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VALUATION REPORT

ON

**8 & 9 LIVERPOOL TERRACE, WORTHING, BN11 1TA &
LAND SOUTH OF 11 SHELLEY ROAD, WORTHING, BN11 1TU**

Prepared for:

Proplend Security Ltd
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Date: 29 January 2019

Our Ref: an/vjh/43,032

Your Ref: -

For the attention of Stewart Bruce

Dear Sirs,

CUSTOMER: SEALION ESATES LTD**PROPERTY: 8 & 9 LIVERPOOL TERRACE & LAND SOUTH OF 11 SHELLEY ROAD,
WORTHING**

In accordance with your instructions received via email on the 02 January 2019, we have inspected the above premises in order to advise you of our opinion of the Market Value of the respective freehold interests for your secured lending purposes. Further details of the services provided are set out in our Conditions of Engagement. A copy of your instructions and our Conditions of Engagement are attached at Appendix C for your reference. This Report has been prepared on the basis of and is subject to them.

Our valuation has been prepared in accordance with the RICS Valuation - Global Standards 2017 and we confirm that the valuer conforms to the requirements of the Professional Standards and is an external valuer as defined therein.

The date of valuation is the date of this Report and our valuation is subject to the occupational agreements described herein. The premises were inspected on 08 January 2019 by Adam Nelson BSc (Hons) MRICS, RICS Registered Valuer, who has the required experience and expertise to complete the valuation. Our inspection of the property and this valuation report are subject to our Conditions of Engagement.

You will be aware that we valued the above premises previously, most recently on the 27 September 2016 for your secured lending purposes. We otherwise confirm that we have no other current or foreseeable fee earning relationship concerning the premises or your customer, apart from the valuation fee.

The agreed fee for this valuation is £1,950 plus VAT. As per your instructions, we have invoiced your customer directly and can confirm that payment has been received.

This valuation, unless otherwise stated, is subject to the caveats and assumptions and relevant definitions contained in Appendices A and B, which form an integral part of this report. SHW operates a complaints procedure which we can make available to you and this valuation may be subject to monitoring under the RICS conduct and disciplinary regulations. Further details can be found on our website at <http://www.shw.co.uk/about-us/complaint-handling.asp>.

We note from your customer that there have been no recent sales transactions relating to the subject premises. You may be aware that 6 & 7 Liverpool Terrace, which formed part of our previous valuation report have been sold. Further details are described herein.

1.00 EXECUTIVE SUMMARY

- Location: The subject site and premises are situated in Worthing town centre. Worthing is a principal coastal town in West Sussex, situated between Chichester and Brighton. Liverpool Terrace overlooks lawned gardens and is situated adjacent to the town's main pedestrianised High Street. The car park site is accessed via Shelley Road, nearby.
- Description:
 - 8 Liverpool Terrace (including 8 Field Row), Worthing
 - 9 Liverpool Terrace (including 9 Field Row), Worthing
 - Land to the south of 11 Shelley Road, Worthing
- The subject site and premises comprise 2 adjoining converted Grade II listed office buildings with ancillary office/ retail accommodation in an attached 2 storey terrace to the rear, known as Field Row. The offices are divided into suites on a floor-by-floor basis and are of a relatively basic specification, commensurate with the age of the building. Office suites are mixed in respect of access to communal and private WC facilities. The car park site at Shelley road is enclosed and surfaced and provides approximately 17 lettable spaces.
- Tenure: All are held on a Freehold basis
- Tenancies: Please refer to the Tenancy Schedule attached as Appendix D. A relatively high proportion of office suites and parking spaces are currently vacant and being marketed. Total passing rent for 8 & 9 Liverpool Terrace is £23,020pa exclusive and £5,641pa inclusive for the car park site. This produces a total rental income of £28,661pa.
- Total combined Market Rent at £88,190 (Eighty Eight Thousand One Hundred and Ninety Pounds) per annum exclusive
- Total Combined Market Value £1,050,000 (One Million and Fifty Thousand pounds)
- Market Value making the Special Assumption of Vacant Possession is as above.
- Date of valuation: 28 January 2019
- We recommend the following issues require further investigation:

See our comments in Section 6 regarding Condition.

See our comments in Section 7 regarding EPC/ MEES Compliance.

See our comments in Section 9 regarding Tenure.

See our comments in Section 10 regarding 10 Tenancies.

See our comments in Section 11 regarding Planning.

- Merit/ Defect Analysis

1.01 Strengths:

- Prominent Town Centre Offices
- Scope for future alternative use
- Parking within the town centre in limited supply

Weaknesses:

- Onerous maintenance liabilities due to Grade II listing of buildings
- Offices are of a relatively basic specification with no lift access or parking provisions
- High vacancy rates and short unexpired lease terms
- 9 Liverpool Terrace (incl. 9 Field Row) has an F rated EPC and is therefore not compliant with MEES regulations. No. 8 (incl. 8 Field Row) has an E rating and both certificates expire July 2019. Please refer to Section 7 of this report.

1.02 Based upon our enquiries we conclude that the subject site and premises property are capable of providing security for loan purposes at the valuation figures reported herein, subject to the recommended investigations bullet pointed above.

1.03 Note: The Executive Summary is a brief synopsis of the valuation report and must be read in conjunction with the recommendations outlined above and the remainder of the report.

2.00 LOCATION

2.01 The subject premises are situated in Worthing, a principal town on the West Sussex coast with a population of 104,600 (2011 Census). Worthing is located approximately 12 miles west of Brighton and 20 miles east of Chichester, with both connected via the A27 dual carriageway. The A24 trunk road leads north from Worthing and provides a principal connection with Horsham, Crawley and Gatwick Airport, as well as the M25 motorway network.

8 & 9 LIVERPOOL TERRACE & LAND SOUTH OF 22 SHELLEY ROAD, WORTHING

- 2.02 There is a direct rail service from Worthing to London Victoria in a journey time of approximately 1 hour and 24 minutes. Worthing station also forms part of the south coast main line connecting with Southampton, Portsmouth, Chichester and Brighton.
- 2.03 Liverpool Terrace and Shelley Road are situated within the town centre and are within approximately $\frac{1}{4}$ of a mile of one another. Liverpool Terrace is accessed via Shelley Road to the north and Montague Place/ Montague Street to the south, the latter of which comprises the town's primary retail thoroughfare.
- 2.04 Liverpool Terrace overlooks lawned gardens and the terrace comprises predominantly converted offices and to a lesser extent, residential dwellings.
- 2.05 Notwithstanding a higher proportion of commercial premises as you travel eastward towards the town centre, Shelley Road is mainly residential in nature. Access to the car park is from the south side between the junctions of Graham Road and Buckingham Road, both of which adjoin Montague Street to the south.
- 2.06 We attach a location plan below.



3.00 DESCRIPTION

3.01 For ease of reference, the subject premises are listed below:

- 8 & 9 Liverpool Terrace (plus 8 & 9 Field Row), Worthing
- Land to the south of 11 Shelley Road, Worthing

3.02 8 & 9 Liverpool Terrace comprise 2 mid-terraced bow fronted Grade II listed period properties, each with retail/ office accommodation in an adjoining smaller terrace at the rear, known as Field Row. 8 & 9 Liverpool Terrace have been converted to offices with accommodation predominantly arranged over the basement, ground, 1st, 2nd and 3rd floors. No. 8 has been extended into the roof to create 4th floor accommodation.

3.03 8 & 9 Liverpool Terrace are interconnected at 1st floor level and are let to a single occupier. Although it appears relatively simple to reinstate dividing walls, alarmed fire doors were noted in party walls of upper floor accommodation, which we are advised by your customer is to provide escape routes in accordance with fire regulations.

3.04 The basement levels at Liverpool Terrace are accessed internally and externally via steps down from street level. The units at Field Row adjoin the rear of the main buildings and connect at ground and lower floor level via the communal areas. Field Row units are therefore not fully self-contained but have external access from Field Row; a footpath running to the rear of Liverpool Terrace connecting Shelley Road with Montague Street to the south.

3.05 Office accommodation within Liverpool Terrace is predominantly cellular and let on a floor-by-floor basis, with a mixture of self-contained suites and those accessing shared WC facilities on the communal stairwells. Offices are typically of a basic specification with painted/ plastered walls, ceiling mounted lights and wall mounted electric heaters. The Field row units comprise retail space at street level and ancillary office accommodation on the upper floor.

3.06 The buildings are of solid brick construction with painted stucco elevations to the front and rendered rear elevations. The main roofs are pitched with a slate covering. Windows are of a single glazed timber framed sash design with casement windows noted on the rear elevation. Neither building has a passenger lift or parking facilities.

3.07 Land to the south of 11 Shelley Road comprises an enclosed and relatively poorly surfaced car park with 23 marked spaces. Nos. 20, 21 and 22 are however in tandem and No. 23 is in triplicate. The square configuration has also resulted in some corner spaces being hemmed in. Taking the above into consideration, we are of the opinion that 17 of the parking spaces have unencumbered access.

3.08 We attach photographs below

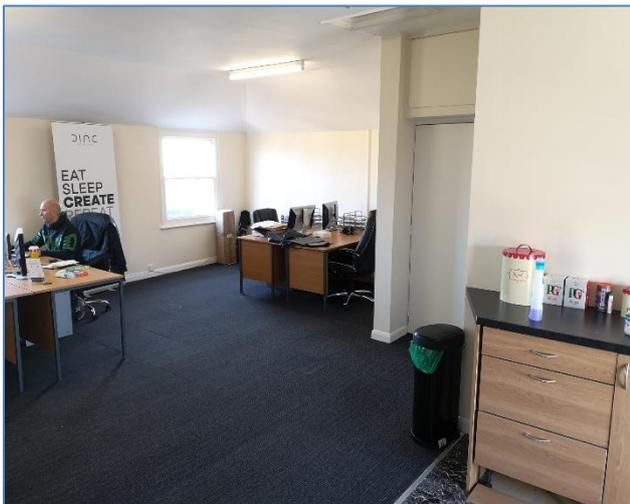
8 & 9 LIVERPOOL TERRACE & LAND SOUTH OF 22 SHELLEY ROAD, WORTHING



8 Liverpool Terrace – Elevation



9 Liverpool Terrace - Elevation



8 Liverpool Terrace – 4th Floor



8 Liverpool Terrace - Basement

8 & 9 LIVERPOOL TERRACE & LAND SOUTH OF 22 SHELLEY ROAD, WORTHING



8 Liverpool Terrace – Communal Stairwell



9 Liverpool Terrace – 1st Floor



9 Liverpool Terrace – 3rd Floor



8 & 9 Field Row - Elevation



8 Field Row – Internal



Land at Shelley Road

4.00 ACCOMMODATION

4.01 We have measured the premises in accordance with the RICS Code of Measuring Practice (6th Edition) and we calculate the net internal floor areas (NIA) of the buildings as follows:

	SQ. M.	SQ. FT.
8 Liverpool Terrace & 8 Field Row	330.37	3,555
9 Liverpool Terrace & 9 Field Row	295.9	3,186
TOTAL	626.27	6,741

4.02 NIA measurements for individual office suites can be found within the Tenancy Schedule, attached as Appendix D.

4.03 Note; we were unable to access to the 2nd floor of 9 Liverpool Terrace. We have, therefore, relied upon previous site measurements for this suite. If it is subsequently found that this is significantly different in floor area to that reported, then this may impact upon the opinions of value reported herein.

5.00 SITE

5.01 We have obtained copies of respective Title Registers and Title Plans for the subject premises and attach below Ordnance Survey Extracts showing our understanding of the extent of the properties edged in red.



8 & 9 Liverpool Terrace, Worthing

8 & 9 LIVERPOOL TERRACE & LAND SOUTH OF 22 SHELLEY ROAD, WORTHING



Land South of 11 Shelley Road, Worthing

- 5.02 Based on our understanding of the extent of the subject site and premises, we calculate a site area of approximately 0.029 (0.073 acres) for 8 & 9 Liverpool Terrace and 0.045 hectares (0.112 acres) for land to the south of Shelley Road.
- 5.03 Note; the site area for the car park excludes the driveway which we understand forms part of another freehold title. Your Solicitors should confirm.

6.00 CONDITION

- 6.01 We have not been provided with a building survey or engineer's report and have not been asked to compile either. Notwithstanding this, our superficial valuation inspection has revealed the following:
- 6.02 The ceiling of the 3rd floor in 9 Liverpool Terrace has started to bow. Based on the age of the building and our discussion with Building Consultancy colleagues, we assume that the lath and plaster ceiling and/or fixings have become detached in part. We recommend that a structural engineer is instructed to advise what works, if any, are needed to rectify this issue.
- 6.03 Plaster has been removed from a central wall in the basement of 8 Liverpool Terrace. Your customer has advised that there is no underlying structural defect, rather poor previous

application of plasterwork. This will be replaced shortly as part of an ongoing refurbishment programme. We have therefore, valued accordingly.

- 6.04 Except for the above, the buildings generally appear in reasonable condition commensurate with age and use. Internal Decorative finishes of office suites and communal areas are however overall, relatively basic and/or dated.
- 6.05 The car park at 11 Shelley Road is in relatively poor repair. Numerous cracks were noted in the tarmacadam surface, with vegetation growth evident here and at the walled perimeter. The latter was particularly prominent in the south eastern corner and should be removed as part of an ongoing maintenance programme. In addition, the part flint walls enclosing the car park are in quite poor repair. We are unaware of who owns the boundary walls, or the repairing/ maintenance liabilities. We therefore recommend your Solicitors seek clarification of this issue.
- 6.06 In regard to the aforementioned ceiling defect in 9 Liverpool Terrace, we have made a capital deduction of £5,000 to the Market Value to account for investigate works and removal and replacement of the ceiling. This is however an indicative figure only. We have otherwise not made explicit deductions within our valuation calculations to reflect the potential costs of repairs, instead, reflecting the overall condition of the buildings within our opinion of respective Market Values.

7.00 ENERGY ACT 2011 (EPC AND MEES)

- 7.01 Legislative changes under the Energy Act 2011 make it unlawful to rent out and re-let premises with an EPC rating below a minimum level of E from April 2018. This applies to any property let on a tenancy which is six months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation will extend to cover existing lettings in 2020 for residential properties and 2023 for commercial buildings.
- 7.02 Based on our enquiries there is EPC certification for 8 & 9 Liverpool Terrace, with each certificate covering associated space in Field Row. The rating for No. 8 is E (112) and the certificate expires 25 July 2019. The certificate for No. 9 expires on the same date, albeit has a lower rating of F (141) and is therefore, non-compliant in respect of MEES legislation. For reference, the numerical banding for an F rating is 126 – 150 and G is over 150. It is therefore conceivable that No. 8 will no longer be compliant when reassessed.
- 7.03 Unless a property qualifies as exempt, capital expenditure may be required in order to upgrade a property to an acceptable EPC rating, in accordance with the legalisation. Failure to do so, may result in renting out a property being unlawful and therefore, subject to enforcement action with an associated impact on marketability and value.
- 7.04 Subject to the foregoing, we have reviewed the specific recommendation reports and note that 'Short payback' improvement works, i.e. those with a payback of less than 3 years, include replacing T8 lamps with retrofit T5 conversion kits ('high' potential impact) and installation of reflective coating or shading devices on windows to control solar overheating ('medium' potential impact).

10.00 TENANCIES

- 10.01 We are informed that the premises at Liverpool Terrace are subject to several leases and we have been provided with signed and dated copies by your customer. We attach a Tenancy Schedule and Lease Precis Sheets as Appendix D, for your reference.
- 10.02 The Leases generally appear standard in drafting. Alienation provisions are however restricted and the Tenants of 4th Floor, 8 Liverpool Terrace and 2nd Floor, 9 Liverpool Terrace have no ability to dispose of their leasehold interest via assignment or subletting. All but 9 Field Road (ground floor) have been contracted out of the Landlord and Tenant Act 1954 Pt. II, however we have only been provided with a copy of the declaration for 1st Floor 8, Liverpool Terrace. Our valuation assumes that all those highlighted have been appropriately contracted out and these Tenants do not have security of tenure. We recommend your Solicitors confirm.
- 10.03 In respect of 9 Field Row, the lease expired in June 2015 and the Tenant is 'holding over'. We are advised by your customer that terms are agreed for a 10 year renewal lease, subject to a 5th year Tenant break option. The proposed initial rent is £4,000pa exclusive, rising to £4,400pa exclusive in the 5th year. It appears this dates back to September 2016 as the above terms were referenced in our previous report. It should also be noted that the permitted use refers to B1 – Offices, whilst the Tenant in situ would fall under an A1 – retail use class. Finally, the rent review clause refers to a deemed consent provision requiring the Tenant to serve a counter-notice within a set period.
- 10.04 As illustrated in the Tenancy Schedule, there is a relatively low occupancy rate for 8 & 9 Liverpool Terrace, c. 27% and 42% respectively (based on floor area). Furthermore, the majority of agreements are let to local covenants and expire within the next 12-18 months.
- 10.05 Your customer has been unable to provide copies of occupational agreements for the car park at Shelley Road, but has provided a schedule which we summarise in Appendix D. 10 spaces are occupied under licences, producing a gross income of £5,641pa inclusive. 5 spaces are however occupied by the Tenant of the 1st floor suites at 8 & 9 Liverpool Terrace. We are informed that notice periods range from 3 – 4 weeks. Subject to the foregoing we assume that spaces are let on monthly licences but recommend your solicitors seek clarification of this issue.

11.00 TOWN PLANNING, HIGHWAYS & STATUTORY CONSENTS

Planning Policy

- 11.01 The properties fall within an area controlled by Adur & Worthing Councils and are subject to the Worthing Core Strategy, adopted on the 12 April 2011. This forms the key part of the Local Development Framework (LDF), which guides planning and development in the Borough up to 2026. The Council is in the process of preparing a new development plan called the 'Worthing Local Plan', which will cover a period up to 2033 once implemented.

- 11.02 According to the Core Strategy – Proposals Map 2011 (Town Centre Inset), 8 & 9 Liverpool Terrace (plus 8 & 9 Field Row) are identified as ‘Key Office Locations’ and within the ‘Town Centre Boundary’. Based on our informal enquiries, land to the south of 11 Shelley Road has no specific allocation, other than being situated within the ‘Town Centre Boundary’.

Planning Applications

- 11.03 Based on our informal enquiries of Worthing & Adur Council’s Planning Portal, we have identified the following applications:

8 Liverpool Terrace (incl. 8 Field Row):

- 11.04 **Ref. AWDM/1892/17:** “Change of use of rear part of basement and ground floor No. 8 Field Row, from Use Class A1 (Retail) and Use Class B1 (Office) to form separate 1 bedroom dwelling unit (Use Class C3) with associated internal and external alterations including replacement front entrance door to Field Row”. Planning consent was granted in April 2018 and listed building consent obtained shortly after (AWDM/1895/17). This work has not been carried out at the date of our report and the unit is currently vacant.

- 11.05 **Ref. 03/00918/FULL:** “Change of use of 2nd floor from Use Class C3 (Residential) to Class B1 (Office Use)”. Consent was refused by Worthing Council but overturned at appeal (APP/M3835/A/04/1143286) in September 2004. The appeal decision stipulated that a Listed Building Application was required before works could be carried out. We have not identified a further application in this regard. Our valuation assumes that the 2nd floor can be used for office purposes but we recommend your solicitors confirm.

- 11.06 In addition to the above, we have identified application Ref. WB/538/39 dating back to July 1989, whereby planning consent (plus requisite Listed Building consent) was provided for change of use of the 4th floor from residential to offices (Class B1) with associated internal alterations to facilitate the conversion.

9 Liverpool Terrace (incl. 9 Field Row):

- 11.07 In regard to 9 Liverpool Terrace, with the exception of listed building consent to demolish two chimney stacks (Ref. 01/00840/LBC) approved in 2001, the remaining applications (and consents) on the portal are pre-1992 and include change of use of the 2nd and 3rd floors from residential to office use and the basement rear office (i.e. 9 Field Row) from office to retail shop (ref. 714/87).

Land to the South of 11 Shelley Road:

- 11.08 We have found no applications on the Planning Portal relating to the subject site.

Wider Area:

- 11.09 Prior to disposing of 6 Liverpool Terrace in 2017, your customer obtained planning consent (Ref. AWDM/1533/15) to change both 6 Liverpool Terrace and 6 Field Row into separate residential dwellings. The purchaser subsequently registered an application in October

2017, to convert the building from Office Use (Class B1) to 4 No. 1 bed flats under reference (AWDM/1660/17). An associated Listed Building Application was registered in November 2018. We understand that no decision has been made.

- 11.10 Unless explicitly stated above, due to limited documentation available for public viewing on the Planning Portal, we have for the purpose of our valuation, assumed that all work carried out complies with all necessary local authority consents, including Planning, Listed Building (if applicable) and Building Regulations. Your Solicitors should confirm.

Heritage/Listed Building

- 11.11 8 & 9 Liverpool Terrace (plus Field Row Units) are Grade II listed (List Entry: 1250439). Liverpool Terrace is also situated within the 'South Street' Conservation Area.

- 11.12 The car park south of 11 Shelley Road is not situated within a Conservation Area.

Highways

- 11.13 According to West Sussex County Council's Interactive Map, both Liverpool Terrace and Shelley Road are adopted Highways. We have, therefore, for the purpose of our valuation assumed they are maintained at the public's expense.

- 11.14 We recommend that your Solicitor's confirm repairing responsibilities for the driveway connecting the subject car park with Shelley Road.

Fire Regulations

- 11.15 Fire certificates are no longer required under the Regulatory Reform (Fire Safety) Order 2005. A risk assessment should be undertaken by the responsible person. We suggest that your customer complies with regulations in order to avoid prosecution.

Control of Asbestos at Work Act

We have not had sight of any asbestos audits. We assume that your customer has complied with their obligations.

Equality Act 2010

- 11.16 The Equality Act came into force at different dates ranging from 1 October 2010 through to 10 September 2011. The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. The Equality Act replaces several pieces of legislation to cover discrimination including the Disability Discrimination Act 1995.

- 11.17 We would not anticipate there to be significant issues in respect of compliance with the Equality Act.

Housing Acts

- 11.18 The properties are commercial premises and therefore this does not apply.

Licences

11.19 We are not aware of any trade licences or otherwise that impact the subject premises.

12.00 RATEABLE VALUE

12.01 We have carried out online enquiries of the Valuation Office Agency (VOA) website and provide a summary of our findings attached as Appendix E.

12.02 Our investigations reveal that 9 Field Row is listed as 'Store and Premises' although it is currently let to a retail occupier. The result is an artificially low rateable value when compared to 8 Field Row, so an adjustment is likely in the future.

12.03 The ground floor of 9 Liverpool Terrace is described as 'Surgery & Premises' due to a former optician Tenant whom has now vacated. This use is however valued at the same rate as 'Offices and Premises', so we understand this has no bearing on the rateable value.

12.04 There is currently no rateable value listed for the 2nd floor of 8 Liverpool Terrace. We understand that this floor is available to let and therefore should be subject to rates. As such, this is likely to be flagged up by the VOA in due course.

13.00 ENVIRONMENTAL CONSIDERATIONS

13.01 As Local Authorities do not give verbal advice regarding contamination, no formal enquiries have been made and we rely upon our valuation inspection to identify whether the property or any neighbouring land is likely to be contaminated, has been, or is being put to any potentially contaminative use.

13.02 From April 2018 information regarding landfill sites (both current and historic) is no longer publicly available on the Environment Agency website. As such, we are no longer able to comment on this aspect.

13.03 Our inspections have not revealed any matters which would affect our valuation. However, if it is established subsequently that contamination exists or that the property has been put to a contaminative use, this may reduce the values now reported.

Radon Check

13.04 Our online enquiries of Public Health England's Interactive UK Radon Map, indicates that the maximum Radon potential for all sites and premises is 1-3%. Radon affected areas are those with a 1% chance or more of a house having radon concentration at or above the Action Level of 200 Bq m⁻³. We do not consider the above rating to have a negative impact upon the opinions of Market Value reported herein.

Flood Enquiries

13.05 To assess the flood risk for the subject site and premises, we have made online enquiries of the Government's Long Term Flood Risk Assessment.

- 13.06 In respect of 8 & 9 Liverpool Terrace (& Field Row), the risk of flooding from rivers, the sea or surface water is low, i.e. a 0.1 - 1% annual probability, taking into account the effect of any flood defences in the area.
- 13.07 The risk of flooding from rivers or the sea is very low for the site at Shelley Road, i.e. less than 0.1% annual probability and low for surface water flooding.

Invasive Species

- 13.08 The RICS have issued an Information Paper (27/2012) on Japanese Knotweed. This states that the presence and effect of Japanese Knotweed is just one of the many considerations that may affect value, and just one of the variety of factors that valuers and surveyors need to take into account when assessing market value. Whilst this invasive, non-native plant can be difficult to control, it should be recognised that timely and persistent treatment programmes can minimise its impact. As the treatment industry develops and matures, it is hoped that surveyors will be able to provide more informed advice to their clients. As lenders adopt more consistent and balanced policies, Japanese Knotweed should soon become just one more consideration in the complex valuation process.
- 13.09 Japanese Knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces. By quantifying the likely cost of treatment and any necessary repairs the impact of Japanese Knotweed can be taken into account in the valuation process and reflected in the same way as any other defect or item of repair. As valuers, we are not in a position to comment on the costs of any potential treatment as this is a specialist areas but can advise as to whether there was existence of the plant. How invasive this has become may not be readily identified by a visual inspection.
- 13.10 There was no evidence of any of the above on the site occupied by the property at the time of our valuation inspection.

14.00 VALUATION CONSIDERATIONS

Commercial Market Commentary (Macro)

- 14.01 In respect of key market indicators, the RICS UK Commercial Market Survey reported all-property occupier demand at -9% net balance in Q3 2018 (from -8% previously). The average reading is however, weighed down by a struggling retail sector where demand fell for a 6th consecutive quarter. Moving to other traditional sectors, demand for office space remained unchanged from Q2 but the industrial sector continued a run of uninterrupted growth since 2012, albeit now at a more moderate pace. Respondents cite that 'Brexit' is now more prominent as a factor causing hesitancy amongst tenants.
- 14.02 Against a persistent decline in demand for retail premises, availability rose again in Q3, with 36% of respondents noting an increase in stock levels, prompting retail landlords to increase the value of incentive packages. Conversely, both availability and inducements declined across the industrial segment and vacancy rates remained more or less stable in the office sector.

- 14.03 Looking ahead, near term rental expectations plateaued on an all-sector basis, posting a net balance of -3%, indicating no change in headline rents over the next three months. Both prime and secondary industrial markets are forecasted to post solid growth over the next 12 months and respondents also envisage moderate growth for prime offices, but projections for secondary stock are more stable. Much downward pressure on headline figures still stems from the retail sector, where expectations are firmly negative at the 12 month horizon.
- 14.04 In regard to the capital markets, expectations are very much negative for the retail sector with respondents foreseeing a further decline across prime and secondary assets. For the office segment, projections are moderately positive for prime stock, but the outlook for secondary assets has turned slightly negative at a national level. Unsurprisingly, all industrial assets are forecasted to chalk up solid growth over the coming year.
- 14.05 Moving to the investment markets, the headline demand metric notched up from -3% in Q1 to +4% in Q3 2018. Enquiries were most prominent in the industrial sector with a net balance of +32% of respondents citing an increase. Demand for offices improved slightly following a flat trend at the start of the year. Demand for retail assets is however, firmly negative, with investor enquiries (net balance) coming in at -33%, compared with -43% previously. In regard to availability of investment assets, supply declined across all sectors except retail, where it rose for the 5th consecutive quarter.

Commercial Office Market Commentary (Micro)

- 14.06 According to SHW's South East Office Focus for Worthing (Q1 2019), demand is mainly sourced from local companies seeking offices in the sub 5,000 sq. ft range. The expectation is therefore, that investors will continue to divide space to accommodate this requirement. In addition, a notable amount of more dated stock has been converted to residential in recent years under Permitted Development Rights, which has reduced available space in the town centre. As a result, town centre rents have risen with headline rents for refurbished stock now in excess of £14 per sq. ft.
- 14.07 Notwithstanding the above, our informal enquiries of local estate agents indicate that demand has increased for out of town accommodation in areas such as Goring, due to demand generally being sourced from local businesses, good access to amenities and a lack of allocated parking for town centre accommodation.

Methodology

- 14.08 In forming our opinion of the Market Values, we have assumed that 8 & 9 Liverpool Terrace (inclusive of Field Row premises) would be sold off individually. Taking into account the high vacancy rates (27% and 42% respectively) and short unexpired lease terms, we have had regard to vacant possession sales transactions of local office buildings. In addition, due to the retail use of 9 Field Row (ground floor), we have had consideration of retail-based investments and have applied an appropriate discount to reflect a single lot office occupier/ purchaser of the main building.

14.09 Taking into account the vacant status of 8 Field Row and planning consent to convert it to a self-contained 1 bedroom dwelling, we have assumed for the purpose of our valuation that it would be converted in accordance with planning and that it could either be sold off on a freehold or long leasehold basis. Our valuation calculations therefore also deduct estimated costs for conversion, including fees at 10% of costs and developer profit at 20% of GDV.

14.10 In regard to the car park south of 11 Shelley Road, we have valued this using the investment method of valuation and have referenced similar transactions in the area.

Market Value

8 Liverpool Terrace

14.11 In forming our opinion of the Market Value for the office accommodation, we have referenced comparable freehold sales transactions within Appendix F.

14.12 Sale prices within the schedule range from £152 - £209 per sq. ft. We are of the opinion that the most pertinent transaction is the sale of 7 Liverpool Terrace (including Field Row) in May 2018 for £465,000. Whilst the unit was 70% occupied at the date of sale, 1 Tenant was holding over and the other 3 leases (let to a single occupier) were due to expire c. 12 months thereafter. As such, the resulting net initial yield was artificially low at 5.02% and if valued on a rate per sq. ft basis, the sale price devalues to £160 per sq. ft on the ground and upper floors and half rate on the basement.

14.13 Please refer to the Valuation Summary Section below (S.15) for analysis on the rates we have adopted for the subject premises.

8 Field Row (Assumed Residential Dwelling)

14.14 Based on proposed floor plans obtained from the Planning Portal, we estimate the gross internal floor area of the proposed dwelling at c. 700 sq. ft. The property would comprise an open plan kitchen/ reception room on the ground floor with stairs leading to a double bedroom and bathroom on the 1st floor.

14.15 Notwithstanding the unique nature and situation of the proposed accommodation and thus difficulty in sourcing direct comparable evidence, in forming our opinion of the Gross Development Value (GDV), we have referenced the residential sales transactions attached as Appendix F.

14.16 Prices within the schedule range from £130,000 to £199,950 (£243 to £404 per sq. ft). As the proposed unit has 1 bedroom, many properties identified were however leasehold flats in the town centre. Notwithstanding this, 30 Marine Place comprises a newly constructed 1 bedroom town house offering similar accommodation to the subject premises. It has however been fitted out to a high specification. The freehold interest is currently being marketed at £199,950 (£404 per sq. ft), which based on other properties identified, this appears relatively high.

14.17 Subject to the foregoing, we are of the opinion that the Gross Development Value (GDV) for the converted unit is £160,000. As your customer has not yet implemented the works and is unable to provide indicative build costs, based on informal discussions with our Building Consultancy Department, we estimate the conversion cost to be in the region of £115,000. If costs are subsequently obtained and differ significantly from our estimate, it will have an impact on the figures reported herein.

14.18 Notwithstanding current political/economic factors causing uncertainty amongst prospective buyers, we would anticipate a relatively good level of demand for the converted unit, due to the unique nature and situation of the accommodation.

9 Liverpool Terrace:

14.19 In forming our opinion of the Market Value for office accommodation, we have had regard to vacant possession sales transactions attached as Appendix F. The building is of a similar size and specification to 8 Liverpool Terrace and as such, we refer you to our comments in section 14.12 of this report.

14.20 Please refer to the Valuation Summary Section (15) for analysis on the rates we have adopted for the subject premises.

14.21 If 8 or 9 Liverpool Terrace were available to purchase in the open market at a quoting price not significantly in excess of our opinion of respective Market Values, we would anticipate a reasonable level of demand from office owner occupiers and to a lesser extent, investors and speculative developers, due to the short unexpired lease terms and high vacancy rates.

9 Field Row (Ground Floor Retail Unit)

14.22 Due to the unique nature of the retail accommodation, we have been unable to find directly comparable investment transactions within the town centre. As such, we have derived a suitable yield based on informal discussions with our investment agency colleagues and refer you to the Valuation Summary section (15) of this report for further details.

Land to the South of 11 Shelley Road

14.23 Notwithstanding the limited number of transactions identified during our market research, in forming our opinion of the Market Value for the car park site, we have had regard to the investment sales transactions within Appendix F.

14.24 Net Initial Yields range from 6.44% - 8.21% and relate to car park sites in Brighton and Worthing. The comparable in Worthing is more prominent than the subject site and was fully let to a good covenant with reversionary income.

14.25 Please refer to the Valuation Summary section (15) of this report for analysis on the yield applied to the subject site.

14.26 Should the subject car park be available to purchase at a quoting price not significantly in excess of our opinion of the Market Value, we anticipate a relatively good level of demand

from investors/ speculative developers and local business owners, due to the future scope for alternative uses and the limited parking provisions currently available in the town centre.

Market Rent

8 & 9 Liverpool Terrace (Commercial Office Space):

- 14.27 Based on our opinion of NIA measurements, passing rents within 8 & 9 Liverpool Terrace range from c. £6.80 - £11.85 per sq. ft. The most recent letting was the 2nd floor of No. 9 in June 2017. Parties agreed a 3 year lease subject to a rent of £3,470 pa exclusive. This devalues to c. £6.80 per sq. ft. We are of the opinion that this reflects the contracted out nature of the lease and mutual rolling break options, resulting in a lack of security for the Tenant.
- 14.28 Notwithstanding the above, in forming our opinion of the Market rent for office suites, we have also had regard to the transactions outlined in Appendix G.
- 14.29 Rents within the schedule range from £10.66 - £14.75 per sq. ft, although most transactions involve more modern purpose-built offices and/ or with onsite parking. Our research also identified that office suites of a similar specification are currently available to let within 3 Liverpool Terrace at a quoting rent of £11.50 per sq. ft exclusive, following a recent reduction.
- 14.30 We have also obtained marketing particulars for 8 & 9 Liverpool Terrace and note that quoting rents range from £11.50 - £16.50 per sq. ft (based on agent measurements). Offices at the lower end of the spectrum are attributed to upper floor or basement accommodation. We are not aware of terms agreed on any suites and based on our market research, we are of the opinion that the quoting rents are above the market tone.
- 14.31 Subject to the foregoing and assuming final decorative works are undertaken where necessary, we have applied rates of between £9 per sq. ft and £11.50 per sq. ft to our opinion of the NIAs for each office building. We have applied lower rates to the 2nd floors and above to reflect the lack of passenger lift access and the basements due to reduced natural light. Please refer to the Summary of Market Rents section below for overall figures.
- 14.32 The above rates reflect that suites would be let on a floor-by-floor basis, under effective full repairing leases and subject to terms certain (i.e. to a break option or expiry) of 3 years. We would anticipate limited demand from predominantly local businesses due to general availability in the terrace and lack of allocated parking.

9 Field Row (Retail Accommodation):

- 14.33 Field Row units are relatively unique inasmuch as they offer quasi-retail space with no high street frontage. Furthermore, they are not fully self-contained and access to the 1st floor is through the communal parts of Liverpool Terrace. The 1st floor is therefore, more an extension of office accommodation within Liverpool Terrace and we have valued accordingly.

- 14.34 The Tenant of 9 Field Row (ground floor) is holding over on a lease that expired in June 2015. The passing rent of £3,750 pa devalues to £15.69 per sq. ft (overall). We are advised that terms are agreed for a 10 year renewal lease (5th year Tenant break), subject to a net rent of £4,200pa exclusive, c. £17.75 per sq. ft respectively. As mentioned above, these terms date back to pre-September 2016 and a renewal lease is yet to materialise.
- 14.35 In forming our opinion of the Market Rent, we are aware that 3 Field Row; a similar ground floor retail unit of 267 sq. ft situated closer to Montague Street, let in May 2017. Parties agreed a new 5 year lease subject to a Tenant break option after 18 months. The rent is £4,000 in year 1 and £4,750pa thereafter. We are advised that rent is inclusive of buildings insurance and service charge, amounting to approximately £800 pa. The net rent to the break option is therefore, £3,450 pa exclusive, which devalues to £12.93 per sq. ft.
- 14.36 Subject to the foregoing, we are of the opinion that the Market Rent for the ground floor of 9 Field Row (and No. 8 if marketed as a retail unit) would devalue to £12.50 per sq. ft. This considers the above letting which was closer to Montague Street. Please refer to the Summary of Market Rents section below for details on overall figures.
- 14.37 If the units were available to let in the open market at a quoting rent not significantly in excess of our opinion of the Market Rent, we would anticipate limited demand due to the non-high street location and therefore low levels of passing footfall.

8 Field Row Proposed (Residential Dwelling):

- 14.38 Our opinion of the Market Rent for 8 Field Row reflects planning consent to convert the ground and 1st floor into a self-contained 1 bedroom dwelling. As such, we have had regard to rental values of 1 bedroom properties in the locality.
- 14.39 In this regard, we are advised that a top floor 1 bedroom flat in Liverpool Terrace recently let unfurnished for £825pcm. The property is in good decorative order with relatively modern kitchen and bathroom fittings, gas central heating and lift access.
- 14.40 In addition, our market research has identified that newly converted 1 bedroom flats on South Street and Warwick Street within the town centre are being marketed unfurnished at quoting rents of £795pcm.
- 14.41 Subject to the foregoing and considering the assumed newly converted specification, private ground floor entrance but also reduced natural light due to surrounding buildings, we are of the opinion that the Market Rent for the proposed unit is £795pcm (£9,540pa) exclusive.
- 14.42 Notwithstanding the apparent availability of newly converted 1 bedroom properties within the town centre, if the unit was available to rent in the open market at a rent not significantly in excess of our opinion of the Market Rent, we would anticipate a reasonable level of demand due to the unique nature of the accommodation.

Land to the South of 11 Shelley Road (Car Park):

- 14.43 We understand from your customer that 10 parking spaces are currently occupied with annual equivalent licence fees ranging from £420 - £640 per space. The total passing rent is £5,641pa inclusive. The schedule provided does however illustrate that each Licensee has taken 2-3 spaces, which would warrant a discount for quantum. Furthermore, 5 spaces are let to Somers Financial Ltd, the Tenant of 1st Floor 8 & 9 Liverpool Terrace.
- 14.44 Elsewhere in the town centre the following annual charges are being quoted per space:
- Buckingham Road Multi-Storey Car Park: £1,084
 - Grafton Road Multi-Storey Car Park: £1,084
 - High Street Multi Store Car Park: £1,084
 - Lyndhurst Road (East and West): £975
- 14.45 In addition to the above Council owned car parks, our informal enquiries of NCP indicate that the cost of an annual season ticket at Union Place is approximately £1,150. This is an open-air car park within the town centre. There is currently no availability, so applicants are being placed on a waiting list.
- 14.46 Please refer to the Summary of Market Rents section below for our opinion of Market Rent for the subject site.
- 14.47 Notwithstanding current vacancies, we are of the opinion that if spaces were available at a quoting fee not significantly in excess of our opinion of the Market Rent (per space) and sufficient circulation space was retained, there would be a reasonable level of demand due to a shortage of parking in the town centre.

Summary of Market Rents

- 14.48 Please refer to our valuation calculations attached as Appendix H for a detailed analysis of market rental values attributed to the subject site and premises.
- 14.49 In regard to **8 Liverpool Terrace**, we are of the opinion that the total Market Rent for office accommodation assuming the property is fully let, is £33,250pa exclusive. As mentioned above, we have valued 8 Field Row assuming it is converted to a self-contained 1 bedroom dwelling. We are of the opinion that the Market Rent for the converted unit is £9,540pa exclusive. This provides a total Market Rent for the building of **£42,790pa exclusive**.
- 14.50 Note; if 8 Field Row was not converted, we would value the ground floor as retail and apply a rate of £12.50 per sq. ft to the overall floor area of 208 sq. ft (NIA). This produces a Market Rent of £2,600pa exclusive. As the 1st floor is accessed through the ground floor communal parts of Liverpool Terrace only, we are of the opinion that it would be let as an extension of the ground floor office suite. This would however be at a lower rate of £10 per sq. ft as it comprises 2 basic rooms at the rear of the property. Based on an NIA of 193 sq. ft, we are

of the opinion that the Market Rent would be £1,950pa exclusive. Assuming this scenario, the total Market Rent for the building would be £37,800pa exclusive.

- 14.51 For **9 Liverpool Terrace** we have applied the same office rate to the 1st floor of Field Row, i.e. £10 per sq. ft. The total Market Rent for office accommodation is therefore £31,350pa exclusive assuming the property is fully let. We have applied a rate of £12.50 per sq. ft to the ground floor retail accommodation at 9 Field Row. This produces a rounded Market Rent of £3,000pa exclusive. Subject to the foregoing, the total Market Rent for the building is **£34,350pa exclusive**.
- 14.52 Note; 9 Liverpool Terrace does not currently comply with MEES regulations and therefore any letting prior to improvement works may be subject to enforcement action. Please refer to our comments in Section 7 of this report.
- 14.53 Subject to the licence fees currently achieved (per space) and parking rates elsewhere in the town centre, in respect of the car park on Shelley Road, we have assumed 17 lettable car parking spaces, at an average fee of £650pa inclusive per space. This produces a total Market Rent of **£11,050pa inclusive**.
- 14.54 The total Market Rent for all subject site and premises is £88,190pa.

15.00 VALUATION SUMMARY

- 15.01 The adopted methods of valuation are summarised within the 'Methodology' subsection of this report. We attach our valuation calculations as Appendix H.
- 15.02 In regard to office accommodation within 8 & 9 Liverpool Terrace, we have applied a rate of £160 per sq. ft to our opinion of the NIA for the ground and upper floors and £80 per sq. ft on basement accommodation due to limited natural light. This excludes ground and first floor space within 8 Field Row and the ground floor of 9 Field Row. The applied rates consider recent transactions in the terrace, the overall condition of the premises, the lack of parking and onerous maintenance liabilities due to the Grade II listing.
- 15.03 Note; we have deducted £10,000 from the value of each building as an informal estimate of the cost of improvement works for MEES compliance. We have made a further capital deduction of £5,000 to 9 Field Row, to reflect the estimated cost of remedial works to the ceiling on the 3rd floor.
- 15.04 In regard to 8 Field Row, we estimate the GDV of the converted 1 bedroom dwelling at £160,000. We have then deducted £115,000, including fees at 10% of cost and developer profit at 20% of GDV, to account for the cost of conversion. This produces a net value of £45,000.
- 15.05 Due to the retail use and occupier in situ at 9 Field Row (ground floor), we have applied a yield of 7.5% to our opinion of the Market Rent. Due to the unsecure occupation and local covenant strength of the current Tenant, our valuation calculations assume effective vacant possession and a 9 month void period. This takes into account a marketing period, holding

costs and incentives on a new letting. We have then made a negative end allowance of 15% to reflect that this would be ancillary for an assumed office purchaser of the freehold interest, before deducting usual purchaser's costs.

15.06 Finally, for the car park site at Shelley Road, we have applied a yield of 9% to our opinion of the total Market Rent. This reflects the condition of the tarmacadam surface, vegetation growth and current void rate but also the potential scope for alternative uses. We have then made the usual deductions to reflect purchaser's costs.

15.07 We provide our opinion of the respective Market Values below:

• 8 Liverpool Terrace (including 8 Field Row):	£490,000
• 9 Liverpool Terrace (including 9 Field Row):	£440,000
• Land to the South of 11 Shelley Road:	£120,000
• Cumulative Total:	£1,050,000

16.00 SUITABILITY AS A SECURITY

16.01 We have not been provided with any details relating to the loan facility offered to the Bank's Customer and can therefore only comment on the suitability of security in general terms.

16.02 Based upon our enquiries we conclude the subject property is capable of providing security for loan purposes at the valuation figures reported herein subject to the following qualifications.

- Please see our comments in Section 6 regarding Condition.
- Please see our comments in Section 7 regarding EPC/ MEES compliance.
- Please see our comments in Section 9 regarding Tenure.
- Please see our comments in Section 10 regarding Tenancies.
- Please see our comments in Section 11 regarding Planning.

16.03 Following the serving of "Article 50" by the British government, the United Kingdom is due to exit the European Union on 29 March 2019. There is now significant uncertainty relating to the terms of the UK's future relationship with the European Union and the impact of 'Brexit' on the economy. This lack of confidence is having a negative impact on the UK property market with regard to current transactions and in terms of the markets' expectations of future performance. This uncertainty has resulted in increased market turbulence and reduced levels of occupational, investment and development activity over the short term as the date of Brexit approaches. The ongoing Brexit negotiations have cast a shadow over the entire property market with sellers reluctant to sell for fear of their property being left on the market for too long and equally buyers disinclined to make offers

for fear of the market falling in the coming 6-12 months and then having “over-paid” for the property. As such, both parties are at a standstill thus resulting in a stagnant market. The post summer bounce expected to occur in September / October 2018 has not materialised for these very reasons. It is likely that in the coming 6-12 months, the market will remain stagnant and as a result, some distressed sellers may make decisions to sell their properties at a discount purely to dispose of them in a timely manner.

- 16.04 According to a recent valuation notification from the RICS, evidence suggests structural change is occurring in the UK retail property market which is being driven by behavioural change in shopping habits. This change might not yet be reflected, or easily identified, in recent market activity.

17.00 REINSTATEMENT COST

- 17.01 Formal assessments have not been commissioned, but our informal assessments of the reinstatement costs for 8 & 9 Liverpool Terrace are in the region of:

8 Liverpool Terrace (& 8 Field Row):	£1,200,000
9 Liverpool Terrace (& 9 Field Road):	£1,050,000
Total:	£3,050,000

- 17.02 Our informal assessment includes demolition costs and professional fees (inclusive of VAT) but excludes VAT on construction, loss of rent and/or alternative accommodation cost for the reinstatement period.

- 17.03 Land to the south of 11 Shelley Road comprises an ‘open air’ car park with a relatively poor condition tarmac surface, basic drainage and no access barrier. Subject to the foregoing, we have not provided an informal assessment of a reinstatement cost.

18.00 VALUATION

- 18.01 We are of the opinion that the Market Values of respective freehold interests with either vacant possession (VP) or subject to existing occupational agreements as at the date of this report for your secured lending purposes is as follows:

Market Value:

8 Liverpool Terrace (including 8 Field Row):

£490,000 (Four Hundred and Ninety Thousand Pounds)

9 Liverpool Terrace (including 9 Field Row):

£440,000 (Four Hundred and Forty Thousand Pounds)

Land to the South of 11 Shelley Road:**£120,000 (One Hundred and Twenty Thousand Pounds)****TOTAL MARKET VALUE:****£1,050,000 (One Million and Fifty Thousand Pounds)**

18.02 In addition to the above you have also requested that we provide our opinion of the Market Values making the Special Assumption of vacant possession, as at the date of this report for your secured lending purposes. On this basis we are of the opinion that due to the high vacancy rates, short unexpired lease terms and flexible licences for the car park spaces, there is no significant difference in the two valuations.

18.03 Subject to the foregoing we are of the opinion that the total market rents for the site and premises as at the date of our report is as follows:

Market Rent:**8 Liverpool Terrace (including 8 Field Row):****£42,790 (Forty Two Thousand Seven Hundred and Ninety Pounds) per annum, exclusive****9 Liverpool Terrace (including 9 Field Row):****£34,350 (Thirty Four Thousand Three Hundred and Fifty Pounds) per annum, exclusive****Land to the South of 11 Shelley Road:****£11,050 (Eleven Thousand and Fifty Pounds) per annum, inclusive****TOTAL MARKET RENT:****£88,190 (Eighty Eight Thousand One Hundred and Ninety Pounds) per annum**

18.04 A copy of our valuation calculations can be found at Appendix H.

18.05 We consider that the most appropriate method of sale would be by private treaty and that completions could be achieved within a period of 6 months.

18.06 These valuations should be read in conjunction with the Caveats and Assumptions set out at Appendix A, as well as the Conditions of Engagement attached to our letter of



29 January 2019
Proplend Security Ltd

8 & 9 LIVERPOOL TERRACE & LAND SOUTH OF 22 SHELLEY
ROAD, WORTHING

confirmation of instructions. We draw your attention specifically to the confidentiality and non-disclosure provisions in the Appendix

Yours faithfully

A handwritten signature in black ink, appearing to be 'Adam Nelson', written in a cursive style.

Valuation completed by:
Adam Nelson, RICS Registered Valuer
Surveyor
for and on behalf of
Stiles Harold Williams Partnership LLP

A handwritten signature in black ink, appearing to be 'Richard Bull', written in a cursive style.

Countersigned by:
Richard Bull, RICS Registered Valuer
Partner
for and on behalf of
Stiles Harold Williams Partnership LLP

APPENDIX A

CAVEATS & ASSUMPTIONS

NOTE

THE FOLLOWING CAVEATS & ASSUMPTIONS FORM AN INTEGRAL PART OF THIS REPORT INsofar AS THEY ARE APPLICABLE TO THE SUBJECT PROPERTY & UNLESS SPECIFIC COMMENT IS MADE TO THE CONTRARY IN THE FIRST SECTION OF THIS REPORT

CAVEATS & ASSUMPTIONS

INSPECTION

We have undertaken a visual inspection of the exterior and interior of the property to the extent to which it is accessible with safety and without undue difficulty. We have not carried out a building survey or inspected those parts of the property which are covered, unexposed or inaccessible and such parts are assumed to be in good repair and condition.

We have not tested the electrical, heating or other services and we have assumed that the services are connected to the main supplies and that they conform to necessary regulations.

Purchasers are advised that before completing any exchange of formal contracts, they should arrange for a building survey and for contractors to carry out an independent test on all the services including a full drainage test to ensure that no major defects or remedial works are required.

In preparing the report, unless otherwise stated in this Report or in our Conditions of Engagement, the following assumptions have been made and which we have no duty to verify:

- (a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
- (b) that inspection of those parts which have not been inspected would neither reveal material defects nor cause us to alter the valuation materially;
- (c) that no exceptional problems would be encountered in construction with regard to the nature of the subsoil, underground services and site conditions etc; and
- (d) that the property complies in all respects with all legislation, statutory provisions and regulations relating to its construction, use and occupation and that no notices are outstanding against the property.
- (e) that the property is free from any structural or design defects and if it is subsequently found that this assumption is incorrect then this may impact upon the opinions of Market Value.

ENERGY ACT 2011 (EPC and MEES)

Legislative changes under the Energy Act 2011 will make it unlawful to rent out and re-let premises with an EPC rating below a minimum level of E from 2018. This applies to any property let on a tenancy which is six months or more and less than 99 years in length, and which is legally required to have an EPC. In addition, this legislation will extend to cover existing lettings in 2020 for residential properties and 2023 for commercial buildings.

We have assumed that the subject property(ies) will meet the minimum requirements laid down by the legislation and that there will be no adverse impact on value and marketability. It is advisable to obtain an expert's opinion to advise whether (an) EPC(s) should be commissioned and if the building(s) is (are) likely to meet with the legislative requirements. Failure to achieve a satisfactory EPC rating is likely to impact upon the opinion of Market Value.

It is important to keep the EPC issues under review and to consider the potential impact on property value of any additional future government initiatives.

MEASUREMENTS

All measurements are carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors. In the event of dimensions or areas being calculated from plans or other sources, this has been stated in the report.

GENERAL ASSUMPTIONS

Unless otherwise stated, all items normally associated with the valuation of land, business and buildings are included in the valuation and reinstatement costs to the extent that they existed at the date of inspection, including:

Fixed space heating, domestic hot water system, lighting, mains services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial processes, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, suspended ceilings, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant and machinery, carpets and fixed demountable partitions except where these are tenant's fixtures.

Any information provided to us by you, your Customer or their representatives is assumed to be both full and correct. It follows that we have made an assumption, that details of all matters likely to affect Market Value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

ENVIRONMENTAL CONSIDERATIONS

We do not undertake any environmental testing as part of a normal valuation inspection and will therefore usually report that our enquiries have not revealed any contamination affecting the property or neighbouring property, which would affect the 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 reported.

When valuing a property where we suspect contamination may exist this has been reported.

If the subject property is within or close to a flood plain or has a history of flooding, we have made the assumption that building insurance is in place regarding flooding and available for renewal to the current or subsequent owners of the property without payment of an excessive premium.

EQUALITY ACT 2010

The Equality Act 2010 introduces laws and measures aimed at ending discrimination that many disabled people face, and gives disabled people new rights in the areas of employment and access to goods, facilities and services. This can impact on the value of the property interest. Under the Act, disability is given a wide definition incorporating most long-term and substantial impairments. Its scope is broad-ranging, and includes such diverse ailments as asthma, dyslexia, visual impairment and problems with mobility.

Employers are under a duty to make reasonable changes to practices and procedures within the workplace to enable disabled people to do their jobs. This may extend to making physical alterations to the workplace. These provisions came into force in 2010, replacing those of the Disability Discrimination Act 1995. A service provider now has to take reasonable steps to remove, avoid or alter any physical feature that makes it impossible, or unreasonably difficult, for a disabled person to make use of services, or make changes to practices, policies or procedures in the service provision.

The EA 2010 outlaws discrimination against disabled people in recruitment and employment and in the provision of goods, facilities and services. It is not known whether an access audit has recently been undertaken for the subject property in relation to the EA 2010 and services provided and without sight of such an audit it is not possible to comment on the full extent of the deficiencies, if any, in the services provided with regard to the EA2010.

You may wish to commission specialist investigations in this regard. We can provide this additional advice if you so wish for an additional fee.

CONTROL OF ASBESTOS AT WORK REGULATIONS

We do not undertake any asbestos audit or register as part of a normal valuation inspection and unless we have information to the contrary, we have assumed that there are no asbestos-related issues which would affect the valuation. Should it be established subsequently that there is a cost implication relating to the presence of asbestos at the property, this might reduce the values reported.

We have valued assuming that the "Control of Asbestos Regulations 2012" have been adhered to. We are not qualified to advise as to whether or not an asbestos audit or register have been properly undertaken.

VERIFICATION OF TITLE

Unless otherwise expressly agreed we have relied upon information provided by the client and other professional advisers relating to tenure, leases and all other relevant matters. 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 outgoing. It is understood that if a Report on Title is subsequently obtained which is in conflict with our report, it will be referred to us for further consideration. No responsibility or liability is accepted for the true interpretation of the legal position of the lender and other parties. Any interpretation of legal documents and legal assumptions should be checked by the client or suitably qualified person, if it is to be relied upon.

If the Title is not as assumed then this might impact upon the opinions of Market Value. We recommend your solicitors seek clarification of this issue.

The Landlord & Tenant Act 1987 (as amended by the Housing Act 1996) gives certain rights to residential tenants to acquire the freehold interest in a property, where the landlord intends to dispose of his interest and where more than 50% of the floor space is in residential use. If these circumstances apply we assume that these rights do not adversely affect the valuation of the property.

TENANTS

Although we have reflected the general market understanding of a tenant's status in the valuation, we have made only limited enquiries about the financial status of the tenant, and rely upon the client to advise us where there appear grounds for concern. In the context of investment property where the tenant covenant is significant, such assumptions that affect the valuation approach have been commented upon in the Valuation Considerations Section of the report. We have assumed that appropriate enquiries were made when leases were originally exchanged or when consent was granted to tenants to assign or underlet, and that tenants are not in breach of covenant.

TOWN PLANNING, HIGHWAYS & OTHER STATUTORY REGULATIONS

We have made such informal, verbal planning and highways enquiries which are appropriate and possible in the circumstances. It is an assumption 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 and that neither the property nor its condition, nor its use, nor its intended use is, or will be, unlawful. It is recommended that verification is obtained from your solicitors that:

- a) our findings in respect of planning and highways matters are correctly stated in the report;
- b) the property is not adversely affected by any other decisions made or conditions prescribed by Local Authorities; and
- c) the property complies with all other statutory regulations.

Where the operation of a business is dependent upon some form of Statutory Licence we will have inspected same and have reported any material conditions thereto. If documentation is not available has been reported and we have stated any assumptions made.

REINSTATEMENT COST

We have not carried out a formal assessment of the current cost of reinstatement of the buildings and our opinion is given solely as a guide and is indicative only.

Our opinion is based on our measured areas and average rebuilding cost data, assuming the buildings are in their present form or that buildings under construction will be completed as proposed.

Our figure is on a day one basis and includes an allowance for the costs of demolition, clearance and professional and statutory fees. No allowance has been made for cost inflation, loss of rent, cost of alternative accommodation, cost of treatment or removal of contamination or Value Added Tax except on fees.

Our indicative figure should not be relied upon and is for informal guidance only.

COSTS AND TAX

Where appropriate allowance has been made in our valuation for a purchaser's costs of acquisition but no allowance has been made for expenses of realisation or for any taxation that may arise on disposal or acquisition.

The valuation excludes any Value Added Tax that may be payable either on disposal or acquisition or any Value Added Tax that may be payable on any passing rental.

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to pay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

CONFIDENTIALITY

This report is provided for the stated purpose and for the sole use of the client. We accept responsibility to the client alone that the report has been prepared with the skill, care and diligence to be expected of a competent valuer. It is confidential to the client and his professional advisers and we accept no responsibility whatsoever to any parties other than the client. Any third parties rely upon the report at their own risk.

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

APPENDIX B

DEFINITIONS OF VALUE

DEFINITION OF VALUE

The Professional Standards of the RICS Valuation - Global Standards 2017 sets out the following definitions. The relevant definitions have been adopted in the preparation of our report.

EXISTING USE VALUE (EUV)

The estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.

DEPRECIATED REPLACEMENT COST (DRC)

'The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation'

MARKET VALUE (MV)

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.

FAIR VALUE (FV)

Valuations based on fair value shall adopt one of two definitions:

1. the definition adopted by the IVSC:
'The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interest of those parties'.
2. the definition adopted by the International Accounting Standards Board (IASB):
'the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date'.

MARKET RENT (MR)

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.

SPECIAL ASSUMPTION

An *assumption* that either assumes facts that differ from the actual facts existing at the *valuation date*, or that would not be made by a typical market participant in a transaction on the *valuation date*.

APPENDIX C

COPY OF INSTRUCTION LETTER

Ref: Sealion Estates Limited

Styles, Harold, Williams
1 Jubilee Street,
Brighton,
BN1 1GE

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:	Sealion Estates Limited
Contact Name:	Mark Staples
Phone Number:	01481 710424
Email:	markstaples007@aol.com
Properties:	8 & 9 Liverpool Terrace, Worthing, West Sussex, BN11 1TA and Land at South Side of 11 Shelley Road, Worthing, West Sussex, BN11 1TU
Tenure:	Freehold
Use:	Mixed
Tenancies:	Please see attached Tenancy Schedule
Access:	via Mark at markstaples007@aol.com

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 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.

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

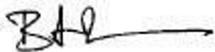
You have quoted and the Borrower has agreed to pay a fee of £tbc + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are 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

Conditions of Engagement for the Valuation and Appraisal of Land and Buildings for Secured Lending Purposes

The Client's attention is particularly drawn to the provisions of clauses 7 and 9 of these Conditions of Engagement.

1 Definitions

1.1 In these Conditions of Engagement, the following definitions have the following meanings:

- (a) **Agreement:** the agreement between SHW and the Client constituted by the Confirmation Letter and incorporating these Conditions of Engagement;
- (b) **Business Day:** a day other than a Saturday, Sunday or a public holiday in England;
- (c) **Client:** the Person who instructs SHW to carry out the Service for secured lending purposes;
- (d) **Confirmation Letter:** the letter from SHW to the Client confirming the Client's Instructions setting out the basis on which SHW will act for the Client;
- (e) **Fee:** the fee for providing the Service;
- (f) **Instructions:** the Client's instructions, as set out in the Confirmation Letter;
- (g) **Person:** any person, company, corporation, partnership or other incorporated or unincorporated body;
- (h) **Professional:** the professional appointed or employed by SHW to carry out the valuation and produce the Report, as part of the Service, who will be a member of the RICS and who is competent to inspect, value and report on the property, which is the subject of the Service;
- (i) **Report:** the valuation report produced as part of the Service by the Professional, on behalf of SHW, which will include the information as set out in clause 3 of these Conditions of Engagement;
- (j) **RICS:** Royal Institution of Chartered Surveyors;
- (k) **RICS Red Book:** the current edition of the RICS Valuation – Professional Standards or any successor publication (as amended from time to time);
- (l) **Service:** the service to be undertaken by SHW, as described in more detail in clause 3 of these Conditions of Engagement; and
- (m) **SHW:** Stiles Harold Williams Partnership LLP, a limited liability partnership registered in England and Wales under the Limited Liability Partnership Act 2000 with number OC375748 whose registered office is at Venture House, 27-29 Glasshouse Street, London W1B 5DF.

2 Instructions

- 2.1 All instructions of the Client will be made directly by the Client and confirmed by SHW in the Confirmation Letter.
- 2.2 The Client warrants that all relevant information has been provided regarding the nature and scope of the Service and any unusual conditions that may apply.
- 2.3 If there is any conflict between these Conditions of Engagement and the Confirmation Letter, the terms of the Confirmation Letter shall prevail.
- 2.4 If SHW is prevented or delayed from performing the Service in accordance with the Instructions by any act or omission of the Client, its agents, sub-contractors or employees or any other circumstances beyond SHW's reasonable control, then SHW shall not be liable for any costs, charges or losses sustained or incurred by the Client arising directly or indirectly from such prevention or delay.
- 2.5 SHW shall use reasonable endeavours to meet any projected or target dates for achieving the Client's desired result or for carrying out any part of the work, but any such dates shall be estimates only and time shall not be of the essence of the contract in respect of such dates.
- 2.6 All intellectual property rights in any materials created by or on behalf of SHW as part of the Service shall remain vested in SHW who will grant an irrevocable royalty-free licence to the Client to use any such materials that are delivered to them for such purposes as may be permitted by the Agreement. Such licence may not be transferred to any third party without the written agreement of



SHW. The Client shall not remove any markings identifying SHW as the owner of any intellectual property rights in such materials.

3 The Service

3.1 Unless otherwise agreed, the Professional will provide directly to the Client a Report based on an inspection as described below.

3.2 The Report will provide the following:

- (a) a full description of the property, its location, apparent state of repair and other relevant information;
- (b) a valuation will be provided on the basis (see clause 2.1) agreed between SHW and the Client and set out in the Confirmation Letter. In addition, if the Professional is notified that there is a special prospective purchaser, a further valuation will be provided on the above basis, subject to an additional fee, but taking into account that special prospective purchaser;
- (c) where the valuation reported pursuant to clause 3.2(b), has been affected by the existence of an unimplemented planning consent for change of use or other development or by the prospect of such consent(s) being available, the Professional will so report and advise as to the amount(s) the value of the property may be increased as a consequence;
- (d) in the case of property to be held as an investment:
 - (i) a projection, at rental levels current at the reporting date, of the rental income to which the owner will be entitled from the property if it remains fully occupied;
 - (ii) an opinion upon the effect on value of the quality and terms of the lease(s) and relevant implications upon the valuation in respect of privity of contract (if any); and
 - (iii) the Professional's view of the market perception of the tenant's covenant for the class of the subject property in the subject locality, although the

Professional will be under no obligation to ascertain the tenant's financial status;

- (e) advice, if the Professional considers it relevant, that there is a significant prospect of or potential for change of use or other development of the subject property, or those in the vicinity, which would materially affect the value of the property;
- (f) advice on any other factors which the Professional considers are likely materially to affect the value or status of the property;
- (g) advice on any other factors which the Professional considers are likely materially to affect the status of the property as security;
- (h) comment upon the proposed purchase price if this has been notified to the Professional;
- (i) a statement as to any special assumptions which the Professional has made or any departures from the Professional Standards issued by the RICS from time to time;
- (j) the Professional's opinion of the property as a lending security in terms of present saleability, suitability, expected obsolescence and potential, bearing in mind the length of the term of the loan contemplated assuming that the borrower will maintain the property in a reasonable state of repair;
- (k) a statement as to the valuation method adopted, and an indication as to the extent to which the Professional has been able to have regard to comparable market transactions;
- (l) in the case of property valued for the existing use as an operational entity having regard to trading potential, the opinion which the Professional has formed as to the future trading potential, including the gross income and profitability likely to be achieved;
- (m) in the case of property valued on a residual basis, the significant material figures and assumptions made and the consequences of changes thereto;

- (n) an indication for insurance purposes (which is given solely as a guide, as a formal estimate for insurance purposes can be given only by a quantity or building surveyor with sufficient current experience of replacement costs) of the current reinstatement cost of the buildings in their present form (unless otherwise stated), including the costs of clearance and professional fees, but excluding:
- (i) VAT (except on fees);
 - (ii) loss of rent; and/or
 - (iii) cost of alternative accommodation for the reinstatement period;
- (o) any other aspects, which the Professional considers require further consideration or investigation; and
- (p) the date of the valuation, which will be the date of the report unless otherwise agreed.
- 3.3 Following provision of the Report, the Client or its representative may discuss the Report's contents with the Professional.
- 3.4 The Professional shall, unless otherwise expressly agreed, rely upon information provided by the Client and/or the Client's legal or other professional advisers relating to tenure, leases and all other relevant matters. Where the Professional relies on information provided, this will be indicated in the Report, with the source of the information.
- 3.5 The Professional shall carry out such inspections and investigations as are, in the Professional's professional judgement, appropriate and possible in the particular circumstances. These will include such oral or web-based town planning enquiries as are reasonable for the Professional to make.
- 3.6 The Professional will undertake a visual inspection of so much of the exterior and interior of the property as is accessible in safety and without undue difficulty, and which the Professional considers reasonably necessary to provide the Service, having regard to its purpose. The Professional is under no duty to carry out a building survey or to inspect those parts of the property which are covered, unexposed or inaccessible, or to raise boards, move anything, use a moisture detecting meter, or to arrange for the testing of electrical, heating or other services.
- 3.7 If the Professional's inspection suggests that there may be material hidden defects, the Professional will so advise and may exceptionally defer submitting a final Report until the result of further investigations are available.
- 3.8 If it is not reasonably possible to carry out a substantial part of the Inspection this will be stated.
- 3.9 The Report will not identify:
- (a) the existence of contamination by any harmful substance;
 - (b) the existence of asbestos;
 - (c) whether the premises accord with the provisions of the Equality Act 2010; or
 - (d) the existence of any environmental factors that are an inherent feature of the property or the surrounding area which could impact on the value of the property interest,
- unless, by agreement with the Client, reports thereon from one or more third party specialists have been obtained and made available to the Professional, who will have no liability in respect thereof. If, however, the Professional in the course of the Professional's inspection concludes that there may be material contamination by any harmful substance, asbestos present, material issues arising in respect of the Equality Act 2010 or environmental factors present, the Professional will report this to the Client with a view to a decision being taken by the Client as to whether to commission an appropriate third party specialist report.
- 3.10 In preparing the Report, unless otherwise stated by the Professional the following assumptions will be made which the Professional shall be under no duty to verify:
- (a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;

- (b) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing;
- (c) that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries made by prospective purchasers, or by any statutory notice, and that neither the property, or its condition, or its use, or its intended use, is or will be unlawful;
- (d) that inspection of those parts that have not been inspected would neither reveal material defects nor cause the Professional to alter the valuation materially; and
- (e) that no contaminative or potentially contaminative uses have ever been carried out on the property and that there is no potential for contamination of the subject property from past or present uses of the property or from any neighbouring property.
- 3.11 In providing the Service the Professional will have regard to and undertake the valuation in accordance with the relevant requirements of the RICS Red Book.
- 3.12 Unless otherwise agreed in writing, the currency in which the valuation will be given will be pounds sterling.
- 3.13 Neither the whole nor any part of the Report, nor any reference to it, may be included in any published document, circular or statement, or published in any way, without SHW's written approval of the form and context in which it may appear.
- 4 Valuation Basis**
- 4.1 The valuation provided will be on the basis of the assumptions referred to in clause 3 in respect of individual subject properties (unless otherwise agreed) as inspected, and on the basis of Market Value or on a basis as otherwise agreed in writing between SHW and the Client, such bases as defined or referred to in the RICS Red Book.
- 4.2 The valuation will exclude any additional value attributable to goodwill, or the value of any fixtures, fittings, plant and machinery which are only of value in situ to the present or proposed occupier, except in the case of property which is fully equipped and valued as an operational entity, where only goodwill is excluded.
- 4.3 In the case of tenanted property, the valuation will identify improvements undertaken by tenants (if made known to the Professional) and whether the improvements should be disregarded on renewal or review of the lease or whether they may give rise to a compensation claim by the tenant when vacating the property.
- 5 Charges**
- 5.1 The Fee, or the basis for calculating it, shall be as set out in the Confirmation Letter (as may be subsequently varied if the Client's instructions alter).
- 5.2 In addition to the Fee, the Client will reimburse SHW in respect of any reasonable out-of-pocket expenses which SHW may incur in providing the Service.
- 5.3 SHW shall invoice the Client in respect of the Fee and any expense to be reimbursed under clause 5.2 upon delivery of the Report (or such other time as may be stated in the Confirmation Letter).
- 5.4 The Client shall pay SHW any VAT properly chargeable on the Service. Any amount expressed as payable to SHW under these Conditions of Engagement or the Confirmation Letter is exclusive of VAT.
- 5.5 The Client shall pay all invoices issued by SHW within 28 days of the date of invoice.
- 5.6 Without limiting any other right or remedy of SHW, SHW reserves the right to charge interest on any overdue amount at a rate of 2.5% per month from any amount that remains unpaid from the due date until payment is made.
- 5.7 The Client shall pay all amounts due to SHW in full without any deduction or withholding, except as required by law and the Client shall not be entitled to assert any credit, set-off or counterclaim against SHW in order to justify withholding payment of any such amount in whole or in part.

6 Complaint Handling

- 6.1 SHW has a Complaint Handling Procedure in accordance with Rule 7 of the RICS Members' Conduct Regulations which is available to inspect at <http://www.shw.co.uk/about-us/complaint-handling.asp>.

7 Liability

- 7.1 The Service will be provided only for the purpose stated in the Confirmation Letter and for the sole use of the named Client in the Confirmation Letter.

- 7.2 SHW accepts responsibility to the Client alone that the Service has been performed with reasonable skill and care and accepts no responsibility whatsoever to any party other than the Client. Any such third party relies upon the Service at its own risk.

- 7.3 If incorrect information is supplied by the Client, neither SHW nor the Professional shall be liable for any loss, claims, demands, costs and expenses (including legal and professional expenses) incurred by the Client arising from the use of such incorrect information or any valuation resulting from its use.

- 7.4 All warranties, conditions, and other terms implied by statute or common law are, to the fullest extent permitted by law, excluded.

- 7.5 Except for liability in the event of death, personal injury or fraud caused by SHW (or the Professional or any other member, employee or consultant of SHW):

- (a) SHW shall under no circumstances whatever be liable to the Client, whether in contract, tort (including negligence), breach of statutory duty, misrepresentation, restitution or otherwise, for:

- (i) any loss of profit, goodwill, business opportunity, contract or anticipated saving (in each whether direct or indirect);
- (ii) any increased costs or expenses (in each case whether direct or indirect);
- or

- (iii) any indirect or consequential loss, arising under or in connection with the Agreement;

- (b) where the Client instructs other professionals or financial advisers, and more than one party is liable for loss, subject to clause 7.5(a) and (c), SHW will only be liable for a proportion of the loss that is equal to the extent that SHW contributed to the loss; and

- (c) SHW's total liability in contract, tort (including negligence), breach of statutory duty, misrepresentation, restitution or otherwise arising under or in connection with the Agreement shall be limited to £1 million.

8 Insurance

- 8.1 Unless otherwise stated in the Confirmation Letter, Professional Indemnity Insurance is available in respect of the service on a per claim basis.

9 Status of SHW

- 9.1 The Client's contract is with SHW. SHW is a body corporate which has "members". SHW has decided to retain the traditional title of "partner" to describe members of SHW. There is however no partnership between the members or employees or between the members or the employees and SHW. A reference in these terms or elsewhere (whether in writing or orally) to a person being a "partner" is a reference to that person in their capacity as a member of SHW. Any reference to an employee, consultant, agent or sub-contractor of SHW includes an employee, consultant, agent of sub-contractor of a Person providing services to SHW.

- 9.2 To the extent permitted under applicable law, if (as a matter of law) a duty of care, or any other duty, liability or obligation, would otherwise be owed to the Client by the Professional or any other member, employee or consultant of SHW, such duty is excluded and the Client agrees that the Client will not bring any claim (whether on the basis of contract, tort (including negligence), breach of statutory duty, misrepresentation, restitution or otherwise) against the Professional or any other member, employee or consultant of SHW in respect of any loss or damage that the Client or any Person associated with the Client may suffer or incur,

directly or indirectly, in connection in any way with the Service or any other work done or advice given to the Client.

- 9.3 Accordingly, any claim that the Client may wish to make can only be made against SHW and not against the Professional or any other member, employee or consultant of SHW.

10 Conflict of Interest

- 10.1 It is SHW's practice to check for conflicts of interest before accepting instructions. You accept however that SHW provides a range of professional services to clients and that there can be no certainty that all situations where a conflict of interest may arise will be identified. You therefore undertake to notify SHW promptly of any conflict or potential conflict of interest relating to the provision of the Services of which you are, or become, aware. Where a conflict or potential conflict is identified by either party, and SHW believes that your interests can be properly safeguarded by the implementation of appropriate procedures, SHW will discuss and seek to agree such procedures with you.
- 10.2 Save as agreed with you or as required by law or regulation, professional duty or as is necessary to protect SHW's own legitimate interest, SHW shall not disclose to any other person (except its own advisers) any confidential information relating to you or your business which is provided or obtained during the provision of the Services.

11 Data Protection Act 1998

- 11.1 SHW is registered under the Data Protection Act 1998, with which we undertake to comply in all our dealings with your personal data. We will keep your personal information secure. Occasionally, we may contact you by telephone, letter or email or otherwise to inform you about other products or services we offer. We try to limit this contact to acceptable levels, but if you wish to exercise your right to opt out, simply write to the following address: Venture House, 27-29 Glasshouse Street, London W1B 5DF.
- 11.2 You accept that SHW owes a duty of confidentiality to all of its clients and accordingly that it will not be required to disclose to you, or to use on your behalf, any documents or information in its possession and

in respect of which a duty of confidentiality is owed to another client or former client.

12 Termination

- 12.1 Without prejudice to Clause 10.2, either party may terminate the Agreement on giving the other at least two Business Days' written notice.
- 12.2 Without prejudice to any other rights or remedies which the parties may have, SHW may terminate the Agreement immediately on giving notice to the Client if:
- (a) circumstances arise which make it impossible for SHW to continue to provide the Service;
 - (b) information comes to the attention of SHW which SHW reasonably believes gives SHW a conflict of interest if it continues to act for the Client; or
 - (c) an order is made or a resolution passed for the winding up of the Client, an order is made or documents filed with a court of competent jurisdiction or notice of intention by any person is given for the appointment of an administrator to manage the affairs, business and property of the Client, the Client makes any arrangement or composition with its creditors or makes an application to a court of competent jurisdiction for the protection of its creditors in any way, the Client ceases, or threatens to cease, to trade or the Client takes or suffers any similar or analogous action in any jurisdiction in consequence of debt.
- 12.3 On termination of the Agreement, prior to the completion of the Report, SHW reserves the right to charge the Client a fee on the basis of time spent (details of the hourly fee rates of SHW's fee earners are available on request) up to a maximum of the full fee agreed in the Confirmation Letter, subject to any minimum fee agreed in the Confirmation Letter.

13 Variation

- 13.1 These Conditions of Engagement and the Confirmation Letter may not be varied except as mutually agreed in writing by duly authorised representatives of SHW and the Client.

14 Third Party Rights

- 14.1 Except as is set out in clause 12.2, no third party shall acquire rights arising from the Contracts (Rights of Third Parties) Act 1999.
- 14.2 The Professional and every other member, employee and consultant of SHW may have the benefit of any agreement entered into between the Client and SHW on the basis of these Conditions of Engagement, but any such agreement between SHW and the Client may be varied from time to time or terminated without the consent of any such person.

15 Severance

- 15.1 If any provision of these Conditions of Engagement or the Confirmation Letter is held by any court or other competent authority to be invalid or unenforceable in whole or in part, the validity of the other provisions of these Conditions of Engagement or the Confirmation Letter and the remainder of the provision in question shall not be affected.

16 Entire Agreement

- 16.1 These Conditions of Engagement and the Confirmation Letter constitute the entire agreement between SHW and the Client relating to the subject matter of these Conditions of Engagement. The Client agrees that it has not relied on and shall have no remedy in respect of any statement, representation, warranty or understanding (whether negligently or innocently made) of any Person other than as expressly set out in these Conditions of Engagement or the Confirmation Letter. Nothing in this condition excludes or limits any liability for fraud.

17 Law and Jurisdiction

- 17.1 English law shall apply to these Conditions of Engagement and the Confirmation Letter and in the event of any dispute arising in relation to the same the English Courts will have exclusive jurisdiction.

SHW August 2017

APPENDIX D

**TENANCY SCHEDULE & LEASE
PRECIS**

Appendix D - Tenancy Schedules

8 & 9 Liverpool Terrace (Including Field Row Units):

Property	Tenant	Demise/ Use	Sq. ft	Lease Expiry	Rental Income pa	Comments
8 Liverpool Terrace						
Basement	Vacant	Office	589	N/a	-	Vacant. In need of decorative repairs.
Ground	Vacant	Office	493	N/a	-	Vacant.
1st Floor	Somers Financial Ltd	Office	487	01-May-19	£5,100	See also 1st Floor 9 Liverpool Terrace. Contracted Out Lease.
2nd Floor	Vacant	Office	558	N/a	-	Vacant.
3rd Floor	Vacant	Office	550	N/a	-	Vacant.
4th Floor	Jason Briggs	Office	477	08-Jun-19	£3,800	T/a Sussex Kitchen & Bathroom Installations. Contracted out Lease.
8 Field Row						
Ground	Vacant	Retail	208	N/a	-	Vacant.
1st Floor	Vacant	Office	193	N/a	-	Accessed via 8 Liverpool Terrace (ground floor) only.
		Total	3555		£8,900	
9 Liverpool Terrace						
Basement	Vacant	Office	599	N/a	-	Vacant.
Ground	Vacant	Office	490	N/a	-	Vacant.
1st Floor	Somers Financial Ltd	Office	582	25-Feb-20	£6,900	See also 1st Floor 8 Liverpool Terrace. Contracted out Lease.
2nd Floor	Asphaleia Ltd	Office	512	22-Jun-20	£3,470	Mutual rolling break upon 3 months notice. Contracted out Lease.
3rd Floor	-	Office	541	N/a	-	Vacant.
9 Field Row						
Ground	Alishea Gumbrell	Retail	237	23-Jun-15	3750	Holding Over. Advised terms are agreed for renewal lease.
1st Floor	Vacant	Office	225	N/a	-	Vacant.
		Total	3186		£14,120	

Appendix D - Tenancy Schedules

Land to the South of 11 Shelley Road:

Space No.	Licensee	Notice Period	Licence Fee (pa)	Comments
1 – 5	Vacant	-	£ -	Licensee vacated 2- 5 Jan 2019
6 – 8	Local Toilet Hire	3 weeks	£1,921	Avg. £640 pa per space
9 – 10	Somers Financial Ltd	1 month	£1,260	Avg. £630 pa per space
11 – 12	Vacant	-	£ -	Vacant Spaces
13 – 15	Somers Financial Ltd	1 month	£1,260	Avg. £420 pa per space
16 – 17	BM Advisory	1 month	£1,200	Avg. £600 pa per space
18 – 23	Vacant	-	£ -	Vacant Spaces. 2 Spaces vacated Jan 2019
		Total	£5,641	

Appendix D - Lease Precs

Demise:	1st Floor, 8 Liverpool Terrace, Worthing
Lease Dated:	04 January 2017
Lessor:	Sealion Estates Ltd
Lessee:	Somers Financial Ltd
Commencement Date:	02 May 2016
Passing Rent:	£5,100 per annum, exclusive (plus VAT)
Effective Date:	02 May 2016
Term:	3 year
Break Clause:	1 st & 2 nd year of term commencement (Tenant only).
Expiry:	01 May 2019
Repairs:	Effective full repairing via service charge contribution
Service Charge:	Yes (capped at £2,300 + VAT per year subject to annual RPI reviews)
Insurance:	Tenant liable for insurance rent
Rent Reviews:	None
Use:	B1 – office
Alienation:	Assignment and subletting of whole only, subject to Landlord consent not to be unreasonably withheld
Security of Tenure:	No (copy of declaration provided – 26.05.2010)
Comments:	Personal Guarantor: Barry Sommers

Demise:	4nd Floor, 8 Liverpool Terrace, Worthing
Lease Dated:	09 June 2016
Lessor:	Sealion Estates Ltd
Lessee:	Jason Briggs (t/a Sussex Kitchen & Bathroom Installations)
Commencement Date:	09 June 2016
Passing Rent:	£3,800 per annum, exclusive (plus VAT)

Effective Date: 09 June 2016
Term: 3 year
Break Clause: None
Expiry: 08 June 2019
Repairs: Effective full repairing via service charge contribution
Service Charge: Yes – assumed fair proportion basis
Insurance: Tenant liable for insurance rent
Rent Reviews: None
Use: B1 – office
Alienation: Absolute covenant
Security of Tenure: No (see comments in report)

Demise: **1st Floor, 9 Liverpool Terrace, Worthing**
Lease Dated: 26 February 2015
Lessor: Sealion Estates Ltd
Lessee: Somers Financial Ltd
Commencement Date: 26 February 2015
Passing Rent: £6,900 per annum, exclusive (plus VAT)
Effective Date: 26 February 2015
Term: 5 years
Break Clause: 3rd year of term commencement (Tenant only) subject to 6 months notice, payment of rent and physical possession
Expiry: 25 February 2020
Repairs: Effective full repairing via service charge contribution
Service Charge: Yes (capped at £2,750 + VAT per year subject to annual RPI review in year 3)
Insurance: Tenant liable for insurance rent
Rent Reviews: None
Use: B1 – office

Alienation: Assignment of whole only subject to Landlord consent not to be unreasonably withheld

Security of Tenure: No (see comments in report)

Comments: Personal Guarantor: Barry Sommers

Demise: **2nd Floor, 9 Liverpool Terrace, Worthing**

Lease Dated: 23 June 2017

Lessor: Sealion Estates Ltd

Lessee: Asphaleia Ltd

Commencement Date: 23 June 2017

Passing Rent: £3,470 per annum, exclusive (plus VAT)

Effective Date: 23 June 2017

Term: 3 year

Break Clause: mutual entitlement on a rolling 3 month basis on or after 6 months following the contractual term. Conditions include payment of rent and physical position.

Expiry: 22 June 2020

Repairs: Effective full repairing via service charge contribution

Service Charge: Yes – assumed fair proportion basis

Insurance: Tenant liable for insurance rent

Rent Reviews: None

Use: B1 – office

Alienation: Absolute covenant

Security of Tenure: No (see comments in report)

Demise: **Ground Floor, 9 Field Row, Worthing**

Lease Dated: 23 June 2017

Lessor: Sealion Estates Ltd

Lessee: Alishea Gumbrell (t/a Alishea's Speedy Repairs)

Commencement Date:	24 June 2005
Passing Rent:	£3,750 per annum, exclusive
Effective Date:	-
Term:	10 year
Break Clause:	5th year of term commencement subject to 6 months notice)
Expiry:	23 June 2015 (Tenant holding over)
Repairs:	Effective full repairing via service charge
Service Charge:	Yes – capped at £230pa, excludes the structure
Insurance:	Tenant liable for insurance rent
Rent Reviews:	5 th year. Upwards only (deemed compliance provisions)
Use:	“Offices within use class B1”
Alienation:	Assignment of whole only subject to Landlord consent not to be unreasonably withheld
Security of Tenure:	Yes
Comments:	Tenant holding over. See comments in report regarding agreed terms for renewal lease

APPENDIX E

SCHEDULE OF RATEABLE VALUES

SCHEDULE OF RATEABLE VALUES:

Address	Description	Rateable Value	Effective Date
8 Liverpool Terrace			
Basement Floor (Front)	Offices and Premises	£4,700	01-Apr-17
Ground Floor	Offices and Premises	£5,500	01-Apr-17
Ground Floor (Rear)	Offices and Premises	£2,000	01-Apr-17
1st Floor	Offices and Premises	£4,250	01-Apr-17
2nd Floor	No Listing	No Listing	No Listing
3rd Floor	Offices and Premises	£3,850	01-Apr-17
4th Floor	Offices and Premises	£2,450	01-Apr-17
8 Field Row			
Ground	Shop and Premises	£3,250	01-Apr-17
9 Liverpool Terrace			
Basement Floor	Offices and Premises	£6,300	01-Apr-17
Ground Floor	Surgery & Premises	£7,300	01-Apr-17
1st Floor	Offices and Premises	£6,500	01-Apr-17
2nd Floor	Offices and Premises	£3,900	01-Apr-17
3rd Floor	Offices and Premises	£3,700	01-Apr-17
9 Field Row			
Ground Floor	Store and Premises	£1,525	01-Apr-17
Shelley Road Car Park			
Parking Spaces 1-5	Car Parking Spaces	£3,000	01-Apr-17
Parking Spaces 6-13	Car Parking Spaces	£4,800	01-Apr-17
Parking Spaces 14-23	Car Parking Spaces	£6,000	01-Apr-17

The logo consists of an orange trapezoidal shape with the letters 'SHW' in white, bold, sans-serif font inside it.

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APPENDIX F

SALES TRANSACTIONS

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Appendix F - Sales Transactions

Commercial Office Space:

Heslington House, Richmond Road, Worthing – a detached Grade II listed office building situated on a 0.5 acre site in a peripheral position within the town centre. The property provided cellular office accommodation of a basic specification over the ground and first floor. Total floor area was 4,292 sq. ft. The freehold interest sold with vacant possession in September 2018 for £750,000 reflecting a rate of **£175 per sq. ft.**

7 Liverpool Terrace (Plus 7 Field Row), Worthing – a neighbouring office building in the subject terrace previously owned by your customer. The property is Grade II listed, arranged over 5 floors and provides a total area of 3,218 sq. ft. At the date of sale 70% of the building was occupied, albeit 1 lease had expired with the Tenant holding over and the other 3 leases (let to a single occupier) were due to expire c. 12 months thereafter. Total gross income generated was £24,400pa exclusive. The freehold interest sold at auction in May 2018 for £465,000 reflecting a net initial yield of 5.02%. If valued on a rate per sq. ft basis the sale price devalues to **£160 per sq. ft** with half rate on the basement.

6 Liverpool Terrace (Plus 7 Field Row), Worthing – a neighbouring office building in the subject terrace previously owner by your customer. The property is therefore Grade II listed, arranged over 5 floors and provided a total floor area of 3,301 sq. ft. The property was vacant at the date of sale albeit benefitted from planning consent to convert the main building and Field Row into 2 self-contained residential dwellings. The freehold interest sold at auction in March 2017 for £545,000, which devalues to **£180 per sq. ft.**, assuming half rate on the basement. We are however of the opinion that this higher rate reflects the residential planning consent.

11 North Street, Worthing – a detached period style office building situated in a peripheral position in the town centre and fronting a busy thoroughfare. The property is mainly configured over the ground and first floors, providing a total of 1,865 sq. ft (excluding an unmeasured basement level). The specification is basic specification and there is on site parking for 10-15 cars. The freehold interest sold in April 2015 for £390,000 reflecting a rate of **£209 per sq. ft** (excluding the basement).

Sussex House, 5 Liverpool Terrace (Plus 5 Field Row), Worthing - a neighbouring Grade II listed office building in the subject terrace, arranged over 5 floors and providing a total floor area of 3,581 sq. ft. Although subject to relatively short leases, this was a multi-let investment comprising 7 leases with the longest expiring in June 2017, approximately 2.5 years after the date of sale. The total Market Rent was £41,139 pa. The freehold interest sold in January 2015 for £470,000, reflecting a net initial yield of 8.35%, Alternatively, this devalues to **£152 per sq. ft** if half rate is applied to basement accommodation.

Residential Sales Transactions:

30 Marine Place, Worthing – a newly converted/ constructed period style 1 bedroom town house, within the town centre, providing a total floor area of approximately 495 sq. ft (Source: EPC). Marine Parade is in part a service road for retail units on South Street. The property has been fitted out to a relatively high standard with new kitchen and bathroom fittings, plus underfloor heating. The freehold interest is available at a quoting price of **£199,950 (£404 per sq. ft)**.

Flat 3, 39 Warwick Street, Worthing – a recently renovated top floor 1 bedroom flat on a mixed retail/ leisure thoroughfare in the town centre. The property has been refurbished to a high standard and includes new bathroom and kitchen fittings, carpeting and decoration. The leasehold interest (125 years) is currently available at a guide price of **£130,000 - £140,000**. Based on a floor area of 410 sq. ft (Source: EPC) this devalues to a minimum of **£317 per sq. ft**.

Flat 3, 48 Grafton Road, Worthing – a 1 bedroom split level (2nd/ 3rd floor) flat in a converted 4 storey property on a residential street close to Liverpool Terrace. The property measures 550 sq. ft and was in relatively good decorative order, albeit with basic bathroom and kitchen fittings. The bedroom is situated within the eaves of the roof. The share of freehold (965 years unexpired) sold in July 2018 for **£157,000 (£285 per sq. ft)**.

Arundel Lodge, 2 Shelley Road, Worthing – a 1 bedroom 4th floor flat in a purpose built mixed residential/ office block situated close to the subject property. The flat measures approx. 620 sq. ft and is in relatively basic decorative order with dated kitchen and bathroom fittings. The leasehold interest (unexpired term unknown) recently went under offer but we have been unable to obtain details of the agreed sale price. The quoting price of **£150,000** devalues to **£243 per sq. ft**.

Car Park Sales Transactions:

Land at 16 Liverpool Gardens, Worthing – a rectangular shaped plot providing approximately 10 parking spaces with vehicular access from Liverpool Gardens. All spaces were let to Sussex Community NHS Trust under a single lease and subject to a rent of £1,000pa per space (total £10,000pa). The freehold interest sold via auction in September 2016 for £152,500 reflecting a net initial yield of 6.44%. This site was however more prominently positioned within the town centre next to office several buildings.

Car Park at Braemar House, Norfolk Road, Brighton – a surfaced car park within a walled compound in the centre of Brighton. We are advised that 8 out of 10 spaces are currently let on licences producing a total gross income of £16,376 per annum. The long leasehold interest of 999 years commencing March 1967 (ground rent £100pa) sold via auction in December 2018 for £195,000 reflecting a net initial yield of 8.21%.

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APPENDIX G

RENTAL TRANSACTIONS

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Appendix G – Rental Transactions

Commercial Office Space:

Ground Floor (East), 3 Liverpool Gardens, Worthing – a raised ground floor office suite of c. 574 sq. ft in a more modern purpose-built property close to the subject premises. Specification includes a kitchenette, suspended ceiling with inset lighting, perimeter trunking, central heating and use of communal WC facilities. Included with the office are two parking spaces on site. The unit was subject to a rent review in September 2018, whereby the rent increased from £8,100pa to £8,879pa. This devalues **£14.49 per sq. ft** with a rate of £750 on the additional parking space. Hypothetical terms for the review comprised a hypothetical term of 5 years.

Suite B, 3 Liverpool Gardens, Worthing – a 2nd floor office suite in a more modern purpose-built block situated close to the subject premises. Specification includes suspended ceiling with inset lighting, perimeter trunking, a kitchenette, use of communal WC facilities and 2 allocated on site parking spaces. The suite was subject to a new letting which we understand recently completed. Parties agreed a 10 year effective full repairing lease (outside the LTA 1954) with Tenant break options at the 3rd and 5th year and mid-term upwards only review. Based on a floor area of 1,648 sq. ft, the rent of £21,500pa exclusive (no rent free period) devalues to c. **£13 per sq. ft.**

Office 3, 15 Liverpool Gardens, Worthing – cellular office accommodation arranged over the ground and first floor, situated close to the subject premises in a more traditional converted office building. The total floor area is 906 sq. ft and the specification includes suspended ceiling with inset lighting, perimeter trunking, air conditioning and 3 parking spaces (2 in tandem). The property is self-contained in respect of kitchen and WC facilities. We are informed the property was subject to a contracted out lease renewal in the latter part of 2018. We understand parties agreed a 5 year effective full repairing lease with a Tenant break option at the 3rd year. The Rent of £14,500pa exclusive devalues to c. **£14.75 per sq. ft** if a rate of £750pa (x1.5) is attributed to the 2nd double length parking space.

1 Shelley Road, Worthing – a traditional brick-built property situated close to Liverpool Terrace and configured over the ground and first floors, providing cellular office suites (total NIA 1,688 sq. ft). The property is of a relatively basic specification with gas fired central heating and fluorescent strip lighting. We understand there was no allocated parking. The property was subject to a new lease in June 2016. Parties agreed a 5 year lease subject to a 3rd year rent review and Tenant break option. The initial rent was £18,000pa and a 3 month rent free period was granted. The rent devalues to **£10.66 per sq. ft.**

3 Liverpool Terrace, Worthing – basement, ground and first floor office suites available in a near identical building within the subject terrace. Suites range from 956 – 1,201 sq. ft, although can be taken together providing a total floor area of 3,201 sq. ft. We understand that suites are of a similar specification to the subject premises and available on effective full repairing terms at a quoting rate of **£11.50 per sq. ft** exclusive of rates and other outgoings. We have not been able to speak with the agent but understand there has recently been a rent reduction which we assume is due to limited demand.

APPENDIX H

VALUATION CALCULATIONS

Appendix H - Valuation Calculations (Market Value)

No. 8 Liverpool Terrace:

	Sq. ft	£ per sq. ft.	£
NIA (Excl. Basement)	2,565	160.00	£410,400
Basement	589	80.00	£47,120
Subtotal	3,154		£457,520
Less estimated MEES improvement Works			<u>(£10,000)</u>
Subtotal			£447,520
Say			£445,000

8 Field Row

Proposed 1 Bedroom Dwelling (Gross Value)	£160,000
Less Estimated Conversion Costs *	<u>(£115,000)</u>
Subtotal	£45,000

Cumulative Total

£490,000

* Inclusive of Fees and Developer's Profit

No. 9 Liverpool Terrace:

	Sq. ft	£ per sq. ft.	£
NIA (Excl. Basement)	2,350	160.00	£376,000
Basement	599	80.00	£47,920
Subtotal	2,949		£423,920
Less estimated MEES improvement Works			<u>(£10,000)</u>
Less Remedial Works to Ceiling			<u>(£5,000)</u>
Subtotal			£408,920
Say			£410,000

9 Field Row (GF retail)

Market Rent (237 sq. ft @ £12. 50 per sq. ft), say	£3,000pa
YP in perp def. 9 months @ 7.5%	<u>x12.69</u>
Subtotal	£38,070
Less office owner occupier discount (single lot)	<u>-15%</u>
Subtotal	£32,360
Less purchasers Costs *	<u>(£2,000)</u>
Total	£30,360
Say	£30,000

Cumulative Total

£440,000

* Assumed minimum fee for Agent & Legal Costs

Land to the south of 11 Shelley Road, Worthing:

Market Rent: 17 spaces at £650per space	£11,050
YP in perp @ 9%	<u>x11.11</u>
Subtotal	£122,766
Less purchasers Costs	<u>(£2,210)</u>
Total	£120,556

Say

£120,000

GRAND TOTAL

£1,050,000

Appendix H - Valuation Calculations (Market Rent)

8 Liverpool Terrace (Office Space):

	Sq. ft	£ per sq. ft	£ pa (say)
Basement	589	£9.00	£5,300
Ground Floor	493	£11.50	£5,650
1 st Floor	487	£11.50	£5,600
2 nd Floor	558	£11.00	£6,150
3 rd Floor	550	£10.50	£5,800
4 th Floor	477	£10.00	£4,750
Total	3,154		£33,250

8 Field Row (Proposed Residential)

Ground and 1st Floors (1 bed split level dwelling) £795pcm **£9,540**

Cumulative Total

£42,790 pa exclusive

9 Liverpool Terrace (Office Space):

	Sq. ft	£ per sq. ft	£ pa (say)
Basement	599	£9.00	£5,400
Ground Floor	490	£11.50	£5,650
Ground Floor (1 st Floor Field Row)	225	£10.00	£2,250
1 st Floor	582	£11.50	£6,700
2 nd Floor	512	£11.00	£5,650
3 rd Floor	541	£10.50	£5,700
Total	2,949		£31,350

9 Field Row (Retail Unit)

Ground Only (Street Level) 237 £12.50 **£3,000**

Cumulative Total

£34,350 pa exclusive

Land to the south of 11 Shelley Road, Worthing:

Market Rent: 17 spaces at £650per space

£11,050pa inclusive

TOTAL MARKET RENT

£88,190pa