

Bringing the property valuation market into the 21<sup>st</sup> century



## Valuation Report

<b>Address</b>	6 West Road, Reigate, Surrey, RH2 7JT
<b>Lender</b>	Proplend Security Limited
<b>Lender Address</b>	20 – 22 Wenlock Road, London, N1 7GU
<b>Applicant Name</b>	N and D Muslu SPV
<b>Date</b>	9 <sup>th</sup> October 2018
<b>Valuation Company</b>	London's Surveyors and Valuers Limited
<b>Valuer</b>	Richard Taylor, BSc (Hons) MRICS

[vas-group.co.uk](http://vas-group.co.uk)

**PROPERTY DETAILS**

<b>Property Address:</b>	6 West Road, Reigate, Surrey, RH2 7JT		
<b>Lender:</b>	<b>Proplend Security Limited</b>	<b>Date of Valuation:</b>	3 <sup>rd</sup> October 2018
<b>Purpose of Valuation:</b>	Loan Security	<b>Valuation Method:</b>	Comparison



**VALUATION:**

*(please carefully read the lenders instruction letter and make sure that valuations are provided on the required basis)*

Market Value	£410,000 (Four hundred and ten thousand pounds)
Market Value with vacant possession	£380,000 (Three hundred and eighty thousand pounds)
Market Rent (MR)	£26,900 (Twenty six thousand nine hundred pounds) per annum
Insurance Reinstatement Estimate:	£550,000 (Five hundred and fifty thousand pounds)

<b>VALUATION ISSUES:</b> The maisonette was vacant at the time of inspection and is due to be let. The shop premises are let on a 15 year lease.	<b>Estimated Sales period:</b>	6 to 9 months
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**LOCATION / DESCRIPTION:**

<b>Location Summary:</b>	Secondary/tertiary retail location that lies to the south of central Reigate.		
<b>Description Summary:</b>	Detached three storey building arranged as a ground floor lock up shop with an upper two floor maisonette.		
<b>Condition Summary:</b>	Generally the property has been maintained to a satisfactory standard, although some upgrading of the external fabric of the building would be beneficial.		
<b>Floor Area:</b>	223 sq m / 2,400 sq ft	<b>Site Area:</b>	0.036 acres / 0.014 hectares

**TENURE / TENANCY:**

<b>Tenure:</b>	Freehold	<b>Tenancy:</b>	Shop premises are let on a 15 year lease from 1 <sup>st</sup> July 2013 with a current passing rent of £12,500 per annum with the next rent review due on 1 <sup>st</sup> July 2019. We understand this letting is outside the security provisions of the 1954 Landlord and Tenant Act.
<b>Passing Rent:</b>	£12,500 per annum	<b>Market Rent:</b>	£26,900 per annum

**SWOT ANALYSIS:**

<b>Strengths:</b>	<b>Weaknesses:</b>
<ul style="list-style-type: none"> <li>Satisfactory demand for mixed investment property of this type</li> </ul>	<ul style="list-style-type: none"> <li>No off street parking</li> </ul>
<b>Opportunities:</b>	<b>Threats:</b>
<ul style="list-style-type: none"> <li>Opportunity for long term capital growth</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing political and economic uncertainty is causing caution in the property market</li> </ul>

**DEFECTS & SPECIALIST REPORTS:**

*(Please identify any structural, legal or environmental issues from the drop-down lists. Please confirm the status of the defect and provide further commentary below if you have recommended that a specialist report is required)*

Legal Issues	Report Required / Issue Identified	Structural Issues	Report Required / Issue Identified	Environmental Issues	Report Required / Issue Identified
None	None	None	None	None	None
Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Comments:** None considered necessary for mortgage lending.

**RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY:**

<b>We would recommend the following action points:</b>	<ul style="list-style-type: none"> <li>Some upgrading and maintenance to the external fabric of the building would be beneficial</li> </ul>
<b>Is the property suitable for loan security?</b>	YES

**Please note that this Executive Summary is merely a summary of the valuation report and should not be read in isolation to the full valuation report provided overleaf.**

## COMMERCIAL VALUATION REPORT



### ADDRESS

6 WEST ROAD  
REIGATE  
SURREY  
RH2 7JT

### CLIENT

PROPLEND SECURITY LIMITED  
20 – 22 WENLOCK ROAD  
LONDON  
N1 7GU

### PREPARED BY

RICHARD TAYLOR, BSC (HONS) MRICS

### DATE OF INSPECTION

3<sup>RD</sup> OCTOBER 2018



Front Elevation



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## EXECUTIVE SUMMARY

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- |     |                            |   |
|-----|----------------------------|---|
| 7.  | Gross Internal Floor Area: | • 2,400 sq. ft. / 223 sq. m   |
| 8.  | Tenure:                    | • Freehold  |
| 9.  | Tenancies:                 | • The shop is let on a 15 year lease at a rental of £12,500 per annum |
| 10. | Valuation Date:            | • 3 <sup>rd</sup> October 2018  |
- 

## RISK ANALYSIS

- |      |               |   |
|------|---------------|---|
| 11.1 | Strengths:    | • Good occupied shop premises<br>• Maisonette is in good condition  |
| 11.2 | Weaknesses:   | • No off street car parking   |
| 11.3 | Opportunities | • Potential for long term capital growth due to location in reasonable suburb of Reigate                    |
| 11.4 | Threats:      | • Ongoing political and economic uncertainty caused by 'BREXIT' and general weakness in the property market |
- 

- |     |                                |   |
|-----|--------------------------------|---|
| 12. | Matters for your Legal Adviser | • Confirmation that there are no onerous or restrictive covenants contained within the commercial lease<br>• Confirmation that the residential unit can be disposed of individually on a long lease if required |
| 13. | Demand:                        | • Satisfactory  |
| 14. | Marketing Period:              | • Six to nine months  |
| 15. | Suitability as Loan Security:  | • Suitable  |
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*This summary is strictly confidential to the addressee. It must be read in conjunction with the whole report and may not be copied, distributed or considered in isolation from the full report.*

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Your ref: Brian Bartaby

Our ref: HG028215/RT/ab

9<sup>th</sup> October 2018

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

Dear Sirs,

**RE: 6 WEST ROAD, REIGATE, SURREY, RH2 7JT**

**APPLICANTS: N AND D MUSLU SPV**

## **1. INSTRUCTIONS**

In accordance with the instructions contained in your letter to us dated 28<sup>th</sup> September 2018, we have inspected the above property and made all relevant enquiries in order to provide you with our opinion of the current Market Value as at the date of inspection of the Freehold interest, subject to and with the benefit of the lease described in this report, and also with vacant possession.

We understand that our valuation is required for secured lending purposes to your applicants, N and D Muslu SPV, who are proposing to purchase the Freehold interest.

## **2. BASIS OF VALUATION**

Our valuation has been carried out in accordance with the latest edition of the Royal Institution of Chartered Surveyors Valuation – Professional Standards [‘The Red Book’] incorporating the International Valuation Standards [IVS] 2017. It has been undertaken by independent Valuers, as defined by the RICS Valuation Practice Statements and IVSC. The property was inspected on 3<sup>rd</sup> October 2018 by Richard Taylor, BSc (Hons) MRICS, who is accredited by the RICS Valuers Registration Scheme. The date of valuation is the date of inspection.

It is usual for a valuer to be asked to express an opinion as to the suitability of a property as security for a loan, debenture or mortgage. However, it is a matter for the lender to assess the risk involved and make their own assessment in fixing the terms of the loan, such as the percentage of value to be advanced, the provision for repayment of the capital, and the interest rate. We refer in our report to all matters which are within our knowledge and which may assist you in the assessment of the risk.

Our report and valuation in accordance with these requirements is set out below.

The valuation is subject to there being no unusual matters or factors not revealed to us and subject to the comments made in this report.

We confirm we have no financial interest in this transaction and that we have had no previous dealings with this property.

We confirm that our insurance policy enables us to undertake residential valuations and our current sum insured is £15,000,000 (Fifteen Million Pounds), in respect of each and every claim. This is arranged by Howden Group UK Limited, 16 Eastcheap, London, EC3M 1BD.

We confirm the valuer is experienced in valuing properties of this type and is qualified to carry out the instructions. We confirm valuations under our Commercial Valuation service are subject to RICS and external audit.

### **3. LOCATION**

We attach a general location map at **Appendix 2**.

The property is located to the northern side of West Road, which forms part of the B2034 East West route which lies to the south of central Reigate.

Reigate town centre is a third of a mile to the north, where the Reigate Overground Railway Station is situated. West Road comprises a mix of tertiary/secondary retail shops and residential properties. These local shops serve the immediate community. The open spaces of Priory Park lie to the west, with a sports ground to the north.

Reigate is served by a good local road network which includes the A25, whilst the M25 motorway is approximately two miles to the north.

The site is identified on the attached Land Registry Title Plan SY845323 which is enclosed in **Appendix 3**.

### **4. DESCRIPTION**

The subject property comprises a detached three storey building, originally constructed circa 1910. The ground floor and basement form a lock up retail shop, which has been extended and is occupied by Blue Cow Butchers, an established local trader.

The upper maisonette is accessed from the rear of the building and provides good accommodation over two floors and has generally been maintained to a good standard. The second floor is built above eaves level and these bedrooms have reduced ceiling heights.

The shop benefits from a front terrace which extends to the front of the property to a depth of approximately 10 ft. and measures approximately 280 sq. ft. (26 sq. m).

We are not aware of any factors which would have an adverse effect on the lettable or saleability of the property at the present time.

Photographs of the property and the surrounding area are attached at **Appendix 1**.

## 5. ACCOMMODATION

We have measured the property on site in accordance with the IPMS and RICS Codes of Measuring Practice, and calculate that the internal floor areas are as follows: -

Floor	Use	Sq ft	Sq m
<u>Basement</u>			
	Store room 1	70	6.5
	Store room 2	35	3.2
<u>Ground</u>			
	Shop	366	34
	Rear shop	149	13.8
	Rear store	94	8.7
	Cloakroom/WC	-	-
	Office	105	9.8
<u>Maisonette</u>			
First	Living room	218	20.3
	Kitchen	156	14.5
	Bathroom	-	-
	Cloakroom	-	-
	Bedroom one	139	12.9
Second	Bedroom two	146	13.6
	Bedroom three	94	8.7

We calculate the shop has a floor area In Terms of Zone A of 296 sq. ft., whilst the building has a gross internal floor area of 2,400 sq. ft. (223 sq. m.).

The site area of the property is approximately 0.014 of a hectare and 0.036 of an acre, and the building has an approximate 90% site coverage.

## 6. SERVICES

During the course of our inspection we did not notice, nor was our attention drawn to any obvious defects in the services and equipment, with the property connected to all mains services.

The maisonette has a gas fired boiler serving hot water and central heating from slimline steel panel radiators. The shop has an electric hot water system.

## 7. CONSTRUCTION

The building is of traditional construction with main walls of solid brick beneath a pitched and hipped timber framed roof clad with clay tiles. Floors are a combination of suspended timber and concrete, with the shop having a modern aluminium framed front. Windows to the maisonette are UPVC framed double glazed casements.

## 8. CONDITION

As instructed, we have not carried out a building survey, nor have we tested any of the services. However, we would comment, without liability, that during the course of our inspection for valuation purposes, we observed that the property has generally been maintained to a satisfactory standard.

We did identify some damaged roof tiles which require replacing, whilst there were indications of dampness to the basement, but not to a significant level. The surface water and foul water pipework requires repair and redecoration.

We are not aware of any immediate repairs required to the exterior or interior of the building, or any defects which might affect the lettable or saleable of the property.

There is no obvious evidence of past or current structural movement affecting the building, nor is the building of an age or type which might lead us to suspect the presence of any materials which are deleterious, hazardous or likely to give rise to structural defects.

There is no evidence of any unusual construction techniques that appear to have been used in the building or have been subsequently incorporated into the structure. We can confirm that the building does not have any unusual features.

We are of the opinion that the building will have a useful economic life of at least 25 years assuming that normal maintenance is completed.

There are no items where specialist investigations are necessary, although we have identified some rising damp, which should be further investigated.

Should you require a more detailed report upon its structural condition and state of repair, a further inspection and report will be necessary.

## 9. ENVIRONMENTAL CONSIDERATIONS

We are not aware of the content of any environmental investigation or soil survey which may have been carried out on the property and which may draw attention to any contamination or the possibility of any such contamination. In undertaking our work we assume that no contaminative or potentially contaminative uses have ever been carried out in the property. We have not carried out any investigation into past or present uses either of the property or of any neighbouring land to establish whether there is any contamination or potential contamination to the subject property from these uses or sites and have therefore assumed that none exist.

However should it be established subsequently that contamination, seepage or pollution exist at the property or on any neighbouring land or that the premises have been or are being put to a contaminative use then we reserve the right to review our valuation advice.

### **Assumptions**

- 9.1 We are not aware that the property and/or its immediate environment is being nor has it been used for the manufacture, storage and/or sale of hazardous/toxic materials such as chemicals, petroleum products, pesticides, fertilisers, acids, asbestos, explosives, paint or radioactive materials.

- 9.2 We are not aware that hazardous materials or techniques have not been used in the construction of any of the buildings nor have they been subsequently incorporated into the structure.
- 9.3 We are not aware that there is land or water pollution on or close to the property.
- 9.4 We are not aware that the building is situated on or near to landfill sites.
- 9.5 We are not aware that there are storage tanks below ground or incinerators or chimneys giving off heavy emissions.
- 9.6 We are not aware that there are any adverse ground conditions in the adjoining properties and/or uses of adjoining properties which might give rise to soil contamination.
- 9.7 We are not aware that the property and/or its immediate locality is affected by naturally occurring gases.
- 9.8 We are not of the opinion that the property is likely to be included in the Register of Contaminated Land.
- 9.9 We are not of the opinion that the Bank, in light of the above, should commission a Land Quality Assessment in respect of the property.
- 9.10 From our inspection of the property and its surroundings, we have no reason to believe that contamination is present. There is no evidence to suggest that there has been a more hazardous use than the current use. Our views as to the value therefore assume that the property is unaffected. However, should it be established subsequently that contamination exists at the property, or on any neighbouring land, or that the premises have been put to any contaminative use, this might reduce the value(s) now reported.

### **Flood Risk from Rivers and the Sea**

We have made enquiries of the Gov.UK website, which identifies the subject as being within an area that is classed as having a **very low** risk of flooding from rivers or the sea, which means that it is unlikely to flood except in extreme conditions. The chance of flooding each year is 0.1% (1 in 1000) or less.

### **Flood Risk from Surface Water**

We have made enquiries of the Gov.UK website, which identifies the subject as being within an area that is classed as having a **low** chance of flooding from surface water, which means that each year, this area has a chance of flooding of between 1 in 1000 (0.1%) and 1 in 100 (1%). This type of flooding can be difficult to predict, much more so than river or sea flooding as it is hard to forecast exactly where or how much rain will fall in any storm.

### **Drainage**

Surface water run off flooding, known as 'pluvial' flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

Detailed Flood Risk Surveys do not currently form one of the mandatory searches undertaken by solicitors at the time of property purchase.

## **Energy Performance Certificate**

6 West Road (Maisonette) – Energy Efficiency Rating E48, Environmental Impact Rating E47.

The Energy Act 2011 provides for new Minimum Energy Performance Standards (MEPS) Regulations brought into force by the Secretary of State for Energy and Climate Change on 1<sup>st</sup> April 2018. This now means that it is unlawful to let properties in England and Wales, which do not meet a minimum EPC Rating of E. From 2023, it is proposed that it will be unlawful to occupy any property under an existing or new lease which has an EPC Rating of less than E, i.e. F or G.

As far as we can ascertain there is no Energy Performance Certificate for the shop premises.

## **10. TOWN PLANNING AND HIGHWAYS**

We are not aware of any policies in the relevant structure plan/unitary development plan that are likely to have an adverse effect upon the property.

The land use allocation of the property within the relevant local plan is mixed commercial and residential.

The property is currently used as a retail shop, and residential upper maisonette, which fall within Classes A1 and C3 of the Town and Country Planning (Use Class) Order 1987, as amended.

The property appears to comply with its planning permission(s), and we are not aware of any enforcement actions pending in relation to the property or its current use. We would advise that we have not made any enquiries of the local planning authority and have assumed that all necessary planning consents and approvals have been obtained. We do not believe that the property is directly affected by any highway, town planning or other schemes or proposals.

We have valued the property on the basis that West Road is made, adopted and maintained at public expense.

We do not believe the property is listed or to be within a Conservation Area.

## **11. TAXATION**

We have inspected the Valuation Office Agency website and can confirm that the entry appearing in the 2017 non-domestic rating list is as follows:

Description: Shop and premises      Rateable value: £4,500

We also inspected the Direct Gov UK website and can confirm that the entry appearing in the 1993 domestic rating list is as follows:

Banding: D      Current charge: £1,868.71

## **12. TENURE**

We have valued the Freehold interest in the property subject to full vacant possession of the maisonette, with the shop premises let on a 15 year lease from 1<sup>st</sup> July 2013 on a lease which we understand to be Full Repairing and Insuring, with a passing rent of £12,500 per annum, with the next review due in July 2019.

The maisonette was vacant at the time of our inspection, and unoccupied.

We assume that full rights of access are enjoyed, and that no third parties enjoy any rights over the subject property.

We have not been shown a copy of any Report on Title, nor have we made any enquiries of the Land Registry, and neither has our attention been drawn to the existence of any such restrictions. We are not aware of any known easements, servitudes or rights of way that may adversely affect the property, and have assumed for the purpose of our valuation that none exist.

### Leases

We have valued the property on the basis that the investment market would perceive the tenant to be of reasonable covenant strength able to meet all their lease obligations, including payment of rent

We have not had sight of any documentation and have relied upon the information provided to us by yourselves. We would recommend that this information is verified by your legal advisers.

## **13. MARKET OVERVIEW**

Rightmove has reported a lack of stock and softening demand across Greater London and the South East. Nationally the number of sales was down from 5.4% when compared to June last year although London's declined by 6.9% and the South East by 8.5%.

The RICS (Royal Institution of Chartered Surveyors) take a similar view and comment that sales activity in Greater London, the South East in general and indeed the UK remains subdued and also that this scenario is unlikely to change for the foreseeable future.

The RICS also comment that buyer enquiries in the South East remain relatively flat which is a trend which stretches back to late 2016. Again, this trend in their opinion is likely to persist through the second half of the year with sales tending to take longer to complete.

Across all areas we would advise that letting instructions have dropped significantly and June was the twenty first consecutive month in which feedback to the RICS has pointed to a lower supply of rental properties coming to the market. This scenario has not been helped by recent government cuts to mortgage interest tax relief and the view of the RICS is that due to the above rents are likely to rise throughout London over the next five years by around 15%.

As an aside the government also struggles to reach its house building target. The revised National Planning Policy Framework (NPPF) is to be announced soon but few hold out hope it will achieve its aim of speeding up Planning Applications and ultimately delivery.

The truth is that we are in uncertain times with regards to the housing market which in the opinion of London's Surveyors and Valuers Limited is a situation that is only likely to change significantly once Brexit is done and dusted.

Colliers International in their August Property Pricing Survey reported that total return forecasts for 2018 remained unchanged at 4.3%, but the 2019 return was downgraded to 2.5%, with a majority of respondents to the survey reporting that CVAs [Company Voluntary Agreements] will erode rental incomes in 2019, and will have a negative impact on yields and capital values.

With this back drop and the continuing political uncertainty surrounding BREXIT investor confidence is suppressed, UK economic data remains mixed, with good employment figures, but weak economic growth. Lower Gross Domestic Product figures and general pessimism has had a negative impact on Sterling. This has led to a lowering of investment volumes, although once again, the UK property market may look attractive to foreign investors.

Against this mixed back drop Savills have reported the general outlook for commercial property yields looks stable, with the exception of retail, where yields are slipping. For London West End, City and the M25 office yields have either improved or strengthened between May 2017 and August 2018. For multiple retail traders stores are not considered to be in competition with online sales, but a key tool in driving online sales.

Manufacturing output growth is subdued, although industrial occupier demand is generally steady. Annual rents are rising year on year, with latest data showing this to be around 5%. Demand and a lack of Grade A space may fuel rental growth.

The London and the M25 office markets have responded to a lack of Grade A space. In Central London, locations such as Mayfair, St James's and Paddington have seen prime rental increases, with strong pre letting activity.

#### 14. MARKET VALUATIONS

Having carefully considered the property as described above, we are of the opinion that the current value, on the basis specified below, of the Freehold interest, subject to and with the benefit of full vacant possession and the lease as described above is as follows:-

1. Market Value subject to the present lease, in the order of:

**£410,000**  
**(FOUR HUNDRED AND TEN THOUSAND POUNDS)**

2. Market Value with special assumption of full vacant possession, in the order of:

**£380,000**  
**(THREE HUNDRED AND EIGHTY THOUSAND POUNDS)**

In the context of the RICS definition of market value, we consider that a period of six to nine months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, taking into account the nature of the property and the state of the market.

**Market Value** is defined as follows:

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

#### 15. COMPARABLE EVIDENCE

In arriving at our Market Values for the proposed security we have taken into consideration the following sales and letting transactions, which have been analysed in Section 16.

##### Commercial Transactions

1. 34 High Street, Horley, Surrey, RH6. A two storey mixed use semi detached building comprising a ground floor shop with A2 office use and further first floor offices, with a rear yard providing off street car parking for six vehicles. As a Freehold it sold in June 2018 for £350,000.

2. 60/60A Brighton Road, Hooley, Coulsdon, Surrey, CR5. A semi detached three storey building arranged as a ground floor shop with a self contained upper flat, the premises being let on leases with rents amounting to £21,000 per annum, (the upper two bedroom maisonette let on a six month Assured Shorthold Tenancy for £15,000 per annum and the shop let on a 10 year lease from May 2017 at a passing rent of £6,000 per annum). Sold as a Freehold investment in December 2017 for £398,000, equating to a gross initial yield of 5.28%.
3. 11 Massetts Road, Horley, Surrey, RH6. A Freehold two storey building arranged as a ground floor restaurant with a first floor three bedroom flat, let at an annual rent of £48,000 on a seven year lease from October 2017 sold as a Freehold investment in May 2018 for £600,000, equating to a gross initial yield of 8%.
4. 100 Brighton Road, Coulsdon, Surrey, CR5. A mid terraced freehold building, arranged as a ground floor shop with basement and a two floor, three bedroom upper maisonette, located on a secondary retail parade, sold with full vacant possession in February 2018 in average condition, for £460,000.

#### Residential Sales Transactions

1. 20 Harrison Close, Reigate, RH2. A ground floor two bedroom, two reception room, one kitchen, one bathroom maisonette measuring 775 sq. ft. sold in average condition in May 2018 for £295,000.
2. 6 Cornfield Road, Reigate, RH2. A first floor three bedroom, one living room, one bathroom, one kitchen maisonette, measuring 800 sq. ft. sold in average condition in October 2018 for £310,000.
3. Flat 6 Liberty Court, 101/103 Bell Street, Reigate, RH2. A ground and first floor duplex two bedroom, two bathroom, one living room, one kitchen apartment, measuring 928 sq. ft. sold in good condition in August 2018 for £370,000.

#### Residential Lettings Transactions

1. 21 Sheldon Close, Reigate, RH2. A first and second floor three bedroom, one bathroom, one living room, one kitchen apartment let in good condition in April 2018 at a rental of £1,200 per calendar month (£14,400 per annum).
2. 41 Harrison Close, Reigate, RH2. A ground floor two bedroom, one bathroom, one living room, one kitchen maisonette let in average condition in August 2018 for £1,150 per calendar month (£13,800 per annum).
3. Flat 4 Fonteyn Court, Lesbourne Road, Reigate, RH2. A first floor two bedroom, two bathroom, one living room, one kitchen apartment let in good condition in July 2018 for £1,300 per calendar month (£15,600 per annum).

From the above comparable evidence, we are of the opinion that the shop premises is let at its full Market Rent of £12,500 per annum, with the upper maisonette capable of achieving a rent of £14,400 per annum (£1,200 per calendar month).

**Market Rental** is defined as follows:

Market Rental is defined as 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 proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

## 16. VALUATION ANALYSIS

We have assessed the shop premises to have a floor area In Terms of Zone A of 296 sq. ft., which on the present rent of £12,500 per annum equates to £42.23 per sq. ft.

The upper maisonette has been maintained to a good standard and is in generally satisfactory condition. We consider that there would be good demand for it. On the basis that it will be let on an Assured Shorthold Tenancy, where the tenant would not gain security of tenure, then we consider a rent in the region of £14,400 per annum is appropriate.

The property has an aggregate Market Rent of £26,900 per annum, and on our valuation of £410,000, equates to a gross initial yield of 6.55%.

## 17. REINSTATEMENT VALUE

You have sought from us an indication for insurance purposes of the current reinstatement cost of the property in its present form. This we are pleased to provide below, but as stated in the RICS Appraisal and Valuation Manual, it is "given solely as a guide as a formal estimate for insurance purposes can only be given by a Quantity Surveyor or other person with sufficient current experience of replacement costs." We confirm that the property has not been inspected by such a person, and therefore the cost estimate below is provided without liability and for guidance purposes only.

We would recommend that the subject property be insured for a minimum sum of **£550,000 (Five hundred and fifty thousand pounds)**. This sum allows for full reinstatement, professional fees and VAT, but excludes any allowance for inflation or loss of rent, and should accordingly be updated on an annual basis to keep pace with rising costs. We would emphasise that the figure detailed above is our estimate of the costs of rebuilding the property and bears no direct relationship to current open market values.

The external area of the property is 238 sq. m as measured under the International Property Measurement Standards.

## 18. GENERAL REMARKS

The subject property comprises a three storey detached building that lies to the south of central Reigate. There is likely to be reasonable demand for a mixed use investment property of this type, which has a good letting to the shop premises, whilst the upper maisonette should be capable of a letting within a reasonable period of time given current demand. The main drawback with the property is that there is no off street car parking.

We certify that the property forms a suitable security for lending purposes and that Proplend will upload a copy of our Report to their website which may be viewed by lending members on the understanding that only Proplend Security Limited may rely on the Report for mortgage purposes. We can further confirm that the property does form a suitable security for mortgage purposes.

## 19. ASSUMPTIONS AND CONDITIONS

### General Assumptions

Our valuation has been carried out on the basis of the following General Assumptions. If any of them are subsequently found not to be valid, we may wish to review our valuation, as there may be an impact on it.

1. That the Freehold interest is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings contained in the Freehold Title. Should there be any mortgages or charges, we have assumed that the property would be sold free of them. We have not inspected the Title Deeds or Land Registry Certificate.

2. That we have been supplied with all information likely to have an effect on the value of the property, and that the information supplied to us and summarised in this report is both complete and correct.
3. That the building has been constructed and is used in accordance with all statutory and bye-law requirements, and that there are no breaches of planning control. Likewise, that any future construction or use will be lawful (other than those points referred to above).
4. That the property is not adversely affected, nor is likely to become adversely affected, by any highway, town planning or other schemes or proposals, and that there are no matters adversely affecting value that might be revealed by a local search, replies to usual enquiries, or by any statutory notice (other than those points referred to above).
5. We have not carried out a building survey or opened up the construction in order to make a detailed examination and no tests have been made of the drains, electrical or gas installations, hot or cold water systems or other services. No inspection has been made of the woodwork or other parts of the structure which are covered, unexposed, or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle and other defects.
6. That the property is connected, or capable of being connected without undue expense, to the public services of gas, electricity, water, telephones and sewerage.
7. That in the construction or alteration of the building no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, woodwool slabs used as permanent shuttering and the like (other than those points referred to above). We have not carried out any investigations into these matters.

For the purpose of this valuation we have assumed that such investigation would not disclose the presence of any such material in any adverse conditions.

No investigations have been carried out to ascertain the presence of Radon gas or emissions from power cables.

8. That the property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
9. We have not carried out, nor commissioned, a site investigation or geographical or geophysical survey and can therefore give no assurances, opinion or guarantee that the ground has sufficient load bearing strength to support the existing structure or structures which may be erected upon it. We can give no assurance, opinion or guarantee that there are no underground mineral or other workings within the site or its vicinity, nor that there is any fault or disability underground.
10. Under the Control of Asbestos at Work Regulations (2012) it will be necessary for all property owners/occupiers to undertake an inspection for asbestos in all non-domestic properties (to include common parts of shared residential dwellings). Following this exercise there are a number of requirements, to include the need for an asbestos management plan to be drawn up and implemented.

Further details are available from the Health and Safety Executive (website address - [www.hse.gov.uk/asbestos](http://www.hse.gov.uk/asbestos)).

For valuation purposes we have assumed that no significant costs of a capital nature will be identified as part of this investigation process. Should this not be the case then we would wish to review the valuation advice provided, upon receipt of a costed schedule of the required works.

11. We assume for the purposes of this report that the business premises comply fully with the provisions of Part III of the Disability Discriminations Act 1995 which, from 1<sup>st</sup> October 2004, requires all businesses providing goods and services to the public to take reasonable steps to provide easy access to people with disabilities.
12. The EU Energy Performance of Buildings Directive was introduced to the UK from January 2006. This introduced higher standards of energy conservation for new and refurbished buildings, and includes the need for Energy Performance Certificates on all commercial buildings for construction, lease or sale from October 2008. As at 1<sup>st</sup> April 2008 it has been required on all buildings over 1,000 sq. m. with a phasing across the rest of the sector. All public buildings over 1,000 sq. m. will require a Display Energy Certificate. Both types of certificates will be valid for 10 years.
13. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings, which are only of value in situ to the present occupier.

There are various exemptions including places of worship, temporary buildings in use for less than 2 years, some agricultural buildings such as barns, and standalone buildings less than 50 sq. m. In addition, since January 2009 air conditioning systems (larger than 12 kW) have been subject to inspection every 5 years.

We have assumed for the purpose of our valuation that the requirements as appropriate have been complied with, and that they have no adverse effect upon our valuation. We would recommend that your solicitors make the necessary enquiries in this regard.

### **General Conditions**

Our valuation has been carried out on the basis of the following general conditions:

1. We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
2. Our valuation is exclusive of VAT.
3. No allowance has been made for any expenses of realisation.
4. Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
5. Each property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal. The total stated is the aggregate of the individual Market Values.
6. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with all relevant legislation.
7. No plant or machinery has been included in this valuation other than that normally considered to form a service installation for the property in general. The contents of the building, tenants' fixtures, furniture and furnishings, vehicles, stock, loose tools and goods will have been expressly omitted from our valuation.
8. Although the valuation figure takes into account current market conditions, its validity is limited for a period not exceeding six months from the date of the report. If the report and valuation figure is not relied upon within the above time scale a further inspection and valuation will be necessary.
9. The valuation has been carried out using comparable data of property transactions supplied to us and assumed to be correct.

**20. MATTERS FOR REFERRAL TO THE BANK'S SOLICITORS**

Confirmation that there are no onerous or restrictive covenants contained within the commercial lease and that the property has clear and marketable Title.

**21. VERIFICATION**

This report contains many assumptions, some of a general and some of a specific nature. Our valuation is based upon certain information supplied to us by others. Some information we consider material may not have been provided to us. All of these matters are referred to in the relevant sections of this report.

We recommend that you satisfy yourself on all these points, either by verification of individual points or by judgement of the relevance of each particular point in the context of the purpose of our valuation. Our valuation should not be relied upon pending this verification process.

We confirm that we are not excluded under the Building Societies Act 1989 (Section 13) in carrying out this report. The surveyor who has completed this report has appropriate experience in valuations of this type.

**22. CONFIDENTIALITY**

Finally, in accordance with the recommendations of the RICS, we would state that this report is provided solely for the purpose stated above. It is confidential to and for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents.

Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

We trust that the above is satisfactory for your purposes, but if we can be of any further assistance then please do not hesitate to contact us.

Yours faithfully,



**RICHARD TAYLOR, BSc (Hons) MRICS**  
**RICS Diploma Number: 80878**



**SIMON WHITE, FRICS C.Build E MCABE**  
**RICS Diploma Number: 1126369**

**LONDON'S SURVEYORS & VALUERS LIMITED**

25 North Row, Mayfair, London W1K 6DJ  
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[www.londonssurveyors.co](http://www.londonssurveyors.co)

**Appendix 1**

**ANCILLARY PHOTOS**



**REAR ELEVATION**



**STREET SCENE**



**FRONT TERRACE**



**KITCHEN TO MAISONETTE**



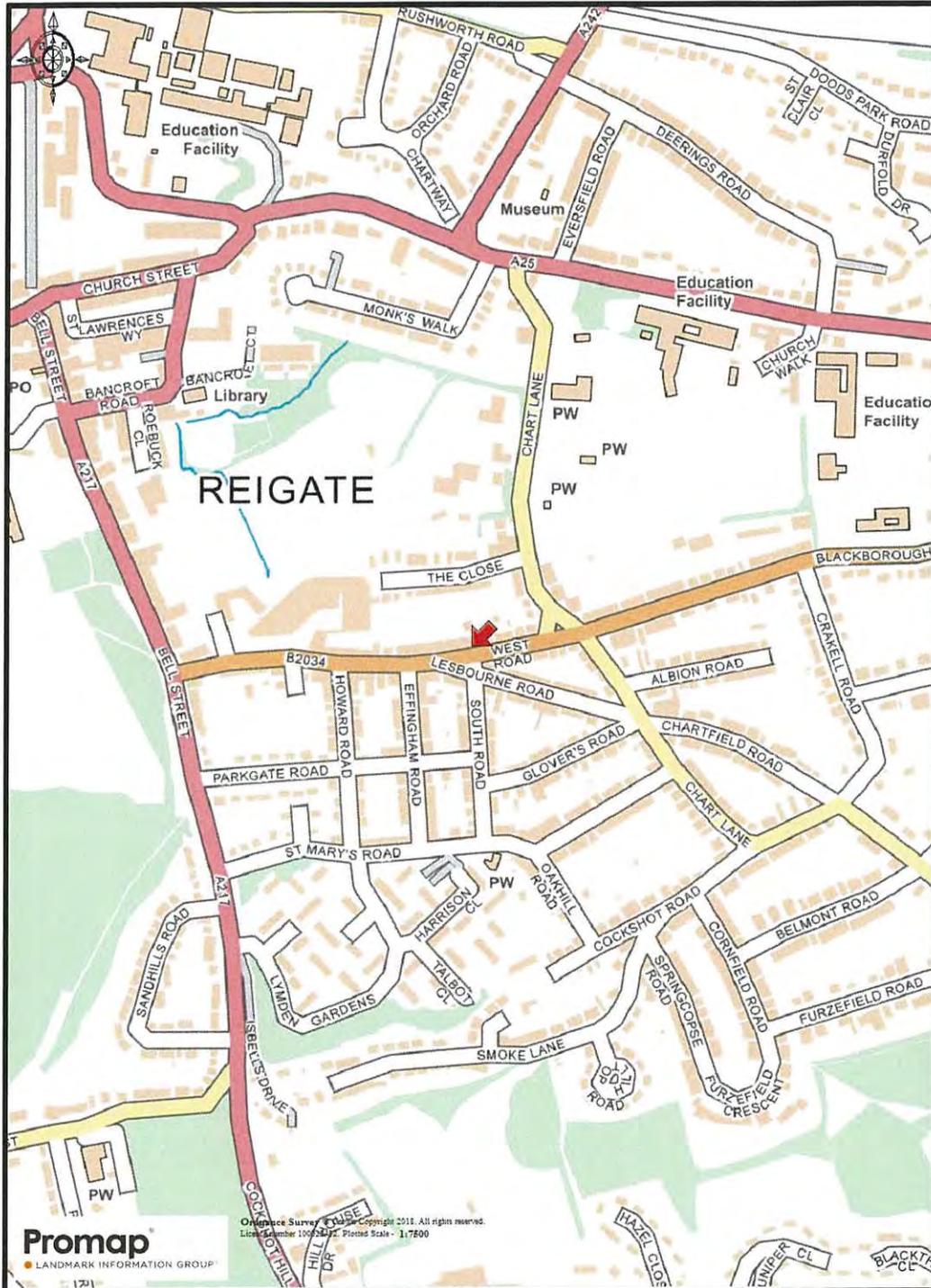
**BATHROOM TO MAISONETTE**



**LIVING ROOM TO MAISONETTE**

**Appendix 2**

**LOCATION MAPS**



Street Map



Town Map

All Technology © Copyright: Streetmap.co.uk/Streetmap EU Ltd 2016  
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**Appendix 3**

**LAND REGISTRY EXTRACT**

**These are the notes referred to on the following official copy**

The electronic official copy of the title plan follows this message.

Please note that this is the only official copy we will issue. We will not issue a paper official copy.

This official copy was delivered electronically and when printed will not be to scale. You can obtain a paper official copy by ordering one from HM Land Registry.

This official copy is issued on 08 October 2018 shows the state of this title plan on 08 October 2018 at 10:04:57. It is admissible in evidence to the same extent as the original (s.67 Land Registration Act 2002). 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 the HM Land Registry, Durham Office .

# HM Land Registry Official copy of title plan

Title number **SY845323**  
Ordnance Survey map reference **TQ2549NE**  
Scale **1:1250**  
Administrative area **Surrey : Reigate and Banstead**



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**Appendix 4**

**LETTER OF INSTRUCTION**

**\*\*PLEASE SEND ALL REPORTS TO VAS PANEL\*\***

Following our recent communications, please take this as our formal instruction to carry out a valuation of the property detailed below on behalf of:

**Proplend Security Limited**

Please note that our client's requirements are attached. Please make sure all Lender requirements are adhered to, including their basis of valuation.

**\*IMPORTANT\* - Please append the VAS Executive Summary to the front of your Valuation Report (Not as a separate document as this will be rejected at Audit Stage) – As agreed in our Panel Agreement**

**Please ensure that a minimum of 10 photographs of the property - including internal photographs are taken at the time of the inspection**

The Service Level Agreement (SLA) for this instruction is: **5 days** from date of inspection

Should there be any reason that the SLA cannot be adhered to, VAS Panel should be notified immediately in order to keep our client informed of the delay in issuing the Report.

Your Report should be submitted electronically to [info@vas-panel.com](mailto:info@vas-panel.com) no later than 12pm on the Report return date.

**THE INSPECTION DATE MUST BE COMMUNICATED TO VAS PANEL WITHIN 24 HOURS OF INSTRUCTION**

**Property Address:**

6 West Road  
Reigate  
Surrey  
RH2 7JT

**Estimated Value:**

£410,000.00

**Property Description:**

URGENT - INSPECT & REPORT ASAP Ground Floor a butchers on a 15-year lease with effect from 2013 , and Upper Floor a 3 bed vacant flat.

**Property Type:**

Semi-Commercial

**Type of Report Requested:**

Red Book & VAS Panel Executive Summary

**Valuation Requirements:**

AS IS

**Additional Information:**

URGENT - INSPECT & REPORT ASAP

**Report to be carried out on behalf of:**

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

**Applicant Name:**

N & D Muslu SPV  
Mr Nez Muslu

**Access Arranged Through:**

RETAIL UNIT - The Blue Cow (Closed on Mondays) / RESIDENTIAL - Robinsons Estate Agents

**Access Contact Details:**

The Blue Cow - 01737 242 991 / Robinsons Estate Agents - 01737 229 200

**NB: Copies of the Report are NOT to be distributed to any third party, including Brokers or the Applicant, without full consent of VAS Panel. Valuation figures are also not to be disclosed to those parties stated without written consent from VAS Panel, failure to acquire consent may result in exclusion from the panel.**

Please note: All Valuation reports are audited by our affiliated valuation audit company Valuation Audit Services UK Ltd (VAS Audit) The emphasis of the audit will be centred around rental/ sales comparables with full methodology and justification of your valuation approach.

We trust the above is self-explanatory, however; should you require any further information or assistance please do not hesitate to contact us.

Kind Regards,

**Team VAS**

T: 01642 262 217

[www.vas-panel.com](http://www.vas-panel.com)



NOTICE: This email is confidential and is intended for the named recipient only. It may contain privileged and confidential information. If you are not the intended recipient, please notify us by email without disclosing or making use of the information, and delete the message from your system immediately. Emails are susceptible to data corruption, interception, falsification, delay, unauthorised amendment and viruses. You should therefore carry out such virus and other checks as you consider appropriate.

Ref: N & D Muslu SPV

Dear VAS,

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

Borrower: N & D Muslu SPV

Properties: 6 West Road, Reigate, Surrey, RH2 7JT

Tenure: Freehold

Use: Mixed Use (Commercial)

Tenancies: Ground floor retail unit - FRI lease for 15 years from July 2013 to The Blue Cow (Butchers) Ltd at a rental of £12,500 p.a.  
Upper floor residential accommodation is currently vacant - to be let on a single AST at a rental of £15,000 p.a.

Access: In order to arrange access to the retail unit, please contact the commercial tenant, The Blue Cow, on 01737 242991 (close on Mondays).  
In order to arrange access to the residential accommodation, please contact the agent, Robinsons, [robinsonsmb.com](http://robinsonsmb.com) of  
3 Pool House, Bancroft Rd, Reigate RH2 7RP on  
01737 229200.

Please provide details of any parts of the Property that were not inspected within your report.

### 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 and valuation must be undertaken and signed by a qualified valuer with a minimum 2 years PQE. A qualified valuer must be both a member of the Royal Institution of Chartered Surveyors, MRICS/FRICS and an RICS registered valuer. The Lender requires all residential and commercial valuation reports (excluding short form residential templates) are to be countersigned by a Chartered Surveyor, MRICS/FRICS and an RICS registered valuer with a minimum of 5 years PQE.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be uploaded to the Proplend website and viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

### Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to any current tenancies in place and sold as a going concern. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold without the benefit of a going concern.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
5. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
6. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
7. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
8. Please certify that the Property is acceptable for secured lending purposes.

Please provide as appendices:

1. Sufficient colour photographs of the street scene, exterior (front and rear) and interior of the Property.
2. A general location map and a more detailed plan showing boundaries you have assumed for the Property.
3. Land registry extract.

### 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

Invoice VAS

### Contact Details

Please contact VAS if you have any queries regarding this instruction. Please send a copy of your report by email in the first



Brian Bartaby  
Director  
Proplend Security Ltd