

# Panel

## Reducing Property Specific Lending Risks Through Valuations Excellence

### Valuation Report

<b>Property Address:</b>	Unit D, 23-25 Sunbeam Road, London, NW10 6JP
<b>Client Name:</b>	Proplend Security Limited
<b>Client Address:</b>	20-22 Wenlock Road, London, N1 7GU
<b>Applicant Name:</b>	JAD Enterprises Ltd (REF: Park Royal-Industrial (AIA) - Mr George Madiwho
<b>Date of Report:</b>	3 <sup>rd</sup> March 2021
<b>Date of Inspection:</b>	2 <sup>nd</sup> March 2021
<b>Date of Valuation:</b>	2 <sup>nd</sup> March 2021
<b>Valuation Company:</b>	Capital Value Surveyors Limited
<b>Valuer Name:</b>	Simon Jackson, Bsc(Hons)MRICS
<b>Counter Signature Name:</b>	Sean Mansfield, Bsc(Hons)MRICS



We're here to add *value* to valuations.

**PROPERTY DETAILS**

<b>Property Address:</b>	Unit D, 23-25 Sunbeam Road, London, NW10 6JP		
<b>Purpose of Valuation:</b>	Loan Security	<b>Valuation Method:</b>	Comparison / Investment


**VALUATION**

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

Market Value subject to full vacant possession	£2,100,000
Market Value subject to full vacant possession with the special assumption of a sale within a 90 day period	£1,900,000
Market Rent (MR)	£157,300
Insurance Reinstatement Estimate:	£1,600,000

**VALUATION ISSUES:**

- Confirm tenure details
- Clarify that all necessary Local Authority consents and regulations have been obtained in respect of the property's current configuration

**Estimated Sales period:**

Up to six months

**LOCATION / DESCRIPTION**

<b>Location Summary:</b>	A well established and popular industrial location to the north west of Central London. Situated on a relatively narrow road with high levels of passing traffic.		
<b>Description Summary:</b>	An end of terrace modern industrial unit. Constructed in 2002 or thereabouts. Reasonable loading facilities.		
<b>Condition Summary:</b>	Average		
<b>Floor Area:</b>	8,988 sq. ft. / 835 sq. m (excluding mezzanine) 11,528 sq. ft. / 1,071 sq. m (including mezzanine area)	<b>Site Area:</b>	n/a

**TENURE / TENANCY**

<b>Tenure:</b>	Freehold	<b>Tenancy:</b>	None
<b>Passing Rent:</b>	n/a	<b>Market Rent:</b>	£157,300 per annum

### SWOT ANALYSIS

<b>Strengths:</b> <ul style="list-style-type: none"> <li>Popular and desirable commercial location</li> <li>Modern unit with good eaves height and loading</li> <li>Off street parking to the front and side</li> </ul>	<b>Weaknesses:</b> <ul style="list-style-type: none"> <li>The building is starting to show its age</li> <li>Sunbeam Road is a narrow and busy road with reasonably high levels of passing traffic</li> <li>One loading area</li> </ul>
<b>Opportunities:</b> <ul style="list-style-type: none"> <li>Being part of this reasonable quality area there is potential for long term capital appreciation</li> </ul>	<b>Threats:</b> <ul style="list-style-type: none"> <li>The Coronavirus continues to cause caution and uncertainty throughout all markets</li> </ul>

### DEFECTS & SPECIALIST REPORTS

*(Please identify any structural, legal, or environmental issues. Please confirm the status of the defect and provide further commentary below if you recommend that a specialist report is required)*

**Comments:** None

### RECOMMENDED ACTION POINTS / SUITABILITY FOR LOAN SECURITY

<b>We would recommend the following action points:</b>	<ul style="list-style-type: none"> <li>Confirm tenure details</li> <li>Clarify that all necessary Local Authority consents and regulations have been obtained in respect of the property's current configuration</li> </ul>
<b>Is the property suitable for loan security?</b>	<b>YES</b> for specialist and commercial finance

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



## 'COMMERCIAL' VALUATION REPORT

Property Address: Unit D, 23-25 Sunbeam Road, London, NW10 6JP

Date of inspection: 2<sup>nd</sup> March 2021

Inspecting Surveyor: Simon Jackson BSc(Hons)MRICS

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# EXECUTIVE SUMMARY

UNIT D, 23-25 SUNBEAM ROAD, LONDON, NW10 6JP

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**Market Value(s):**        **£2,100,000 (Two million, one hundred thousand pounds) – subject to full vacant possession**

**£1,900,000 (One million, nine hundred thousand pounds) – subject to full vacant possession with the special assumption of a sale within a 90 day period**

**Rental Value:**        **£157,300 (One hundred and fifty seven thousand, three hundred pounds) per annum**

**Insurance**

**Reinstatement Cost:**    **£1,600,000 (One million, six hundred thousand pounds)**

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**SUITABILITY AS LOAN SECURITY**        **SUITABLE FOR SPECIALIST AND COMMERCIAL FINANCE**

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**Description:**

❖ An end of terrace modern industrial unit

❖ Constructed in 2002 or thereabouts

❖ Reasonable loading facilities

❖ Eaves height of 6.3 metres (to the haunch)

**Gross Internal Floor Area:**    ❖ 8,988 sq. ft. / 835 sq. m (excluding mezzanine)

❖ 11,528 sq. ft. / 1,071 sq. m (including mezzanine area)

**Tenure:**

❖ Freehold

Location:	❖ A well established and popular industrial location to the north west of Central London
	❖ Situated on a relatively narrow road with high levels of passing traffic
Condition:	❖ Average
Tenancies:	❖ None
Valuation Date:	❖ 2 <sup>nd</sup> March 2021

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## ‘SWOT’ ANALYSIS

Strengths:	❖ Popular and desirable commercial location
	❖ Modern unit with good eaves height and loading
	❖ Off street parking to the front and side
Weaknesses:	❖ The building is starting to show its age
	❖ Sunbeam Road is a narrow and busy road with reasonably high levels of passing traffic
	❖ One loading area
Opportunities:	❖ Being part of this reasonable quality area there is potential for long term capital appreciation
Threats:	❖ The Coronavirus continues to cause caution and uncertainty throughout all markets

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Further enquiries for your Legal Adviser:	❖ Confirm tenure details
	❖ Clarify that all necessary Local Authority consents and regulations have been obtained in respect of the property’s current configuration
Sales Demand:	❖ Reasonable
Rental Demand	❖ Reasonable
Period within which to complete a sale:	❖ Up to six months
Period within which to let the property:	❖ Up to nine months

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*This summary is strictly confidential to the addressee. It must be read in conjunction with the whole report and may not be copied, distributed or considered in isolation from the full report.*

## PHOTOGRAPHS













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## COMMERCIAL VALUATION REPORT INDEX

1.	Instructions
2.	Background to the Valuation
3.	Basis of Valuation
4.	Description
5.	Location
6.	Accommodation
7.	Services
8.	Construction
9.	Condition and Repair
10.	Essential Repairs for Lending Purposes
11.	Site
12.	Environmental Considerations
13.	Town Planning
14.	Taxation
15.	Tenure
16.	Tenancies
17.	Property Market Commentary
18.	Market Valuation and Commentary including Comparable Map
19.	Rental Valuation and Commentary
20.	Indication of Reinstatement Value
21.	Security for Loan
22.	General Remarks
23.	Assumptions and Conditions
24.	Verification
25.	Confidentiality
<b>Appendix</b>	<b>1.</b> Location Maps
<b>Appendix</b>	<b>2.</b> Professional Indemnity Insurance Certificate
<b>Appendix</b>	<b>3.</b> Land Registry Extract
<b>Appendix</b>	<b>4.</b> Letter of Instructions

Your ref: VP#30987

Our ref: SJ/NW10

3<sup>rd</sup> March 2021

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



Dear Sirs,

**RE: UNIT D, 23-25 SUNBEAM ROAD, LONDON, NW10 6JP**

**APPLICANT: JAD ENTERPRISES LTD (REF: PARK ROYAL-INDUSTRIAL (AIA) - MR GEORGE MADI**

## **1. INSTRUCTIONS**

In accordance with the instructions received from you dated 25<sup>th</sup> February 2021, we have inspected the above property and made all relevant enquiries in order to provide you with our opinion of the current Market Value as at the date of inspection of the Freehold interest, with the benefit of full vacant possession.

As requested, our opinion of Rental Value is provided in Section 19.

We understand that our valuation is required for secured lending purposes for your applicant JAD Enterprises Ltd (REF: Park Royal-Industrial (AIA) - Mr George Madiwho is proposing to purchase the property.

We confirm that we are not aware of any conflict of interest preventing us from providing you with an independent valuation of the property.

## **2. BACKGROUND TO THE VALUATION**

Having researched Her Majesty's Land Registry website, we found that the most recently recorded transaction involving this property occurred on 10<sup>th</sup> December 2002. The price paid at this time was £1,066,000.

We can find no evidence of the property being marketed for sale, however, we understand that the applicant who operates their business directly opposite this property has agreed to purchase the building directly with the current owner for £2,100,000.

The weather at the time of our inspection was dry and overcast. This followed a period of generally unsettled weather.

Present and on site during our visit was a representative of the vendor.

We began our inspection at 10:30am and ended it at 11am.

### **3. BASIS OF THE VALUATION**

Our valuation has been carried out in accordance with the latest edition of the Royal Institution of Chartered Surveyors Valuation – Professional Standards [‘The Red Book’] incorporating the Global Standards (effective 31st January 2020). It has been undertaken by independent Valuers, as defined by the RICS Valuation Practice Statements and IVSC. The property was inspected on 2<sup>nd</sup> March 2021 by Simon Jackson BSc(Hons)MRICS, who is accredited by the RICS Valuers Registration Scheme. The date of valuation is the date of inspection.

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

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

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

We confirm we have no financial interest in this transaction and that we have had no dealings with this property within the last 12 months.

We confirm that our insurance policy enables us to undertake residential valuations and our current sum insured is £10,000,000 (Ten million pounds) any one claim and in the aggregate. However, please note that the Limit of Indemnity is subject to unlimited reinstatements during the policy period in respect of a claim or loss or a series of claims or losses consequent upon or attributable to a different source or original cause. This is a standard definition of “any one claim” within the Professional Indemnity Market. Further, it complies with the RICS minimum recommended scope of cover. This is arranged by Howden UK Group UK, One Creechurch Place London EC3A 5AF.

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

### **4. DESCRIPTION**

(a)	Predominant use?	Commercial (industrial)
(b)	Approximate date of construction?	2002
(c)	Overall quality?	Average throughout

The subject property comprises an end of terrace modern purpose built industrial building which has a single loading bay and eaves height of 6.3 metres (to the haunch), off street parking and first floor offices. The current owner has also installed a mezzanine storage area.

## 5. LOCATION

(a)	General Location	
	This property is situated in a well established commercial area to the north west of Central London known as Park Royal. It is approximately 7 miles to the north west of Central London. The A406 and A40 are a short drive away giving good vehicular access to the south east road network and the Capital. All the usual amenities are readily available, the nearest rail services can be found in Stonebridge Park which is just to the west of the subject. Further wide ranging facilities can be found further to the north west in the commercial centre of Wembley. This area has built up over the past 60 years or so as one of the main commercial/industrial areas located close to Central London. Various small, medium and large companies carry out a variety of industrial storage and distribution businesses.	
(b)	Specific Location of the Subject Property	
	This property is located on Sunbeam Road close to its junction with Dragor Road, in the heart of Park Royal. Properties within the immediate vicinity comprise similar commercial/industrial buildings which we judge offer an equal mix of owner occupied and rented units.	
(c)	Overall quality?	Reasonable
(d)	Prospects of the location (both macro and micro) over the next five years?	Reasonable

## 6. ACCOMMODATION

(a)	Gross internal floor area (G.I.A.)	8,988 sq. ft. / 835 sq. m (excluding mezzanine)
		11,528 sq. ft. / 1,071 sq. m (including mezzanine area)
(b)	Source of floor area?	Measured on site

Briefly the accommodation comprises the following:

Floor level	Description	Sq.ft.	Sq.m
Ground	Warehouse, loading, storage and reception	7,782	723
First	Offices	1,099	102
Mezzanine	Storage	2,540	236
	<b>TOTAL (inc mezzanine)</b>	<b>11,528</b>	<b>1,071</b>

## 7. SERVICES

All mains services are connected to this property. Heating and a hot water supply are both provided by a gas fired boiler. Three phase of electricity is provided to this property. Vehicular loading is provided by a single loading area with a full height electric roller shutter door.

## 8. CONSTRUCTION

(a)	Walls	Insulated profile metal clad walls concealing a steel portal frame
(b)	Roof	Pitched with a profile metal clad and inset rooflight covering
(c)	Windows	Metal framed, double glazed casement units
(d)	Floors	Solid concrete and suspended timber
(e)	Is the construction of this property considered to be 'Traditional' from a mortgage finance perspective?	Yes

## 9. CONDITION AND REPAIR

(a)	Any parts of the property NOT inspected (aside from those areas excluded by the terms of this instruction)?	Yes
(b)	Overall state of repair	Average throughout
(c)	Any items of disrepair or structural defects identified that are likely to have an adverse impact on value?	No
(d)	Evidence of damp and/or timber decay?	No
(e)	Any deleterious materials identified or suspected?	No
(f)	Any areas of concern where further investigations are recommended?	No

You will note that we have answered 'Yes' in respect of Section 9(a) above and in this regard we would comment that we were unable to inspect all roof surfaces and the rear elevation due to access restrictions.

As instructed, we have not carried out a building survey, nor have we tested any of the services.

Should you require a more detailed report upon the property's structural condition or state of repair, a further inspection and report would be necessary.

## 10. ESSENTIAL REPAIRS FOR LENDING PURPOSES

None.

## 11. SITE

(a)	Any parts of the site NOT inspected (save those already excluded by the terms of this instruction)?	No
(b)	What are the predominant surrounding land uses?	Commercial
(c)	Does the site shape / topography have an adverse impact on value?	No
(d)	Any adverse ground conditions identified or suspected?	No
(e)	Are there any trees within influencing distance?	No
(f)	Any areas of concern where further investigations are recommended?	No

The site is clearly defined and is level from front to back and side to side. Almost certainly, this building will be constructed on London Clay and we would advise that there is no evidence of any significant movement or distortion to the structure that would justify further investigation..

## 12. ENVIRONMENTAL CONSIDERATIONS

(a)	Any potential sources of contamination identified or suspected?	No
(b)	Does the valuation assume the property does not suffer from contamination?	Yes
(c)	Any evidence of or risk of flooding from rivers or streams?	No
(d)	Any areas of concern where further investigations are recommended?	No

In respect of 12 (a) above, whilst we have answered 'No', it should be acknowledged that we are not professionally qualified to provide advice on environmental issues. The Royal Institution of Chartered Surveyors instructs its valuers not to take environmental liabilities into account when producing a valuation of a particular property. As a result, if there is any doubt about environmental liability, a specialist environmental survey should be carried out on the property.

### (e) Contamination

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

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

## Assumptions

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

We are not aware that hazardous materials or techniques have not been used in the construction of any of the buildings nor have they been subsequently incorporated into the structure.

We are not aware that there is land or water pollution on or close to the property.

We are not aware that the building is situated on or near to landfill sites.

We are not aware that there are storage tanks below ground or incinerators or chimneys giving off heavy emissions.

We are not aware that there are any adverse ground conditions in the adjoining properties and/or uses of adjoining properties which might give rise to soil contamination.

We are not aware that the property and/or its immediate locality is affected by naturally occurring gases.

We are not of the opinion that the property is likely to be included in the Register of Contaminated Land.

We are not of the opinion that the Bank, in light of the above, should commission a Land Quality Assessment in respect of the property.

There is possible risk of land contamination due to neighbouring commercial uses. The Bank's legal advisers should obtain a copy of the planning use history to determine if the risk is above normal.

(f) Environmental Matters

We are not aware of any environmental reports that have a detrimental effect on the property or its immediate surroundings, or that the area is affected by a flood risk. No sub-soil investigations have been undertaken and it is assumed that they are stable. We are not aware of any mining or mineral extraction in the immediate area.

(g) Sustainability

<b>Commercial</b>	
Energy Performance Asset Rating	C74
Date of Energy Performance Asset Rating	15 <sup>th</sup> February 2021

### 13. TOWN PLANNING, HIGHWAYS AND STATUTORY CONSIDERATIONS

(a)	Local Planning Authority?	Ealing
(b)	Current planning use?	Commercial
(c)	Listing?	No
(d)	Conservation Area?	No
(e)	Are there any other statutory matters / regulatory requirements likely to have an adverse impact on value?	No

We have inspected the Ealing Council Planning website and can confirm that Planning Permission was granted on 17<sup>th</sup> September 2001 for 'Demolition of existing building and development of four new warehouse/industrial units within Use Classes B1(c), B2 and B8 with car parking and service areas'.

We do not believe that the property is directly affected by any highway, town planning or other schemes or proposals.

We have valued the property on the basis that Sunbeam Road is made up and adopted by the Local Authority.

### 14. TAXATION

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

Description	Rateable Value	Rates Payable
Warehouse and premises	£93,500	£39,177 per annum

### 15. TENURE

We have valued on the assumption of the following details on tenure. These should be verified by your Legal Adviser as correct before you place any reliance on our valuation.

(a)	Tenure	Freehold
(b)	Does the Title Plan concur with what has been seen on site and do the boundaries fall within the area edged in red?	Yes – Title Plan No. AGL111528
(c)	Any title characteristics likely to have an adverse impact on value, either now or in the foreseeable future?	No

We assume that full rights of access are enjoyed, and that no third parties enjoy any rights over the subject property. We confirm the property was occupied at the date of inspection.

We have not been shown a copy of any Report on Title, nor have we made any enquiries of the Land Registry, and neither has our attention been drawn to the existence of any such restrictions. We are therefore unable to comment on any restrictive covenants, third party rights or easements, and have valued the property on the basis that none exist.

## 16. TENANCIES

There are no tenancies at present.

## 17. PROPERTY MARKET COMMENTARY

### London Industrial Market

London's large, affluent population and international connectivity make it a key industrial and logistics hub, particularly in the areas around Heathrow Airport, the M1 motorway and the Thames Gateway. A host of retailers and delivery specialists have taken big and small sheds in strategic locations across the capital in recent years, in order to support London's growing pool of workers and their increasing demand for speedy delivery. Net absorption averaged more than 1 million SF in 2018–19, well above the market's long-term average. Submarkets like Heathrow, Ealing and Enfield are performing particularly well. Healthy demand, allied to a persistent lack of new supply, brought London's industrial vacancy rate down to a record at the end of 2019.

Net absorption has since turned negative and vacancies have risen, but they remain low by historical standards and are on par with the national average. Despite steady demand for last-mile units in the capital, overall leasing activity has slowed since the pandemic began. The number of industrial lettings in the past three quarters halved compared to the same period in 2019, with take-up in SF terms dropping by a similar amount. This stands in contrast to the general uptick in leasing recorded across much of the UK since the crisis began, which is partly due to a lack of suitable availability in the capital, especially for larger units, as well as the higher costs of taking space here. Activity did pick up a little in the second half of 2020, however, with September the busiest month for London industrial easing in nearly a year. Falling vacancies have underpinned robust rental growth in London in recent years. Industrial rents have comfortably outperformed office rents across the capital during this period, as well as the national industrial average. Although rent growth has cooled in recent quarters, London industrials should continue to outperform both the national average and other property types like retail and office over the next few years, given the persistent supply/demand imbalance.

Last-mile units are well placed for outsized growth. Investment volumes remain elevated, with investors targeting both core income plays and residential conversion opportunities. Volumes jumped 30% to £1.3 billion in 2019, in contrast to the slowdown in other sectors, and trading remained busy in 2020 despite the pandemic. A host of funds are targeting last-mile opportunities in the capital. Strong competition for assets has driven yields down to record lows, exemplified in October 2020 by the 2.6% yield paid by SEGRO for Electra Logistics Park in Canning Town. Sub-4% yields are now commonplace for industrials in London.

London's industrial vacancy rate had been on a steady downward path for nine years prior to the coronavirus crisis. An average of 1 million SF was absorbed in per year in 2018–19, well above the market's long-term average which, allied to weak levels of development, pulled the vacancy rate down to just 2% at the end of 2019. Vacancies have since edged upwards, however. Net absorption turned sharply negative in 2020 as several major tenants vacated large warehouses and leasing activity slowed. Submarkets like Brent, Hillingdon North and Barking & Dagenham fared worst in terms of net absorption. London's industrial vacancy rate (3.5%) nonetheless remains comfortably below its historical average.

Looking ahead, the crisis should produce tailwinds for the industrial sector, as surging online retail sales boost demand for last-mile units in and around the capital. Industrial take-up doubled in the second half of 2020, following a quiet first half of the year. And, with land in London at a premium—industrial developers are largely being squeezed out by other sectors like residential—industrial vacancies are likely to remain low in the coming years. The industrial sector is better placed to weather the coronavirus storm than other sectors like retail, office and hospitality. The lack of industrial availability in London, especially in the most well-connected areas, is leading some firms to be creative in order to secure appropriate sites. Two of the most significant deals in 2020 were retail-toindustrial repositioning plays.

In June, Amazon took over a 44,000-SF former Toys R Us store in Croydon, which will serve as a last-mile delivery unit. The internet retail giant acquired Pentavia Retail Park in Mill Hill (102,000 SF) a month earlier for the same purpose, while also acquiring London Wall Car Park in the City of London for a cycle-based distribution hub (Amazon also pre-let a 2.3-million-SF mega logistics hub in Dartford last summer, which is located just outside of the London boundary in Kent). Amazon has not been alone in employing this strategy. In July 2020, Aviva Investors signed Ocado, the dedicated online supermarket, to operate from a 33,000-SF former Homebase at Merton Industrial Park on a 10-year lease. With demand for urban logistics units within this sizeband likely to remain robust in the coming months, this could spur further conversions. Few lettings exceeding 100,000 SF have taken place over the past year or so. Indeed, recent vacancy decompression has been driven by several retailers vacating larger units within the capital in favour of cheaper, larger units elsewhere. For example, H&M and Marks & Spencer have recently vacated warehouses in Brent to open new distribution centres in Milton Keynes and Hertfordshire, respectively. This follows an earlier move by John Lewis to a huge site in Milton Keynes, the department store retailer closing a large warehouse in Park Royal in the process. Sony has also vacated a large warehouse in Enfield in recent months, with Iron Mountain doing likewise in Tower Hamlets. Among few noteworthy deals at the larger end of the spectrum in 2020 included Kuehne+Nagel's 121,000-SF renewal at the Heathrow South Cargo Centre in June (the logistics specialist signed a 10-year lease), freight forwarding firm JAS Worldwide taking a 109,000-SF warehouse at Heathrow Logistics Park (a 15-year lease) and Crisis UK leasing a 111,000-SF unit in Tower Hamlets. The last two deals occurred in 20Q3. The Royal Mail then leased a 91,000-SF distribution facility in the Heathrow Submarket in London's largest deal in 20Q4, signing a five-year lease at £15.30/SF. Demand has been concentrated in London's western submarkets over the past couple of years. Take-up has been particularly strong in the likes of Ealing, Heathrow and Hillingdon North. Ealing was the destination of one of London's largest deals in several years in 2019, when Roundabout Productions took 297,000 SF at Access 300 on Kendall Avenue (a warehouse that was vacated by John Lewis in 2018 as part of a long-planned move to Milton Keynes).

Other key lettings in west London over the past couple of years include Heinz subleasing its 170,000-SF facility in Park Royal and Virtus Data Centres acquiring 192,000 SF across two units on Horton Road, Uxbridge. A couple of big pre-lets have also been signed in west London. DO & CO pre-let 200,000 SF at SEGRO Park Heathrow and Martinspeed pre-let 152,000 SF at Prologis Park West in Hillingdon North. Enfield has also been a leasing hotspot over the past couple of years. The north London borough was the destination of one of London's largest industrial deals in 2019, with retailer Iceland taking 145,000 SF at 1 Mollison Avenue. Waitrose, Marks & Spencer, DHL and Beavertown Brewery have also taken 100,000-plus-SF units in Enfield over the past couple of years, the latter moving its operations from Tottenham in early 2020.

Industrial rents across the capital have surged over the past decade, growing by 80%—double the national average. Rent growth has slowed since peaking at around 10% in 2016, but year-over-year rent growth of 5.1% means industrial rents continue to strongly outpace office and retail rents across the capital. The average industrial rent in London now sits at £15.60/SF, making it the most expensive industrial market in the UK. Rent growth is expected to continue to decelerate over the next couple of years.

However, given the surge in online spending and London's persistently low vacancy rate, industrial rents should keep growing. This stands in contrast to sectors more affected by the pandemic, especially retail. High demand for last-mile delivery units—and a shortage of supply—means this subsector is well placed to outperform. London industrial properties should continue to outperform the national average from a rent growth perspective over the next five years, albeit to a lesser extent than over the past decade. Heathrow, London's most expensive submarket for logistics assets, has been among the strongest performers over the past couple of years. Prime logistics rents there are thought to be around £16/SF-£17/SF.

Other western submarkets like Ealing and Hillingdon North, together with Enfield in the north, have also outperformed from a rent growth perspective in recent years, mirroring demand trends. Sutton and Croydon have been the strongest performers south of the River Thames, with Newham and Redbridge doing well in the east. Conversely, more central and expensive submarkets like Hackney and Kensington & Chelsea have recorded the weakest growth over the past couple of years.

London contains just over 200 million SF of industrial space, around two-thirds of which is logistics. Very little new industrial space has delivered over the past decade. Indeed, London has lost a significant amount of industrial space on a net basis during this period, with many warehouses and several large factories being demolished and converted to more valuable uses (mostly residential-led development). Major examples include the former GlaxoSmithKline factory in Greenford in 2017 and the former Kodak factory in Harrow in 2018. Only in 2016 did London receive a significant injection of new supply, when several large schemes delivered in its eastern submarkets.

The only deliveries of note since the beginning of 2019 were either purpose-built or pre-let during construction. The 130,000-SF Beavertown Brewery facility delivered in Enfield in early 2020, which followed the completion of Martinspeed's 152,000-SF new warehouse at Prologis Park West in Hillingdon North in 2019. The biggest delivery in 2020 was similarly spoken for, with DO & CO pre-letting a 200,000-SF unit at SEGRO Park Heathrow in 2018. It helped make 2020 the largest year for net industrial deliveries since 2012. Much of the development has been concentrated in areas where demand has been strongest, such as Ealing, Heathrow, Hillingdon North and Enfield. Speculative construction has picked up over the past couple of years, albeit moderately. Only a handful of units underway are above 50,000 SF (although a huge 2.3-million-SF Amazon warehouse will shortly begin in Dartford, which is just outside of the London boundary). The largest speculative start in 2020 occurred in February, when Prologis began building a 146,000-SF warehouse in Croydon on a speculative basis. Around two-thirds of the 1.6 million SF currently underway across London remains available. The bulk of this space will deliver in 2021. Future supply will be boosted by retail-to-industrial conversions.

In May 2020, Amazon fought off a host of residential developers to buy a retail park in Mill Hill for conversion to last-mile logistics. Amazon also bought a former Toys R Us store in Croydon with the same intention. This trend is likely to continue in the coming years, given the ongoing struggles facing the retail sector, the likely rise in retailer administrations and recent planning relaxations announced by the government. Amazon also acquired London Wall Car Park in the City of London last year for conversion into a last-mile logistic hub, which received planning approval in December 2020. From the hub, Amazon will deliver parcels to customers using pedestrian porters and cargo cycles. The hub will allow it to complete all deliveries within a 2km radius without the need for motorised freight vehicles.

London's industrial investment market has been relatively busy since the coronavirus crisis began, especially when compared to other sectors like office, hospitality and retail. While investment volumes did fall slightly in 2020, dropping below £1 billion for the first time since 2016, investors from home and abroad remain attracted by the defensive characteristics and rent growth potential of industrial property, particularly in supply-starved London. A host of investors are targeting last-mile opportunities in the capital. This is being reflected in keen yields and competitive bidding on most deals that have occurred since the pandemic began. Two large sales in 2020 illustrate the strength of demand for industrial property in London.

In October, industrial giant SEGRO paid £133 million to acquire Electra Logistics Park in Canning Town in east London, with competitive bidding driving the yield down to just 2.6%. A similar type of deal occurred in June, when SEGRO fought off a host of bidders to acquire Perivale Park for £202.5 million, a yield of just 3.5%. Sub-4% yields have become commonplace in London over the past couple of years. At the smaller end, Blackstone and M7 continue to acquire last-mile units for their Mileway joint venture, after buying urban logistics specialist Hansteen for £500 million early last year. In July 2020, they bought a strategically located unit at Midpoint in Enfield for £15.8 million. The warehouse was vacant at the time of sale and will be repurposed to tap into rising demand for last-mile logistics. The duo also paid £16.1 million for a 45,000-SF warehouse in Park Royal in March 2020, a yield of just 3.6%. Other investors are sharpening their focus towards London urban logistics too, encouraged by the market's supply-demand imbalance and supportive demographics.

Meyer Bergman is identifying opportunities in and around the capital for its pan-European Crossbay platform. LondonMetric plans to acquire a London-focused sale-and-leaseback portfolio following a recent capital raise. Canadian giant Oxford Properties is also targeting the sector, acquiring a 15-acre site near Heathrow in October 2020 in partnership with Logistics Capital Partners. The acquisition marks its first direct logistics investment in Europe, with plans to redevelop the site to provide purpose-built logistics space. One of the most interesting deals of 2020 occurred in June, when Amazon purchased London Wall Car Park in the City of London for an

undisclosed price. The online retail giant subsequently received planning permission for its conversion into a last-mile logistics hub in December. Amazon will deliver parcels to customers using pedestrian porters and cargo cycles. The hub will allow it to complete all deliveries within a 2km radius without the need for motorised freight vehicles. Logistics properties were also in demand prior to the coronavirus crisis. Indeed, industrial investment in London exceeded £1 billion for only the third time ever in 2019, with volumes rising 30% at a time when office and retail investment in the capital fell. Structural factors like the rise of online shopping and next-day delivery continued to act as tailwinds, overriding a slowing economy and Brexit concerns. Retail-to-industrial conversions are also growing in popularity amid soaring demand for last-mile units. Online giant Amazon paid £65 million for a retail park in Mill Hill in May 2020 for conversion to last-mile logistics. Amazon also acquired a former Toys R Us store in Croydon for the same purpose.

Big industrial specialists like Prologis, SEGRO and Goodman were particularly acquisitive at the larger end of the market in the second half of 2019, too. In November 2019, Goodman Group bought Sony's Distribution Centre in Enfield for £48.6 million (a keen 3.2% yield), with SEGRO acquiring a Safehouse Self Storage unit on White Hart Lane in nearby Tottenham for £37 million in the same month. Prologis was involved in two big warehouse transactions a couple of months earlier, paying £70.2 million to acquire Royal Mail's 200,000-SF distribution centre on Greenford Green Business Park in August and £24 million for a 69,000-SF warehouse at 15 Central Way in Park Royal in September. The yields on these deals were also very low, at just 3.2% and 3.5%, respectively, illustrating the strength of demand for warehouses in the most dynamic parts of London. Evidence of soaring price growth has also been seen in repeat sale prices. Competitive bidding for a 74,000-SF warehouse let to Matthew Clark Wholesale in Park Royal drove the sale price up to £34.5 million in February 2019, which was 19% above the asking price and nearly treble the price Ignis UK Property Fund, the seller, paid for the asset in 2011 (£13.8 million). Prologis was the buyer behind this deal, too. Other large warehouse deals in 2019 include M&G Real Estate's £48.5 million acquisition of a warehouse on Charlton Gate Business Park in January (a keen 3.1% yield) and UPS buying its own sorting office in Camden for £61.1 million (a 2% yield) in the same month. Investors have also been targeting industrial-to-residential conversion opportunities across the capital. Some of the largest transactions over the past years were made with this purpose in mind. In May 2018, an industrial site on Herringham Road in Charlton was bought by the Hyde Housing Group for £58 million. In December 2017, Hancock Works, a 41,000-SF Calor Gas and Ideal Furniture warehouse in Bromley-by-Bow, was bought by the Southern Housing Group for £30.8 million. In the same month, 12 light industrial units at 63 Pratt Street in King's Cross were purchased by Westminster Real Estate for a combined £30.6 million, again with redevelopment in mind.

London's economy is enduring a sharp downturn due to the coronavirus crisis. Social distancing measures, multiple lockdowns and reduced public transport use have brought about a sharp fall in economic activity, with London set to enter recession in 2020 for the first time since 2009. In its December forecasts, Oxford Economics expected London's GVA to drop by 10.3% in 2020 (down from the -8.3% predicted in September), before rebounding by 6% per year in 2021 and 2022. Total employment is predicted to fall by 3.1% in 2020–21, which equates to the loss of nearly 200,000 jobs, with around 290,000 jobs forecast to be added in 2022–23. London should continue to outperform the national average in the coming years, both in terms of GVA growth and employment growth, but to a lesser extent than it has done over the past decade.

Some industry sectors and London boroughs will be impacted more than others by the unfolding crisis. Although the early months of the crisis saw a lot of equity market trading, and a surge in bank lending to the corporate sector, the financial sector has since experienced more difficult times, with Brexit an added risk. However, on the whole, job losses have and will continue to be heaviest in the retail, leisure and hospitality sectors. In this respect, London's economy is more insulated than most UK regions, given that it is largely driven by office-based sectors where staff can more easily work from home. Oxford Economics predicts office-based employment to fall by 44,000 in 2020–21, with 50,000 such jobs then expected to be added in 2022 and a further 37,000 in 2023. Inner London boroughs are expected to fare better than Outer London boroughs as a result of these dynamics. Oxford Economics predicts that GVA in Inner London will be 9.2% lower in 2020 than it was in 2019, which compares with a more severe 12.6% drop in Outer London. Boroughs such as Hillingdon, Hounslow and Ealing are expected to fare worst, largely due to their proximity to Heathrow Airport, with the likes of Tower Hamlets and the City of London recording more moderate declines.

The extent to which different boroughs and sectors bounce back will depend on the extent to which consumer behaviour, business practices and government policy change after the pandemic subsides. Large infrastructure projects like Heathrow's third runway and Crossrail 2 have become less likely, partly due to strains on public finances but also because of the rise of flexible working and online shopping. Much will also depend upon the speed and extent to which tourism returns after the crisis abates. Overall, the 'new normal' may mean a lot of changes, but the capital should continue to enjoy unique advantages over competing cities and is likely to retain its position as Europe's pre-eminent centre for finance, insurance and TMT. The likes of Amazon, Apple, Facebook and Google have all committed to big expansions in London in recent years and are proving particularly resilient during the current crisis. At a national level, the UK economy shrank by 9.9% in 2020, the largest annual contraction for 300 years. However, a double-dip recession looks to have been avoided, with GDP growth of 1% in the final quarter ahead of most economists' predictions. The Office for National Statistics' quarterly figures showed the services sector grew by 0.6%, production by 1.8% and construction by 4.6% in 20Q4, although output in all three industries remained below pre-pandemic levels. The easing of government measures in the run-up to Christmas was reflected in monthly GDP figures, with GDP growing by 1.2% in December after falling by 2.3% in November. Much of December's gain was driven by accommodation and food services, although quarterly output in food and services remained weak for the fourth quarter overall. Extra support has been provided to mitigate the economic damage. The furlough scheme has been extended until April 2021 in a bid to curb further rises in unemployment (the unemployment rate rose to 5% in the three months to November 2020), while the Bank of England announced another £150 billion of quantitative easing in November. Renewed lockdown measures post-Christmas are likely to result in a negative outturn in the first quarter of 2021, although the successful vaccination programme should lead to a consumer-spending-led recovery thereafter. On 19th January, Oxford Economics revised its 2021 GDP forecast downwards to reflect the impact of the third national lockdown. The firm expects the economy to grow by 5.4% this year, down from the 6% previously expected, with growth of 5.8% forecast for 2022. Total employment is predicted to decline by 2% in 2021, equating to a further 700,000 job losses, before rebounding by 2.7% in 2022.

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## 18. MARKET VALUATION(S) AND COMMENTARY INCLUDING COMPARABLE MAP

Our opinion of value is based on an analysis of recent market transactions supported by market knowledge derived from our valuation experience.

In determining the market value of the property, subject to the tenancy described above and with the benefit of full vacant possession, we have adopted an investment method of valuation appraisal requiring:-

- i) The identification of the market rent for the component parts.
- ii) Comparative analysis of the rent passing under any leases.
- iii) Capitalisation of the adopted income streams with an applicable investment yield.

### (a) Schedule of Comparable Sales Evidence

#### Commercial Investment Transactions

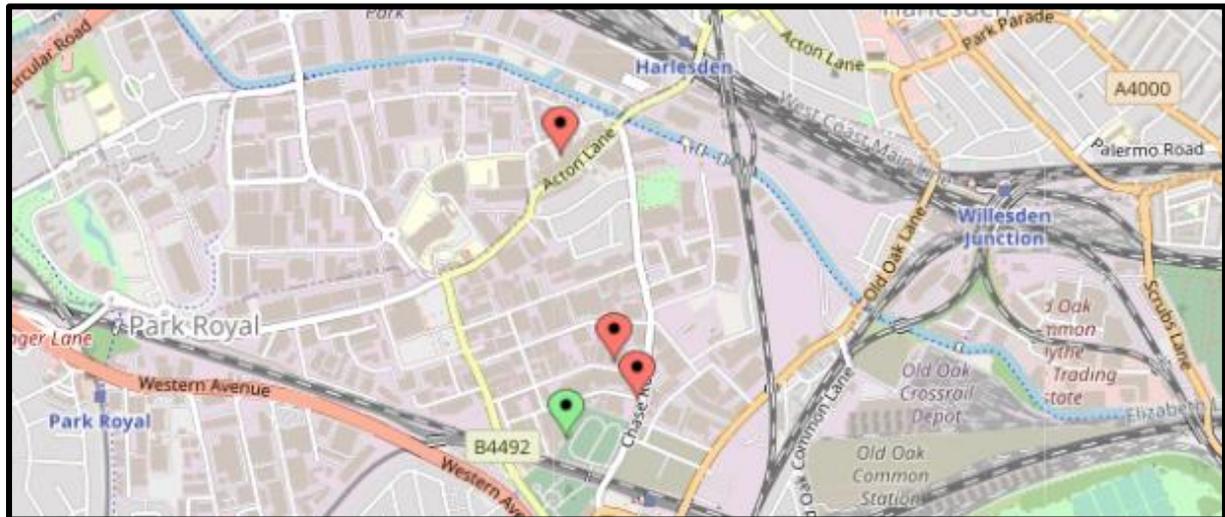
- 1) Unit C, 23-25 Sunbeam Road, London, NW10 6JP. This is the adjacent mid terrace industrial unit which we understand measures 8,766 sq. ft. (excluding any mezzanine areas). The Freehold interest was sold in average condition in June 2019 for £2,000,000, which equates to £228 per square foot. We would expect the subject unit to achieve a similar rate per square foot and capital value to this.
- 2) 36-38 Chase Road, London, NW10 6QN. This is an older style 1950's built industrial unit measuring 4,292 sq. ft. This unit which also has the benefit of Planning Permission for its redevelopment to provide a two storey industrial building with associated car parking. This unit was sold in June 2020 for £1,625,000, which equates to £379 per square foot. Chase Road provides superior access and coupled with Planning Permission as described, we would expect the subject due to its larger to achieve a higher capital value but a lower rate per square foot.
- 3) 9-11 Standard Road, London, NW10 6EX. This is another older style 1950's industrial building which measures 8,852 sq. ft. on ground and first floors. This unit which has a relatively low eaves height (3.7 metres) was sold in average condition in March 2020 for £1,600,000, which equates to £181 per square foot. As the subject unit is modern and has superior loading and eaves, it would achieve a higher capital value and rate per square foot than this.
- 4) 11 Barretts Green Road, London, NW10 7AE. This is a smaller modern industrial unit located nearby. The floor area of 4,183 sq. ft. it is located over two floors which are offices. It was sold in average condition in January 2020 for £1,121,250, which equates to £268 per square foot. As the subject is a larger unit, we would expect it to achieve a relatively lower rate per square foot than and a higher capital value.

### (b) Further Supporting Comments

We further understand that Unit A, 23-25 Sunbeam Road has just gone under offer at £2,700,000, which based on its floor area of 8,674 sq.ft equates to £311 per sq.ft. This has been verified by the selling agents. This unit is positioned in a superior corner position and was sold in a better condition to the subject. We would therefore expect the subject to command a much lower figure than this. We would expect the subject to fall more in line with Unit C (Comparable one above)

Therefore, having considered the above sales transactions, we are of the opinion that the agreed purchase price of £2,100,000 is supportable which based on the internal floor area (excluding mezzanine) equates to £234 per square foot and is a fair reflection of the property's current Market Value and reflects its strong commercial location, 6.7 metre eaves height and single loading area. We would expect a period of up to six months in which to agree a sale at this figure.

(c) Comparable Property Map



(d) Market Value(s)

- (1) Market Value subject to full vacant possession, in the order of:

**£2,100,000**  
**(TWO MILLION, ONE HUNDRED THOUSAND POUNDS)**

- (2) Market Value subject to full vacant possession with the special assumption of a sale within a 90 day period, in the order of:

**£1,900,000**  
**(ONE MILLION, NINE HUNDRED THOUSAND POUNDS)**

**Market Value** is defined as:

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.

In the context of the RICS definition of Market Value, we consider that a period of up to six months is a reasonable period within which to negotiate completion of a sale by private treaty of the property at the level of our valuation, as indicated in Section 18(d)1 above taking into account the nature of the property and the state of the market.

## 19. RENTAL VALUATION AND COMMENTARY

### (a) Rental Value

Our rental value has been assessed on the basis of Market Rent assuming a letting on the assumption of a commercial lease which contains no onerous covenants or restrictions for a minimum term of five years.

### (b) Schedule of Comparable Lettings Evidence

- 1) Unit C, 23-25 Sunbeam Road, London, NW10 6JP. This is the adjacent unit which measures 8,766 sq. ft. It was let on a new ten year lease in June 2019 at a rent of £163,216 per annum, which equates to £18.62 per square foot. This is the adjacent unit and therefore we would expect it to achieve a similar rate per square foot to this.
- 2) 55 Gorst Road, London, NW10 6LT. This is a modern industrial unit recently constructed and measuring 5,589 sq. ft. It was let in above average condition in August 2020 on a new five year lease at an initial rent of £90,000 per annum, which equates to £16.10 per square foot. We consider that the subject unit being in an inferior condition to this would achieve a lower rate per square foot than this.
- 3) Unit 4, 13-15 Sunbeam Road, London, NW10 6JP. This is a reasonably modern mid terrace industrial unit measuring 2,204 sq. ft. It has reasonable vehicular access and an eaves height of 4.4 metres. It measures 2,304 sq. ft. and was let in average condition in August 2020 for £45,100 per annum, equating to £19.57 per square foot. Due to its much larger size, we would expect the subject to achieve a lower rate per square foot than this.

### (c) Further Supporting Comments

Based upon the above lettings, we are of the opinion that the subject property has a Market Rental Value which is fairly represented in the sum of £157,300 per annum, which based on its internal floor area of 8,988 sq. ft. equates to £17.50 per square foot. We would envisage that it will take up to nine months in which to agree a letting at this figure and dependent on the lease terms agreed, the equivalent of up to six months rent free will be granted as an incentive. It is likely that the incoming tenant will be a medium sized local or nationwide company which will offer a reasonable covenant strength.

We appreciate that the rate per square foot reported is lower than Unit C, however, we have taken into account market trends since the letting in 2019 and consider that our Market Rental reported in respect of Unit D is a fair reflection of the property's current Rental Value.

### (d) Rental Value

In our opinion, the current "Rental Value" of the property as a whole with the commercial element let on a commercial lease with a minimum term of five years is in the order of:

**£157,300**

**(ONE HUNDRED AND FIFTY SEVEN THOUSAND, THREE HUNDRED POUNDS per annum)**

**Market Rent** is defined as:

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

(e) Gross Yield

This represents a gross yield of 7.49% on our valuation figure as indicated in Section 18(d)1 which we consider to be appropriate for a property of this type in this location.

(f) Conclusion

Having regard to the comparable sales and lettings evidence as indicated above, we are of the opinion that the subject property is worth £2,100,000 (Two million, one hundred thousand pounds) which equates to £234 (Two hundred and thirty four pounds) per square foot and is capable of achieving a rental income in the sum of £13,108 (Thirteen thousand, one hundred and eight pounds) per calendar month equating to £157,300 (One hundred and fifty seven thousand, three hundred pounds) per annum.

## 20. INDICATION OF REINSTATEMENT VALUE

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

Having applied the latest BCIS data, we would recommend that the subject property be insured for a minimum sum of **£1,600,000 (One million, six hundred thousand pounds)**. This sum allows for full reinstatement, professional fees and VAT, but excludes any allowance for inflation or loss of rent, and should accordingly be updated on an annual basis to keep pace with rising costs. We would emphasise that the figure detailed above is our estimate of the costs of rebuilding the property and bears no direct relationship to current market values.

The external area of the property is 915 sq. m as measured under the IPMS and RICS Property Measurement Standards.

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## 21. SECURITY FOR LOAN

### (a) Principal Property Risks

We are not qualified to assess the adequacy of capital and income cover for the loan but we comment below on the principal risks affecting the property and how they may impact on the property over the period of the loan.

Location	A well established and popular commercial location to the north west of Central London
Overall Condition	Average throughout
Capital Value Volatility	Medium to high risk
Liquidity	Fair – in line with its peers
Refinancing Prospects	Suitable for specialist and commercial lending

### (b) S.W.O.T. Analysis

#### Strengths:

- ❖ Popular and desirable commercial location
- ❖ Modern unit with good eaves height and loading
- ❖ Off street parking to the front and side

#### Weaknesses:

- ❖ The building is starting to show its age
- ❖ Sunbeam Road is a narrow and busy road with reasonably high levels of passing traffic
- ❖ One loading area

#### Opportunities:

- ❖ Being part of this reasonable quality area there is potential for long term capital appreciation

#### Threats:

- ❖ The Coronavirus continues to cause caution and uncertainty throughout all markets

### (c) Performance of the Property over the Course of the Loan

The value of this property may fluctuate in the short to medium term due to the threat from Coronavirus and therefore we would recommend that you revisit our valuation advice on a regular basis.

### (d) The Property as Security for the Loan

Having regard to all of the comparable evidence currently available and bearing in mind the contents of this report as a whole, we can confirm that in our opinion, this property forms a suitable security for the funds of Proplend Security Limited.

## 22. GENERAL REMARKS

This property comprises an end of terrace modern industrial unit which is located in Park Royal in North West London, which is one of the main commercial/industrial locations in London.

We have considered all of the above and our transactions detailed and analysed and are pleased to support this property as a suitable proposition for your lending purposes but only at our figures reported.

## 23. ASSUMPTIONS AND CONDITIONS

### (a) General Assumptions

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

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

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

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

- (8) That the property has not suffered any land contamination in the past, nor is it likely to become so contaminated in the foreseeable future. We have not carried out any soil tests or made any other investigations in this respect, and we cannot assess the likelihood of any such contamination.
- (9) We have not carried out, nor commissioned, a site investigation or geographical or geophysical survey and can therefore give no assurances, opinion or guarantee that the ground has sufficient load bearing strength to support the existing structure or structures which may be erected upon it. We can give no assurance, opinion or guarantee that there are no underground mineral or other workings within the site or its vicinity, nor that there is any fault or disability underground.

(b) General Conditions

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

- (1) We have made no allowance for any Capital Gains Tax or other taxation liability that might arise upon a sale of the property.
- (2) Our valuation is exclusive of VAT.
- (3) No allowance has been made for any expenses of realisation.
- (4) Excluded from our valuation is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present occupier.
- (5) This property has been valued individually and no allowance has been made, either positive or negative, should it form part of a larger disposal.
- (6) No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and it has been assumed that all fixed plant and machinery and the installation thereof complies with the relevant UK and EEC legislation.
- (7) The valuation has been carried out using comparable data of property transactions supplied to us and assumed to be correct.

## **24. VERIFICATION**

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

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

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

## 25. CONFIDENTIALITY

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

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

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

Yours faithfully,



**SIMON JACKSON BSC(HONS) MRICS**  
RICS Diploma Number: 0097467



**SEAN MANSFIELD BSC(HONS)MRICS**  
RICS Diploma Number: 1165186



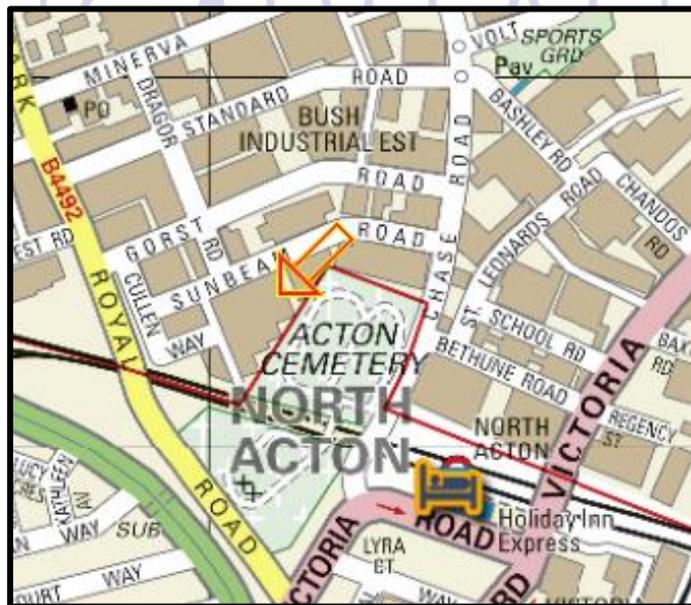
**CAPITAL VALUE SURVEYORS LIMITED**

The Stanley Building, 7 Pancras Square, King's Cross, London N1C 4AG  
Tel: 020 3011 3114

[www.capitalvalue.co.uk](http://www.capitalvalue.co.uk)

APPENDIX 1

LOCATION MAPS



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

This site includes mapping data licensed from Open Street Map, Ordnance Survey & Bartholomew.

## APPENDIX 2

### PROFESSIONAL INDEMNITY INSURANCE CERTIFICATE



Our Ref / NDC /21431291

#### TO WHOM IT MAY CONCERN

#### VERIFICATION OF PROFESSIONAL INDEMNITY INSURANCE

We, the undersigned Insurance Broker, hereby certify that the following described insurance is in force at this date:

<b>Name and address of Insured:</b>	Capital Value Surveyors Limited The Stanley Building 7 Pancras Square Kings Cross London N1C 4AG
<b>Business:</b>	Chartered Surveyors
<b>Period of Insurance:</b>	From: 14 <sup>th</sup> May 2020 To: 13 <sup>th</sup> May 2021 (both days inclusive at the address stated above)
<b>Limit of Indemnity:</b>	GBP10,000,000 any one claim and in the aggregate. However, please note that the Limit of Indemnity is subject to unlimited around the clock reinstatements during the policy period in respect of a claim or loss or a series of claims or losses consequent upon or attributable to a different source or original cause. This is a standard definition of "any one claim" within the Professional Indemnity Market. Further, it has been accepted by the Royal Institution of Chartered Surveyors.
<b>Insurers:</b>	Lead - CNA Insurance Company Ltd , along with various Lloyds Syndicates and London Company Markets
<b>Primary Policy No :</b>	P20A263333P

We also confirm that, subject to its terms and conditions, this insurance has been accepted by the Royal Institution of Chartered Surveyors.

The policy is subject to the insuring agreements, exclusions, conditions and declarations contained therein. The above is accurate at the date of signature.

This document is furnished to you as a matter of information only and is valid at today's date. The issuance of this document does not make the person or organisation to whom it is issued an additional Insured, nor does it modify in any manner the contracts of insurance between the Insured and Insurers. Any amendment, change or extension of such contracts can only be effected by specific endorsement thereto.

Should the above-mentioned contract of insurance be cancelled, assigned or changed during the above policy period in such manner as to affect this document, no obligation to inform the holder of this document is accepted by the undersigned or by Insurers.

Signed: 

Signed on behalf of Howden UK Group Limited

Dated: 13<sup>th</sup> May 2020

Broker at  One Creechurh Place, London EC3A 5AF • t: 44(0)20 7133 1200 • www.howdengroup.com

Howden is a trading name of Howden UK Group Limited, part of the Hyperion Insurance Group. Howden UK Group Limited is authorised and regulated by the Financial Conduct Authority in respect of general insurance business. Registered in England and Wales under company registration number 725573. Registered Office: One Creechurh Place, London EC3A 5AF. Calls may be monitored and recorded for quality assurance purposes.



### APPENDIX 3

#### LAND REGISTRY EXTRACT

Title Number : AGL111528

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

The following extract contains information taken from the register of the above title number. A full copy of the register accompanies this document and you should read that in order to be sure that these brief details are complete.

Neither this extract nor the full copy is an 'Official Copy' of the register. An official copy of the register is admissible in evidence in a court to the same extent as the original. A person is entitled to be indemnified by the registrar if he or she suffers loss by reason of a mistake in an official copy.

This extract shows information current on 2 MAR 2021 at 15:45:35 and so does not take account of any application made after that time even if pending in HM Land Registry when this extract was issued.

#### REGISTER EXTRACT

Title Number	: AGL111528
Address of Property	: Unit D The Sunbeam Centre, Sunbeam Road, Park Royal, London
Price Stated	: £1,066,000
Registered Owner(s)	: AJ BELL (PP) TRUSTEES LIMITED (Co. Regn. No. 3257389) of Trafford House, Chester Road, Manchester M32 0RS  GERARDO MASTRANGELO of Trafford House, Chester Road, Manchester M32 0RS  MARIA BASSETT of Trafford House, Chester Road, Manchester M32 0RS the trustees of the Maria Bassett SIPP and AJ BELL (PP) TRUSTEES LIMITED (Co. Regn. No. 3257389)  LORA MASTRANGELO of Trafford House, Chester Road, Manchester M32 0RS the trustee of the Lora Mastrangelo SIPP.
Lender(s)	: None

Title number AGL111528

This is a copy of the register of the title number set out immediately below, showing the entries in the register on 2 MAR 2021 at 15:45:35. This copy does not take account of any application made after that time even if still pending in HM Land Registry when this copy was issued.

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## A: Property Register

This register describes the land and estate comprised in the title.

EALING

- 1 (17.05.1963) The Freehold land shown edged with red on the plan of the above Title filed at the Registry and being Unit D The Sunbeam Centre, Sunbeam Road, Park Royal, London.
- 2 The land has the benefit of the following rights but subject to the following exceptions and reservations contained in the Conveyance dated 19 October 1927 referred to in the Charges Register.

"Together with the rights hereinafter mentioned which are to be enjoyed by the Purchasers their tenants agents and servants and all other persons deriving title under the Purchasers to any part of the property hereby conveyed in common with the Vendors to any part of the said Chase Estate that is to say:

(a) With or without horses carts carriages motor cars or other mechanically propelled vehicles to use the roadways coloured brown on the said plan and any other roadways which may hereafter be formed on the said Chase Estate but so that such right shall not give to either the Purchasers or the Vendors or the persons deriving title under them respectively or any other person any right of parking vehicles in any such roadways.

(b) A right to construct or lay sewers drains water or gas mains hydrants and electric or other cables or other appliances under or along any of such last mentioned roadways.

(c) A right to the free and uninterrupted passage of water soil gas and electricity through the sewers drains pipes mains hydrants wires and electric or other cables and appliances which are now or may hereafter be in or under the said last mentioned roadways or the remainder of the said Chase Estate Subject as respects the aforesaid rights (b) and (c) or either of them to the obligation on the part of the Purchasers and all persons deriving title under them or make good forthwith any damage which may be occasioned to such roadways on any part of the said Chase Estate by the exercise by the Purchasers or persons deriving title under them of the rights referred to as (b) and (c) aforesaid or either of them Except and reserved unto the Vendors their tenants agents and servants and all persons deriving title under the Vendors to any part of the Chase Estate in common with the Purchasers their tenants agents and servants and all other persons deriving title under the Purchasers in respect of the hereditaments hereby conveyed the rights hereinafter mentioned that is to say:

.....  
..

(2) A right to construct connect or lay sewers drains water or gas mains hydrants wires and electric or other cables or other appliances under or along the last mentioned roadway.

(3) A right to the free and uninterrupted passage of water soil gas and electricity through the sewers drains pipes mains hydrants wires and electric or other cables and appliances which are now in or under the property hereby conveyed or any part thereof. Subject as respects the last mentioned rights (2) and (3) or either of them to the obligation on the part of the Vendors and all persons deriving title under them to

Title number AGL111528

## A: Property Register continued

make good any damage which may be occasioned to such roadway and yard aforesaid by the exercise by the Vendors or the persons deriving title under them of the rights referred to as (2) and (3) aforesaid or either of them.

NOTE: Gorst Road forms part of that coloured brown the remainder has similarly been tinted brown on the filed plan.

- 3 The land has the benefit of the following rights reserved by a Conveyance of the land in this title and other land tinted yellow on the filed plan dated 20 December 1928 made between (1) George Cohen Sons & Company Limited (Vendors) and (2) Allnatt Limited (Purchasers):-

Except and Reserving unto the Vendors their tenants agents and servants and all person deriving title under the Vendors to any part of the said No. 4 Factory in common with the Purchasers their tenants agents and servants and all other persons deriving title under the Vendors to the adjoining property known as No 14 Factory Chase Estate aforesaid the following rights:-

(1) With or without horses carts carriages motor cars or other mechanically propelled vehicles to use the said property coloured pink on the said plan but so that such right shall not give to either the Vendors or the Purchasers or the persons deriving title under them respectively or any other person any right of parking vehicles in such roadway.

(2) A right to construct connect or lay sewers drains water or gas mains hydrants wires and electric or other cables or other appliances under or along the said property.

(3) A right to the free and uninterrupted passage of water soil gas and electricity through the sewers drains pipes mains hydrants wires and electric or other cables and appliances which are now in or under the said property subject as respects the last mentioned rights (2) and (3) or either of them to the obligation on the part of the Vendors and all persons deriving title under them to make good any damage which may be occasioned to such property by the exercise by the Vendors or the persons deriving title under them of the rights referred to as (2) and (3) aforesaid or either of them.

- 4 (07.06.1991) By a Deed of Release and Grant dated 22 May 1991 made between (1) Barquin Enterprises SA and (2) Benchmark Shopfitting Limited rights reserved over the land tinted yellow on the filed plan referred to above were released as therein mentioned. The said Deed also grants rights and this registration takes effect subject thereto.

NOTE: Original filed under MX454650.

- 5 (30.07.2002) By the Deed dated 24 July 2002 referred to in the Charges Register the Owners Rights and Adjoining Owners Rights as defined therein were released as therein mentioned.

The said deed is also expressed to grant rights.

- 6 (14.01.2003) The land has the benefit of the rights granted by but is subject to the rights reserved by the Transfer dated 10 December 2002 referred to in the Charges Register.

- 7 (14.01.2003) The Transfer dated 10 December 2002 referred to above contains a provision as to light or air.

- 8 (20.08.2003) By a Deed dated 14 August 2003 made between (1) Chelsea (General Partner) Limited and (2) A. J. Bell (PP) Trustees Limited and Gerardo Mastrangelo and others the plan to the Transfer dated 10 December 2002 referred to above was rectified.

NOTE: Copy filed.

- 9 (20.08.2003) A new title plan based on the latest revision of the Ordnance Survey Map has been prepared.

Title number AGL111528

## B: Proprietorship Register

This register specifies the class of title and identifies the owner. It contains any entries that affect the right of disposal.

### Title absolute

- 1 (14.01.2003) PROPRIETOR: AJ BELL (PP) TRUSTEES LIMITED (Co. Regn. No. 3257389) of Trafford House, Chester Road, Manchester M32 0RS and GERARDO MASTRANGELO of Trafford House, Chester Road, Manchester M32 0RS and MARIA BASSETT of Trafford House, Chester Road, Manchester M32 0RS the trustees of the Maria Bassett SIPP and AJ BELL (PP) TRUSTEES LIMITED (Co. Regn. No. 3257389) and LORA MASTRANGELO of Trafford House, Chester Road, Manchester M32 0RS the trustee of the Lora Mastrangelo SIPP.
- 2 (14.01.2003) RESTRICTION: No disposition by a sole proprietor of the land (not being a trust corporation) under which capital money arises is to be registered except under an order of the registrar or of the Court.
- 3 (14.01.2003) The price stated to have been paid on 10 December 2002 was £1,066,000.
- 4 (14.01.2003) RESTRICTION: Except under an order of the Registrar no transfer or lease or disposition by the proprietor of the Property is to be registered unless there is furnished a certificate by the solicitor for the Transferor as the case may be that the transferee or lessee or donee has complied with the provisions of clause 13.4.2 of the Transfer dated 10 December 2002 referred to in the Charges Register.

## C: Charges Register

This register contains any charges and other matters that affect the land.

- 1 A Conveyance of the land in this title and other land dated 16 July 1925 made between (1) Eleanor Violet Bethell (Vendor) (2) Herbert Rufane Sanders and Alfred Ernest Allnatt and (3) Allnatt Limited (Purchaser) contains the following covenants:-  
  
"The Purchasers for themselves and their assigns owners from time to time of the land hereby assured or any part thereof and to the intent that this covenant shall so far as may be run with and bind all persons from time to time entitled to or interested in the land hereby assured but not to bind any such person after he shall have parted with all interest in the said land hereby covenant with the Vendor her heirs and assigns owner or owners from time to time of the adjoining or neighbouring property of the Vendor situate in the Parish of Willesden aforesaid that the Purchasers or their assigns will forthwith erect a suitable close fence on the boundary of the land hereby assured where marked with a "T" on the said plan of not less than six feet in height and shall for ever afterwards maintain the same And further that no building to be erected on the land hereby assured shall at any time be used for the trade or business of a tanner slaughterer dust destructor or any other offensive noisy or dangerous trade business manufacture or occupation or for any purpose which may be or grow to be a nuisance or annoyance to the Vendor her heirs or assigns but so that this covenant is not to be construed so as to prevent the Purchasers or the persons deriving title under them from carrying on upon the said land or any part thereof or in any building erected or to be erected thereon the business of a children's camp hostel on the lines of the business which has lately been carried on thereon or any other business of a similar character"
- 2 A Conveyance of the land in this title and other land dated 19 October 1927 made between (1) Allnatt Limited (Vendors) and (2) George Cohen Sons & Company Limited (Purchaser) contains the following covenants:-  
  
"THE Purchasers and the persons deriving title under them to the

Title number AGL111528

## C: Charges Register continued

property hereby conveyed hereby covenant with the Vendors and the persons deriving title under them to the remainder of the Chase Estate as follows:-

Not to obstruct at any time any portion of the last mentioned roadway by the deposit of materials or otherwise nor disturb the surface of such last mentioned roadway except for the purpose of repairs or making connections to sewers drains pipes mains hydrants wires or cables now laid or hereafter to be laid thereunder".

NOTE: The Roadway referred to is that tinted blue on the filed plan.

- 3 (30.07.2002) The land is subject to the rights granted by a Deed of Surrender and Grant dated 24 July 2002 made between (1) Chelsea (General Partner) Limited and (2) Morrison Interiors Group Limited.

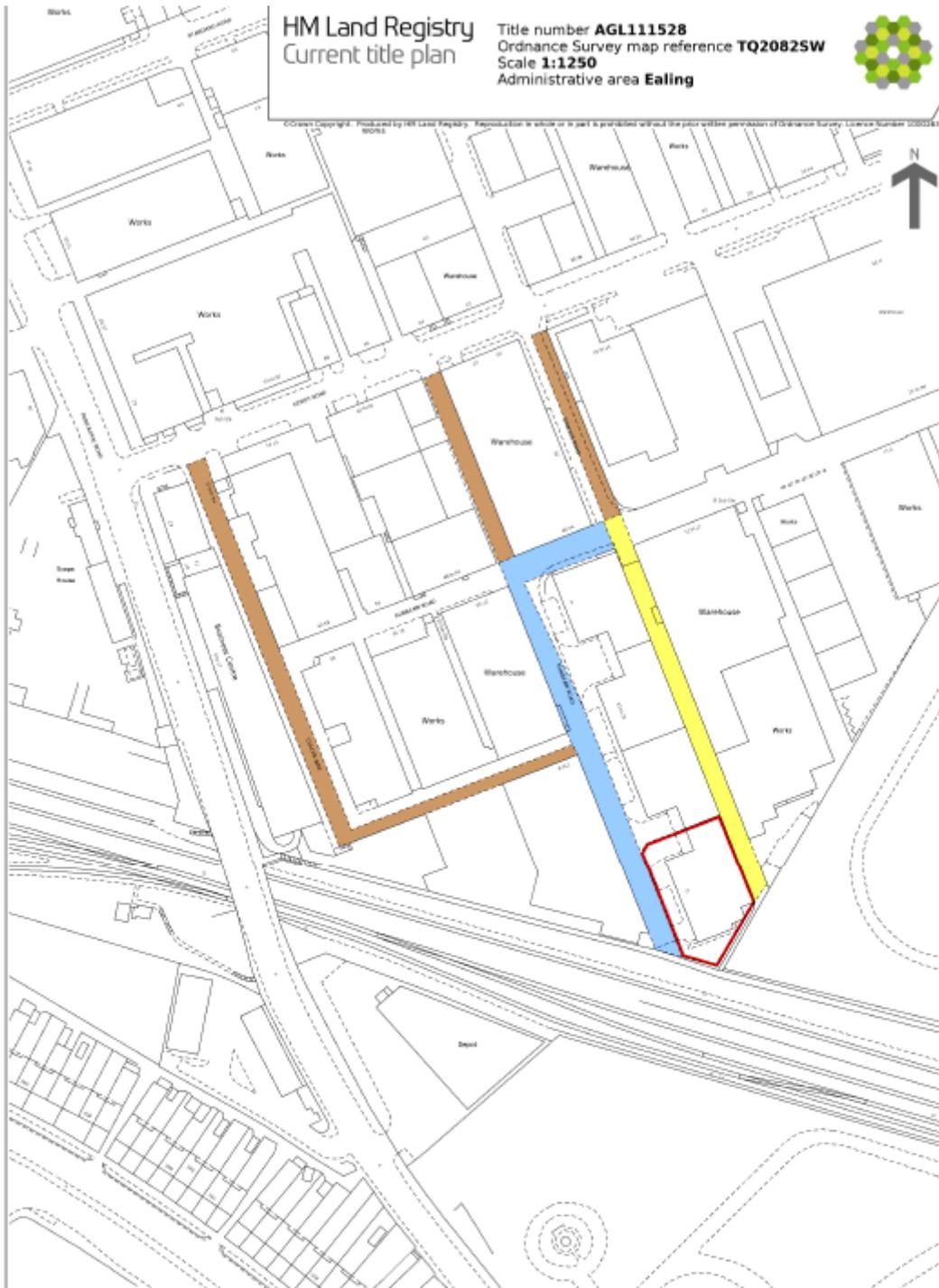
NOTE: Original filed under MX454650.

- 4 (14.01.2003) A Transfer of the land in this title dated 10 December 2002 made between (1) Chelsea (General Partner Limited) and (2) AJ Bell (PP) Trustees Limited and Gerardo Mastrangelo and others contains restrictive covenants.

NOTE 1: Where relevant, the provisions contained in the earlier documents or registers referred to in the above deed are set out in the registers of this title

NOTE 2: Original filed.

End of register



**HM Land Registry**  
Current title plan

Title number **AGL111528**  
Ordnance Survey map reference **TQ2082SW**  
Scale **1:1250**  
Administrative area **Ealing**



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

PANEL

**VAS**  
GROUP

01642 262217  
info@vas-group.co.uk  
www.vas-panel.com  
Stephenson House,  
High Force Road,  
Riverside Park,  
Middlesbrough, TS2 1RH

**Date Sent:** Thursday 25th February 2021

**Time:** 14:24

**Our Ref:** VP#30987

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

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

**Proplend Security Limited**

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

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

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

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

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

Your Report should be submitted electronically to [VASReports@vas-group.co.uk](mailto:VASReports@vas-group.co.uk) no later than 12pm on the Report return date.

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

**Property Address:**

Unit B  
The Sunbeam Centre  
23-25 Sunbeam Road  
London  
London  
NW10 6JP

**Estimated Value:**

**£2,100,000**



VAS is a registered Valuer (VA) and VAS Panel and VAS Software, (registration number 10959297), Valuation Audit Services (VA) and VAS Audit, (registration number 00719651), whose registered offices are at Stephenson House, High Force Road, Riverside Park, Middlesbrough, TS2 1RH

PANEL

**VAS**  
GROUP

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www.vas-panel.com  
Stephenson House,  
High Force Road,  
Riverside Park,  
Middlesbrough, TS2 1RH

**Property Description:**

**Additional property information:** The borrower is purchasing the asset vacant, however, it will be let to his trading company via a formal lease on an Opco/Propco structure. **Property condition:** Good **Requested property sector:** Commercial properties / Land (WITH NO planning permission) **Requested property type:** Industrial **Requested report type:** Full valuation - Single property / Land **Number of tenants:** 1 **Annual rent / Total annual rental income:** £115,000 **Tenancy status:** Let **Tenure:** Freehold **Remaining term:** N/A **Loan Type:** Term **Proposed loan charge:** 1st

**Property Type:**  
Commercial

**Type of Report Requested:**  
Red Book & VAS Panel Executive Summary

**Valuation Requirements:**  
AS IS

**Additional Information:**  
FULL INSPECTION REQUIRED

**Report to be carried out on behalf of:**  
Proplend Security Limited  
20-22 Wenlock Road, London, N1 7GU

**Applicant Name:**  
JAD Enterprises Ltd (REF: Park Royal-Industrial (AIA))  
Mr George Madi

**Access Arranged Through:**  
Mr Jonathan Suri (Broker)

**Access Contact Details:**  
[jonathan@clsfunding.co.uk](mailto:jonathan@clsfunding.co.uk)  
07976 691 066 - IF NO ANSWER PLS TXT

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



VAS incorporates VPanel T/A VAS Panel and VAS Software, (registration number 10803297), Valuation Audit Services UK Ltd T/A VAS Audit, (registration number 09719651), whose registered offices are at Stephenson House, High Force Road, Riverside Park, Middlesbrough, TS2 1RH.

Panel

PANEL

VAS  
GROUP

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info@vas-group.co.uk  
www.vas-panel.com  
Stephenson House,  
High Force Road,  
Riverside Park,  
Middlesbrough, TS2 1RH

Please note: Valuation reports are subject to an internal quality control (QC) check. The emphasis of this is to check that all points outlined in the Clients specific valuation instruction letter have been adhered to, provision of rental / sales comparables with full valuation methodology / justification to support your valuation.

We might require you to discuss various aspects of your report and we require the primary valuer to provide a prompt response to any queries raised.

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

Kind Regards,

Team VAS



VAS incorporates VPanel T/A VAS Panel and VAS Software, (registration number 10893297), Valuation Audit Services UK Ltd T/A VAS Audit, (registration number 00719651), whose registered offices are at Stephenson House, High Force Road, Riverside Park, Middlesbrough, TS2 1RH.

Panel