

VALUATION REPORT ON:

**Central Precinct
10 Winchester Road
Chandlers Ford
Eastleigh
SO53 2GB**



PROPERTY CONSULTANTS

Chatsworth House

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Name of client	Proplend Security Limited 20 – 22 Wenlock Road London N1 7GU
Name of customer:	S & K Property Rental Limited
Date of inspection	Friday 25 th January 2019
Weather conditions	Dry and sunny
Our Reference	TS/hvw/Central Precinct/Vals 2019
Name of surveyor	Tom Shrives BA (Hons) MRICS RICS Registered Valuer

Regulated by RICS | Offices: Basingstoke | Farnham | Gerrards Cross | Maidenhead | Mayfair, London | Reading | Staines-Upon-Thames | Windsor

Kempton Carr Croft is the business name of Kempton Carr (Maidenhead) Ltd. registered in England & Wales. Registration Number 05578213

Registered office: Chatsworth House | 29 Broadway | Maidenhead | Berkshire | SL6 1LY. A full list of directors is open for inspection at the registered office.

Valuation report summary



Property:

Central Precinct
10 Winchester Road
Chandlers Ford
Eastleigh
SO53 2GB

Location:

A mixed use local parade comprising ground floor retail units with purpose-built flats above.

Description:

The property comprises a ground floor retail unit within a central precinct on the outskirts of Chandlers Ford town centre.

Planning use:	Retail
Tenure:	Freehold
Valuation date:	30 th January 2019
Valuation basis:	Market Value (MV)
Purchase price:	£115,000 (One Hundred and Fifteen Thousand Pounds)
Market Value (MV):	£115,000 (One Hundred and Fifteen Thousand Pounds)
Market Value (MV) with vacant possession:	£115,000 (One Hundred and Fifteen Thousand Pounds)
Market Rent (MR):	£10,500 (Ten Thousand Five Hundred Pounds) per annum
Reinstatement valuation:	£110,000 (One Hundred and Ten Thousand Pounds) *indicative only as part of a larger building
Suitable for loan security purposes:	YES – at the level of our valuations
Supported by market evidence:	YES

1 Special instructions and assumptions – (See Appendix A - Instruction Letter)

- 1.1 This Valuation Report has been prepared for the purpose of considering the subject property as possible security for loan security purposes.
- 1.2 The Market Value (MV) indicated within this report is dated the 30th January 2019.
- 1.3 There is no conflict of interest in terms of the property or the applicant.
- 1.4 This Valuation Report has been prepared in accordance with our standard Conditions of Engagement – Commercial Property and in accordance with the RICS Valuation – Global Standards 2017 and UK National Supplement.
- 1.5 No special instructions have been given in connection with the inspection of the property, or the preparation of this Report, nor have any special or unusual assumptions been made in the preparation of this Valuation Report.
- 1.6 Within our report we have provided the following:
 - 1.7 A Market Value (MV) of the property and on the assumption of vacant possession.
 - 1.8 A Market Rent (MR) of the property.
 - 1.9 An estimated fire reinstatement value of the property.
 - 1.10 The special assumptions relating to this valuation are:
 - 1.11 Our valuation has been carried out on a restricted basis since we have not been provided with lease documents and have therefore provided our valuation on the special assumption of full vacant possession.
 - 1.12 There are no, or no further, special assumptions that would affect our valuation.

2 Date and extent of inspection

- 2.1 Our inspection of the above property was made on Friday 25th January 2019 when the weather was dry and sunny.
- 2.2 The property was inspected by Tom Shrives BA (Hons) MRICS and the report has been checked by Simon Mills BSc (Hons) MRICS.

- 2.3 An inspection for valuation purposes was possible to all parts of the property valued herein.
- 2.4 At the time of inspection the property was occupied by a tenant and we were provided access and accompanied on our inspection at approximately 11am.

3 Situation, communications and amenities

- 3.1 The property is situated within a small shopping precinct that is situated in close proximity to the town centre of Chandlers Ford, however represents predominantly secondary retail space. A greater range of retail facilities including a number of national retailers can be found within the main centre of Chandlers Ford, with the subject precinct comprising independent traders.
- 3.2 For rail communications the property benefits from close proximity to Chandlers Ford railway station which lies within a short walking distance and provides services along the South Western and Great Western Railway lines.
- 3.3 For road connections, the property benefits from close proximity to the M3, located some 1.2 miles distant to the east of the property, providing good links onto the wider UK road network.

4 Description of property

- 4.1 The property comprises a ground floor retail unit within a purpose-built local precinct. The retail unit is laid out to comprise an open-plan sales area with a small staff area to the rear that includes a staff WC and kitchenette. The property was fitted out as a gym/personal training studio at the time of our inspection.
- 4.2 The property is believed to have been constructed in the 1960s. We estimate the property has an economic life in excess of 25 years, provided regular maintenance and repairs are carried out.
- 4.3 The property is as shown on HMLR Title Plan ref HP291359, a copy of which is appended to this report.
- 4.4 The property sits on Winchester Road which we believe to be an adopted highway.
- 4.5 Legal enquiries should confirm that vehicular and/or pedestrian access rights are allowed at all times in perpetuity.

5 Construction

- 5.1 We have not arranged for an investigation to be carried out to determine whether or not high alumina cement concrete, calcium chloride additive or any other potentially deleterious or hazardous materials or techniques were used in the construction of this property or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.
- 5.2 The property is of an age whereby the use of asbestos containing materials in its construction cannot be ruled out. You are advised to obtain further advice upon the management of asbestos in premises and prior to considering the removal or modification of this material, we would refer you to the Health & Safety Executive's web site www.hse.gov.uk/asbestos.
- 5.3 The property is of traditional design and construction set beneath what we believe to be a flat mineralised felt roof above the flats that are situated directly above the ground floor retail unit.
- 5.4 The property is finished with uPVC double glazed shopfront and entrance door in the front elevation.
- 5.5 We believe all mains services are provided to the property however were unable to confirm the presence of a gas connection at the time of our inspection.

6 Condition and state of repair

- 6.1 We have not carried out a building survey, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this Report should not be taken as making any implied representation or statement about such parts. For the purposes of this valuation we have assumed that an inspection of those parts that have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation materially.
- 6.2 At the time of inspection, the property was in a good condition with no major items of disrepair noted.
- 6.3 Subject to regular maintenance and decoration the property has a useful life expectancy in excess of 25 years.

7 Accommodation

- 7.1 In accordance with the Royal Institution of Chartered Surveyors Code of Measuring Practice all areas quoted herein have been calculated using a Net Internal Area (NIA) basis.
- 7.2 The accommodation briefly comprises:-

Description	Square Metres	Square Feet
Zone A	32.03	345
Zone B	28.35	305
Ancillary	8.01	86
NIA	69.83	752
Area ITZA		506

- 7.3 The size of the property is approximately 69.83sq. m (752 sq. ft)
- 7.4 We have adopted a conversion multiplier of 10.764 between sq. m and sq. ft.

8 Tenure and tenancies

- 8.1 The property is freehold and for the purposes of this valuation we have assumed that full vacant possession will be available.
- 8.2 We have assumed that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.

9 Tenancies

- 9.1 We have not been provided with any lease documentation and have therefore valued the property on the special assumption of full vacant possession. We understand from information supplied to us by the lender that there is to be a new 4 year lease to an independent trader, however we have not been provided with details of this lease, commencement date or a commencing rent.

10 Environmental factors

- 10.1 We are unaware of any environmental factors affecting the property which could adversely affect its occupation in the future or be detrimental to the value. Legal enquiries should verify that the property complies with all statutory requirements.

11 Radon Gas

- 11.1 Radon gas is a naturally-occurring substance, particularly, but not exclusively, prevalent in areas with granite sub-strata. We are unable to confirm whether or not the site is affected by radon gas affecting the property or future occupants.

12 Flooding

- 12.1 From informal enquiries of The Environment Agency's website the property lies in an area deemed to be within flood zone 1 and at a low probability of flooding, however it borders an area deemed to be at higher risk. Legal enquiries should verify and confirm that all the necessary insurance policies are in place, as required.

13 Invasive Species

- 13.1 During our inspection for valuation purposes, we identified no obvious signs of Japanese Knotweed at the property.

14 Contamination

- 14.1 Our enquiries have not revealed any contamination affecting the property or neighbouring property which would affect our valuation. However, should it be established subsequently that contamination exists at the property or on any neighbouring land or that the premises have been or are being put to any contaminative use, this might reduce the values now reported.
- 14.2 We found no evidence on site during our inspection to indicate that the property has ever been used for a contaminating use in the past. If however, solicitors' searches reveal that the site was previously under an ownership or a planning use considered likely to create chemical contamination, (e.g. asbestos production, petrochemical or paintworks), or that the site was used for the disposal of waste by land fill tipping this information should be referred back to us so that we can advise further.

15 Energy Performance Certificates (EPCs)

- 15.1 Since 1st October 2008 an EPC must be made available whenever a non-domestic building is constructed, sold or rented out, subject to certain exemptions. EPC's are valid for ten years.
- 15.2 No EPC Certificate was made available during our inspection and we have not conducted a calculation to assess the EPC rating.
- 15.3 We have consulted the EPC Non Domestic online Register and have identified an EPC dated the 31st March 2011 under reference number 0770-5991-0349-2000-9094 which gives the property an EPC Rating of 88 (within band D).
- 15.4 The Energy Act 2011, which has received Royal Assent, made it unlawful to let buildings with F and G rated Energy Performance Certificates after April, 2018. This means investors could face significant improvement costs to mitigate the potentially disastrous falls in the value of older buildings. For the purposes of our valuation we have assumed that the property has an energy rating of E or better and it will not be affected by the changes in legislation in the future. Furthermore, our valuation as at the Valuation Date above has assumed a rating of E or better for valuation purposes.

16 Equality Act 2010

- 16.1 Under the Equality Act 2010, there is a requirement for service providers to make reasonable adjustment for disabled people, such as providing extra help or making changes to the way they provide their services. Service providers are liable to make reasonable adjustments to the physical features of their premises to overcome physical barriers to access, although there are no definitive requirements for the "reasonable" adjustments which may have to be made. However, further information regarding the requirements can be obtained from the Disability Rights Commission who may be able to put you in contact with their Local Access Group to provide further advice. In the first instance, further information can be obtained from the Direct Gov Website www.direct.gov.uk.
- 16.2 This building does not appear to meet these requirements in regard to:-
 - 16.2.1 Lack of disabled toilet provision
 - 16.2.2 Unsuitable door widths and furniture

- 16.3 You should note that these comments are observations and not a comprehensive indication of the requirements of the Act. We have not undertaken an audit of all the facilities to establish the restriction of users with disabilities but have made one or two general observations. You should consider commissioning a full audit of the premises to establish any further alteration, which will be required to comply with the Act.
- 16.4 Further information: The Department for Work and Pensions provides extensive advice on the application of the legislation at www.dwp.gov.uk/employers/dda/.

17 Other statutory matters

- 17.1 We have assumed that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries, or by any statutory notice, and that neither the property, nor its condition, or its use, or its intended use, is or will be unlawful.

18 Fire safety law

- 18.1 From 1 October 2006, The Regulatory Reform (Fire Safety) Order 2005 (SI 2005 No. 1541) introduced a requirement for the 'responsible person' to make a suitable and sufficient assessment of the risks and to identify the fire precautions required to comply with the Order. The Order applies to all non-domestic property. Such fire precautions may include adaptation of the building and installation of fire safety equipment, but must in all cases include: signage, fire safety action plans, staff training, identifying duty holders and routine maintenance/monitoring via signed and dated checklists. Detailed information on the Regulations and fire safety in general is available from www.fire.gov.uk.
- 18.2 There did not appear to be a fire alarm system in operation here at the time of our inspection.

19 Planning and use – planning consents and permitted use

- 19.1 Solicitors' enquiries should undertake all the required searches on the property and refer back to us so that we can comment upon the effect, if any, these may have upon our valuation.

20 Business Rates

- 20.1 Our internet based enquiry of the Valuation Office Agency website shows that the property is currently listed as Shop and Premises and has a Rateable Value of £6,400.

21 Market conditions and trends

Q3 2018: UK Commercial Property Market Survey

Brexit seen causing some hesitancy among tenants

- Growth in tenant demand confined to the industrial sector with Brexit affecting occupier decisions
- Retail availability and inducements continue to rise noticeably
- Twelve month capital value expectations downgraded across secondary office markets

The Q3 2018 RICS UK Commercial Property Market Survey results point to a fairly subdued trend across the occupier market, with respondents citing Brexit uncertainty as weighing on occupier decisions to a certain extent. That said, structural changes continue to pose the most significant near term challenge for retailers, while on the flipside, conditions within the industrial segment continue to benefit from the shift towards online shopping.

At the headline level, occupier demand fell slightly for a second consecutive quarter, with the net balance coming in at -9% (compared to -8% previously). Nevertheless, this average reading is still concealing significant disparities between the three traditional sectors of the UK market. Indeed, demand for industrial space continued to increase, albeit at a moderated pace, thereby extending a run of uninterrupted growth going back to 2012. At the same time, interest from tenants in the office space remained little changed. At the other end of the spectrum, demand from businesses looking to take-up retail space continued to fall for a sixth quarter in succession.

At the same time, a net balance of +39% of respondents reported a further rise in retail availability over the quarter, prompting landlords to increase the value of incentive packages. Vacancy rates were more or less stable in the office sector, although the use of inducement packages did increase slightly. Conversely, both availability and incentives continued to decline in the industrial segment.

At the all-sector level, respondents left near term rental expectations unaltered, with the national reading remaining at -2%. As such, this points to virtually no change in headline rents over the coming three months. On a twelve month view, both prime and secondary industrial rents are envisaged posting solid growth, with expectations moderately positive for prime offices. On the same basis, secondary office rental projections are broadly flat. Expectations remain firmly negative for retail rental levels over the coming twelve months, both in terms of prime and secondary space.

Looking at the regional figures, the retail sector continues to exhibit negative rental projections across all parts of the UK, with respondents anticipating a downward trend in prime locations as well as for secondary. In London, secondary office rents are still expected to fall slightly, albeit the net balance of -11% was the least negative reading since the beginning of 2016. The outlook is relatively flat for prime office rents in the capital, but more positive across all other UK regions. The industrial sector remains the outperformer in terms of rental growth expectations in all areas, although, in some cases, forecasts have been trimmed slightly.

In each quarter since the Brexit vote took place, survey participants have been asked if they have seen any evidence of firms looking to relocate at least some part of their business as a result. Throughout much of this time, the proportion reporting they had seen signs of this type of activity remained at around 15-18%. Interestingly, however, this picked up to 25% in the latest results. It remains to be seen whether or not this is truly indicative of there being a rise in firms implementing contingency plans to relocate, due to concerns about the potential outcome of the negotiation process.

On the investment side of the market, the survey's headline demand metric improved slightly, inching up to +4% from -3% in Q1. Investment enquiries rose most firmly in the industrial sector, with a net balance of +32% of contributors citing an increase (+28% in Q1). Demand for offices also picked up, although only marginally, following a flat trend in Q1. Investors continue to shy away from the retail sector however, with the enquiries net balance coming in at -33% (compared with -43% previously). Overseas investment demand remained largely unchanged overall, albeit a small increase was cited for industrial assets. Alongside this, the supply of property on the market for sale declined in all but the retail sector, where it continued to rise for a fifth consecutive quarter.

On the back of this, twelve month capital value expectations remain steeped in negative territory across the retail sector, with respondents foreseeing price declines for both prime and secondary assets. Relative to the previous results, expectations were pared slightly across the office sector. Indeed, while capital value projections remain modestly positive for prime offices, the outlook for secondary has turned slightly negative at the national level. Given the still supportive supply demand dynamic, prime and secondary industrial values are again seen posting solid gains over the year ahead.

From a regional perspective, prime offices are expected to chalk up solid capital value growth over the year ahead in virtually all parts of the UK. The outlook for secondary is more mixed, with respondents forecasting a flat to slightly negative trend in values for most areas. In London, capital value projections across the office market remain slightly weaker than the regional averages. Both prime and secondary retail values are anticipated to come under downward pressure right across the UK, albeit projections are significantly weaker for the latter. At the other end of the scale, prime industrial values are seen rising firmly in all parts of the country. The outlook for secondary industrial prices now appears strongest in the Midlands and the south of England.

22 Summary of local market

- 22.1 The property is located within a local precinct which provides a reasonable range of local amenities and conveniences however the greater retail presence lies within the very centre of the town. The subject parade presents the opportunity for limited levels of passing footfall however a car park provides good on-site parking adjacent to the precinct. We would anticipate a reasonable level of interest from prospective occupiers although demand is likely to stem only from local occupiers and independent traders looking to serve the immediate local market.
- 22.2 The freehold market remains relatively robust with cash-rich local occupiers often seeking to buy instead of rent, however demand investors are likely to become more sensitive to pricing and location given ongoing market uncertainty.
- 22.3 The relative downturn witnessed in the economy in recent months and the ongoing market uncertainty is likely to result in a shortening of lease terms and the need for improved tenant incentives.
- 22.4 If the property was available on the market we would expect there to be a reasonable level of demand, predominantly from local investors and small property companies, and we would anticipate a sale within a 6 to 12 month period assuming marketing at a realistic level.
- 22.5 Assuming marketing at a realistic level we would anticipate void periods in the region of 6 to 9 months in order to achieve a letting.

23 Market evidence

- 23.1 The following comparable evidence has been used in the preparation of our report and in determining our opinion of the Market Value (MV)

24 Rent comparables

Address	Comments
Unit 5 Central Precinct Winchester Road Chandlers Ford SO53 2GA	A ground floor retail unit within the same local precinct as the subject property. The unit comes with A2 use. It is arranged to comprise an open-plan retail sales area similar to that of the subject property and with a closely comparable net internal floor area measuring 704 sq ft or 506 sq ft ITZA.

The unit was let on a new 5 year lease at a rent of £9,600 per annum in April 2018.

The rent achieved equates to a rate of approximately £13.65 psf on a net internal basis and £19.00 psf Zone A.

Unit 2
Central Precinct
Winchester Road
Chandlers Ford
SO53 2GA

A ground floor retail unit within the same local precinct as the subject property. The unit comes with A1/A2 use.

It is arranged to comprise an open-plan retail sales area similar to that of the subject property however it is slightly smaller, with a net internal area measuring 554 sq ft or 475 sq ft ITZA.

The unit was let on a new lease at a rent of £9,500 per annum in March 2018.

The rent achieved equates to a rate of approximately £17.00 psf on a net internal basis and £20.00 psf Zone A.

Unit 1
132 Winchester Road
Chandlers Ford
SO53 2DS

A ground floor retail unit measuring approximately 747 sq. ft (and 496 sq ft ITZA). The property is arranged over the ground floor, with a return frontage. The premises benefit from 4 car parking spaces to the rear.

Slightly superior pitch to the subject property and within a more modern building.

Let on a new 6 year lease for £13,650 per annum in April 2017.

The rent reflects a rate of approximately £18.25 psf on a net internal basis and £27.50 psf Zone A.

Unit 1
Central Precinct
Winchester Road
Chandlers Ford
SO53 2GA

A 654 sq. ft. ground floor retail unit within the same precinct as the subject property. We understand this unit was let on confidential terms in October 2017.

The asking rent equated to £16.15 psf on a net internal basis.

Sales comparables

Address	Comments
<p>23 Market Street Eastleigh SO50 5RH</p>	<p>This is a freehold building arranged over 2 floors and comprising a ground floor retail unit with rear ancillary accommodation.</p> <p>The property was let to a charity and was trading as a charity shop on a 6 year lease from April 2014 subject to a third year rent review.</p> <p>The property was sold at auction in February 2017 and thus just prior to the rent review due date. It was sold for £312,500.</p> <p>The passing rent was £20,000 pa and the sale price achieved reflects a gross initial yield in the region of 6.50%.</p>
<p>64 – 66 Shirley High Street Southampton SO15 3NF</p>	<p>This is a ground and first floor freehold building comprising a ground floor retail unit with ancillary accommodation on the first floor above.</p> <p>The property was let on a 10 year lease from December 2012 and was subject to a 5th year rent review.</p> <p>The property was let to Poundland and was sold at auction in February 2018. The passing rent was £38,000 pa and the sale price achieved was £515,000 which reflects a gross initial yield in the region of 7.35%.</p>
<p>402 Bitterne Road Southampton SO18 5RS</p>	<p>This is a ground and first floor retail unit comprising a ground floor open plan retail sales area with ancillary accommodation on the first floor above. It was let to the Bank of Scotland and was trading as a bank (A2 use).</p> <p>The property was held on a 10 year lease from September 2014 at a rent of £20,800 pa subject to a rent review after the 5th year.</p> <p>It was sold at auction in December 2017 for £275,000 reflecting a</p>

gross initial yield in the region of approximately 7.50%.

3 Leigh Road
Eastleigh
SO50 9YW

This is a ground floor retail unit with ancillary accommodation/office space on the first floor above. The retail unit further benefits from 10 allocated parking spaces at the rear.

It was let on a 15 year lease from November 2006 to HSBC and was trading as HSBC Bank (A2 use). The passing rent was £35,000 pa and this was subject to 5 yearly rent reviews.

The property was sold at auction in October 2016 and therefore just prior to the second rent review due date.

It was sold at auction achieving £530,000 which reflects a gross in initial yield in the region of 6.60%.

25 Valuation summary and analysis comparables

- 25.1 The evidence outlined above demonstrates that comparable retail space is currently achieving rents in the region of £19.00 - £27.50 psf Zone A and approximately £13.75 - £18.25 psf on a net internal basis in this locality, dependent upon the exact size and precise location of each property.
- 25.2 In assessing the comparable lettings evidence, we have given consideration to both the reflective Zone A rates and an assessment of the rates on a net internal basis. From our discussions with local agents, we understand that lettings of the units within this precinct are often agreed on an overall basis owing to their smaller size and the nature of their location.
- 25.3 In arriving at our opinion of Market Rent, we have paid particular attention to the following attributes:
 - 25.4 Older style unit
 - 25.5 Location lacks prominence
 - 25.6 Small size of the unit and limited scope to alter the layout

- 25.7 In light of the above and our discussions with local agents, we consider a rent of £10,500 per annum to be applicable, reflecting rates of approximately £20.75 psf Zone A and £14.00 psf average on a net internal basis.
- 25.8 In arriving at our opinion of Market Value, we have considered sales of comparable secondary and tertiary investments and these demonstrate yields in the order of 6.50% - 7.50, depending of the quality of the tenant covenant, length of income, potential for re-development and the exact location of the investment.
- 25.9 Taking into consideration the nature of the retail investment, we have applied a yield of 9.00% assuming full vacant possession, so as to reflect the greater element of risk attached including potential voids and lower rental growth prospects in this locality and in light of current market conditions.

26 Valuation commentary

- 26.1 When valuing this property we have utilised the Investment Method and the Comparable Method of Valuation and have utilised our knowledge of transactions within the local area.
- 26.2 In preparing our valuation here we have obtained what we consider to be adequate comparable valuation evidence to support the values provided.

27 Basis of valuation

- 27.1 This Valuation Report is prepared in accordance with the RICS Valuation – Global Standards 2017 and UK National Supplement.
- 27.2 The Basis of Valuation used is as defined in Valuation Practice Statement 4 – Basis of Value, and is:-

28 Market Value (MV)

- 28.1 We confirm that the Interpretive Commentary has been applied when making our valuations herein.
- 28.2 Definition
- 28.2.1 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.

29 Market Rent (MR)

29.1 Valuations based on Market Rent (MR) shall adopt the definition settled by the International Valuation Standards Committee.

29.2 Definition

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

30 Purchase price:

£115,000 (One Hundred and Fifteen Thousand Pounds)

31 Market Value (MV):

£115,000 (One Hundred and Fifteen Thousand Pounds)

32 Market Value (MV) with vacant possession:

£115,000 (One Hundred and Fifteen Thousand Pounds)

33 Market Rent (MR):

£10,500 (Ten Thousand Five Hundred Pounds) per annum

34 Reinstatement valuation:

£110,000 (One Hundred and Ten Thousand Pounds)

*indicative only as forms part of a larger building.

35 Suitability for lending security purposes

35.1 We consider this property suitable for loan security purposes at the level of our valuations.

36 Legal enquiries

36.1 Prior to the exchange of contracts, we strongly advise that Legal Enquiries must confirm the suitability of the following points and refer back to us if any are incorrect so we may amend our valuation accordingly.

36.2 Confirmation that the property will enjoy free and uninterrupted rights of vehicular and pedestrian access from Winchester Road.

36.3 Local Searches should assess and verify the risk of flooding, contaminated land, radon and environmental concerns relating to the site.

36.4 Rights and obligations in respect of the boundary ownership and liabilities.

36.5 We are unaware of any adverse features affecting the subject property and for the purposes of this valuation have assumed that no such adverse features exist. If any adverse features are identified during solicitors searches these should be notified to us as this may affect our valuation of the property.

36.6 We have assumed that a good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing.

36.7 Legal enquiries should confirm the property is held freehold. If long leasehold it should be confirmed the length of lease, service charges and ground rents and that there is nothing within the lease that would affect our valuation.

37 Third party reference

37.1 This Report is provided for the stated purpose and for the sole use of the named Client. It will be confidential to the Client and the Clients' professional advisers. The Valuer accepts responsibility to the Client alone that the Report will be prepared with the skill, care and diligence reasonably to be expected of a competent Chartered Surveyor and accepts no responsibility whatsoever to any parties other than the Client. Any such parties rely upon the Report at their own risk. Neither the whole nor any part of this Report, nor any reference to it, may be included in any published

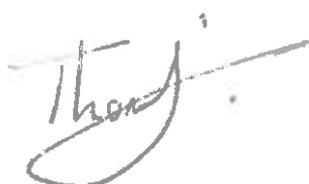
document, circular or statement, nor published in any way without the Valuer's written approval of the form and context in which it may appear.

38 Status of the valuer

- 38.1 The valuer preparing this valuation is an External Valuer who has no current or presently foreseeable potential fee earning relationship concerning the subject property/properties apart from the valuation fee and who has disclosed in writing to you, the client, any present relationship, or a relationship within the past 2 years of receipt of the valuation instruction, with any of the interested parties and any previous involvement with the subject property/properties.
- 38.2 The valuer preparing this report has the knowledge, skills and understanding of the property and market in order to undertake the valuation competently.

39 Certification

- 39.1 The valuation has been prepared in accordance with the RICS Valuation – Global Standards 2017 and UK National Supplement. During the preparation of our valuation we have made assumptions in regard to the property, which are set out within our Conditions of Engagement and these assumptions form an integral part of this report.

A handwritten signature in black ink, appearing to read 'Tom Shrives'.

Tom Shrives BA (Hons) MRICS
RICS Registered Valuer
For Kempton Carr Croft
30 January 2019

A handwritten signature in black ink, appearing to read 'Simon Mills'.

Simon Mills BSc (Hons) MRICS
RICS Registered Valuer
For Kempton Carr Croft

APPENDIX A



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

Ref: S&K Property Rental Limited

Kempton Carr Croft,
Chatsworth House,
29 Broadway,
Maidenhead,
Berkshire,
SL6 1LY

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: S&K Property Rental Limited
Contact Name: Marc Kurn
Phone Number: 07748 978653
Email: marckurn@hotmail.com
Properties: Central Precinct, 10 Winchester Rd, Chandler's Ford, Eastleigh SO53 2GB
Tenure: Freehold
Use: Retail
Tenancies: to be a new FRI 4-year lease with single tenant, Studio Twenty 3
Access: via Marc Kurn

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 on 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 £750 + 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 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to borrower@proplend.com, with hard copy to 15 Little Green, Richmond TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,

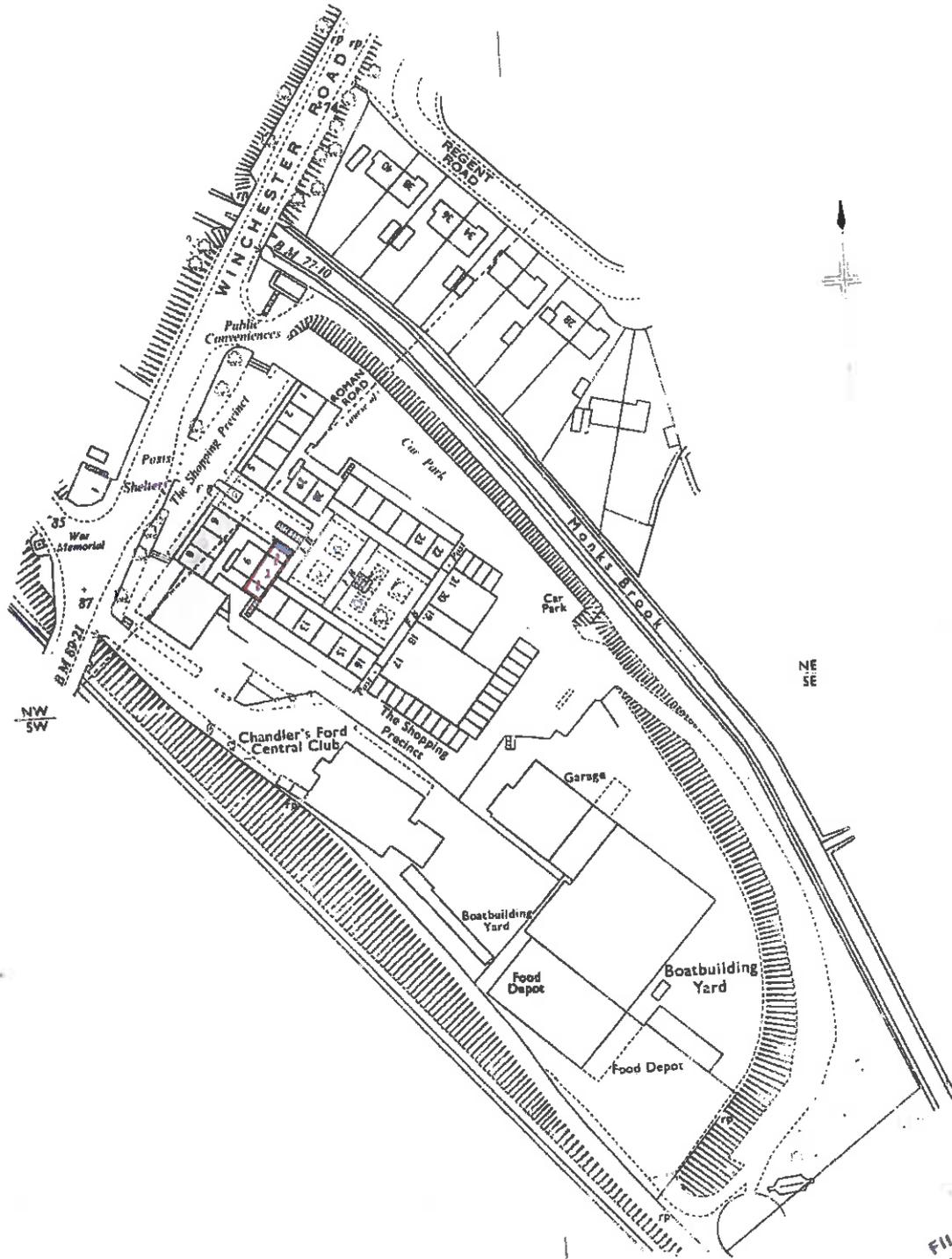


Brian Bartaby
Director

Proplend Security Limited

APPENDIX B

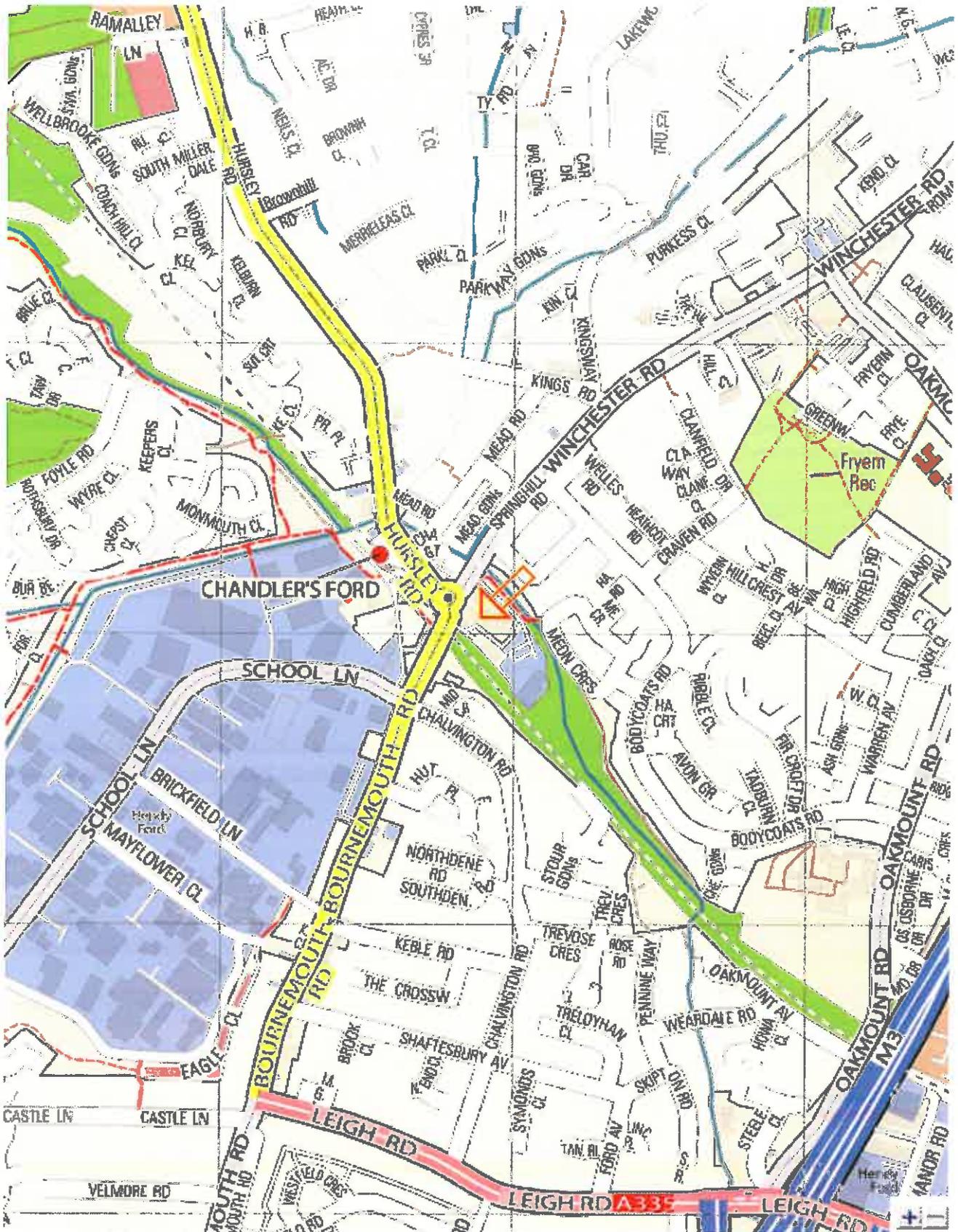
H.M. LAND REGISTRY		TITLE NUMBER	
		HP291359	
ORDNANCE SURVEY PLAN REFERENCE	SU 4320	SECTION L	Scale 1:1250
COUNTY HAMPSHIRE	DISTRICT EASTLEIGH		© Crown copyright 1975



This is a print of the view of the title plan obtained from HM Land Registry showing the state of the title plan on 21 January 2019 at 14:07:58. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

This title is dealt with by HM Land Registry, Weymouth Office.

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APPENDIX C





