Valuation Advisory

Client: Proplend Security Limited

Property: 107 Bartholomew Street, Newbury, RG14 5DT

July 2019

Executive Summary

Property Address

107 Bartholomew Street, Newbury, RG14 5DT

Location

Newbury is the principal town in West Berkshire. It is situated on the River Kennet and is located approximately 60 miles west of London, 65 miles east of Bristol and 96 miles south west of Birmingham. The district has excellent communication links to London and to the West via trunk roads, the M4 motorway and mainline railways.

The property is located on Bartholomew Street, in central Newbury. Bartholomew Street leads into the pedestrianised section of Newbury town centre. Bartholomew Street is a busy street occupied by small shops and businesses alike.

Description

The property forms part of a terrace of retail and office accommodation fronting Bartholomew Street. The property comprises three stories, with retail on the ground floor and residential accommodation on first and second.

The property is made up of period brick and gauged brick arches to recessed sash windows under a pitched tile roof.

The upper floors are currently being refurbished to provide four one-bedroom apartments arranged over two floors.

Tenure

We understand the property is held freehold.

Tenancy

The property is currently vacant.

Total Rent Reserved

£0 per annum

Market Rent – Retail Only

£10,800 per annum

£20 per sq ft

Key Attributes

We would highlight the following key attributes in respect of the subject premises.

- Good infrastructure links and close to the town centre.
- The unit is of a size that will appeal to local occupiers
- Limited supply within Newbury

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- Attractive residential accommodation in the upper floors.
- The unit is an attractive lot size for potential investors.

Principal Risks

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

- The retail unit is currently let to Ressance Construction as a site office.
- The retail market is difficult at present.
- Occupying residential accommodation above a site office may deter some potential purchasers.

Valuation as at 02 August 2019

£780,000 (Seven Hundred and Eighty Thousand Pounds)

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25 July 2019

Dear Sir

Terms of Reference

Addressee:	Please note that this report is confidential to the party to whom it is addressed. We acknowledge and agree that this report and all work and/or reports which we undertake and/or prepare in respect of the transaction referred to in this report may be relied on by Proplend Limited as Security Agent for the Finance as if the work was undertaken directly for or addressed directly to Proplend Limited. If at any stage it is intended to include the valuation or report, or any reference thereto, in any Prospectus or Circular to shareholders or similar public document, our written consent will be required.
Property Address:	107 Bartholomew Street, Newbury, RG14 5DT
Tenure:	Freehold
Valuation Date:	02 August 2019
Instruction Date:	10 July 2019
Instruction and Purpose of Valuation	In accordance with your letter dated 10 July 2019 (attached to Appendix 1) we are instructed to provide you with a report and valuation for funding purposes.
Basis of Valuation:	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. 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.

	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.
Inspection:	The property was inspected on 02 August 2019 by Adam Greenwood. All significant parts of the property were inspected. The weather was sunny and dry.
Personnel:	The valuation has been prepared by Kate Hollick MRICS under the direction of Adam Greenwood MRICS, Director. 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.
Status:	In preparing this valuation we have acted as External Valuers, subject to any disclosures made to you.
Disclosure:	We have previously disclosed to you any recent involvement in this property.
Assumptions:	We have made no assumptions.
Sources of Information:	We have inspected the premises and carried out all the necessary enquiries with regard to rental and investment value, Rateable Value, planning issues and investment considerations. We have carried out a building survey and environmental risk assessment as well as measuring the premises in accordance with the RICS Code of Measuring Practice. We have been provided with the following reports, which we have relied up:
Valuation:	£780,000 (SEVEN HUNDRED AND EIGHTY THOUSAND POUNDS)
Purchaser's Costs:	We have allowed for Stamp Duty Land Tax and agents and legal fees at standard market rates which amounts to 1.50% on top of this.
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

Kate Hollick MRICS

Associate

For and on behalf of Jones Lang LaSalle

Yours faithfully

Adam Greenwood MRICS

Director

For and on behalf of Jones Lang LaSalle

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1 Location

1.1 Overview

Newbury is the principal town in West Berkshire. It is situated on the River Kennet and is located approximately 60 miles west of London, 65 miles east of Bristol and 96 miles south west of Birmingham. 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.

1.2 Communications

In terms of access to major routes, 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 at approximately 0.5 miles away. Newbury mainline railway station has services into London Paddington with a journey time of approximately 45 minutes. It is worth noting that with the electrification of the main line

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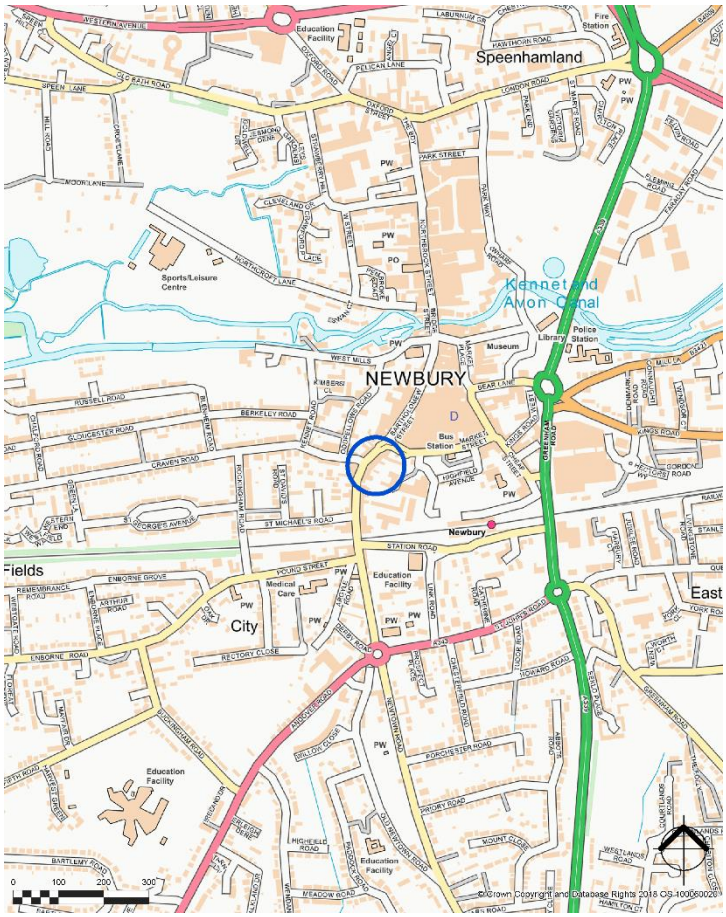
into Paddington and the extension of Cross-Rail into Reading, journey times into central London are only going to improve further increasing the desirability of the town to commuters.

1.3 Situation

The property is located on Bartholomew Street, in central Newbury. Bartholomew Street leads into the pedestrianised section of Newbury Town Centre and is therefore close to all the town centre amenities.

Bartholomew Street is a busy street occupied by small shops and businesses. The centre of Newbury is 0.1 mile to the north east, offering multiple; retail, commercial and leisure facilities.

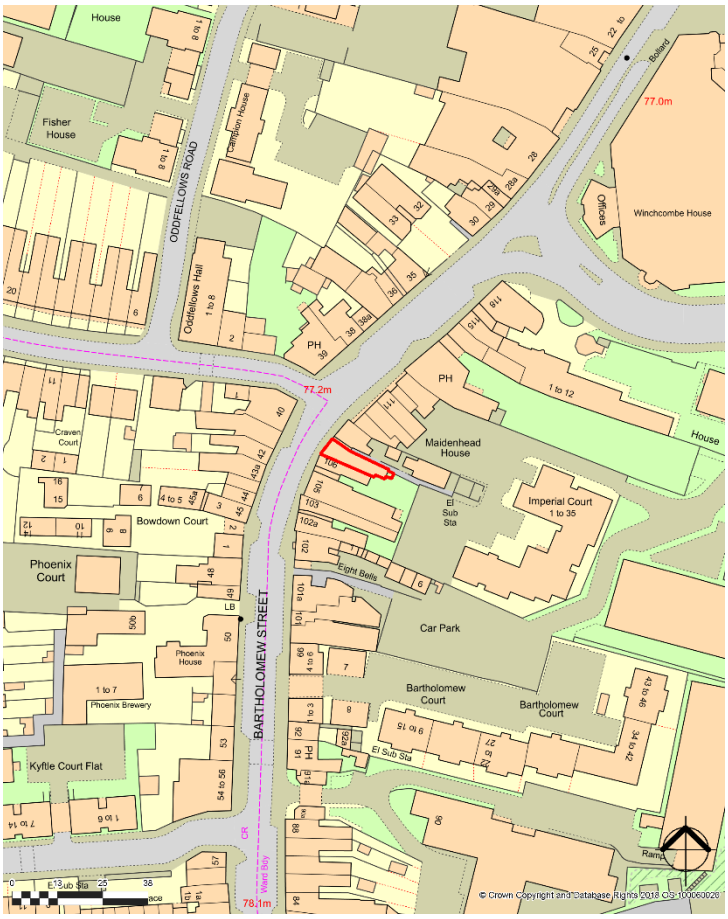
The property is accessed via a central entrance in a parade of shops. Nearby shops include Jones Robinson estate agents, The Freakshow, Academy Insurance and Games Workshop.



2 Description

2.1 Site

2.1.1 Characteristics



2.1.2 Access

The property is accessed from Bartholomew Street an adopted highway.

The property is shown for identification purposes on the Ordnance Survey extract 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.

2.2 Description and Construction

2.2.1 General

The property forms part of a larger terrace of retail and office accommodation fronting Bartholomew Street. The property comprises three stories, with retail on the ground floor and residential accommodation on first and second floors.

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The property is made up of period brick and gauged brick arches to recessed sash windows under a pitched tile roof.

The residential element is accessed via a side gate adjoining the main retail frontage. The accommodation provides a kitchen / diner, bathroom and bedroom. The accommodation is in reasonable condition. The property has been fitted out to include painted plaster walls and ceilings, carpeted floors and wall mounted electric heaters.

The retail element comprises retail space at the front, with ancillary kitchenette and toilet at the rear.

The retail unit is currently rented to Ressance Construction (RCL) as a site office for the 14 units the Borrower is developing nearby. RCL is responsible for reinstatement, which is a cost of that project. RCL will occupy until about June next year, re-instatement will take around four weeks.

2.2.2 Services

Mains water, gas and electricity are connected to the property, and we understand that the property drains into the public sewer.

2.2.3 Photographs

We have included photographs of the property at Appendix 4 to this Report.

2.3 Accommodation

As instructed we have measured the property in accordance with the Royal Institution of Chartered Surveyors' (RICS) Code of Measuring Practice (6th Edition) and have calculated the net internal floor areas to be as follows:

Unit No.	Beds	Sq m	Sq ft
Flat 1	1	32	344
Flat 2	1	30	323
Flat 3	1	32	344
Flat 4	1	30	323
Commercial		50	538
Total		**174**	**1,872**

2.4 State of Repair

2.4.1 General

JLL were not instructed to undertake any structural surveys, tests for services, or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject property or subsequent additions.

We would comment that due to the age of the building, ongoing maintenance will likely be required to preserve the buildings integrity.

We have not been provided with a building survey and cannot comment further in this regard.

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Our valuation has been undertaken on the basis that the property is in good structural repair and condition and contains no deleterious materials and that the services function satisfactorily.

From our inspection for valuation purposes we would comment that generally the subject premises are in a reasonable state of repair and condition.

2.4.2 Deleterious Materials

We consider it likely that there are deleterious materials within the fabric of the building, however, we have assumed that any such materials have been dealt with as part of the refurbishment works.

2.4.3 Life Expectancy

Assuming normal routine maintenance and repair, as well as reasonable and prudent management of the property, we consider the life expectancy is in the order of 30 years.

2.4.4 Equality Act 2010

The property does not comply with the Equality Act 2010, which replaced the Disability Discrimination Act 1995.

2.5 Environmental Considerations

We would 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.

We have made enquiries of the Environment Agency website and understand that the property is not located within a flood risk area.

2.5.1 Asbestos Management Plan

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. All commercial buildings that contain asbestos are required to have an Asbestos Management Plan. We have not seen a copy of this document. We recommend that your solicitors investigate the existence of an Asbestos Management Plan and your building surveyors review the document, as the presence of asbestos in adverse circumstances may affect the valuation figures reported below.

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2.5.2 Ground Conditions

We have made the assumption that ground conditions are suitable for the current buildings and structures or any re-development.

Since our normal enquiries and inspections did not suggest that there are likely to be archaeological remains present in or on the property, we have assumed that no abnormal constraints or costs would be imposed on any future development at the property by the need to investigate or preserve historic features.

2.5.3 Sustainability Considerations

We have not been provided with an insert EPC / DEC for the property. The Energy Act 2011 will make it unlawful to let buildings with F and G rated EPCs.

In the light of the current expectation that F and G EPC rated properties will not be capable of letting from 2018, 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. You should be aware that the requirements may change before 2018.

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3 Legal

3.1 Tenure

We understand the property is held freehold. Tenancy

3.2 Tenancies

The retail unit is currently rented to Ressance Construction (RCL) as a site office for the 14 units the Borrower is developing nearby. RCL is responsible for reinstatement, which is a cost of that project (i.e. the overall cost is less than on-site welfare, site office and small store). RCL will occupy until about June next year, re-instatement will take around four weeks.

As this is a connected party to the Borrower and the lease could be terminated at any point, we have assumed the retail unit is vacant and available to let in arriving at our opinion of Market Value below.

3.3 Planning

3.3.1 General

The property is within the jurisdiction of West Berkshire council. The overall Development Plan for West Berkshire sets out the local planning policies. The Development Plan is currently made up of the following documents:

- Core Strategy Development Plan Document (2006 - 2026) adopted July 2012.
- West Berkshire District Local Plan 1991 - 2006 (Saved Policies 2007).
- Replacement Minerals Local Plan for Berkshire incorporating alterations adopted in December 1997 and May 2001.
- Waste Local Plan for Berkshire adopted December 1998.

The Core Strategy describes the spatial strategy for the town centre to 2026 and states;

- The town centre commercial boundary and primary shopping frontage will be reviews in the Site Allocations and Delivery DPD.
- Regeneration of the Faraday Road area immediately to the east of the town centre for mixed use and office development, permission has been granted for an office building of over 7,000 sq m, a restaurant and a hotel. New office developments and change of use/redevelopment of existing offices will be guided by Policy CS 9.
- The Parkway development that opened in 2011 provided 28,400 sq m of new retail floor space in the town centre meeting the demand for retail provision.
- The Wharf area will be enhanced and developed as an extension to the cultural quarter of the Market Place.

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3.3.2 History

We have investigated the history of the building, there is limited information on the West Berkshire planning portal website.

Description	Replacement of existing storeroom.
Address	107 Bartholomew Street Newbury Berkshire RG14 5DT
Type	Full Application
Decision	Approval (21st March 2019)
Date received	28 January 2019
Applicant	Ressance Land No 3 Ltd
Ref	19/00021/FUL Approved

3.3.3 Listed Building Consent and Conservation Area

The site is located within the Newbury Town Centre Commercial Area and Conservation Area.

3.3.4 Current Planning Issues

We are not aware of any outstanding applications, enforcement action or highways issues affecting the property.

3.3.5 Proposals for Local Area

We are not aware of any planning proposals in the local area that may have an impact upon the value of the property.

3.3.6 Highways

We are not aware of any highway proposals in the vicinity that may have an impact upon the value of the property in the foreseeable future. Bartholomew Road is an adopted public highway.

3.4 Rating Assessment

3.4.1 General

Business rates are a form of property tax, usually paid by the occupier of property, and related to property rental value (known as Rateable Value). The level of rates paid is generally revised annually to reflect inflationary increases. The Rateable Value may be revised every five years to reflect changes in the value of the premises.

The property is assessed for rating purposes as follows:

Description and Address	Rateable Value
107, Bartholomew Street, Newbury, RG14 5ED	£13,750

The annual amount of rates payable is arrived at by applying a multiplier known as the Uniform Business Rate (UBR) to the rateable value. The UBR for 2019/20 is 49.1 pence in the (£) pound. Phasing relief may apply.

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3.5 Statutory and Tax Matters

3.5.1 Value Added Tax

We are uncertain as to the VAT position of this property. For clarity all capital values quoted are exclusive of VAT.

3.5.2 Capital Allowances

We are unaware as to the Capital Allowances situation in relation to this property although we assume that this will be investigated by your legal advisors. Our valuation does not reflect any budget for Capital Allowances.

3.5.3 Stamp Duty

Stamp Duty would be chargeable on a purchase of the property.

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4 Market Analysis

4.1 Local Market Review

4.1.1 Newbury

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 2019 the average for all property prices stood at £324,456 which was 8% below the average all property price recorded in January 2018.

Within RG14 property sales between January 2018 and January 2019 fell on average. The number of semi-detached properties on the market increased with all other categories decreasing. The largest decrease was for detached homes, falling from 14 in January 2018 to 3 in January 2019.

There are currently 387 properties for sale with the RG14 postcode, with the two largest price bands being £200,000 to £300,000 and £300,000 to £400,000, accounting for 53% of the market.

With regard to selling times (over the last 90 days) within RG14 the mean selling time for all properties is 100 days down from 111 days in July 2018. Whilst the median is recorded as 74 days, up from 66 days in July 2018. When looking at property types the average selling time for flats is 124 days, the longest of the property types. The quickest average selling time is for detached properties at 80 days.

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.

4.1.2 Retail Valuation

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

- We are aware that 112 Bartholomew Street was let in November 2018 to an independent retailer. The unit totals 1,164 sq ft and was let for £23,900 pa which equates to £20.53 per sq ft.

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- 38b Bartholomew Street (opposite the subject) totals 446 sq ft and is under offer at £11,500 pa or £25.78 per sq ft.

We are also aware that the ground floor retail unit of 107 Bartholomew Street was let to a private occupier (Mark David Isham and Sunaree Isham) on a 3 year term as at 21 October 2015. We understand the rent payable for the retail unit is £8,500 per annum which equates to £15.80 per sq ft.

Based on the above, both units occupy similar pitches, we have applied £20 per sq ft overall to the unit which results in a total Market Rent of £10,800 pa.

In terms of yield evidence, we are aware of the following:

- 1-10 Inches Yard sold in February 2019 for £1,100,000 and comprises 6314 sq ft of retail and office space. The property was multi let to various occupiers including a hair dressers and a nail salon. All covenants would be considered week. The property was sold for a price which equates to a 6.00% Net Initial Yield.
- 72 Northbrook Street sold in March 2019 representing a net initial yield of 6.29%. The lease had an unexpired term of 4.4 years let to Oxfam at £35,500 per annum.
- 39 Northbrook Street sold in February 2019. Two ground floor retail units and upper parts offices which could be converted under permitted development to apartments sold in February 2019 for £1,120,000. Based on a passing rent of £97,420 per annum this equates to a net initial yield of 8.21%.
- Kendrick House, 2 Wharf Street, Newbury sold in April 2019 for £1,300,000. The passing rental was £119,000 per annum which is derived from two ground floor retail units and residential accommodation above. The purchase equates to net initial yield of 8.57%.

Taking into account the above, the likely lot size and future tenant, we have targeted a reversionary yield of 7.50% and an equivalent yield of 7.25%.

4.1.3 Residential Valuation

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. 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.

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- 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 a 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

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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.

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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.
- 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

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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.

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
1	On the Market	Oct-18	£215,000	1	466
60	Sold	May-18	£283,000	2	710
3	Sold	Dec-17	£280,000	2	721
20	Sold	Oct-17	£300,000	2	721
12	Sold	Jul-17	£300,000	2	721
78	Sold	Feb-17	£316,000	2	721
39	Sold	Dec-16	£390,000	2	840

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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 as at the date of this letter. 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 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 occupies 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.

Also, a modern development situated in an inferior 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 in comparison with the subject being located at the bottom of the town centre and close to the train station, as such, we would expect the subject scheme to achieve higher overall values.

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 centrally located with occupiers benefiting from access to a garden and/or a balcony. As the subject development will be a new build development and typically has larger units, we would expect similar overall values to be achieved.

Also, within Newbury is the Newbury Racecourse development. 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.

Taking into account the above we are of the following opinion of value:

Plot	Description	Sq m - GIA	Sq ft - GIA	MV	£ps ft
1	Remodelled 1 bed	32	344	£165,000	479
2	Remodelled 1 bed	30	323	£155,000	480
3	Remodelled 1 bed	32	344	£165,000	479
4	Remodelled 1 bed	30	323	£155,000	480

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5 Valuation Commentary

5.1 Valuation Approach

In arriving at our opinion of value we have used the investment and comparable approach. For the investment approach we are essentially capitalising the current rental income into perpetuity at a market derived yield, reflecting the unexpired term, tenant covenant, location and quality of the building.

In arriving at opinion of Market Value we have had regard to the comparable evidence above and have targeted a Reversionary Yield of 7.50%. This results in a Market Value of the retail element of £140,000.

We have used the comparable approach to value the residential accommodation and have adopted to values set out in the table above. This results in a Market Value of the residential element of £640,000.

5.2 Loan Security Commentary

5.2.1 Marketability

The property is situated on Bartholomew Street one of the main roads leading into Newbury Town Centre, and is therefore close to all the town centre amenities.

Due to the properties age and layout we are of the opinion that should the property become vacant we would anticipate a void period of 6-12 months would be required before securing a new letting.

5.2.2 Liquidity (Saleability)

We are of the opinion that the most likely purchasers would be owner occupiers or cash rich local investors.

There are a good number of other prospective purchasers for secondary retail space with residential accommodation above.

5.2.3 Future Value Prospects

Rents are likely to remain static / decline along Bartholomew Street in the near future as retail as a whole continues to suffer.

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6 Valuation

6.1 Market Value

Having regard to the foregoing, we are of the opinion that the Market Value (as defined in Appendix 2) of the freehold interest in 107 Bartholomew Street, Newbury, RG14 5DT, subject to the existing tenancy as at the valuation date is:-

£780,000

(Seven Hundred and Eighty Thousand Pounds)

6.2 Market Value (on the Special Assumption of Vacant Possession)

Having regard to the foregoing, we are of the opinion that the Market Value (as defined in Appendix 2) of the freehold interest in 107 Bartholomew Street, Newbury, RG14 5DT, subject to the special assumption of vacant possession as at the valuation date is:-

£780,000

(Seven Hundred and Eighty Thousand Pounds)

6.3 Reinstatement Valuation

We have not undertaken a detailed replacement cost appraisal but our informal estimate of rebuilding costs, given for your guidance, but without liability, is £320,000. This includes an allowance for fees and demolition but not for inflation during either period of insurance or rebuilding and excludes any loss of rental income. Our informal valuation excludes Value Added Tax. As the property is Listed we would comment that the re-instatement value reported may be subject to a high level of uncertainty than would generally be the case due to possible requirements of reconstructing a Listed building.

6.4 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.

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Appendix 1

Letter of Instruction

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

Attn: Adam Greenwood,
Jones Lang Lasalle,
31 Great George Street,
Bristol,
BS1 5Q

Ref: Ressance Land No 3 Limited

Dear Adam,

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:	Ressance Land No 3 Limited
Contact Name:	Duncan Crook
Phone Number:	07900 580556
Email:	Duncan@ressance.co.uk
Properties:	107 Bartholomew Street, Newbury, RG14 5DY
Tenure:	Freehold
Use:	Mixed Retail and Residential
Tenancies:	Ground floor - let to Ressance Construction at a rental of £10,800 p.a. Uppers - 4 x 1-bed flats let on ASTs at a combined rental of £30,600 p.a.
Access:	via Duncan, as above.

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:

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

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. A valuation of the Property on the assumption of Vacant Possession.
4. Please provide comparable evidence to support your assumptions on values.
5. Please provide an estimated rental value for the Subject Properties.
6. Please provide commentary on continued likely market demand for properties of this size and nature, in this location, for sale and to let.
7. Please provide an estimated reinstatement cost of the buildings for insurance purposes.
8. Please provide a full description of the Property to include its accommodation, its size, its construction, location and general state of repair. These details should be supported with photos of the Properties. Whilst you are not instructed to carry out a structural survey on each Property, please comment of any noticeable defects that might warrant further investigation and which might affect the marketability of the Property.
9. Please certify that the Property is acceptable for secured lending purposes.

Report on Title
A copy of the solicitors Report on Title will be sent to you so that you can cross check your assumptions with the facts contained within the said report and comment on specific items which may affect your valuation.

Fees

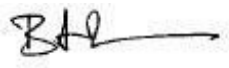
You have quoted and the Borrower has agreed to pay a fee of £1,250 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

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

Yours Faithfully,



Brian Bartaby
Director

Proplend Security Limited

Appendix 2

General Terms and Conditions of Business

General Principles

Definition of Market Value

Definition of Market Rent

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General Terms and Conditions of Business

1. 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, that 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 the United Kingdom 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) 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 they are 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 and Wales 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.

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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 the 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), JLL will take all appropriate steps to identify, prevent or manage a conflict of interest that may arise in the course of business. In the event that an actual or potential conflict of interest is identified, JLL will 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 include representations or descriptions of a property, that such information and material contain 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

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

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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 JLL 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 properties.

4.5 Where the Client constitutes more than one legal person, the liability of such persons shall be joint and several.

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 delivering 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.

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, trade secrets, 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 the 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

7.1 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), their Affiliates and their employees, agents or subcontractors, and any other confidential information concerning the disclosing party's

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business, its products and services which the receiving party may obtain. The receiving party shall ensure that such Affiliates, 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 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. JLL may remove, or arrange for the removal of, names and any other identifiers from confidential information and then use such anonymised information for lawful purposes chosen at its discretion.

7.2 Where JLL delivers services to or is approached to deliver services to another party JLL shall not be required to use or disclose to the Client any information known to JLL, which is confidential to another party.

8. LIABILITY

8.1. 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;

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; and

c) nothing in the Agreement limits any liability which cannot legally be limited, including but not limited to, liability for: death or personal injury caused by negligence; or fraud or fraudulent misrepresentation.

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;

c) JLL may, to comply with legal, regulatory or professional requirements, keep one copy of all Material which is what was supplied by or on behalf of the Client in relation to the Services;

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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 hard copy and electronic files it has in its possession 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) 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 the Data Protection Legislation. In providing the Services, JLL in its role as processor shall comply with the Data Protection Legislation as it relates to data processors. Nothing within the Agreement relieves either Party of its own direct responsibilities and liabilities under the Data Protection Legislation.

10.3 JLL shall not process personal data other than in relation to 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. Upon a written request, 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 for access from an individual, 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; and

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 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).

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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 the 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 the 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.

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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 of JLL.

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.** To comply with the law and professional rules on suspected criminal activity JLL is required to verify the identity of its clients and understand their business. Upon request, the Client will promptly provide to JLL evidence of the Client's identity, management or ownership. Where JLL is required by law to obtain similar evidence for another party to a transaction, the Client will provide all reasonable assistance to obtain such evidence. JLL may also need to provide such evidence to another party's agents and the Client consents to the release of such information. If a Party fails to provide such evidence the transaction and Services may not be able to proceed. JLL is required by law to report to the appropriate authorities any knowledge or suspicion of money laundering or terrorist financing. JLL may be unable to inform the Client of any disclosure and may have to stop the Services for a period of time without explanation.

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 **RICS.** JLL is regulated by RICS for the provision of surveying services and agrees to uphold the RICS Rules of Conduct for Firms and all other applicable mandatory professional practice requirements of RICS, which can be found at www.rics.org. As a RICS regulated firm JLL has committed to cooperate with RICS to ensure compliance with its standards. JLL's nominated RICS contact is Luis Campbell, Head of Compliance: emeacompliance@eu.jll.com.

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

12.17. **Jurisdiction.** Each Party irrevocably agrees that the courts of England and Wales 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).

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

12.19. **Survival.** Clauses 5 to 10 shall survive termination of the Agreement.

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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.

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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 outgoings 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.

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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.

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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.

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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.

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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.

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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;

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(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 *may* be 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 *may* be 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.

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Market Rent

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

1.1 Market rent

1.1.1 *Market rent* is defined in IVS 104 paragraph 40.1 as:

The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.1.2 *Market rent* will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews and the responsibilities of the parties for maintenance and outgoings will all impact the *market rent*. In certain countries or states, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate.

1.1.3 *Market rent* will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may be re-let when the existing lease terminates. *Market rent* is not a suitable basis for settling the amount of rent payable under a rent review provision in a lease, where the definitions and *assumptions* specified in the lease have to be used.

1.1.4 Valuers must therefore take care to set out clearly the principal lease terms that are assumed when providing an opinion of *market rent*. If it is the market norm for lettings to include a payment or concession by one party to the other as an incentive to enter into a lease, and this is reflected in the general level of rents agreed, the *market rent* should also be expressed on this basis. The nature of the incentive assumed must be stated by the valuer, along with the assumed lease terms.

IVS Framework

40.1 *Market Rent* is the estimated amount for which an interest in real property *should* be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

40.2 Market Rent *may* be used as a basis of value when valuing a lease or an interest created by a lease. In such cases, it is necessary to consider the contract rent, and, where it is different, the market rent.

40.3 The conceptual framework supporting the definition of Market Value… can be applied to assist in the interpretation of Market Rent. In particular, the estimated amount excludes a rent inflated or deflated by special terms, considerations or concessions. The "appropriate lease terms" are terms that would typically be agreed in the market for the type of property on the valuation date between market *participants*. An indication of Market Rent *should* only be provided in conjunction with an indication of the principal lease terms that have been assumed.

40.4 Contract Rent is the rent payable under the terms of an actual lease. It *may* be fixed for the duration of the lease, or variable. The frequency and basis of calculating variations in the rent will be set out in the lease and *must* be identified and understood in order to establish the total benefits accruing to the lessor and the liability of the lessee.

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40.5 In some circumstances the Market Rent *may* have to be assessed based on terms of an existing lease (eg, for rental determination *purposes* where the lease terms are existing and therefore not to be assumed as part of a notional lease).

40.6 In calculating Market Rent, the *valuer must* consider the following:

a) in regards to a Market Rent subject to a lease, the terms and conditions of that lease are the appropriate lease terms unless those terms and conditions are illegal or contrary to overarching legislation, and
b) in regard to a Market Rent that is not subject to a lease, the assumed terms and conditions are the terms of a notional lease that would typically be agreed in a market for the type of property on the valuation date between market participants.

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Appendix 3

Location Plans and Maps

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107 Bartholomew Street
Newbury
Berkshire
RG14 5DT

created on edozo

Plotted Scale - 1:50,000

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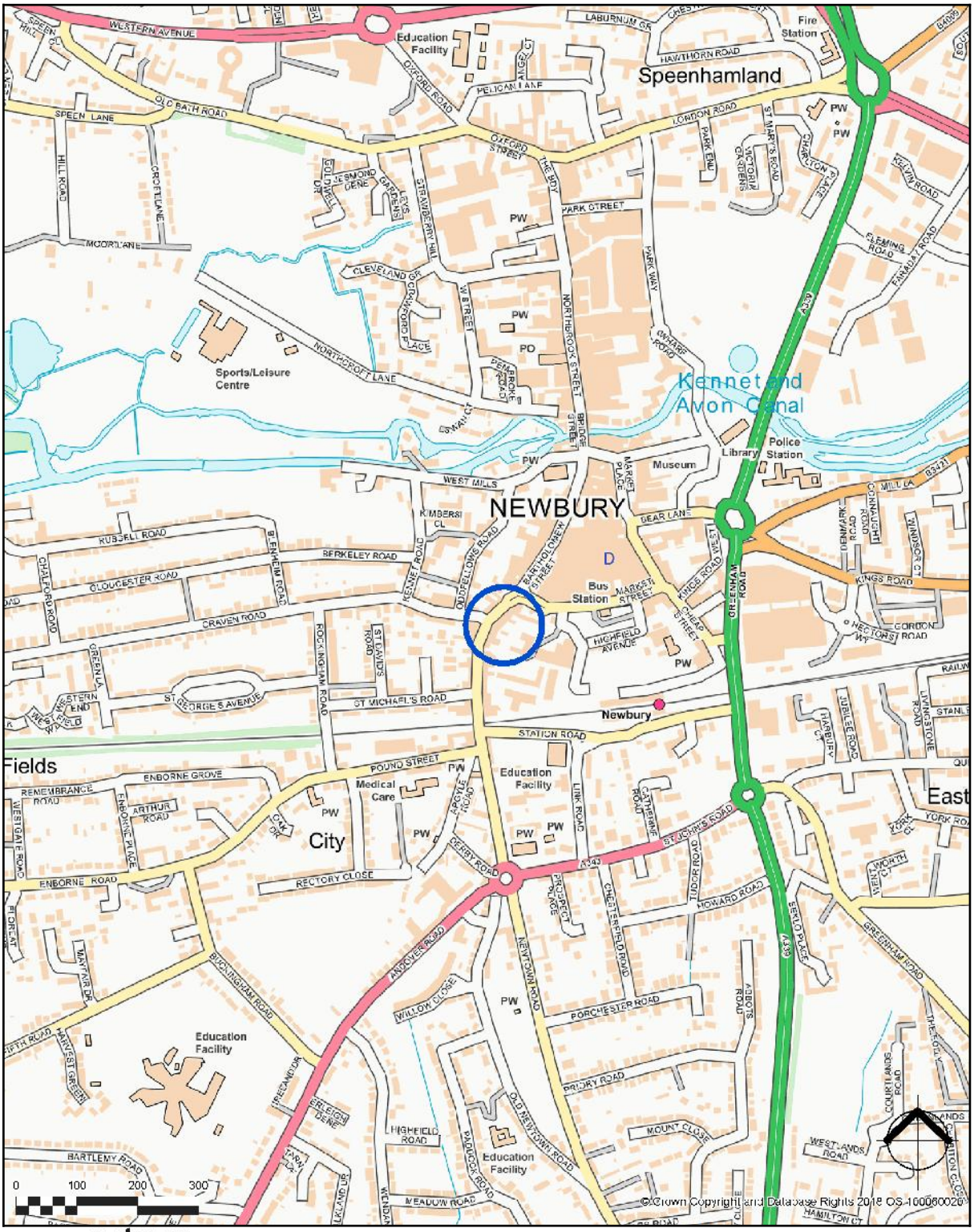
107 Bartholomew Street
Newbury
Berkshire
RG14 5DT



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Plotted Scale - 1:10,000

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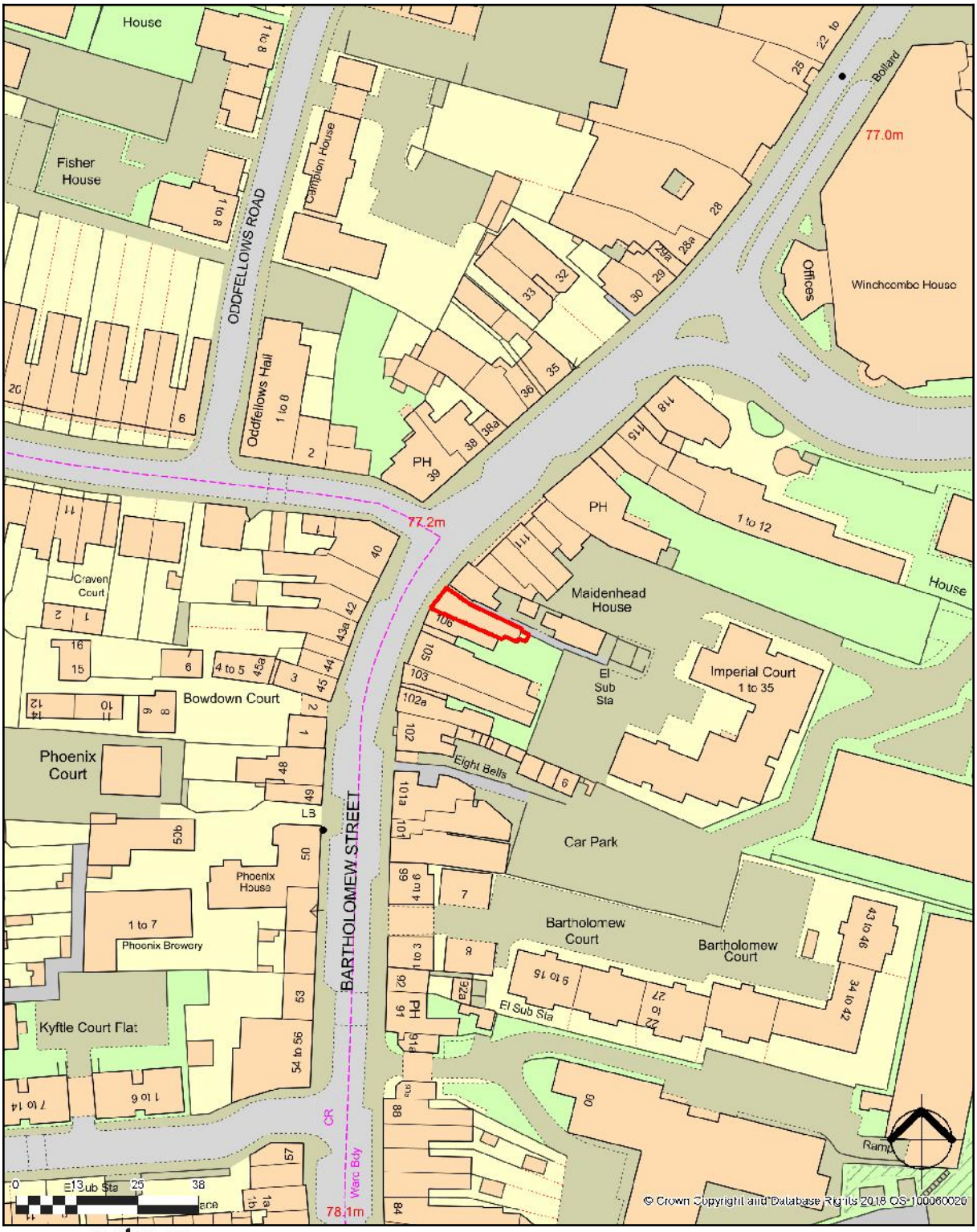
107 Bartholomew Street
Newbury
Berkshire
RG14 5DT



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Appendix 4
Photographs

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Shop front and flats above – Facing east

Batholomew Street scene – Facing south

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Ground floor office

First floor flat - Kitchen

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Appendix 5

Valuation Print-Out

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REPORT Valuation Summary

Jones Lang Lasalle

Report Date 09 August 2019
Valuation Date 16 April 2019

Property

Address Newbury - Bartholomew Street,Batholomew Street,Newbury
File/Ref No

Gross Valuation			£144,001
Capital Costs			£0
Net Value Before Fees			£144,001
Less	Stamp Duty	@0.00% of Net Value	£0
	Agents Fee	@1.00% of Net Value	-£1,697
	Legal Fee	@0.50% of Net Value	-£849
	Fees include non recoverable VAT @ 20.00 %		
Net Valuation			£141,454
		Say	£141,000

Equivalent Yield	7.2649%	True Equivalent Yield	7.5949%
Initial Yield (Deemed)	0.0000%	Initial Yield (Contracted)	0.0000%
Reversion Yield	7.5237%		
Total Contracted Rent	£0	Total Current Rent	£0
Total Rental Value	£10,800	No. Tenants	1
Capital value per ft²	£262.08		

Running Yields

Date	Gross Rent	Net Rent	Annual	*Quarterly*
16-Apr-2019	£0	£0	0.0000 %	*0.0000 %*
16-Oct-2019	£10,800	£10,800	7.5237 %	*7.8913 %*

Yields based on £143,546

REPORT Valuation Summary

Jones Lang Lasalle

Report Date 09 August 2019
Valuation Date 16 April 2019

Tenants

Tenant name	File / Ref No	Next Review	Expiry Date	Current Rent	ERV Method	ERV	Cap.Group	Val.Meth.	Yield 1	Yield 2	Gross Value
Freehold											
107 - Vacant		16-Jul-2024	15-Jul-2034	£0	Rounded	£10,800	Private	Hardcore	7.242	7.242	£144,001
Total				£0		£10,800					£144,001

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