

# *Valuation Advisory*

**Client:** Proplend Security Limited

**Property:** 1 West Street, Newbury, Berkshire, RG14 1BE

April 2019



# Contents

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<b>1. Location .....</b>	<b>1</b>
1.1. Location .....	1
1.2. Communications.....	2
1.3. Situation.....	2
<b>2. Description.....</b>	<b>4</b>
2.1. Site .....	4
2.2. Proposed Development.....	5
2.3. Accommodation.....	6
2.4. Condition .....	7
2.5. Environmental Considerations .....	8
2.6. Sustainability Considerations .....	8
<b>3. Legal .....</b>	<b>10</b>
3.1. Title Review .....	10
3.2. Tenancy.....	10
3.3. Planning.....	10
3.4. Statutory and Tax Matters.....	11
<b>4. Market Commentary.....</b>	<b>12</b>
4.1. Residential Market Review .....	12
4.2. Local Market Review.....	13
<b>5. Market Evidence &amp; Analysis.....</b>	<b>15</b>
5.1. Capital Values .....	15
5.2. Rental Values.....	21
<b>6. Valuation Commentary.....</b>	<b>23</b>
6.1. Valuation Approach.....	23
6.2. Residual Valuation Approach .....	23
<b>7. Valuation Commentary.....</b>	<b>26</b>
7.1. Analysis.....	26
7.2. Suitability for Loan Security Purposes.....	27
<b>8. Valuation.....</b>	<b>28</b>
8.1. Market Value <b>on the Special Assumption that planning for the proposed scheme is in place and that it is purchased via a Special Purchase Vehicle:</b> .....	28
8.2. Market Value on the Special Assumption of the above and a 180 Day Marketing Period: .....	28
8.3. Market Value of the Completed Development (the Gross Development Value):.....	28
8.4. Confidentiality and Publication .....	28

# Appendices

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Appendix 1 ..... Letter of Instruction

Appendix 2 ..... General Terms and Conditions

..... General Principles

..... Definition of Market Value

Appendix 3 ..... Location Plans and Maps

Appendix 4 ..... Photographs

Appendix 5 ..... Valuation Print-Out

# 1 West Street, Newbury, Berkshire, RG14 1BE

## Executive Summary

### Location

- Newbury is the principal town in West Berkshire and its administrative centre. It is situated on the River Kennet and is located approximately 60 miles west of London and 65 miles east of Bristol.
- The property is situated circa 50m west of Northbrook Street, one of the principal shopping areas of Newbury and the main pedestrianised area. The surrounding area is a mixture of retailing and offices interspersed with residential conversions.
- London Road runs in an east-west direction circa 200m to the north of the subject and provides a direct link to the A339 and on to the A34/M4 and wider motorway network.
- The property is equidistant between two parks, Northcroft Park to the west and Victoria Park to the east. The River Kennet is circa 500m to the south.

### Description

- The property comprises a former snooker hall, in a vacant state. Briefly it is of brick construction under a level roof with bespoke undulating mouldings. The majority of the building is single storey with high level windows. A small portion is two storey providing WC's and a small office.
- The property occupies almost 100% of the site and has a number of shared party walls. There is a shared access to the west of the site, directly on to West Street. This is shared with the adjoining electricity substation.

### Tenure

- Freehold.

### Tenancy

- The property is currently vacant.

### Planning

- The site now has outline planning permission under application 18/00207/OUTMAJ, for the development of 20 residential apartments, granted 19 November 2018. As at the valuation the date, the site did not have consent, hence the special assumption.

### Analysis

#### Strengths

- Good location within walking distance of Newbury Town Centre.
- Newbury is a buoyant market with good transport links.
- Limited supply of new build properties in the area.
- Proposed scheme to be of a good standard and specification expected in this market.

#### Weaknesses

- Competition from schemes benefitting from a more prime positioning.
- The size of the site is tight and therefore outside green space is restricted.
- Location of substation may prove prohibitive in developing the site.

Due Diligence and Lender Action Points	Principal Risks
<p>We have assumed:</p> <ul style="list-style-type: none"> <li>■ All necessary Title enquiries will be undertaken by your legal advisers.</li> <li>■ Copies of all planning consents, reserved matter decisions and associated documents will be supplied to and reviewed by your legal advisers.</li> <li>■ Your project monitoring surveyor will review the estimated build costs when available and project timescales to confirm they are sufficient to complete the scheme. We should be advised if their opinion is materially different to the assumptions we have made. They should ensure there will be adequate warranties for mortgage lending purposes.</li> </ul>	<p>In considering this property as security for the proposed loan, we would draw your attention to the following main risks:</p> <ul style="list-style-type: none"> <li>■ Development Risk - There is market risk in undertaking the development of this site as well as risks associated with identifying previously unknown site problems such as ground conditions, contamination or technical issues, and a risk associated with the sale of the completed units and changing market conditions.</li> <li>■ Interest Rates - Expected rises in the Bank of England base rate will affect interest repayments on any loans obtained. If these are not fixed interest rates, then finance repayments will have an adverse effect on the level of profit anticipated on completion of this refurbishment.</li> <li>■ Building works - As in any development there are risks associated with the progression of the building works and in terms of the contractors achieving the intended specifications, dimensions, areas and so on, together with their ability to not only complete the refurbishment to a high standard but also within the scheduled timescale.</li> <li>■ Funding - We emphasise that development values are inherently volatile and can rise steeply during buoyant market periods and fall rapidly when the market weakens. As a consequence, the ability of development funding is sensitive to market conditions as demonstrated in the previous recession with particular reference to apartment schemes.</li> </ul>
Valuations as at: 10 October 2018	
<p><b>Market Value (on the Special Assumption that planning for the proposed scheme is in place and that it is purchased via a Special Purchase Vehicle):</b></p>	<p>£1,875,000</p>
<p><b>Market Value (based on the Special Assumption stated above and 180 days to market and sell the subject property):</b></p>	<p>£1,875,000</p>
<p><b>Market Value of the Completed Development (GDV):</b></p>	<p>£5,298,0000</p>
<p><b>Purchasers Costs:</b></p>	<p>Stamp Duty at 0.5% plus 1.50%</p>

### Suitability for Loan Security

- On the basis of the information provided and subject to the comments contained within this report, we consider the property forms suitable security for a mortgage advance. In accordance with normal commercial practice, however, we would anticipate any advance being for only a proportion of our opinion of Market Value.
- We recommend that all drawdowns during the refurbishment period are subject to certified valuations by a quantity surveyor or project monitoring surveyor, who should also advise on the build contract, procurement, the professional team, step in rights, warranties and the like.
- **As instructed we are readdressing this report. Since the report was issued in October 2018, the property now has outline consent for 20 units granted November 2018. The total area has increased from 1,131 sqm to 1,156 sq m. The level of professional fees adopted in this report would also be lower to reflect the new planning position.**

This Overview forms part of the Valuation Report dated October 2018 and should not be read in isolation.



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London  
N1 7GU

Your ref  
Our ref AG/byh  
Direct line +44 (0)117 930 5830  
Adam.Greenwood@eu.jll.com

18 October 2018

Dear Sirs

### Terms of Reference

**Addressee:** The Directors  
Proplend Security Limited  
20-22 Wenlock Road  
London  
N1 7GU

For the attention of Brian Bartaby

**Property Address:** 1 West Street, Newbury, Berkshire, RG14 1BE

**Reliance:** The Addressees may disclose all or part of the report (without reliance):

- a) where disclosure is requested or required by law or in respect of legal proceedings in connection with the report;
- b) where disclosure is requested or required by the mandatory rules or regulations of any competent supervisory or regulatory body of any Addressee;
- c) to any affiliates of any Addressee;
- d) to their respective agents or advisers, any financial institution or other entity and their respective advisers, in connection with the loan and/or hedging transactions under the Facility Agreement;
- e) to future owners, or prospective purchasers, of any loan and/or hedging transaction under and/or of any property financed under the Facility Agreement; and,
- f) in any communications or offering materials or ongoing investor reporting materials.

Our total liability in respect of this Report shall not exceed £5,000,000. Please note the exclusions and limitations of liability in our General Terms and Conditions of Business or pre-agreed terms of engagement or service agreement agreed between us.

**Borrower:** Rissance Land No. 56 Ltd

**Tenure:** Freehold

**Valuation Date:** 10 October 2018

**Instruction Date:** 04 April 2019



<b>Instruction and Purpose of Valuation:</b>	In accordance with your letter dated 04 April 2019 (attached to Appendix 1) we are instructed to provide you with a report and valuation for loan security purposes.
<b>Proposed Loan Details:</b>	TBC
<b>Basis of Valuation:</b>	<p>Our valuation has been prepared in accordance with the RICS Valuation- Professional Standards, January 2014 published by the Royal Institution of Chartered Surveyors on the basis of Market Value as defined in Appendix 2.</p> <p>The report is subject to, and should be read in conjunction with, the attached General Terms and Conditions of Business and our General Principles Adopted in the Preparation of Valuations and Reports which are attached in Appendix 2.</p> <p>No allowance has been made for any expenses of realisation, or for taxation (including VAT) which might arise in the event of a disposal and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.</p>
<b>Inspection:</b>	<p>The property was inspected specifically for this valuation. All significant parts of the property were inspected.</p> <p>The property was inspected on 10 October 2018 by Alastair Kimpton MRICS and Adam Greenwood MRICS.</p>
<b>Personnel:</b>	<p>The valuation has been prepared by Lauren Baddeley MRICS under the direction of Adam Greenwood MRICS, Director.</p> <p>We confirm that the personnel responsible for this valuation are qualified for the purpose of the valuation in accordance with the RICS Valuation – Professional Standards and are RICS Registered Valuers.</p>
<b>Status:</b>	In preparing this valuation we have acted as External Valuers, subject to any disclosures made to you.
<b>Disclosure:</b>	We confirm we have had a previous involvement with the property during the past 24 months of which you are aware.
<b>Assumptions:</b>	<p>As instructed we have made three Special Assumptions:</p> <ol style="list-style-type: none"><li>1) That planning consent for the proposed scheme is in place.</li><li>2) That the property is purchased through a Special Purchase Vehicle.</li><li>3) Market Value on the Special Assumption of a 180 day period to market and exchange contracts for the sale of the property.</li></ol>
<b>Sources of Information:</b>	We have been provided with an information pack including site plans, planning status reports, schedule of areas, build costs and further information.
<b>Market Value:</b>	<p>£1,875,000</p> <p>(One Million Eight Hundred and Seventy-Five Thousand Pounds)</p>
<b>Purchaser's Costs:</b>	As instructed, we have allowed for Stamp Duty Land Tax at 0.5%.



We have also allowed for agents and legal fees at standard market rates which amounts to 1.50%.

**Confidentiality and Publication:** Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours faithfully

A handwritten signature in black ink that reads "LC Baddeley". The signature is written in a cursive style with a large, looped initial "L".

**Lauren Baddeley MRICS  
Surveyor  
For and on behalf of  
Jones Lang LaSalle Limited**

Yours faithfully

A handwritten signature in black ink that reads "AG". The signature is written in a cursive style with a large, looped initial "A".

**Adam Greenwood MRICS  
Director  
For and on behalf of  
Jones Lang LaSalle Limited**

# 1. Location

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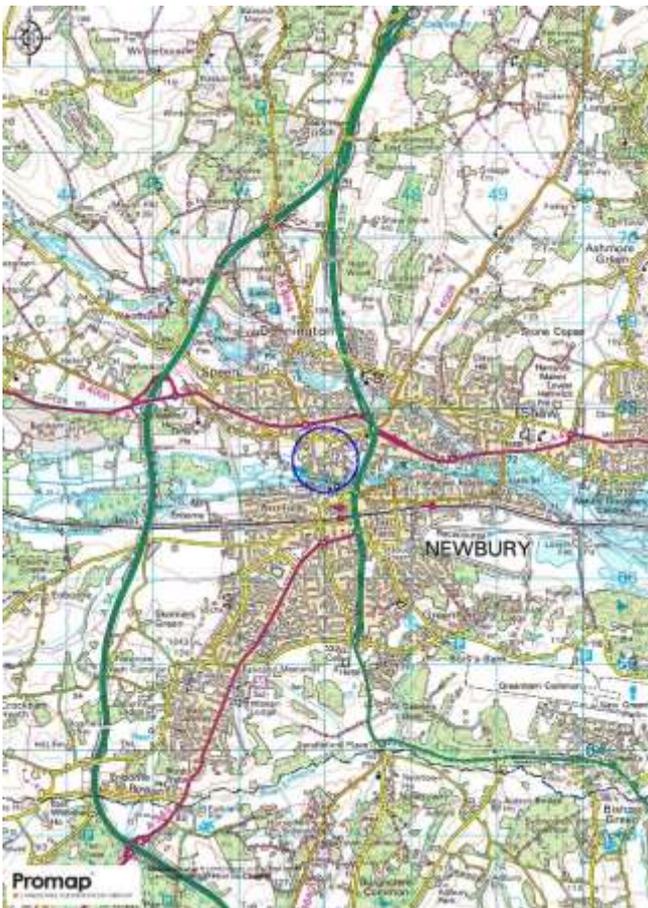
## 1.1. Location

### 1.1.1. General Location

Newbury is the principal town in West Berkshire and the administrative centre. It is situated on the River Kennet and is located approximately 60 miles west of London and 65 miles east of Bristol.

The district has excellent communication links to London and to the West via trunk roads, the M4 motorway and mainline railways.

West Berkshire is home to a number of well-known national and international companies such as Atomic Weapons Establishment (AWE), Bayer, Nextra, Quantel and Vodafone. A strong industrial base, characterised by new technology industries with a strong service sector and several manufacturing and distribution firms, combine to give West Berkshire one of the lowest unemployment rates in the country.



### 1.1.2. Local Economy

West Berkshire is within the Thames Valley, one of the most prosperous sub regions in Europe which includes South Buckinghamshire, South Oxfordshire, Berkshire, North Hampshire and Surrey. Within West Berkshire the existing employment areas are focussed on the urban town centres particularly Newbury.

Whilst West Berkshire has large businesses based in the area the majority of business are SMEs which cover a diverse range of sectors.

The service sector accounts for 65% of total employment in Newbury with the Professional and Business Services and Finance sectors accounting for 12.3% of total employment. The retail and leisure sectors account for 23.3% of total employment and manufacturing accounts for 11%.

West Berkshire is a high performing economy with a strong local skills bases. The area has higher than average levels of educational attainment and skills and relatively low numbers of young people not in education. West Berkshire however does suffer from an ongoing loss of people aged between 25-39 years, recorded between the 2001 and 2011 Census. Nationally 20-34 year olds make up 20% of the population whereas in West Berkshire it is 16% leading to an increasing average age of the population.

### 1.1.3. Demographic

As at 2011 Newbury had a population of 153,822. Between 2016 and 2021 Newbury is projected to see above average growth in population.

The Newbury catchment area includes a relatively high proportion of children aged 0-14 and working age adults between 45 and 64. In contrast young adults, those aged between 15 and 24 are particularly under represented and the retired aged over 65 are moderately under-represented.

Newbury is affluent with spending levels above national averages. In 2011 Newbury contained significantly above average proportions of adults of working age within the most affluent AB social group (managerial and professional occupation). The least affluent D and E social groups were particularly under-represented.

The level of car ownership is high and is above average. Owner occupation however is around average. House prices are above the average in Q2 2017 and have increased at a faster rate than the average between Q2 2016 and Q2 2017.

## 1.2. Communications

The M4, Junction 13 serves Newbury to the north with the A34 heading south to the M3. Approximately 22 miles east is Reading with central London approximately 59 miles to the east. Swindon is approximately 27 miles to the west, with Basingstoke 16 miles to the southwest.

Newbury is served by two railway stations, Newbury and Newbury Racecourse, which both lie on the Reading to Plymouth Line. Newbury Railway Station is within walking distance of the property. Newbury mainline railway station has services into London Paddington with a journey time of approximately 45 minutes. With the electrification of the main line into Paddington and the extension of Cross-Rail into Reading, journey times into central London are set to improve further increasing the desirability of the town to commuters.

The nearest airport is London Heathrow which is located 40 miles to the east and provides flights to international and domestic destinations.

## 1.3. Situation

The property is situated circa 50m west of Northbrook Street, one of the principal shopping areas of Newbury and the main pedestrianised area. The surrounding area is a mixture of retailing and offices interspersed with residential conversions.

London Road runs in an east-west direction circa 200m to the north of the subject and provides a direct link to the A339 and on to the A34/M4 and wider motorway network.

The property is equidistant between two parks, Northcroft Park to the west and Victoria Park to the east. The River Kennet is circa 500m to the south.



## 2. Description

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### 2.1. Site

#### 2.1.1. Description

The property comprises a former snooker hall, which is now vacant. The previous use is unlikely to be continued hence we have considered alternative uses. For the purpose of this valuation we have assumed that a reasonable purchaser would refurbish and alter the building to provide 20 residential units (arranged as 3 x one bedroom apartments and 17 x two bedroom apartments).

Briefly, it is of brick construction under a level roof with bespoke undulating mouldings. The majority of the building is single storey with high level windows. A small portion is two storey providing WC's and a small office.

The property occupies almost 100% of the site and has a number of shared party walls. There is a shared access to the west of the site, directly on to West Street. This is shared with the adjoining substation.

The property is shown for identification purposes on the Ordnance Survey extract below and attached at Appendix 3, the extent of the site being outlined in red in accordance with our understanding of the site boundaries. Your solicitors should verify that we have correctly identified the extent of the site.



### 2.1.2. Access

The property is currently accessed from West Street, which is an adopted highway. This is shared with the adjoining ballet school and access to an electricity substation.



Access from West Street



Street Scene

Further photographs of the property are shown at Appendix 4.

## 2.2. Proposed Development

### 2.2.1. General

We are aware the Borrower has submitted a pre-application advice letter for a scheme of 21 units. The Newbury planning officers advised that, due to the need to provide further parking, a scheme of 19 units would likely be acceptable.

A revised outline planning application (Ref: 18/00207/OUTMAJ) has since been submitted for 20 units. We understand that the granting of this consent is currently awaiting decision by West Berkshire Council, subject only to a pending approval of the S106 agreement. As instructed, we have valued the property on the Special Assumption that consent is in place for this scheme.

### 2.2.2. Construction

Structure and Foundations:	Traditional block construction on strip and piled foundations.
Finish to Elevations:	Mixture of natural stone and rendered elevations.
Windows:	Quality double glazing.
Roof:	Retention of existing roofing.

### 2.2.3. Specification

Interior Décor:	Plastered and emulsion painted walls and ceilings.
Flooring:	Quality carpeting, wood or tiling throughout. Underfloor heating.
Kitchen:	Fully fitted kitchens with integral quality branded appliances and worktops.
Bathrooms & En-suites:	Quality branded suites, tiles and fittings.
Utility Rooms:	Space for washing machine and tumble dryer.
Heating:	Gas fired central heating.

Lighting:	Integrated spot lighting. External lighting.
External Areas:	Landscaped and lawned.

#### 2.2.4. Services

We understand that all mains services including gas, water, electricity and mains drainage currently exist at the property.

We have assumed that the refurbishment would be relatively straightforward without any significant abnormal costs required to provide services such as gas, water, drainage and electricity.

### 2.3. Accommodation

We have been provided with an accommodation schedule showing the Gross Internal Area (GIA), which we assume have been prepared in accordance with the RICS Code of Measuring Practice (6<sup>th</sup> Edition).

An accommodation schedule is shown below:

Plot	Description	Floor	Sq m	Sq ft
1	2 bed ground floor apartment	Ground	51.00	549
2	2 bed ground floor apartment	Ground	51.00	549
3	2 bed first floor apartment	First	50.00	538
4	2 bed first floor apartment	First	65.00	700
5	1 bed first floor apartment	First	44.00	474
6	2 bed first floor apartment	First	66.00	710
7	2 bed first floor apartment	First	59.00	635
8	2 bed first floor apartment	First	59.00	635
9	2 bed second floor apartment	Second	50.00	538
10	2 bed second floor apartment	Second	65.00	700
11	1 bed second floor apartment	Second	44.00	474
12	2 bed second floor apartment	Second	66.00	710
13	2 bed second floor apartment	Second	59.00	635
14	2 bed second floor apartment	Second	59.00	635
15	2 bed third floor apartment	Third	50.00	538
16	2 bed third floor apartment	Third	65.00	700
17	1 bed third floor apartment	Third	44.00	474
18	2 bed third floor apartment	Third	66.00	710
19	2 bed third floor apartment	Third	59.00	635
20	2 bed third floor apartment	Third	59.00	635
<b>Total</b>			<b>1,131.00</b>	<b>12,174</b>

As a result of the consent of planning since the valuation date, the total area has increased from 1,131 sq m to 1,156 sq m.

## 2.4. Condition

### 2.4.1. General

The property comprises a cleared development site, formerly operating as a snooker hall. We understand that services exist at the property.

Our assessment of the GDV is on the assumption that conversion is complete and undertaken on the basis that the units are complete and that they are in good structural repair and condition with no deleterious materials and that the services function satisfactorily.

We have assumed that the new development including all building works will be carried out in accordance with best practice, adhering to all necessary legislation. NHBC or similar certification/warranties will need to be made available, with all appropriate guarantees in place for the equipment installed.

### 2.4.2. Deleterious Materials

It is unlikely that there will be any deleterious materials used within the fabric of any new build construction and, for the purposes of our valuation; we have assumed that there are no materials within the existing surface of the site which would adversely affect Market Value. Any materials found will need to be removed under controlled conditions. Finally, we have also assumed that no deleterious materials will be used within the construction of the remainder of the scheme.

### 2.4.3. Asbestos

The use of asbestos containing materials was banned in the United Kingdom in November 1999. Therefore, buildings constructed after this date will not contain asbestos. However, buildings constructed prior to this may contain asbestos.

We have assumed that any asbestos on site will be removed correctly and that no asbestos materials will be used in the construction of the new dwellings.

### 2.4.4. Obsolescence and Life Expectancy

Upon completion of the proposed refurbishment, assuming normal routine maintenance and repair, as well as reasonable and prudent management of the property, we consider the life expectancy of the proposed units will be in excess of 50 years, albeit they are likely to need to be updated in future as styles and requirements change.

### 2.4.5. Equality Act 2010

We have assumed the buildings will be constructed in compliance with the Equality Act 2010.

## 2.5. Environmental Considerations

### 2.5.1. Contamination

We recommend that your legal advisors obtain formal confirmation from the current owner and occupiers that no notices have been served on them by the Local Authority.

We have been instructed not to make any investigations, in relation to the presence or potential presence of contamination in land or buildings, and to assume that if investigations were made to an appropriate extent then nothing would be discovered sufficient to affect value. We have not carried out any investigation into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites and have therefore assumed that none exists. In practice, purchasers in the property market do require knowledge about contamination. A prudent purchaser of this property would be likely to require appropriate investigations to be made to assess any risk before completing a transaction. Should it be established that contamination does exist, this might reduce the value now reported.

No indications of past or present contaminative land uses were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or ground waters. In the event of contamination being discovered, further specialist advice should be obtained. You are advised to ensure that your legal adviser takes up the usual enquiries on your behalf, in respect of possible contamination issues, prior to entering a commitment to purchase.

### 2.5.2. Ground Conditions

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. We cannot confirm whether invasive vegetation has been or is present on the site and our valuation assumes that none exists. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where refurbishment is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

### 2.5.3. Flood Risk

We have reviewed the Environment Agency Flood Map for Planning (Rivers & Sea) which shows the property is in an area at risk of flooding, having a 1% annual probability of river or sea flooding. It does however benefit from flood defences.

For the purposes of our valuation we have assumed that the property has not flooded historically. If the property has historically flooded, then our valuation will be affected. Our valuation assumes the property can be insured at normal risk and rates.

## 2.6. Sustainability Considerations

### 2.6.1. Energy Performance

Under the Energy Act 2011 Energy Performance Certificates (EPC's) are required when any building is sold, rented out, constructed and for major refurbishment projects. EPCs give information on a building's energy efficiency in a sliding scale from "A" (very efficient) to "G" (least efficient). EPC's are essentially required for privately occupied buildings and are the landlord's responsibility.

As a result of the Energy Efficiency Regulations 2015, the Minimum Energy Efficiency Standards (MEES) that come into effect on 1 April 2018 for new leases and lease renewals/extensions and from 1 April 2023 for all existing leases. The standard make it unlawful for properties with F or G Energy Performance Certificates (EPC) to be let, without implementing cost-effective energy efficiency improvements or fulfilling an exemption criterion.

On completion of construction the properties will need to be rated. Whilst we do not anticipate that they will not meet the standards required, as they are new build, we recommend that you ensure that the borrower puts in place a clear strategy to ensure that all relevant parts of the property comply with expected EPC requirements as this might involve upgrade and capital expenditure and any shortfall may deter purchasers.

The Code for Sustainable Homes has recently been abolished by the Government. Elements of the code will now be incorporated into building regulations, which will be retitled as 'The New National Technical Standards' and set at the equivalent of a Code Level 4. We have assumed the development achieves a minimum rating comparable to Code Level 4 in line with the recommendations of the Local Planning Authority.

## 3. Legal

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### 3.1. Title Review

We understand the property is held freehold. We have not been provided with a copy of the Report on Title but if this becomes available we would be pleased to comment on it.

We have assumed that there are no encumbrances or unduly onerous or unusual easements, restrictions, outgoings or conditions, likely to have an adverse effect upon the value of the property, and we have assumed that a good and marketable title is held.

The borrower has advised that rights of access and egress to the property for pedestrians, vehicles, and services, exist over the access road from the adopted highway. We have assumed this to be the case.

We would recommend that the information regarding tenure is verified by your legal advisers and, furthermore, we would stress that the above assumptions regarding tenure should not be relied upon until they have been confirmed as being accurate by your legal advisers.

We have assumed that the completed units will be sold freehold.

### 3.2. Tenancy

The property is currently vacant.

### 3.3. Planning

#### 3.3.1. General

The property is situated under the jurisdiction of West Berkshire Council whose Planning Policy is guided by the Development Plan. The Development Plan is made up of a number of documents including the Housing Site Allocations Development Plan Document, adopted May 2017, Core Strategy Development Plan Document (2006 – 2026) adopted July 2012 and West Berkshire District Local Plan 1991 – 2006 (saved Policies 2007).

#### 3.3.2. History

We have made informal internet based enquiries of the Council's planning website; however, your legal advisors should confirm our assumptions and advise otherwise.

We have checked the online planning register which reveals the following planning history for the property:

Reference	Detail	Decision
18/00207/OUTMAJ	Outline application for development of 20 residential apartments, matters to be considered: Access, Layout and Scale.	Granted November 2018

#### 3.3.3. Section 106 Agreement

There is a Section 106 Agreement included within the planning documents for the proposed scheme. We understand that this equates to an Affordable Housing contribution amounting to £65,000. We have adopted this within our appraisal.

#### 3.3.4. Community Infrastructure Levy (CIL)

A CIL payment (gross of indexation) of £42,327 has been provided by the Borrower for the development.

From the CIL charging schedule for West Berkshire we are aware that a rate of £75 per sq m is chargeable for market housing. We are aware from the CIL application form that the proposed gross internal floorspace of market housing proposed is 496 sq m, which equates to a CIL payment of £42,327. We have adopted this within our appraisal.

#### 3.3.5. Listed Building Consent and Conservation Area

The property is not listed, however is within the ENV33 Conservation Area.

#### 3.3.6. Current Planning Issues

We are not aware of any current planning issues or highway proposals likely to have an adverse impact upon the value of the property in the foreseeable future.

### 3.4. Statutory and Tax Matters

#### 3.4.1. Council Tax

Once the proposed development is complete, the units will be individually assessed for Council Tax purposes.

#### 3.4.2. Value Added Tax

We are unaware of the VAT situation in relation to this site, although we assume that this will be investigated by your legal advisers. Our valuation does not reflect VAT.

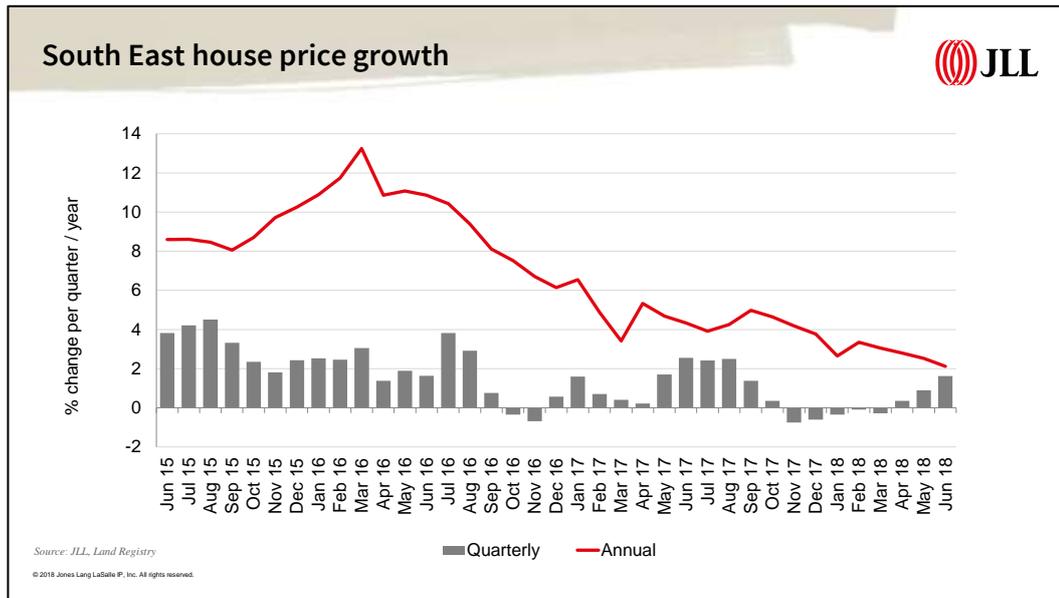
#### 3.4.3. Stamp Duty Land Tax

We have allowed for Stamp Duty Land Tax at 0.5% as per a purchase using a Special Purchase Vehicle (SPV).

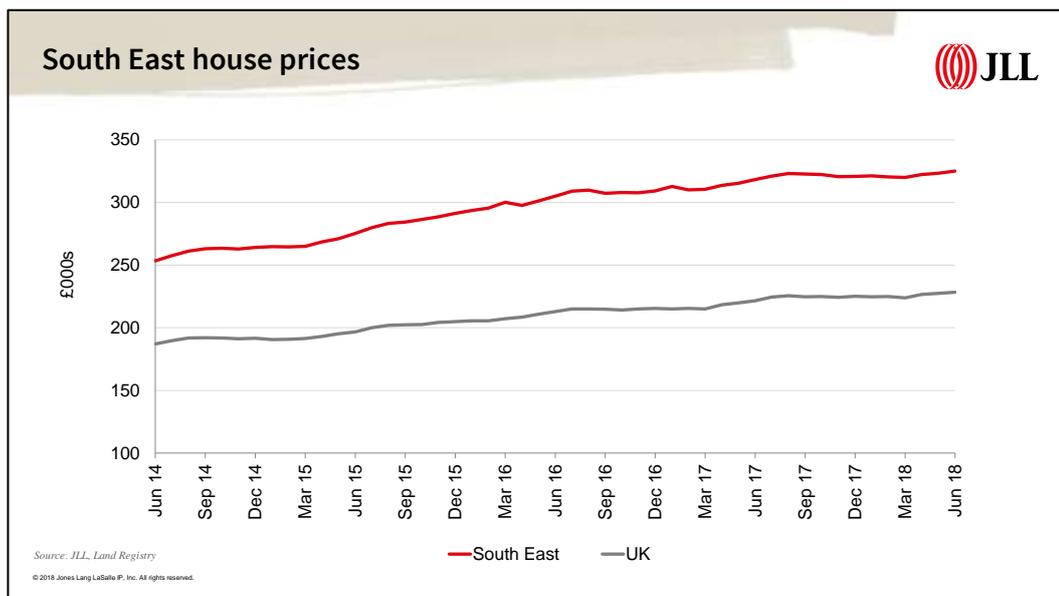
## 4. Market Commentary

### 4.1. Residential Market Review

House prices in the South East rose by 1.6% in the three months to end-June 2018. This is slightly below the increase of 2.0% across the UK over the same period. The 1.6% increase compares with a drop of 0.3% in the three months to end-March and a decrease of 0.6% three months earlier. In the year to end-June 2018, house prices in the South East increased by 2.1% which is below the average growth of 3.0% across the UK. (Source: Land Registry).

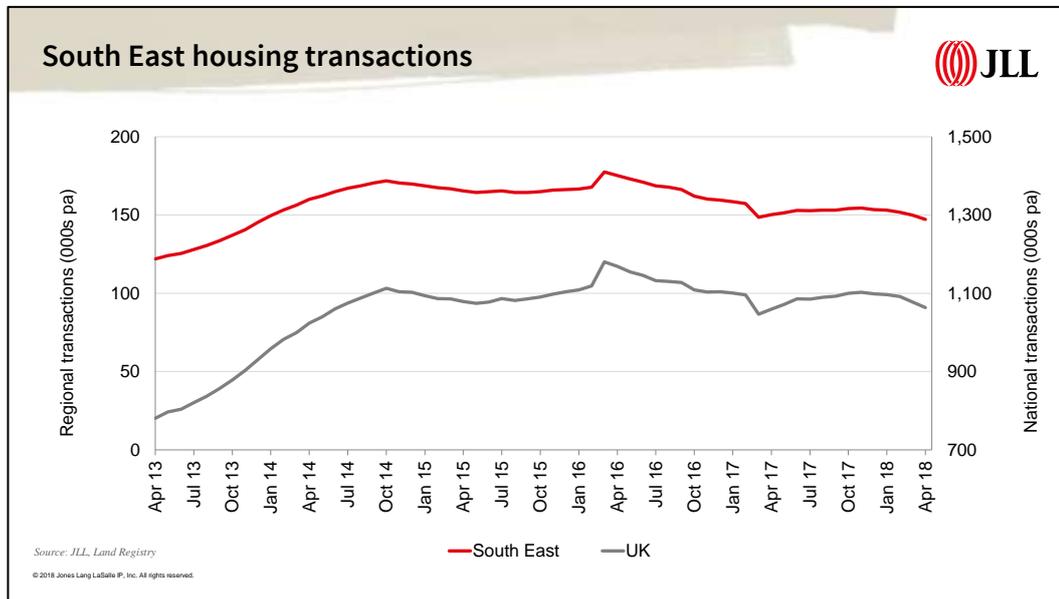


House prices in the South East are notably higher than prices in the UK, second only to London. The average house price in the South East was £325,107 in June 2018 compared with £228,384 across the UK. South East house price growth in recent years has continued to outperform the average across the UK. (Source: Land Registry).



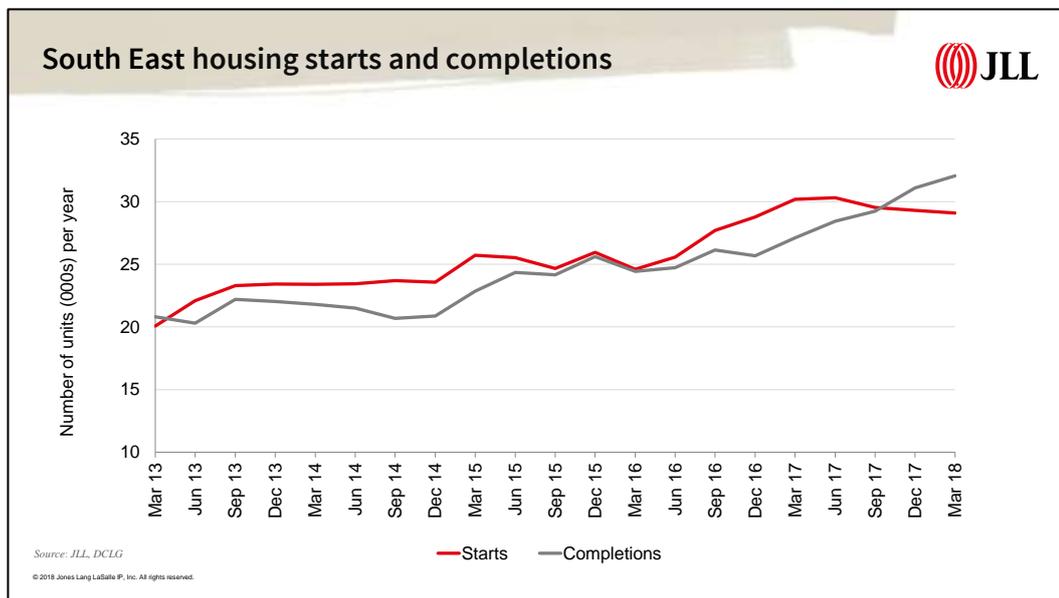
In the year to April 2018, annual transaction levels in the South East decreased by 2.1% which compares with an increase of 0.4% across the UK.

Annual transaction levels in the South East are below the 2006 average, but higher than the 10-year average. The current level of transactions in the South East, at 147,100 pa, is 26.8% lower than the 2006 average. This is in line with the UK average of 26.5%. The annual number of transactions in the South East is higher than the 10-year average by 6.6% which compares with 16.6% higher across the UK. (Source: Land Registry).



The number of annual development starts has decreased by 3.6% compared with a year earlier in the South East. At 29,100, the number of annual starts in Q1 2018 is 7.4% below 2006-2007 levels but 20.6% higher than the 10-year average.

The number of development completions in the year to Q1 2018, at 32,060 units, is 18.2% higher than a year earlier, 16.6% above 2006-2007 levels, and 27.1% above the 10-year average (Source: DCLG).



## 4.2. Local Market Review

Newbury has seen a number of converted apartments entering the market from the conversion of existing office buildings, through permitted development rights.

New build schemes however, have been much more limited with the only one of note being the large Racecourse development by David Wilson Homes at Newbury Racecourse.

New build developments will have sales encouraged by the government backed Help to Buy schemes. First time buyers making use of this scheme are restricted to new build sites and therefore their attention is focused on a small sector of the market.

In addition, first time buyers will be encouraged to purchase through the recent exemption for stamp duty land tax (SDLT) that they have become eligible for. As announced in the Autumn Budget 2017 first time buyers will gain relief from SDLT for purchases of residential property up to a value of £500,000, provided they intend to occupy the property as their main residence. First time buyers are likely to be encouraged to purchase with significant savings to be made.

The postcode RG14 includes Newbury and extends north to the M4, south to Greenham, east to Benham Hill and west to Speen. As at January 2018 the average for all property prices stood at £356,520 which was 6% above the average all property price recorded in January 2017. During this year the peak all average property price of £395,073 was recorded in April 2018.

Within RG14 property sales between August 2017 and July 2018 were fairly evenly split between detached, semi-detached, terraced houses and flats. Flats comprised the largest proportion of sales at 28% with detached house accounting for 19%, semi-detached houses 24% and terraced houses 17%. The average monthly flat price during this time was £249,279.

With regard to selling times (over the last 90 days) within RG14 the mean selling time for all properties is 110 days whilst the median is recorded as 66 days. When looking at property types the average selling time for flats is 134 days, the longest of the property types. The quickest average selling time is for semi-detached properties at 78 days. The sample for flats was 171 properties and the sample for semi-detached houses was 74 properties.

Average Newbury Home Values are significantly above the UK average, with demand being driven by a number of factors including a strong local economy, population growth, the volume of contract workers in the Hi-Tec industry and rail electrification. Price growth has followed a similar upwards trend as the UK average.

## 5. Market Evidence & Analysis

### 5.1. Capital Values

#### 5.1.1. Residential New Build Evidence

In arriving at our opinion of Market Value we have had regard to the following transactions:

#### The Quadrant, Pembroke Road, Newbury, RG14 1BY



A contemporary development of 12 two bed apartments arranged over three floors. The apartments are available on a 999 year lease at a ground rent of £125 per annum. The apartments include solid floors, built in wardrobes, LED light fitting, fully fitted kitchens, security system entry and an allocated parking space. The apartments are located in the town centre, situated under 1 mile north east from the subject. A number of the apartments include en-suites to the master bedroom.

We are aware that sales ranged from £204,000 to £254,000.

Flat 2 – a two bed, two bath apartment extending to 603 sq ft, which sold for £212,000, equating to £352 per sq ft. The apartment is situated on the ground floor. Sold February 2018.

Flat 3 – a two bed, two bath apartment extending to 603 sq ft, which sold for £211,000, equating to £350 per sq ft. The apartment is situated on the ground floor. Sold January 2018.

Flat 12 – a two bed, two bath apartment extending to 592 sq ft, which sold for £225,371, equating to £381 per sq ft. The apartment is situated on the top floor. Sold January 2018.

Flat 6 – a two bed two bath apartment extending to 603 sq ft sold for £215,000, equating to £357 per sq ft. The apartment was situated on the first floor with open plan living space and a small balcony. Sold November 2017.

Flat 11 – a two bed, two bath apartment extending to 730 sq ft sold for £250,000 after having five accepted buyers but falling through. An early offer was achieved at £265,000. The sale equated to £342 per sq ft. Sold November 2017.

Flat 7 – a two bed, two bath apartment sold to an investor for £254,000. The apartment extending to 759 sq ft with the sale equating to £335 per sq ft. Sold September 2017.

The development was mainly purchased by buy to let investors but also had interest from the first time buyers'

market. The building had a lift to all floors and the ground floor apartments received less interest.

### Southmead House, Kingman Way, Newbury, RG14 7FY



Southmead House is situated on the newly built racecourse development, completed by David Wilson Homes in 2017.

The Newbury Racecourse development comprises a mix of 1, 2 and 3 bedroom apartments, located within walking distance of the town centre. The apartments feature open-plan living accommodation and benefit from balconies, some of which provide views across the racecourse.

We are aware of the following 2 bed sales:

Flat No.	Description	Area sq ft	Date	Sale Price	£ psf
48	Top (sixth) floor, 2 bed, Ensuite bathroom. Balcony included.	800	Sold STC (Oct-18)	£300,000	£375
21	Third floor, 2 bed, Ensuite bathroom. Balcony included.	635	Aug-17	£213,000	£335
32	Fourth floor, 2 bed, Ensuite bathroom. Balcony included.	775	May-17	£282,000	£364
29	Fourth floor, 2 bed, Ensuite bathroom. Balcony Included.	570	May-17	£216,000	£379
39	Fifth floor, 2 bed, Ensuite bathroom. Balcony included.	570	Apr-17	£222,000	£389
35	Fifth floor, 2 bed, Ensuite bathroom. Balcony included.	678	Apr-17	£223,000	£329

### Merchants Court, Kelvin Road, Newbury, RG14 2DB



Exclusive, modern development of 28 one and two bedroom apartments arranged across two buildings. A development undertaken by the Borrower, Ressance Limited, the conversion has created loft-style apartments with exposed brickwork, floor to ceiling windows and open plan living space within walking distance of the town centre. The scheme included bikes store and car parking.

We are aware that the development is completely sold. The Borrower has however confirmed two re-sales during 2017 as follows:

Flat 3 – Re-sold July 2017 for £205,000, reflecting £488 per sq ft. A 1 bed apartment extending to 420 sq ft. Originally sold as new build in June 2016 for £175,000, reflecting £417 per sq ft.



Flat 10 – Re-sold August 2017 for £213,500, reflecting £509 per sq ft. A 1 bed apartment extending to 420 sq ft. Originally sold as new build in June 2016 for £177,500, reflecting £423 per sq ft.

Between March 2016 and June 2016, we are aware of 25 unit sales. One bed apartments achieved between £167,500 and £213,500 equating to a range of £385 to £508 per sq ft. Two bed apartments achieved between £200,000 and £272,500 equating to a range of between £296 to £413 per sq ft.

When looking at ground floor versus first floor location for one bed apartments the average value increase for first floor apartments was 1.45%. For two bed apartments the values achieved for first floor locations were 3.80% higher than ground floor.

The property is centrally located, north of Kennet Shopping Centre and opposite Victoria Park. Merchants Court is located 1.8 miles north of the subject site.

### Henwick View, Bath Road, Thatcham



Henwick View is a development of seven houses and 38 apartments completed by the Borrower, Ressance Ltd. Each apartment has allocated parking and bike storage. The site is situated approximately 2.3 miles east of the subject, being situated on Bath Road, Thatcham within 6 miles of the M4.

We are aware of the following Phase 2 sales:

No.	Floor	Beds	Features	Area	Sale Price	£ psf
6	GF	2		560	£230,000	£411
2	GF	2		570	£233,000	£408
3	GF	2	en-suite	603	£248,000	£411
5	GF	2	en-suite	592	£240,000	£405
7	FF	2		549	£227,000	£414
14	FF	2		560	£230,000	£411
9	FF	2	en-suite	592	£238,000	£402
10	FF	2	en-suite	614	£250,000	£407
11	FF	2	en-suite	646	£261,000	£404
12	SF	2	en-suite	614	£250,000	£407
19	SF	2	en-suite	807	£286,000	£354
3*	GF	1	en-suite	377	£180,000	£478
4*	FF	2	en-suite	732	£277,000	£378

\*Reserved



## Park Reach, St Mary's Road, Newbury, RG14 1EQ



An exclusive, modern development of 14 one and two bedroom apartments arranged over three floors. A conversion undertaken by developer Feltham Properties, to regenerate the old St Mary's Surgery in Newbury to create centrally located apartments with a high specification finish. The scheme includes covered bike storage and allocated car parking.

The property is centrally located, situated north east of Parkway Shopping Centre and virtually opposite Victoria Park. The property is located under 1 mile north east of the subject site.

We are aware the developer has released Phase 1 of the scheme and is now reserving for completion due in April 2019 with further plots to be released in due course.

Prices range between £249,500 to £510,000 with apartments on the market as follows:

Plot	Floor	Description	Area	Sale Price	£ psf
1	GF	2 bed, 2 bath	764	£344,500	£451
2	GF	2 bed, 1 bath	667	£319,500	£496
3	GF	2 bed, 2 bath	700	£329,500	£471
5*	GF	1 bed, 1 bath	547	£249,500	£456
6*	FF	2 bed, 2 bath	764	£344,500	£451
7*	FF	2 bed, 1 bath	667	£319,500	£479
8	FF	2 bed, 2 bath	700	£329,500	£471
13	SF	2 bed, 2 bath, terrace	1,200	£485,000	£404

\*Reserved



## Flat 4, Challow House, Kingman Way, Newbury



The two bed flat was sold in April 2017 for £295,000. The new build flat included parking, was built to a high specification and included a balcony which overlooked the racecourse. The first floor flat extended to 770 sq ft with the sale equating to £383 per sq ft.

Looking at other recent sales within the Racecourse we are aware that Farriers House; located adjacent to Challow House, has achieved sales from £301,000 to £599,000 and an average rate per sq ft of £396 since July 2017.

At Cape Cross House, situated centrally within the terrace of buildings, we are aware of ten apartment sales since October 2017 which have achieved between £306,000 and £599,000. On average a rate of £384 per sq ft was achieved.

## 5.1.2. Residential Re-Sales

## Baily, Park Way, Newbury



Baily Park is centrally located within the centre of Newbury above the Parkway shopping centre. The apartments are modern having been constructed in 2014. Two bed apartments typically comprise open plan living space, two double bedrooms and two bathrooms one of which is an en-suite. Underground parking and access to a garden or balcony is provided. We are aware of the following re-sales, including apartments currently on the market:

Flat	Status	Date	Price	Beds	Sq ft	£ psf
1	On the Market	Oct-18	£215,000	1	466	£461
60	Sold	May-18	£283,000	2	710	£399
3	Sold	Dec-17	£280,000	2	721	£388
20	Sold	Oct-17	£300,000	2	721	£416
12	Sold	Jul-17	£300,000	2	721	£416
78	Sold	Feb-17	£316,000	2	721	£438
39	Sold	Dec-16	£390,000	2	840	£465

## Maplespeen Court, Newbury



Maplespeen Court comprises a Grade II Listed Edwardian mansion which has been converted and includes contemporary apartments. The development includes residents parking, communal gardens, storage, bike storage and a security entry system.

We are aware of the following recent sales, including apartments currently on the market:

Flat	Date	Price	Beds	Area	£ psf	Comment
9	On the Market (Oct-18)	£485,000 (Quoting)	2	1,460	£332	Edwardian
10	Feb-17	£390,000	2	1,219	£320	Edwardian
21	Mar-16	£320,000	2	872	£367	Built 2005
17	Mar-16	£315,000	2	850	£371	Built 2005

## 5.1.3. Residential Analysis

We have had consideration to the evidence above and considered both new developments situated within the town and further afield.

Looking at new build developments we have considered the sales achieved at Park Reach; we are aware the developer has released Phase 1 of the scheme and is now reserving for completion which is due in April 2019. Two bed apartments on the market range between £319,500 and £485,000 with 2 two beds reserved, at £319,500 and £344,500, and a one bed apartment reserved for £249,500. We would expect inferior values at the subject to be achieved to reflect the fact that the apartments are smaller and that the Park Reach development benefits from a superior central positioning relative to that of the subject.

The Quadrant is a contemporary development of 12 two bed apartments. The town centre apartments were all two beds and achieved between £204,000 to £254,000 and rates of between £314 to £347 per sq ft. The development was of a high standard and occupied a good town centre location. Higher values were achieved for those apartments with two bathrooms. The site is however very tight and did not afford any outside green space, although some apartments did have balconies. The surrounding area comprises office blocks and a car park. We would expect the subject scheme to achieve superior values due to the apartments at The Quadrant being located slightly further from the town centre.

Also a modern development situated in a similar location is Merchants Court. We are aware that one bed apartments achieved between £165,000 and £213,500 and two beds between £200,000 and £272,500. We are aware of a one bed, 420 sq ft apartment which re-sold in July 2017 for £205,000, reflecting an increase in value of £30,000 since its original sale in 2016. In addition, a one bed, 420 sq ft apartment re-sold in August 2017 for £213,500, reflecting an increase in value of £36,000 since its original sale in 2016. The development is situated adjacent to the A339 dual carriageway and is surrounded by the service yards of retail and industrial uses. The immediate surrounds are inferior with the subject being centrally located within the town centre, as such, we would expect the subject scheme to achieve similar capital values on a per sq ft basis.

When considering second hand sales we have had regard to Park Way in the centre of Newbury and note that second hand sales are largely achieving in excess of £400 per sq ft. The two bed apartments are of a good size being circa 721 sq ft but are larger than the majority of the two beds within subject scheme. The development is older but is similarly centrally located with occupiers benefiting from access to a garden and/or a balcony. Despite the subject development being a new build development, we would expect inferior overall values to be achieved at the subject to reflect Park Way occupying a more convenient and central location, being situated immediately above the Parkway shopping centre and overlooking Victoria Park.

Also, within Newbury is the Newbury Racecourse development. We have considered asking and sale prices on this site when ascertaining our opinion of Gross Development Value due to the similar location and high specification provided. Whilst the racecourse development does for some apartments provide excellent views we are aware that it is a much larger development with the later phase apartments being built very close together with little privacy from the balconies. We are aware that complaints from purchasers have included limited parking for both residents and visitors and that on race days whilst some apartments afford great views the development becomes very busy with residents unable to leave or re-enter the development without queues. We would expect different purchasers at the racecourse than at the subject development.

Having regard to the above and the location and apartments provided at the subject scheme we would expect one bed apartments to achieve between £232,000 and £235,000. Two bed apartments we would expect to achieve in excess of £240,000 and have adopted values between £242,000 and £297,000. Our opinion of value is as follows:

Plot	Description	Sq m	Sq ft	Market Value	Market Value £ psf
1	2 bed ground floor apartment	51.00	549	£243,000	£443
2	2 bed ground floor apartment	51.00	549	£243,000	£443
3	2 bed first floor apartment	50.00	538	£242,000	£450
4	2 bed first floor apartment	65.00	700	£290,000	£414
5	1 bed first floor apartment	44.00	474	£232,000	£490
6	2 bed first floor apartment	66.00	710	£293,000	£412
7	2 bed first floor apartment	59.00	635	£270,000	£425
8	2 bed first floor apartment	59.00	635	£270,000	£425
9	2 bed second floor apartment	50.00	538	£242,000	£450
10	2 bed second floor apartment	65.00	700	£290,000	£414
11	1 bed second floor apartment	44.00	474	£232,000	£490

Plot	Description	Sq m	Sq ft	Market Value	Market Value £ psf
12	2 bed second floor apartment	66.00	710	£293,000	£412
13	2 bed second floor apartment	59.00	635	£270,000	£425
14	2 bed second floor apartment	59.00	635	£270,000	£425
15	2 bed third floor apartment	50.00	538	£245,000	£455
16	2 bed third floor apartment	65.00	700	£295,000	£422
17	1 bed third floor apartment	44.00	474	£235,000	£496
18	2 bed third floor apartment	66.00	710	£297,000	£418
19	2 bed third floor apartment	59.00	635	£273,000	£430
20	2 bed third floor apartment	59.00	635	£273,000	£430
<b>Total</b>		<b>1,131.00</b>	<b>12,174</b>	<b>£5,298,000</b>	<b>£445 (Average MV per sq ft)</b>

## 5.2. Rental Values

### 5.2.1. Residential Letting Evidence

In arriving at our opinion of rental value in respect of the property, we have had regard to a range of comparable buildings as follows:

Address	Beds	Rent (pcm)	Status	Comments
London Road, Newbury	1	£700	Available	1 bed, ground floor apartment within Newbury Town Centre, located in close proximity to the subject property under 1 mile north east. Unfurnished apartment, however recently refurbished providing fully fitted, open plan lounge/ kitchen area. Inferior specification relative to subject new build however comparable town centre location.
Racecourse Road, Newbury	1	£900	Let	1 bed, fourth floor apartment within Newbury Racecourse development. Unfurnished apartment, with open plan reception and fully fitted kitchen and private balcony. 473 sq ft. Lift service is included with allocated parking. Comparable new build and completed to a high specification in line with the subject property.
Woodhay House, Kingman Way	2	£1,000	Let	2 bed apartment within Newbury Racecourse development. Open plan living space, two double bedrooms, two bathrooms and balcony with views over the racecourse. Modern and in very good condition.
Chatham House, Racecourse Road	2	£1,100	Let	2 double bed apartment within racecourse development with open plan living space. 880 sq ft. Two bathrooms and balcony. Racecourse views. Modern and very good condition.
Hillview Place, West Street, Newbury	2	£1,100	Let	2 double bed apartment with 2 bathrooms, with an open plan kitchen/ living room. Furnished apartment and completed to a high standard throughout, to include a Juliet balcony and allocated parking. Town centre location in close proximity to the subject property, situated along West Street also.

Address	Beds	Rent (pcm)	Status	Comments
Speen, Newbury	2	£900	Available	2 double bed apartment with open plan kitchen / living room, situated within a gated environment and including allocated parking. Comparable new build, modern specification with two allocated parking spaces included. Inferior location situated further out of the town centre relative to the subject property.
Racecourse Road, Newbury	2	£1,395	Available	2 bed, fourth floor apartment (including master bedroom with En-suite), 1 family bathroom, large balcony and open plan living accommodation. Views over racecourse with gated allocated parking included. Comparable new build and completed to a high specification in line with the subject property.

### 5.2.2. Analysis

The evidence above is largely from Newbury Racecourse and shows a range of lettings between £700 pcm and £900 pcm for one bed apartments, and between £900 pcm to £1,395 pcm for two bed apartments.

We have considered the lettings from within Newbury Racecourse as it is a new build development which is in a good condition however superior to the subject.

We would therefore expect a slightly lower rent to be achieved at the subject as we would expect a premium for the racecourse location and for the outside space that the apartments provide through the balconies. We would however expect the apartments to achieve excess of the quoting rent for the property on London road, situated within Newbury Town Centre which is of an inferior specification and condition.

For the one bed apartments we would expect rents between £750 and £900 pcm and for the two bed apartments we would expect rents between £900 and £1,050 pcm. We summarise our opinion of Market Rent below:

Property Type	Rent (pcm)	Rent (pa)
1 bed apartment (1 <sup>st</sup> and 2 <sup>nd</sup> floors)	£850	£10,200
1 bed apartment (3 <sup>rd</sup> floor)	£900	£10,800
2 bed apartment (ground floor)	£900	£10,800
2 bed apartment (1 <sup>st</sup> and 2 <sup>nd</sup> floors)	£1,000	£12,000
2 bed apartment (3 <sup>rd</sup> floor)	£1,050	£12,600
<b>Total</b>		<b>£140,400</b>

## 6. Valuation Commentary

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### 6.1. Valuation Approach

The most appropriate approach to assess the value of the site is by undertaking a Residual Cashflow Analysis; this approach reflects the thought processes of potential purchasers who would most likely be developers.

### 6.2. Residual Valuation Approach

The Residual Cashflow Analysis determines a price that could be paid for the site given the expected 'as if complete' value of the proposed development and the total cost of the proposed development, allowing for market level profit margins and having due regard to the known characteristics of the property and the inherent risk involved in its development. It is our opinion that a prospective purchaser would rely heavily upon the Residual Cashflow Analysis as this method reflects the expectations of a purchaser in relation to costs, selling, prices, profit margins, etc.

We have undertaken residual cash flow analyses using Argus Developer, a proprietary development valuation software tool widely used by property professionals.

We comment on the development issues and main inputs that have been used below.

#### 6.2.1. Gross Development Value

The Gross Development Value (GDV) of the proposed scheme has been assessed by the Direct Comparison method.

We have adopted a Gross Development Value for the open market housing of £5,298,000.

Specification and standard are key to value and saleability. If this is reduced, then both value and saleability will be adversely affected and therefore your project monitoring surveyor should ensure these aspects are not compromised during the course of the development. We recommend that all drawdowns during the development period are subject to certified valuations by a quantity surveyor or project monitor.

#### 6.2.2. Development Costs

The borrower has provided us with an overall build cost for the scheme of £1,930,218 (£158.55 sq ft). The figure includes construction, preliminaries and development management. In addition, we have been provided with professional fees amounting to £136,507, however we have incorporated fees which equate to 7.50% which we deem in line with the market. We have been provided with a construction contingency of £90,659, however this is viewed slightly below what we would consider market level and so we have incorporated a contingency of £96,511 which equates to 5.00%.

We have benchmarked construction costs using the BCIS index for new build flats and the rehabilitation / conversion of flats which shows a median of £1,541 per sq m (£143 per sq ft) and £1,364 per sq m (£127 per sq ft) respectively. BCIS figures include preliminaries but exclude external works, abnormal costs, contingency and fees. When compared on the same basis the Borrowers build costs are broadly in line with BCIS. The Borrower has a demonstrable track record of developing property within Newbury and we are confident the costs provided are an accurate representation of what is required.

As the costs are in line we have therefore adopted the borrower's cost in our appraisal.

We have assumed that there will be no unidentified remediation costs nor is there any contamination or any hazardous or deleterious materials existing which would hinder the development and would therefore result in additional costs.

We are not qualified to estimate whether the construction costs are an accurate assessment and we recommend that the bank obtain an accurate assessment of the costs prior to the drawdown of development finance. We would comment on an informal basis that the costs look reasonable based on our experience of other schemes of this nature in similar locations. However, we recommend that you retain an independent project monitoring surveyor to verify the accuracy of these costs and project procurement and warranties and, thereafter, provide project monitoring throughout the development. It is important that we be advised of any changes to the build costs in order that we may consider any impact of value, in view of the likely effect they have on site value.

### 6.2.3. Summary of Residential Development Cost Assumptions

A summary of the main inputs adopted within the development appraisal are detailed below:

<b>GDV Inputs:</b>		
Open Market:	GIA 12,174	£5,298,000 £435 per sq ft
<b>Construction Costs:</b>		
Main Build Cost:	£1,930,218	We have adopted the Borrowers cost estimate.
External Works:	n/a	Included above.
Abnormal Costs:	n/a	Included above.
Contingency:	£96,511	We have adopted a typical allowance of 5% of build costs.
Professional Fees:	7.50%	We have adopted a typical market allowance of build costs.
<b>Planning Obligations:</b>		
Section 106 / CIL Contributions:	£107,299	
<b>Marketing Costs:</b>		
Marketing Costs:	£17,000	We have adopted the Borrowers estimate.
Sales Fee – Agent:	0.75%	Typical agency fee
Sales Fee – Legal:	0.5%	Typical legal fee
<b>Timescales:</b>		
Pre-construction:	3 months	
Construction period:	12 months	
Sales period:	10 months	
<b>Acquisition Costs:</b>		
Stamp Duty:	£9,372	Based on current HMRC rates
Acquisition Fee – Agent:	1.0%	
Acquisition Fee – Legal:	0.5%	
<b>Targets:</b>		
Finance Rate:	6.5%	We have adopted an overall cost of finance based on 6.50% applied to 100% of the development costs to reflect the opportunity cost to the developer as well as appropriate transaction fees.
Profit on Cost:	17.50%	In accordance with our understanding of the profit levels required by developers active in this region for similar conversion / new build schemes.

It is worth noting, that the site now has planning permission, which was not the case at the valuation date. If the valuation was to be rerun as of April 2019, we would adopt a lower level of professional fees to reflect the current planning position.

#### 6.2.4. Residual Land Value

A copy of our appraisal is included at Appendix 6 and shows a residual land value of £1,874,310, rounded to £1,875,000.

#### 6.2.5. Sensitivity Analysis

The residual method of valuation takes into account a large number of subjective variables, the manipulation of which can have a significant impact on the development project being considered. Variations in sales prices, construction costs and periods and costs of finance can also have a marked affect.

In accordance with the Red Book, therefore, we have carried out a residual calculation that is sensitive to fluctuations to demonstrate how the changes in input data affect values. In the analysis in the below table, it is shown that by stepped increases and decreases by 5% in residential sales values and 5% construction costs the residual land value can fluctuate from approximately £2,479,797 residual land value to as low as £1,268,822 residual land value.

Sales: Gross Sales	Construction: Gross Cost				
	-10.00%	-5.00%	0.00%	5.00%	10.00%
-10.00%	£1,674,989	£1,573,448	£1,471,906	£1,370,364	£1,268,822
-5.00%	£1,876,192	£1,774,650	£1,673,107	£1,571,566	£1,470,024
0.00%	£2,077,394	£1,975,852	<b>£1,875,000</b>	£1,772,767	£1,671,226
5.00%	£2,278,596	£2,177,054	£2,075,512	£1,973,970	£1,872,427
10.00%	£2,479,797	£2,378,256	£2,276,714	£2,175,172	£2,073,630

#### 6.2.6. Stamp Duty Land Tax

As the property is being put into a Special Purchase Vehicle (SPV) stamp duty is payable at 0.5%, if this applied to the development it results in a land value of £1,874,310. For this value to be achieved in the open market another SPV would have to purchase the development.

## 7. Valuation Commentary

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### 7.1. Analysis

#### Strengths:

- Good location within walking distance of Newbury Town Centre.
- Newbury is a buoyant market with good transport links.
- Limited supply of new build properties within the immediate area.
- Proposed scheme to be of a good standard and specification expected in this market.

#### Weakness:

- Competition from schemes benefitting from a more prime positioning.
- Risk and uncertainty generated from the awaiting decision for planning consent.
- The size of the site is tight and therefore outside green space is restricted.
- Location of substation may prove prohibitive in developing the site.

#### Due Diligence:

We have assumed:

- All necessary title enquiries will be undertaken by your legal advisers.
- Copies of all planning consents, reserved matter decisions and associated documents will be supplied to and reviewed by your legal advisers.
- Your project monitoring surveyor will review the estimated build costs when available and project timescales to confirm they are sufficient to complete the scheme. We should be advised if their opinion is materially different to the assumptions we have made. They should ensure there will be adequate warranties for mortgage lending purposes.

#### Principal Risks:

In considering this property as security for the proposed loan, we would draw your attention to the following main risks:

- **Development Risk** - There is market risk in undertaking the development of this site as well as risks associated with identifying previously unknown site problems such as ground conditions, contamination or technical issues, and a risk associated with the sale of the completed units and changing market conditions.
- **Interest Rates** - Expected rises in the Bank of England base rate will affect interest repayments on any loans obtained. If these are not fixed interest rates, then finance repayments will have an adverse effect on the level of profit anticipated on completion of this refurbishment.
- **Building works** - As in any development there are risks associated with the progression of the building works and in terms of the contractors achieving the intended specifications, dimensions, areas and so on, together with their ability to not only complete the refurbishment to a high standard but also within the scheduled timescale.
- **Development funding** - We emphasise that development values are inherently volatile and can rise steeply during buoyant market periods and fall rapidly when the market weakens. As a consequence, the ability of development funding is sensitive to market conditions as demonstrated in the previous recession with particular reference to apartment schemes.

## 7.2. Suitability for Loan Security Purposes

On the basis of the information provided and subject to the comments contained within this report, we consider the property forms suitable security for a mortgage advance. In accordance with normal commercial practice, however, we would anticipate any advance being for only a proportion of our opinion of Market Value.

We recommend that all drawdowns during the refurbishment period are subject to certified valuations by a quantity surveyor or project monitoring surveyor, who should also advise on the build contract, procurement, the professional team, step in rights, warranties and the like.

## 8. Valuation

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### 8.1. Market Value on the Special Assumption that planning for the proposed scheme is in place and that it is purchased via a Special Purchase Vehicle:

Having regard to the foregoing, we are of the opinion that the Market Value (as defined in Appendix 2) of the freehold interest in the subject property with the benefit of full vacant possession, as at 10 October 2018 is:-

**£1,875,000**

**(One Million Eight Hundred and Seventy-Five Thousand Pounds)**

### 8.2. Market Value on the Special Assumption of the above and a 180 Day Marketing Period:

Having regard to the foregoing, we are of the opinion that the Market Value (as defined in Appendix 2) of the freehold interest in the subject property with the benefit of full vacant possession on the Special Assumption of a 180 day marketing period, as at 10 October 2018 is:-

**£1,875,000**

**(One Million Eight Hundred and Seventy-Five Thousand Pounds)**

### 8.3. Market Value of the Completed Development (the Gross Development Value):

We are of the opinion that the Market Value (as defined in Appendix 2) of the freehold interest in the subject property on the Special Assumption that the proposed scheme is complete as at 10 October 2018 is:-

**£5,298,000**

**(Five Million Two Hundred and Ninety-Eight Thousand Pounds)**

### 8.4. Reinstatement Costs

Provided for guidance only without liability. Includes an allowance for fees and demolition but not for inflation and excludes any loss of rental income and VAT. The property has a number of party walls, therefore, there is likely to be a higher level of uncertainty than would generally be the case due to the possible requirements to support adjacent buildings.

**£1,490,000**

**(One Million Four Hundred and Ninety Thousand Pounds)**

### 8.5. Confidentiality and Publication

Finally, and in accordance with our normal practice we confirm that the Report is confidential to the party to whom it is addressed for the specific purpose to which it refers. No responsibility whatsoever is accepted to any third party and neither the whole of the Report, nor any part, nor references thereto, may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

# Appendix 1

## Letter of Instruction

Ref: Rissance Land No 56 Limited

Attn: Adam Greenwood/Lauren Baddeley,  
Jones Lang Lasalle,  
31 Great George Street,  
Bristol,  
BS1 5QD

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:	Rissance Land No 56 Limited
Contact Name:	Duncan Crook
Phone Number:	07900 580556
Email:	duncan@rissance.co.uk
Properties:	1 West Street, Newbury, Berkshire, RG14 1BE
Tenure:	Freehold
Use:	Mixed Use (Commercial)
Access:	via Duncan Crook

### 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**

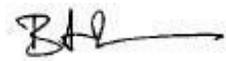
You have quoted and the Borrower has agreed to pay a fee of £1000 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are 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](mailto:borrower@proplend.com), with hard copy to 15 Little Green, Richmond TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,



Brian Bartaby  
Director

Proplend Security Limited

**Appendix 2**  
**General Terms and Conditions of Business**  
**General Principles**  
**Definition of Market Value**

# General Terms and Conditions of Business

## a1. AGREEMENT

1.1. These Terms together with any Engagement set out the terms on which JLL will provide the Services to the Client. Each of the provisions provided in the Agreement are severable and distinct from the others.

1.2. The Engagement shall prevail to the extent of any conflict between the Terms, and the Engagement. The Agreement supersedes any previous arrangement concerning its subject matter. Unless the Parties agree otherwise, these Terms shall apply to any future instructions from the Client, although such instructions may be subject to a separate Engagement.

## 2. INTERPRETATION

The following definitions and rules of interpretation apply in these Terms:

### 2.1. Definitions

**“Affiliates”** includes in relation to either Party each and any subsidiary or holding company of that Party and each and any subsidiary of a holding company of that Party and any business entity from time to time controlling, controlled by, or under common control with, either Party, and **“holding company”** means a holding company as defined in section 1159 of the Companies Act 2006 or a parent undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006, and **“subsidiary”** means a subsidiary as defined in section 1159 of the Companies Act 2006 or a subsidiary undertaking as defined in section 1162 and schedule 7 of the Companies Act 2006;

**“Agreement”** means any Engagement and these Terms together;

**“Client”** means the Party who enters into the Agreement with JLL;

**“Data Protection Legislation”** shall mean GDPR and any national implementing laws, regulations and secondary legislation in force in England from time to time.

**“Engagement”** means the agreement, letter of engagement or engagement agreement or email and any schedules/appendices sent to the Client by JLL (or agreed in writing) which sets out details of the Services to be provided to the Client pursuant to the Agreement;

**“GDPR”** means the General Data Protection Regulation ((EU) 2016/679) effective from 25 May 2018 and in this Agreement: “controller”, “processor”, “data subject”, “personal data”, “personal data breach”, “supervisory authority”, and

“processing” shall have the meaning set out in the GDPR, and references to “personal data” shall in addition mean personal data related to the Agreement.

**“Insolvent”** means in relation to:

- (a) a company (including any body corporate), that it:
  - (i) is unable to pay its debts as they fall due;
  - (ii) becomes or is deemed insolvent;
  - (iii) has a notice of intention to appoint an administrator filed at Court in respect of it, has an administrator appointed over, or has an administration order in relation to it, or has appointed a receiver or an administrative receiver over, or an encumbrancer takes possession of or sells the whole or part of its undertaking, assets, rights or revenue;
  - (iv) passes a resolution for its winding up or a court of competent jurisdiction makes an order for it to be wound up or dissolved or it is otherwise dissolved (other than a voluntary winding up solely for the purpose of a solvent amalgamation or reconstruction); or
  - (v) enters into an arrangement, compromise or composition in satisfaction of its debts with its creditors or any class of them or takes steps to obtain a moratorium or making an application to a court of competent jurisdiction for protection of its creditors;
- (b) a partnership, that it is dissolved by reason of the bankruptcy of one or more of its partners;
- (c) an individual, that he is bankrupt; and
- (d) a Party based outside England and Wales, that it is considered insolvent by the laws applicable to that Party;

**“JLL”** means Jones Lang LaSalle Limited of 30 Warwick Street London W1B 5NH registered in England with company number 01188567 and/or any Affiliate of JLL that provides the Services to the Client;

**“Materials”** means all materials, equipment, documents and other property of JLL made available to the Client by JLL in carrying out the Services

**“Party”** means either the Client or JLL (as the context requires) and **“Parties”** shall mean both of them;

**“Services”** means the Services set out in the Engagement or as otherwise agreed in writing between the Parties;

**“Terms”** means these terms and conditions.

2.2. Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.

2.3. A reference to a statute or statutory provision is a reference to it as it is in force as at the date of the Agreement and shall include all subordinate legislation made as at the date of the Agreement under that statute or statutory provision.

2.4. A reference to writing or written unless otherwise specified herein includes email.

2.5. Any words following the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

2.6. Headings are for convenience only and do not affect the interpretation of this Agreement.

### **3. SERVICES**

3.1. JLL shall provide the Services using reasonable care and skill.

3.2. JLL has no obligation to provide any services other than the Services and has no obligation to provide nor any liability for:

- a) an opinion on the price of a property (unless specifically agreed in writing);
- b) any advice regarding the condition of a property (unless specifically agreed in writing);
- c) the security or management of a property unless specifically instructed to arrange it;
- d) the safety of any third party entering any premises; or
- e) the management or payment of any third party suppliers.

3.3. Where the Parties have agreed that JLL shall carry out estate agency business, JLL shall (i) report in writing all offers it receives regarding the relevant property; and (ii) comply with its obligations under the Estate Agents Act 1979 and regulations made under that Act together with any other similar laws and regulations.

3.4. Where agreed in writing JLL shall use reasonable endeavours to meet any performance dates. JLL shall not be

responsible for any failure to meet performance dates due to causes outside its reasonable control and time shall not be of the essence for performance of the Services.

3.5. JLL shall have the right to make any changes to the Services which are necessary to comply with any applicable law, regulation, safety requirement, or which do not materially affect the nature or quality of the Services and JLL shall notify the Client in any such event.

3.6. Without prejudice to clause 9.2(b), if JLL becomes aware of a conflict of interest, it shall advise the Client and take reasonable steps to recommend a course of action.

### **4. CLIENT OBLIGATIONS**

4.1. The Client shall:

- a) notify JLL promptly if it considers that any details or requirements set out in the Engagement are incomplete or inaccurate;
- b) co-operate with JLL in all matters relating to the Services;
- c) provide JLL, its employees, agents, consultants and subcontractors, with access to the relevant property as reasonably required by JLL to provide the Services; and
- d) obtain and maintain all necessary licences, permissions and consents which may be required by the Client before the date on which the Services are to start.

4.2. The Client shall promptly provide JLL with such information and materials as it may reasonably require in order to supply the Services and warrants that:

- a) such information is complete and accurate and was obtained and drafted in accordance with all applicable laws;
- b) it shall ensure that where the information and material includes representations or descriptions of a property, that such information and material contains no misrepresentation or false impression;
- c) where the Client will advertise a property under JLL's logo, that such advertisement (including its content and context in which it will appear) is approved in writing by JLL prior to its publication; and

c) it shall immediately notify JLL on becoming aware of any changes or issues that may render inaccurate any information or material provided to JLL.

4.3. In the event of any act or omission by the Client in breach of the Agreement or failure by the Client to perform any relevant obligation (Client Default):

a) JLL shall without limiting its other rights or remedies have the right to suspend performance of the Services until the Client remedies the Client Default, and to rely on the Client to relieve it from the performance of any of its obligations to the extent the Client Default prevents or delays JLL's performance of any of its obligations; and

b) JLL shall not be liable for any costs or losses sustained or incurred by the Client arising directly or indirectly from the Client Default.

4.4. The Client is responsible for effecting and maintaining adequate property and public liability insurance in relation to its activities and any relevant properties owned or occupied by it and shall be responsible for the safety of any person entering the relevant property.

## 5. PAYMENTS

5.1. Whenever possible, the fees and expenses (if known) for the Services shall be as set out in the Engagement. Where fees and expenses for the Services are not specified in writing, JLL shall be entitled to the fee specified by the Royal Institution of Chartered Surveyors (RICS) or if there is none specified, by any other applicable professional body chosen by JLL (acting reasonably) or, if none is specified, a fair and reasonable fee by reference to time spent undertaking the Services; and reimbursement of any expenses properly incurred by JLL on the Client's behalf.

5.2. All amounts payable by the Client under the Agreement are exclusive of value added tax (VAT) or similar taxes which the Client shall pay at the applicable rate.

5.3. In consideration of the provision of the Services, the Client shall pay each invoice submitted by JLL in accordance with the Agreement within 28 days from the date of invoice.

5.4. If the Client fails to make any payment due to JLL under the Agreement by the due date for payment, then JLL reserves the right to charge late payment interest after the due date on the overdue amount at the rate of 4% per cent per annum above the Bank of England's official bank rate from time to time. Such interest shall accrue on a daily basis from

the due date until actual payment of the overdue amount, whether before or after judgment. The Client shall pay the interest together with the overdue amount.

5.5. If termination of the Agreement takes place prior to the Services being completed, JLL shall, without limitation to its other rights and remedies under this Agreement or at law, be entitled to receive from the Client a reasonable fee proportionate to the part of the Services performed to the date of termination.

5.6. If the Client has agreed to engage JLL as its sole agent for the acquisition of an interest in a property, the Client shall be liable for payment of JLL's fees and expenses where an Affiliate of the Client or an individual with a majority stake in the Client completes the relevant acquisition.

## 6. INTELLECTUAL PROPERTY RIGHTS

6.1. All intellectual property rights in or arising out of or in connection with the Services including the intellectual property rights in Materials shall be owned by JLL unless otherwise expressly agreed in writing. For this purpose "intellectual property rights" means patents, utility models, rights to inventions, copyright and related rights, trademarks and service marks, trade names and domain names, rights in get-up, goodwill and the right to sue for passing off or unfair competition, rights in designs, rights in computer software, database rights, rights to preserve the confidentiality of information (including know-how and trade secrets) and any other intellectual property rights, including all applications for (and rights to apply for and be granted), renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist, now or in the future, in any part of the world.

6.2. The Client shall have an irrevocable, royalty-free, non-exclusive licence to use the Materials for the purposes for which they are prepared by JLL, subject to JLL having received full payment for the Services in accordance with this Agreement. Such licence shall be capable of sub-licence by the Client to its employees, agents and subcontractors and shall survive termination. No third party has any right to use any such Materials without JLL's specific consent. JLL shall not be liable for the use of any Material for any purpose other than that for which JLL provided it to the Client.

6.3. Nothing in this clause 6 shall affect the Client's intellectual property rights that pre-exist the Services. The Client shall grant to JLL an irrevocable, royalty-free, non-exclusive, sub-licensable licence to use such pre-existing

intellectual property rights for the purpose of carrying out the Services.

## 7. CONFIDENTIALITY

A Party (receiving party) shall keep in strict confidence all technical or commercial know-how, processes or initiatives which are of a confidential nature and have been disclosed to the receiving party by the other Party (disclosing party), its employees, agents or subcontractors, and any other confidential information concerning the disclosing party's business, its products and services which the receiving party may obtain. The receiving party shall only disclose such confidential information to those of its employees, agents and subcontractors who need to know it for the purpose of discharging the receiving party's obligations under the Agreement, and shall ensure that such employees, agents and subcontractors comply with the obligations set out in this clause as though they were a party to the Agreement. The receiving party may also disclose such of the disclosing party's confidential information as is required to be disclosed by law, any governmental or regulatory authority or by a court of competent jurisdiction, or with the consent of the disclosing party.

## 8. LIABILITY

8.1. Save in respect of JLL's liability for death or personal injury caused by its negligence, or the negligence of its employees, agents or subcontractors or for fraud or fraudulent misrepresentation (which is not excluded or limited in any way):

- a) JLL shall under no circumstances whatsoever be liable, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, loss of revenue or loss of anticipated savings, or for any indirect, special or consequential loss arising out of or in connection with the Agreement and/or the Services; and
- b) JLL's total liability in respect of all losses arising out of or in connection with the Agreement and/or the Services, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall not exceed £5 million.

8.2. JLL shall have no liability for the consequences, including delay in or failure to provide the Services:

- a) due to any failure by the Client or any representative or agent of the Client to provide information or other material that JLL reasonably requires promptly, or

where that information or material provided is inaccurate or incomplete;

- b) to the extent that the Client or someone on the Client's behalf for whom JLL is not responsible is responsible, and where JLL is one of the parties liable in conjunction with others, JLL's liability shall be limited to the share of loss reasonably attributable to JLL on the assumption that all other parties pay the share of loss attributable to them (whether or not they do); or
- c) due to any failure by the Client or any representative or agent of the Client to follow JLL's advice or recommendations.

8.3. JLL owes no duty of care and has no liability to anyone but the Client unless specifically agreed in writing by JLL.

## 9. TERMINATION

9.1. Without limiting its other rights or remedies, either Party may terminate the Agreement by giving the other Party 28 days' written notice.

9.2. Without limiting its other rights or remedies, either Party may terminate the Agreement with immediate effect by giving written notice to the other Party if:

- a) the other Party commits a material breach of the Agreement and (if such a breach is remediable) fails to remedy that breach within 14 days of that Party being notified in writing to do so;
- b) a conflict of interest arises which prevents JLL continuing to act for the Client; or
- c) the other Party becomes Insolvent.

9.3. Without limiting its other rights or remedies, JLL may suspend provision of the Services under the Agreement or any other contract between the Client and JLL if the Client becomes Insolvent, or JLL reasonably believes that the Client is about to become Insolvent, or if the Client fails to pay any amount due under the Agreement on the due date for payment.

9.4. On termination of the Agreement for any reason:

- a) the Client shall immediately pay to JLL all of JLL's outstanding unpaid invoices and interest and, in respect of Services supplied but for which no invoice has been submitted and associated expenses, JLL

shall submit an invoice, which shall be payable by the Client immediately on receipt;

- b) the Client shall return any Materials which have not been fully paid for. Until they have been returned, the Client shall be solely responsible for their safe keeping and will not use them for any purpose not connected with the Agreement. Where all fees have been paid the Client shall be entitled to retain such Materials and they shall be licensed in accordance with clause 6.2;
- c) JLL may, to comply with legal, regulatory or professional requirements, keep one copy of all material it then has that was supplied by or on behalf of the Client in relation to the Services;
- d) the accrued rights, remedies, obligations and liabilities of the Parties as at expiry or termination shall be unaffected, including the right to claim damages in respect of any breach of the Agreement which existed at or before the date of termination or expiry; and
- e) clauses which expressly or by implication survive termination shall continue in full force and effect.

9.5. JLL may destroy any papers it has after six years from the earlier of completion of the Services or termination of the Agreement.

## 10. DATA PROTECTION

10.1. JLL (including third parties as described in our Privacy Statement available at [www.jll.co.uk](http://www.jll.co.uk)) may process in hard copy and/or in electronic form, personal data regarding the Client, its officers and any other individuals connected with the Client ('Client Contacts'). It may also verify the identity of Client Contacts including carrying out checks with third parties such as financial probity, anti-money laundering or sanctions-checking agencies. To facilitate compliance with money laundering regulations and avoid duplication of due diligence, the Client acknowledges that JLL may share Client Contacts' personal data with such third party agencies and JLL Affiliates.

10.2 Unless the Agreement and factual arrangements dictate otherwise, as between the parties for the purposes of the Agreement, the Client is deemed to be the controller and JLL is deemed to be the processor. The Client will ensure that any transfer of personal data to JLL (and any sub-processors under clause 10.11) complies with Data Protection Legislation. In providing the Services, JLL in its role as

processor shall comply with Data Protection Legislation as it relates to data processors. Nothing within this Agreement relieves either party of its own direct responsibilities and liabilities under Data Protection Legislation.

10.3 JLL shall not process personal data other than on the documented instructions of the Client, unless it is required to process the personal data by any law to which it is subject. In such a case JLL shall inform the Client of that legal requirement before complying with it, unless that law prohibits JLL from doing so.

10.4 JLL shall ensure that it and any third party with access to the personal data has appropriate technical and organisational security measures in place, to guard against the unauthorised or unlawful processing of personal data and against the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, the personal data. On request in writing, JLL shall provide to the Client a general description of the security measures it has adopted.

10.5 JLL shall take reasonable steps to ensure any person that has access to personal data is made aware of their responsibilities, and subject to enforceable duties of confidentiality.

10.6 JLL shall notify the Client without undue delay if it:

10.6.1 receives a request from an individual for subject access, or a request relating to any of the other individuals' rights available under the Data Protection Legislation, in respect of personal data;

10.6.2 receives any enquiry or complaint from a data subject, supervisory authority or third party regarding the processing of the personal data;

10.6.3 becomes aware of a personal data breach affecting personal data, unless the breach is unlikely to result in a risk to the rights and freedoms of data subjects.

10.7 JLL shall assist and provide all information reasonably requested in writing by the Client in relation to data protection impact assessments or 'prior consultation' with supervisory authorities, or matters under clause 10.6.

10.8 JLL shall maintain all the records and information necessary to demonstrate its compliance with the requirements set out in this clause 10.

10.9 JLL shall allow the Client (or its appointed auditor) to audit JLL's compliance with this clause 10. The Client agrees to give reasonable notice of any audit, to undertake

any audit during normal business hours, to take steps to minimise disruption to JLL's business, and not exercise this right of audit more than once every year unless instructed otherwise by a supervisory authority.

10.10 JLL shall upon receipt of a written request from the Client delete or return all the personal data at the end of the provision of the Services. JLL may retain copies of the personal data in accordance with any legal or regulatory requirements, or any guidance that has been issued in relation to deletion or retention by a supervisory authority.

10.11 JLL shall only engage a sub-processor where:

10.11.1 the Client has agreed in writing to the engagement of the sub-processor; or

10.11.2 the sub-processor is an Affiliate of JLL or a service provider engaged by JLL to support the infrastructure and administration of its business (with details maintained at <http://www.jll.co.uk/sub-processors>).

10.12 JLL shall ensure that any arrangements between JLL and a sub-processor are governed by a written contract including terms which offer at least the same level of protection for personal data as those set out in this clause. Where JLL intends to engage a new sub-processor under 10.11.2 and the Client objects, then Client may choose to terminate the Services in accordance with clause 9.

10.13 In accordance with clause 12.1, JLL shall remain liable for the acts and omissions of its sub-processors.

10.14 JLL shall only transfer personal data outside the European Economic Area where it has ensured the transfer complies with Data Protection Legislation.

## 11. FORCE MAJEURE

11.1. Neither Party shall be liable to the other Party as a result of any delay or failure to perform its obligations under the Agreement as a result of any event beyond the reasonable control of either Party including strikes, lock-outs or other industrial disputes (whether involving the workforce of JLL or any other party), failure of a utility service or transport network, act of god, war, riot, civil commotion, malicious damage, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood, storm or default of suppliers or subcontractors.

11.2. If such an event prevents either Party from providing any of the Services for more than four weeks, the affected Party shall, without limiting their other rights or remedies,

have the right to terminate the Agreement immediately by giving written notice to the Party.

11.3. This clause does not apply to the payment of fees due to JLL by the Client.

## 12. GENERAL

12.1. **Subcontracting.** JLL may subcontract or deal in any other manner with all or any of its rights or obligations under the Agreement to any third party or agent provided that:

(i) where JLL subcontracts or delegates its obligations at the specific request of the Client, JLL shall have no liability for the acts or omissions of the third party or agent; and

(ii) otherwise, JLL shall remain liable for the acts or omissions of the third party or agent, unless the Client agrees to rely only on the third party or agent, such agreement not to be unreasonably withheld.

12.2. **Notices.** a) Any notice or other communication, including the service of any proceedings or other documents in any legal action given to a Party under or in connection with the Agreement shall be in writing, addressed to that Party at its registered office (if it is a company) or its principal place of business (in any other case) or such other address as that Party may have specified to the other Party in writing in accordance with this clause, and shall be delivered personally or sent by pre-paid first class post or commercial courier. Any notice or other communication sent to a Party located in a different country to the sending Party must be sent by commercial courier.

b) A notice or other communication shall be deemed to have been received: if delivered personally, when left at the address referred to in clause 12.2.a); if sent by pre-paid first class post at 9.00 am on the second business day after posting; or if sent by commercial courier, on the date and at the time that the courier's delivery receipt is signed. For this purpose a business day means a day (other than a Saturday or Sunday) on which banks are open for business in London.

12.3. **Severance.** a) If any provision or part-provision of the Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not

possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of the Agreement.

b) If any provision or part-provision of the Agreement is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

12.4. **Waiver.** A waiver of any right under the Agreement or law is only effective if it is in writing and shall not be deemed to be a waiver of any subsequent breach or default. No failure or delay by a Party in exercising any right or remedy provided under the Agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it prevent or restrict its further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall prevent or restrict the further exercise of that or any other right or remedy.

12.5. **No Partnership or Agency.** Nothing in the Agreement is intended to, or shall be deemed to, establish any partnership or joint venture between the Parties, nor constitute either Party the agent of the other for any purpose. Neither Party shall have authority to act as agent for, or to bind, the other Party in any way.

12.6. **Third parties.** Subject to clause 12.8, a person who is not a Party to the Agreement shall not have any rights to enforce its terms unless specifically agreed in writing.

12.7. **Variation.** Except as set out in these Terms, no variation of the Agreement, including the introduction of any additional terms and conditions, shall be effective unless it is agreed in writing and signed by both parties. Unless otherwise expressly agreed, variation of these terms does not require the consent of any third party (whether any employee referred to in clause 12.8 or otherwise).

12.8. **Protection of Employees.** Save in respect of fraud or criminal conduct no employee of JLL or any Affiliate has any personal liability to the Client nor to anyone representing the Client. Neither the Client nor anyone representing the Client may make a claim or bring proceedings against an employee or former employee personally. Any such employee of JLL is entitled to enforce this provision pursuant to the Contracts (Rights of Third Parties) Act 1999.

12.9. **Directors.** Some employees of JLL have the title of “director”. The Client acknowledges that this does not mean they hold the office of director for the purposes of the Companies Act 2006. Rather, it means that they hold a senior role as an employee.

12.10. **Complaints.** JLL’s complaints procedure is available on request.

12.11. **Publicity.** Neither Party may publicise or issue any specific information to the media about the Services or the Agreement’s subject matter without the consent of the other.

12.12. **Criminal Activity.** The Client acknowledges that to comply with law and professional rules on suspected criminal activity JLL is required to check the identity of Clients. JLL is also required by law to report to the appropriate authorities any knowledge or suspicion that a Client’s funds (or any funds provided for or on behalf of a client) derive from the proceeds of crime and may be unable to tell the Client that it has done this.

12.13. **Regulated Activity.** JLL is not permitted to carry out any activity regulated by the Financial Services and Markets Act 2000 including the insurance of property, except through an authorised person and in accordance with a separate agreement. Unless JLL specifically agrees otherwise in writing, no communication by JLL is intended to be, or should be construed as, an invitation or inducement to any person to engage in investment activity for the purposes of the Financial Services and Markets Act 2000, or as the approval of any communication of any such invitation or inducement.

12.14. **Anti-bribery.** Both parties shall comply with all applicable laws, statutes, regulations, relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010.

12.15. **Governing Law.** The Agreement and any disputes arising from it (including non-contractual claims and disputes) are governed by English Law.

12.16. **Jurisdiction.** Each Party irrevocably agrees that the courts of England shall have exclusive jurisdiction over any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

12.17. **Language.** These Terms are provided in English and JLL will communicate with the Client in English.

12.18. **Survival.** Clauses 5 to 9 shall survive termination of the Agreement.

# General Principles

## Adopted in the preparation of Valuations and Reports

These General Principles should be read in conjunction with JLL's General Terms and Conditions of Business except insofar as this may be in conflict with other contractual arrangements.

### 1 RICS Valuation - Global Standards 2017

All work is carried out in accordance with the Professional Standards, Valuation Technical and Performance Standards and Valuation Applications contained in the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable (“the RICS Red Book”), by valuers who conform to the requirements thereof. Our valuations may be subject to monitoring by the RICS. The valuations are undertaken by currently Registered RICS Valuers.

### 2 Valuation Basis:

Our reports state the purpose of the valuation and, unless otherwise noted, the basis of valuation is as defined in “the RICS Red Book”. The full definition of the basis, which we have adopted, is set out in our report and appended to these General Principles.

### 3 Assumptions and Special Assumptions:

Where we make an ‘assumption’ or ‘special assumption’ in arriving at our valuations, we define these terms in accordance with “the RICS Red Book” as follows:

**Assumption:** A supposition taken to be true.

**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.

We will not take steps to verify any assumptions.

### 4 Disposal Costs Taxation and Other Liabilities:

No allowances are made for any expenses of realisation, or for taxation, which might arise in the event of a disposal. All property is considered as if free and clear of all mortgages or other charges, which may be secured thereon. However, we take into account purchaser’s costs in investment valuations in accordance with market conventions.

No allowance is made for the possible impact of potential legislation which is under consideration.

Valuations are prepared and expressed exclusive of VAT payments, unless otherwise stated.

### 5 Sources of Information:

Where we have been provided with information by the client, or its agents, we assume that it is correct and complete and is up to date and can be relied upon. We assume that no information that has a material effect on our valuations has been withheld.

In respect of valuations for loan security purposes, commissioned by a lending institution, we may also rely on information provided to us by the Borrower or its advisors. In such cases, we have similarly assumed that all information is correct, complete, up-to-date and can be relied upon and that no pertinent information has been withheld.

## 6 Title and Tenancy Information:

We do not normally read leases or documents of title. We assume, unless informed to the contrary, that each property has a good and marketable title, that all documentation is satisfactorily drawn and that there are no encumbrances, restrictions, easements or other outgoing of an onerous nature, which would have a material effect on the value of the interest under consideration, nor material litigation pending. Where we have been provided with documentation we recommend that reliance should not be placed on our interpretation without verification by your lawyers. We have assumed that all information provided by the client, or its agents, is correct, up to date and can be relied upon.

## 7 Tenants:

Although we reflect our general understanding of a tenant's status in our valuations i.e. the market's general perception of their creditworthiness, enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed, unless we are informed otherwise, that the tenants are capable of meeting their financial obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

## 8 Measurements/Floor Areas:

All measurement is carried out in accordance with either the International Property Measurement Standards (IPMS) or the Code of Measuring Practice (6th Edition) issued by the Royal Institution of Chartered Surveyors, except where we specifically state that we have relied on another source. The areas adopted are purely for the purpose of assisting us in forming an opinion of capital value. They should not be relied upon for other purposes nor used by other parties without our written authorisation.

Where floor areas have been provided to us, we have relied upon these and have assumed that they have been properly measured in accordance with the International Property Measurement Standards (IPMS) or the Code of Measuring Practice referred to above.

## 9 Site Areas:

Site areas are generally calculated using proprietary digital mapping software and are based on the site boundaries indicated to us either at the time of our inspection, or on plans supplied to us. No responsibility is accepted if the wrong boundaries are indicated to us.

## 10 Estimated Rental Values:

Our assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in "the RICS Red Book". Where circumstances dictate that it is necessary to utilise a different rental value in our capital valuation, we will generally set out the reasons for this in our report. Such a figure does not necessarily represent the amount that might be agreed by negotiation, or determined by an Expert, Arbitrator or Court, at rent review or lease renewal or the figure that might be obtained if the property or unit were being let on the open market.

## 11 Town Planning, Acts of Parliament and Other Statutory Regulations:

Information on town planning is, wherever possible, obtained either verbally from local planning authority officers or publicly available electronic or other sources. It is obtained purely to assist us in forming an opinion of capital value and should not be relied upon for other purposes. If reliance is required we recommend that verification be obtained from lawyers that:

- i the position is correctly stated in our report;
- ii the property is not adversely affected by any other decisions made, or conditions prescribed, by public authorities; and
- iii that there are no outstanding statutory notices.

Our valuations are prepared on the basis that the premises (and any works thereto) comply with all relevant statutory and EC regulations, including fire regulations, access and use by disabled persons, control and remedial measures for asbestos in the workplace, the Energy Performance of Buildings Directive and any applicable bye laws. All buildings are assumed to have Energy Performance Certificates.

Our valuation does not take into account any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972, or the Health and Safety at Work etc. Act 1974.

#### 12 Structural Surveys:

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services and we, therefore, do not give any assurance that any property is free from defect. We seek to reflect in our valuations any readily apparent defects or items of disrepair, which we note during our inspection, or costs of repair which are brought to our attention. Otherwise, we assume that each building is structurally sound and that there are no structural, latent or other material defects. Unless stated otherwise in our reports we assume any tenants are fully responsible for the repair of their demise either directly or through a service charge.

#### 13 Deleterious Materials:

We do not normally carry out or commission investigations on site to ascertain whether any building was constructed or altered using deleterious materials or techniques (including, by way of example high alumina cement concrete, woodwool as permanent shuttering, calcium chloride or asbestos). Unless we are otherwise informed, our valuations are on the basis that no such materials or techniques have been used.

#### 14 Site Conditions:

We do not normally carry out or commission investigations on site in order to determine the suitability of ground conditions and services for the purposes for which they are, or are intended to be, put; nor do we undertake archaeological, ecological or environmental surveys. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that, where development is contemplated, no extraordinary expenses, delays or restrictions will be incurred during the construction period due to these matters.

#### 15 Environmental Contamination:

Unless expressly instructed, we do not carry out or commission site surveys or environmental assessments, or investigate historical records, to establish whether any land or premises are, or have been, contaminated. Therefore, unless advised to the contrary, our valuations are carried out on the basis that properties are not affected by environmental contamination. However, should our site inspection and further reasonable enquiries during the preparation of the valuation lead us to believe that the land is likely to be contaminated we will discuss our concerns with you.

#### 16 Insurance:

Unless expressly advised to the contrary we assume that appropriate cover is and will continue to be available on commercially acceptable terms. In particular, we will have regard to the following:

##### **Composite Panels**

Insurance cover, for buildings incorporating certain types of composite panel may only be available subject to limitation, for additional premium, or unavailable. Information as to the type of panel used is not normally available. Accordingly, our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

##### **Terrorism**

Our valuations have been made on the basis that the properties are insured against risks of loss or damage including damage caused by acts of Terrorism as defined by the Terrorism Act 2000. We have assumed that the insurer, with whom cover has been placed, is reinsured by the Government backed insurer, Pool Reinsurance Company Limited.

## **Flood and Rising Water Table**

Our valuations have been made on the assumption that the properties are insured against damage by flood and rising water table. Unless stated to the contrary our opinions of value make no allowance for the risk that insurance cover for any property may not be available, or may only be available on onerous terms.

### **17 Outstanding Debts:**

In the case of property where construction works are in hand, or have recently been completed, we do not normally make allowance for any liability already incurred, but not yet discharged, in respect of completed works, or obligations in favour of contractors, subcontractors or any members of the professional or design team.

### **18 Confidentiality and Third Party Liability:**

Our Valuations and Reports are confidential to the party to whom they are addressed and for the specific purpose to which they refer, and no responsibility whatsoever is accepted to any third parties. Neither the whole, nor any part, nor reference thereto, may be published in any document, statement or circular, or in any communication with third parties, without our prior written approval of the form and context in which it will appear.

### **19 Statement of Valuation Approach:**

We are required to make a statement of our valuation approach. The following provides a generic summary of our approach.

The majority of institutional portfolios comprise income producing properties. We usually value such properties adopting the investment approach where we apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. Following market practice we construct our valuations adopting hardcore methodology where the reversions are generated from regular short term uplifts of market rent. We would normally apply a term and reversion approach where the next event is one which fundamentally changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation.

Vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable.

Where land is held for development we adopt the comparison method when there is good evidence, and/or the residual method, particularly on more complex and bespoke proposals.

There are situations in valuations for accounts where we include in our valuation properties which are owner-occupied. These are valued on the basis of existing use value, thereby assuming the premises are vacant and will be required for the continuance of the existing business. Such valuations ignore any higher value that might exist from an alternative use.

### **20 Capital Expenditure Requirement:**

Where buildings are undergoing works, such as refurbishment or repairs, or where developments are in progress, we have relied upon cost information supplied to us by the client or their appointed specialist advisors.

### **21 Goodwill, Fixtures and Fittings:**

Unless otherwise stated our valuation excludes any additional value attributable to goodwill, or to fixtures and fittings which are only of value, in situ, to the present occupier.

### **22 Plant and Machinery:**

No allowance has been made for any plant, machinery or equipment unless it forms an integral part of the building and would normally be included in a sale of the building.

**23 Services:**

We do not normally carry out or commission investigations into the capacity or condition of services. Therefore we assume that the services, and any associated controls or software, are in working order and free from defect. We also assume that the services are of sufficient capacity to meet current and future needs.

**24 Land and Building Apportionments:**

When instructed, we will provide apportionments between land and buildings for depreciation purposes only. Such apportionments are not valuations and should not be used for any other purpose unless specified in the report.

**25 Portfolio Valuations:**

In respect of valuations of portfolios of properties, our overall valuation is an aggregate of the individual values of each individual property. The valuation assumes, therefore, that each property would be marketed as an individual property and not as part of a portfolio. Consequently no portfolio premium or discount has been reflected and any consequence of marketing a range of individual properties together has also not been reflected in our valuations. However, if adjoining or complementary properties might achieve a higher value by being marketed together (known as “prudent lotting”), we have reported the higher value that would emerge.

**26 Rating:**

Any information regarding rating has generally been obtained from the Valuation Office website. We will not investigate whether any rating assessment is a fair assessment or considered the likelihood of an appeal being successful.

**27 Plans and Maps:**

All plans and maps included in our report are strictly for identification purposes only, and, whilst believed to be correct, are not guaranteed and must not form part of any contract. All are published under licence and may include mapping data from Ordnance Survey © Crown Copyright. All rights are reserved.

# Market Value

## Definition and Interpretive Commentary reproduced from the RICS Valuation – Global Standards 2017, VPS 4 and IVS Framework

### 1.1 Market Value

#### 1.1.1 The definition of *Market Value* as defined in IVS 104 paragraph 30.1 is:

*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.*

1.1.2 *Market value* is a basis of *value* that is internationally recognised and has a long-established definition. It describes an exchange between parties that are unconnected and are operating freely in the marketplace and represents the figure that would appear in a hypothetical contract of sale, or equivalent legal document, at the *valuation date*, reflecting all those factors that would be taken into account in framing their bids by market participants at large and reflecting the highest and best use of the asset. The highest and best use of an asset is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible – fuller treatment of this particular premise of value can be found at section 140 of IVS 104.

1.1.3 It ignores any price distortions caused by *special value* (an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*) or *marriage value*. It represents the price that would most likely be achievable for an asset across a wide range of circumstances. *Market rent* applies similar criteria for estimating a recurring payment rather than a capital sum.

1.1.4 In applying *market value*, regard must also be had to the requirement that the valuation amount reflects the actual market state and circumstances as of the effective *valuation date*. The full conceptual framework for *market value* can be found at paragraph 30.2 of IVS 104.

1.1.5 Notwithstanding the disregard of *special value*, where the price offered by prospective buyers generally in the market would reflect an expectation of a change in the circumstances of the asset in the future, the impact of that expectation is reflected in *market value*. Examples of where the expectation of additional value being created or obtained in the future may have an impact on the *market value* include:

- the prospect of development where there is no current permission for that development and
- the prospect of marriage value arising from merger with another property or asset, or interests within the same property or asset, at a future date.

1.1.6 The impact on value arising by use of an *assumption* or *special assumption* should not be confused with the additional value that might be attributed to an asset by a *special purchaser*.

1.1.7 In some jurisdictions a *basis of value* described as 'highest and best use' is adopted and this may either be defined by statute or established by common practice in individual countries or states.

## IVS Framework

30.2 The definition of *Market Value* shall be applied in accordance with the following conceptual framework:

**(a) “the estimated amount”**

refers to a price expressed in terms of money payable for the *asset* in an arm’s length market transaction. *Market Value* is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser;

**(b) “an asset or liability should exchange”**

refers to the fact that the value of an asset or liability is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the Market Value definition at the valuation date;

**(c) “on the valuation date”**

requires that the value is time-specific as of a given date. Because markets and market conditions *may* change, the estimated value *may* be incorrect or inappropriate at another time. The valuation amount will reflect the market state and circumstances as at the *valuation date*, not those at any other date;

**(d) “between a willing buyer”**

refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

**(e) “and a willing seller”**

is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price *may* be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

**(f) “in an arm’s length transaction”**

is one between parties who do not have a particular or special relationship, eg parent and subsidiary companies or landlord and tenant that *may* make the price level uncharacteristic of the market or inflated. The Market Value transaction is presumed to be between unrelated parties, each acting independently;

**(g) “after proper marketing”**

means that the *asset* has been exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the Market Value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that *there must* have been sufficient time to allow the asset to be brought to the attention of an adequate number of market *participants*. The exposure period occurs prior to the valuation date;

**(h) “where the parties had each acted knowledgeably, prudently”**

presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the *asset*, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell *assets* in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

**(i) “and without compulsion”**

establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

- 30.3 The concept of Market Value presumes a price negotiated in an open and competitive market where the *participants* are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers, or could be one characterised by a limited number of market *participants*. The market in which the asset is presumed exposed for sale is the one in which the *asset* notionally being exchanged is normally exchanged.
- 30.4 The Market Value of an *asset* will reflect its highest and best use. The highest and best use is the use of an *asset* that maximises its potential and that is possible, legally permissible and financially feasible. The highest and best use *maybe* for continuation of an *asset’s* existing use or for some alternative use. This is determined by the use that a market *participant* would have in mind for the *asset* when formulating the price that it would be willing to bid.
- 30.5 The nature and source of the valuation inputs *must* be consistent with the basis of value, which in turn *must* have regard to the *valuation purpose*. For example, various approaches and methods *maybe* used to arrive at an opinion of value providing they use market-derived data. The market approach will, by definition, use market-derived inputs. To indicate Market Value, the income approach should be applied, using inputs and assumptions that would be adopted by participants. To indicate Market Value using the cost approach, the cost of an asset of equal utility and the appropriate depreciation should be determined by analysis of market-based costs and depreciation.
- 30.6 The data available and the circumstances relating to the market for the *asset* being valued *must* determine which valuation method or methods are most relevant and appropriate. If based on appropriately analysed market-derived data, each approach or method used *should* provide an indication of Market Value.
- 30.7 Market Value does not reflect attributes of an *asset* that are of value to a specific owner or purchaser that are not available to other buyers in the market. Such advantages *may* relate to the physical, geographic, economic or legal characteristics of an *asset*. Market Value requires the disregard of any such element of value because, at any given date, it is only assumed that there is a willing buyer, not a particular willing buyer.

**1.2 Special Value**

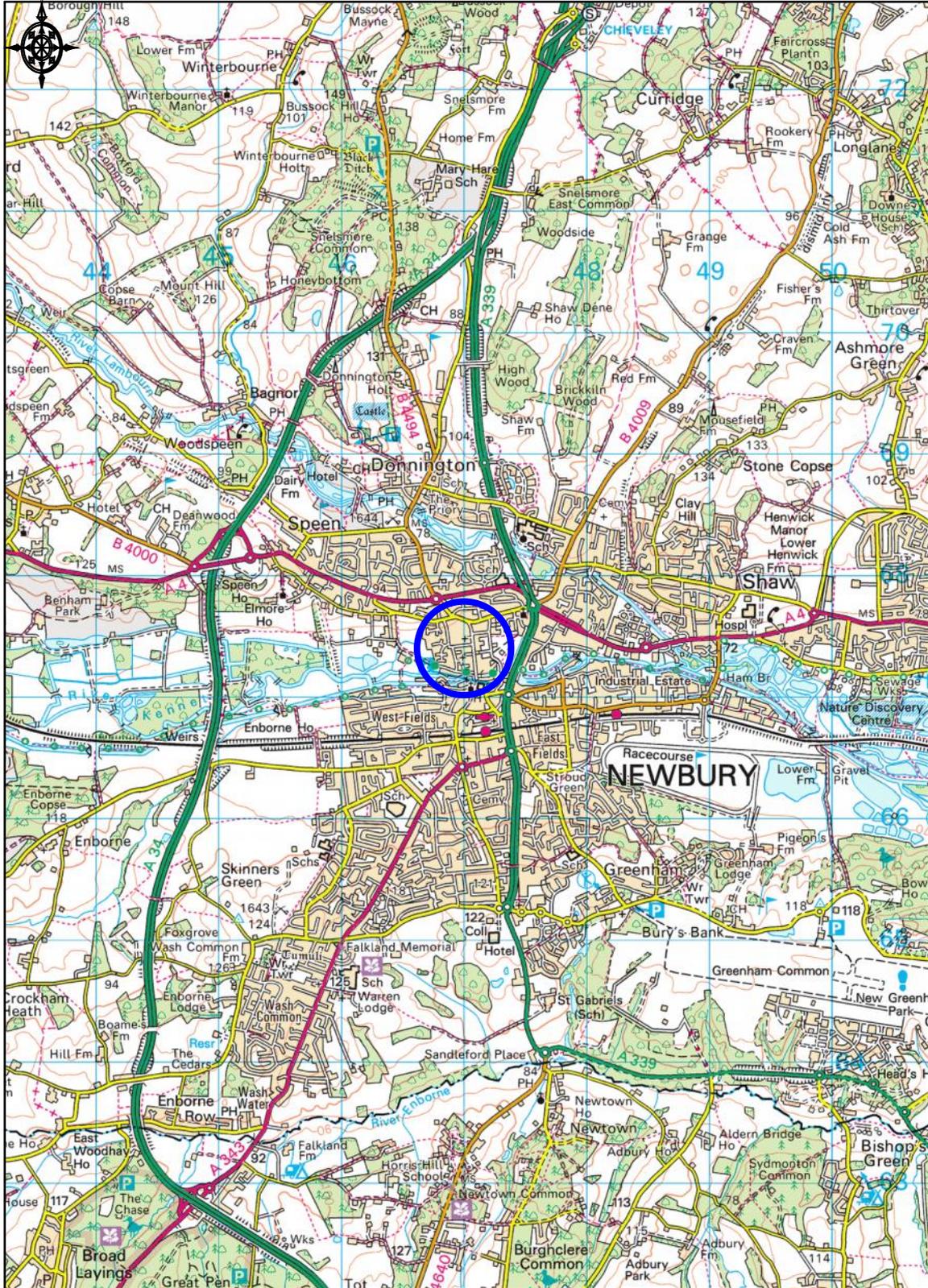
*Special value* is an amount that reflects particular attributes of an asset that are only of value to a *special purchaser*.

A *special purchaser* is a particular buyer for whom a particular asset has *special value* because of advantages arising from its ownership that would not be available to other buyers in a market.

## Appendix 3

### Location Plans and Maps

1 West Street  
Newbury  
Berkshire  
RG14 1BE



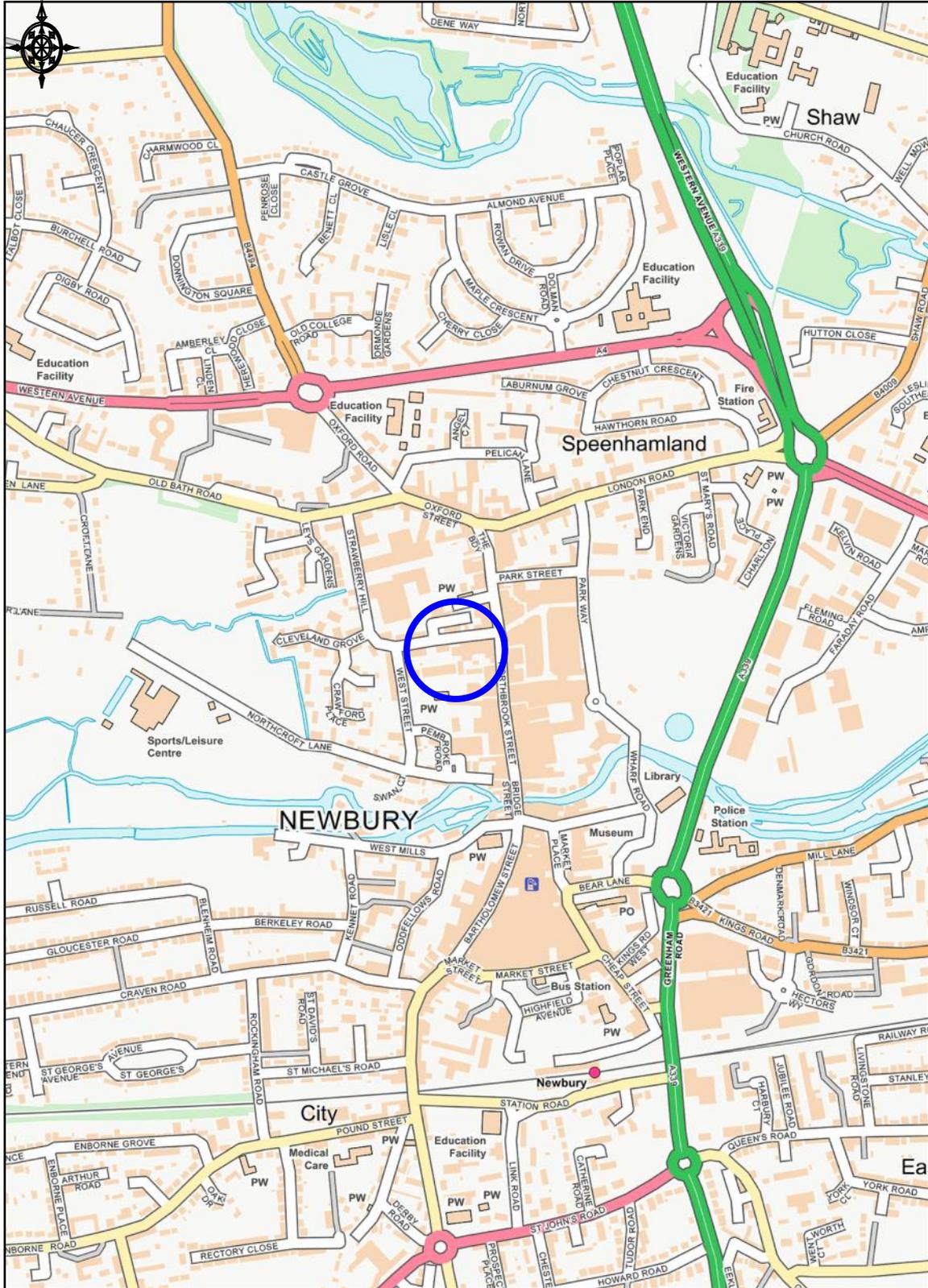
Ordnance Survey © Crown Copyright 2018. All rights reserved.  
Licence number 100022432. Plotted Scale - 1:50000

**Promap**  
LANDMARK INFORMATION GROUP

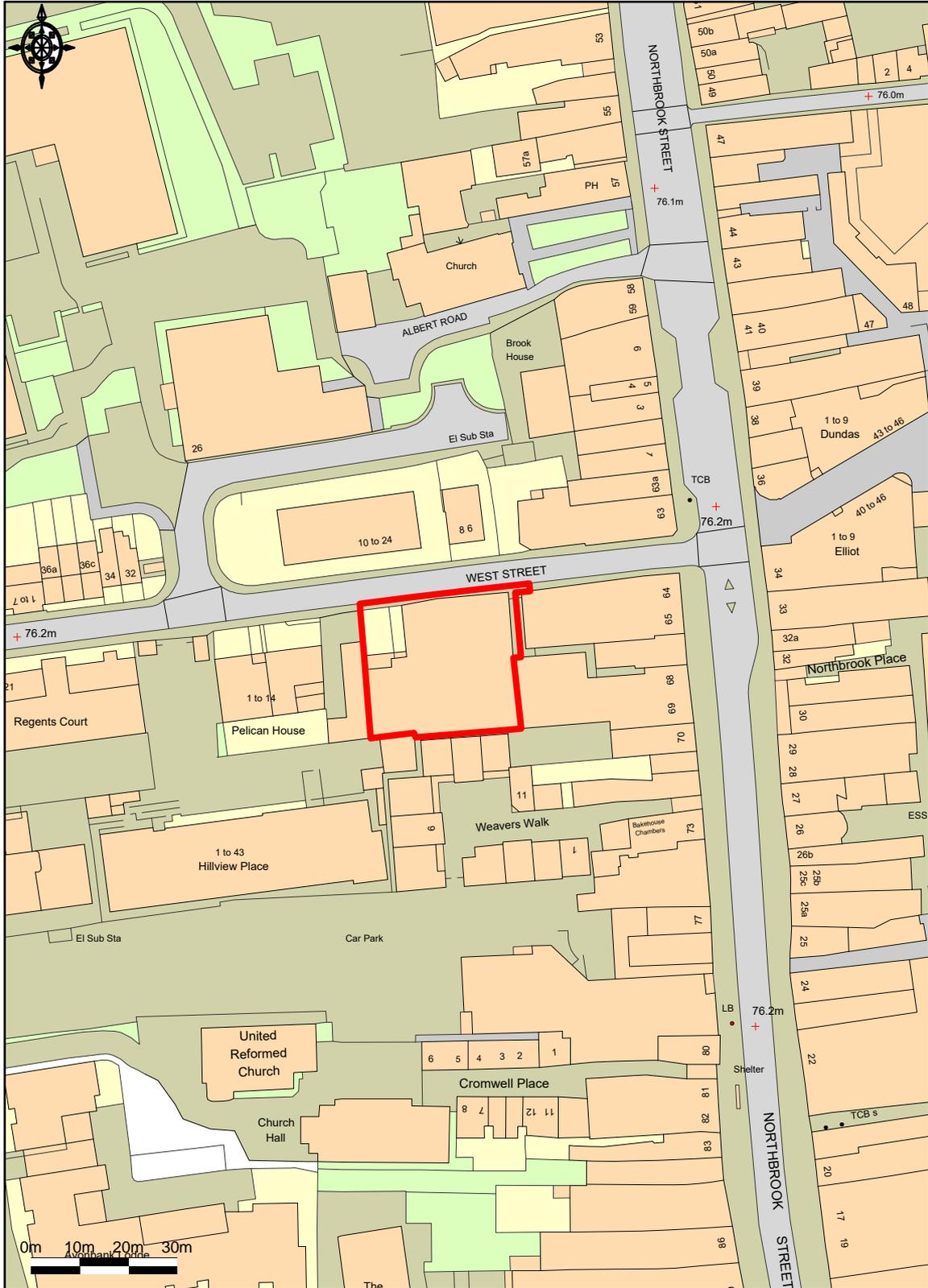
This plan is published for the convenience of identification only and although believed to be correct is not guaranteed and it does not form any part of any contract. © Crown Copyright. All rights reserved. Licence Number LIG0074.



1 West Street  
Newbury  
Berkshire  
RG14 1BE



1 West Street  
Newbury  
Berkshire  
RG14 1BE



## Appendix 4

### Photographs



Front Elevation



Snooker Hall



Office



Street Scene

# Appendix 5

## Valuation Print-Out

Development Appraisal  
JLL  
18 October 2018

**APPRAISAL SUMMARY****JLL****Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

<b>Sales Valuation</b>	<b>Units</b>	<b>ft<sup>2</sup></b>	<b>Rate ft<sup>2</sup></b>	<b>Unit Price</b>	<b>Gross Sales</b>
	20	12,174	435.19	264,900	5,298,000

**NET REALISATION** 5,298,000**OUTLAY****ACQUISITION COSTS**

Residualised Price			1,874,310		
				1,874,310	
Stamp Duty		0.50%	9,372		
Agent Fee		1.00%	18,743		
Legal Fee		0.50%	9,372		
				37,486	

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>ft<sup>2</sup></b>	<b>Rate ft<sup>2</sup></b>	<b>Cost</b>		
	12,174 ft <sup>2</sup>	158.55 pf <sup>2</sup>	1,930,218	<b>1,930,218</b>	
Contingency		5.00%	96,511		
Cil/S106			107,299		
				203,810	

**PROFESSIONAL FEES**

Architect		7.50%	144,766		
				144,766	

**MARKETING & LETTING**

Marketing			17,000		
				17,000	

**DISPOSAL FEES**

Sales Agent Fee		0.75%	39,735		
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**APPRAISAL SUMMARY****JLL**

Sales Legal Fee	0.50%	26,490	66,225
<b>FINANCE</b>			
Debit Rate 6.500%, Credit Rate 0.000% (Nominal)			
Land		149,419	
Construction		51,284	
Other		34,417	
Total Finance Cost			235,120
<b>TOTAL COSTS</b>			<b>4,508,936</b>
<b>PROFIT</b>			<b>789,064</b>
<b>Performance Measures</b>			
Profit on Cost%		17.50%	
Profit on GDV%		14.89%	
Profit on NDV%		14.89%	
IRR		24.44%	
Profit Erosion (finance rate 6.500%)		2 yrs 6 mths	



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