and/or the Clients legal or other professional advisers relating to tenure, leases and all other relevant matters. No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.
- 1.4 Subject to paragraph 2.1 below, our Valuer shall carry out such inspections and investigations as are, in his or her professional judgement, appropriate and possible in the particular circumstances. These will include online town planning enquiries.
- 1.5 If our Valuer's inspection suggests that there may be material hidden defects our Valuer will so advise and may, in exceptional circumstances, defer submitting a final Report until the results of further investigations are available.
- 1.6 The report will not identify the existence of contamination unless, by agreement with the Lender, reports thereon from others have been obtained and made available to our Valuer, who will have no liability in respect thereof. If, however, our Valuer in the course of his/her inspection concludes that there may be material contamination, our Valuer will report this to the Client Lender with a view to a decision being taken as to whether the instructions are amended.
- 1.7 In preparing the report, unless otherwise stated by our Valuer, the following assumptions will be made which our Valuer shall be under no duty to verify:-
 - (a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
 - (b) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing;
 - (c) that inspection of those parts that have not been inspected would neither reveal material defects nor cause our Valuer to alter the valuation(s) materially; and
 - (d) that no alterations are required under the Disability Discrimination Act 1995, as amended;
 - (e) that, regarding asbestos, there are no onerous liabilities resulting from a survey, risk assessment, or asbestos register.
- 1.8 In providing the Service our Valuer will have regard to relevant contents of the Appraisal and Valuation Standards, as amended, of the Royal Institution of Chartered Surveyors.
- 1.9 The report will be provided for the stated purpose and for the sole use of the named Lender. We accept responsibility to the Lender alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Valuer, and accept no responsibility whatsoever to any parties other than the Lender even if that third party pays all or part of our fees, or is permitted to see a copy of the valuation report. Any such parties rely upon the Report at their own risk.
- 1.10 If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.
- 1.11 Neither the whole nor any part of the Report, nor any reference to it, may be included in any published document, circular or statement, or published in any way, without our Valuer's written approval of the form and context in which it may appear.

- 1.12 In the event of a proposal to place the loan on the subject property in a syndicate, the client must notify the Valuer with a view to agreeing responsibility to the further, named parties.

2.0 The Inspection

- 2.1 Our Valuer 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 our Valuer considers reasonably necessary to provide the Service, having regard to its purpose. Our Valuer is under no duty to carry out a building survey or to inspect those parts of the property which are covered, unexposed or inaccessible, or to raise boards, move anything, use a moisture detecting meter, or to arrange for the testing of electrical, heating or other services. An assumption will be made that the subject property is in good repair, except for any defects specifically noted. Also, an assumption will be made that the services, and any controls or software, are in working order and free from defect.

3.0 The Report

- 3.1 If it is not reasonably possible to carry out a substantial part of the Inspection (see paragraph 2 above), this will be stated.
- 3.2 Where our Valuer relies on information provided, this will be indicated in the Report, with the source of the information.
- 3.3 The Report will state the existence of any apparently recent significant alterations and extensions so as to alert the Lender legal advisors.

4.0 Valuation

- 4.1 The valuation(s) provided will be on the aforementioned assumptions in respect of the individual subject properties otherwise agreed as inspected, on whichever of the following or other bases as have been agreed between our Valuer and the Lender, such bases where applicable to be as defined or referred to in the Valuation - Global Standards, as amended, of The Royal Institution of Chartered Surveyors.
- 4.1.1 Market Value with interpretative commentary.
- 4.1.2 A further valuation subject to a defined marketing constraint / Special Assumptions.
- 4.1.3 Market Value as a full operational entity valued having regard to trading potential.
- 4.2 The valuation(s) will exclude any additional value attributable to personal goodwill, or the value of any fixtures and fittings which are only of value in situ to the present or proposed occupier, except in the case of property which is fully equipped and valued as an operational entity, where only personal goodwill is excluded.
- 4.3 Market Rent with interpretative commentary.

5.0 Instructions and Charges

- 5.1 All instructions of the Lender will be made directly by the Lender and confirmed in writing.
- 5.2 The Lender will pay to our Valuer the fee initially agreed between them, or any amendment thereto to be agreed if the instructions are subsequently modified. In addition, the Lender will reimburse the cost of all reasonable out of pocket expenses (unless it is prior agreed that these will not be charged) which may be incurred and pay the amount of any Value Added Tax on the fee and expenses.
- 5.3 The Valuation Report will be released on payment of the Valuer's fees.

6.0 Contracting Entity

- 6.1 None of our employees, directors or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against such individuals personally in connection with our services

7.0 Governing Law and Jurisdiction

- 7.1 Our contract with you for the provision of this valuation is subject to English law. Any dispute in relation to this contract or any aspect of the valuation, shall be subject to the exclusive jurisdiction of the Courts of England and Wales, and shall be determined by the application of English law, regardless of who initiates proceedings in relation to the valuation.

8.0 Complaints Procedure

- 8.1 Any complaints and / or disputes regarding work carried out by Ashwick Limited are taken seriously and managed in an understanding manner with conciliation designed to generate resolution. A copy of our Complaints Procedure is available on request
- 8.2 Complaint addressed to Jon Ellis-Smith, Director.

APPENDIX D

Instructions and Letter of Confirmation of Instruction



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

Ashwick Ltd
Attn. Vickie Perris
Unit 1
The Mill House
The Stables Business Park
Rooksbridge
BS26 2TT

Ref: Unit 4, Connaught Road, Kingswood Business Park. Kingston upon Hull, HU7 3AP

Dear Sirs,

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 notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Connaught Road LLP
Properties:	Unit 4, Connaught Road, Kingswood Business Park. Kingston upon Hull, HU7 3AP
Tenure:	150 year head Lease with 135 years unexpired
Use:	B1 Office
Tenancies:	An eight year occupation lease to Sonoco Ltd ending 24th September 2020
Access:	Mr Steve Finan on 07905 777707

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 on the assumption that a new 8 year lease is entered into with the current tenant with a commencing rental which is no less than the current passing rent.
3. A valuation of the Property on the assumption that the Property has vacant possession.
4. Please provide comparable evidence to support your assumptions on values.
5. Please provide an estimated rental value for the Subject Properties.

Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 8290



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

6. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
7. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
8. 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.
9. 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

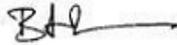
You have quoted and the Borrower has agreed to pay a fee of £900.00 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Proplend on 0203 397 8290 if you have any queries regarding this instruction.

Please send the Valuation Report to rberkley@proplend.com, with hard copy to 15 Little Green, Richmond TW9. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Sincerely,



Brian Bartaby
Director

Proplend Security Limited

Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 8290



Unit 1, The Mill House
The Stables Business Park
Rooksbridge
Somerset
BS26 2TT

06-08-2018

Our Ref: ASH41000

Your Ref: Mr Steve Finan

Richard Berkley
Proplend

Dear Richard,

Re: Unit 4 Connaught Road, Kingswood Business Park, Kingston upon Hull, HU7 3AP

Thank you for your instructions to undertake a Commercial - Offices form valuation of the above property. This letter is to record our agreement of terms of engagement in line with the latest RICS requirements.

We confirm that neither the valuer, nor Ashwick Chartered Surveyors, 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 are able to undertake the valuation in the capacity of an external valuer.

We confirm that the valuer has sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. We also confirm that Ashwick Chartered Surveyors holds adequate Professional Indemnity Insurance cover to undertake the valuation. Our PI limit is agreed at £3,000,000.

The valuation will be carried out by Chris Wilson of Ashwick Chartered Surveyors. We confirm that the valuer has the necessary experience in valuing Commercial - Offices form valuations and is qualified to carry out the instruction and is approximately 24 miles away from the property.

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 2017 Global and UK ("The Red Book"). Compliance with these standards may be subject to monitoring under RICS conduct and disciplinary regulations. Please refer to our Terms and Conditions, which includes details of the firm's complaints handling procedure.

Our fee for undertaking this work will be £900.00 plus VAT. If for any reason this job fails to complete, we reserve the right to make a fair charge to cover the time and expenses incurred i.e. the vendor does not attend the agreed appointment, does not provide access to all rooms, or cancels the appointment within 24 hours of the appointment date, an abortive fee will be charged of £100.00 plus VAT. Payment terms are as agreed in line with our initial account set up, and as per your instructions.

We will aim to return your report in line with our agreed turnaround times following receipt of clear payment, however if we have access difficulty or further information is required this date may change and you will be advised accordingly.

Our report will be addressed to Proplend and is for their 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.

Yours sincerely,

Erin Loveridge

Admin Assistant

01934 750203