

VALUATION REPORT

Unit 22 Cosgrove Way
Luton
Bedfordshire
LU1 1XL

Prepared For: Proplend Security Limited
20 – 22 Wenlock Road
Islington
London
N1 7GU

Prepared By: Nick Davis BSc MRICS
Reference: NED/JSS/12724
Date Prepared: 3 February 2023
Tel No: 01438 316655
Email: nick.davis@brownandlee.com
www.brownandlee.com

Brown & Lee Chartered Surveyors
15 Meadway Court, Rutherford Close, Stevenage, Hertfordshire SG1 2EF

CONTENTS

INDEX	PAGE
1.00 INSTRUCTIONS	3
2.00 LOCATION	4
3.00 DESCRIPTION	5
4.00 CONSTRUCTION, REPAIR & DECORATION	6
5.00 SCHEDULE OF ACCOMMODATION	7
6.00 RATES	8
7.00 LOCAL AUTHORITY	8
8.00 PLANNING, BUILDING CONTROL, FIRE REGULATIONS & ENVIRONMENTAL CONSIDERATIONS	8
9.00 SUSTAINABILITY & ESG MATTERS	9
10.00 TENURE	12
11.00 VALUATION	13

APPENDICES

APPENDIX A	- Copy of Instruction Documentation
APPENDIX B	- Location Map
APPENDIX C	- Site Plan
APPENDIX D	- Photographs
APPENDIX E	- Valuation Sheets

Valuation Summary

Property	Unit 22 Cosgrove Way, Luton, Bedfordshire LU1 1XL
Valuation Date	28 November 2022
Description	The property is a detached industrial unit with two storey office block to side. The premises include a small car park compound to the front which is secure. Located on the fringes of Luton Bedfordshire and within easy reach of the M1.
Asset Quality	Good secondary
Basis of Valuation	<p>MV1: Market Value – owner occupied/vacant possession.</p> <p>MV2: Market Value – Special Assumption the property is let subject to 3no new leases at the valuation date.</p> <p>MV3: Market Value – Special Assumption the property is let subject to 3no new leases at the valuation date and subject to the Special Assumption of a 90 day restricted sales period to completion.</p>
Market Value	
MV1	£1,500,000
MV2	£1,345,000
MV3	£1,210,000
Market Rent	£108,800 per annum
Suitability for Loan Security	Suitable, subject to various comments and assumptions made herein.
Key Valuation Points	<ul style="list-style-type: none">▪ Solicitors should verify the premises enjoy good Title.▪ Water penetration was noted at first floor level of the stairwell of the offices. We are advised that repairs have been undertaken. This is not verified. Caution is required as essential repairs and maintenance may be required.

-
- Parts of the property are dated and maintenance will be required.
 - The current Energy Performance Certificate recorded at the Register expired in May of this year and we have had to assume that a new EPC with a Band of D or better has been obtained - this should be verified.

NED/JSS/12724

3 February 2023

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

Dear Sirs

Client: Proplend Security Limited - Only
Applicant: GI Property Management Limited - Federico Giannandrea
Property: Unit 22 Cosgrove Way, Luton, Bedfordshire LU1 1XL

We acknowledge safe receipt of instructions to prepare valuation advice in relation to the Property received via your letter received 31 January 2023 and also the email chain confirming **only Proplend Security Limited may rely upon the report**. The property was inspected previously on 28 November 2022 and we have pleasure in reporting as follows.

1.0 Instructions

We are instructed by the Client to provide a report stating our opinion of the Market Value (MV1) of the Freehold interest in this industrial property, which is being purchased by the Applicant. This valuation is required for bank lending purposes.

You have specifically requested that we provide our opinion of Market Value subject to the following special assumptions:

Market Value (MV2) based upon the special assumption of the property being subject to three leases commencing on the valuation date, at a total rent of £135,000 pa.

Market Value (MV3) based upon the special assumption of the property being subject to three leases commencing on the valuation date, at a total rent of £135,000 pa and a 90 day sales period to completion

A copy of the Letter of Engagement is included within Appendix A which states the basis of our instruction.

The Valuer, **Nick Davis BSc MRICS** is a Registered Valuer who has the relevant knowledge, skills and understanding to provide an objective and unbiased valuation and is competent to undertake this valuation. Brown & Lee Commercial Surveyors LLP is acting in the capacity of an External Valuer.

Brown & Lee Commercial Surveyors LLP has not had prior connection or involvement with the Applicant or the Property in the last 24 months.

The Valuation Date is 28 November 2022. We assume there have been no material changes to the property since the date of our inspection.

We have acted independently with integrity and objectivity in the preparation of this valuation report. It has been prepared in accordance with the RICS Valuation – Global Standards effective from 31 January 2022 (which incorporates the International Valuation Standards).

The Report complies with the Valuation Practice Guidance Application for secured lending.

Brown & Lee Commercial Surveyors LLP maintain adequate Professional Indemnity Insurance to cover this instruction.

We aim to provide an excellent standard of service to all of our clients. However, if you are unhappy with the level of service achieved a copy of our Complaints Handling Procedure is available upon request.

Reporting Restrictions

We have not carried out a Building Survey. Areas of restricted access which are unexposed or inaccessible are noted within the report and the valuation assumes that any such areas which are inaccessible are in a good state of repair and condition.

A limited view was afforded one of the flank walls, due to the confines of the site.

2.0 Location

The property is situated on the fringes of Luton within the administrative area of Luton Borough Council. Luton is a large Bedfordshire town approximately 50km north of London. Traditionally, Luton is an established industrial area, although much of its industrial base has closed or evolved in the previous 60 years. However, we have seen considerable growth over the last 40 years of Luton Airport, which has now become a significant economic driver in the area. From what was the original airport has now become one of London's significant transport hubs.

Cosgrove Way is situated less than 1km from Junction 11 of the M1 and, therefore, affords swift access to the major motorway networks. Luton's town centre lies approximately 3km to the east, whilst the airport is approximately 6km from the property.

Luton has an established a relatively robust industrial sales and rental market, assisted by its recent economic evolution, and benefitting from both the airport road infrastructure and swift rail service to Central London.

A Location Plan showing the general setting of the town is located within Appendix B with a more detailed Land Registry Title Plan within Appendix C.

3.0 Description

The property is a detached industrial building with two storey annex office to side. It incorporates a small yard, secured with boundary fencing and a gate. This provides parking, as well as a loading area in front of the loading bay door.

The main warehouse building has an eaves height of approximately 6m with roller shutter door to the front elevation, having a width of 5.7m and a height of 5m. The building is of brick walls under a pitched roof. The main industrial area has a mezzanine running practically throughout the whole of the area, with the exception of a void behind the roller shutter door. Headroom beneath the mezzanine is in the order of 2.75m-3m in places. There are sections of office to both the mezzanine and the ground floor, although the majority is taken up as workshop space.

The two storey office to side has meeting rooms to the ground floor, whilst the first floor should be offices, but appears to have been used as residential accommodation for the Director when staying overnight.

Japanese Knotweed

No Japanese Knotweed was noted at the property at the date of inspection.

This valuation assumes there are no invasive plants, including Japanese Knotweed, at the property or to any neighbouring land. The matter should be referred back to us if this proves to be incorrect as it may affect the values reported herein.

Photographs of the property are included within Appendix D.

4.0 Construction, Repair and Decoration

Construction

The building is likely to date from the 1950s or 60s, having brick elevations and steel frame under a steel trussed roof and the roof is of profiled steel. The office is two storey off-set to one side, likely to be more modern construction dating from the 60s or 70s with cavity brick elevation under a flat roof. The surface of the roof was not visible from ground level. Natural light to the warehouse is via opaque panels to the roof, whilst the office has plastic double glazed windows. Floors in the main are of solid construction. The mezzanine is of steel frame and relatively basic open expanses.

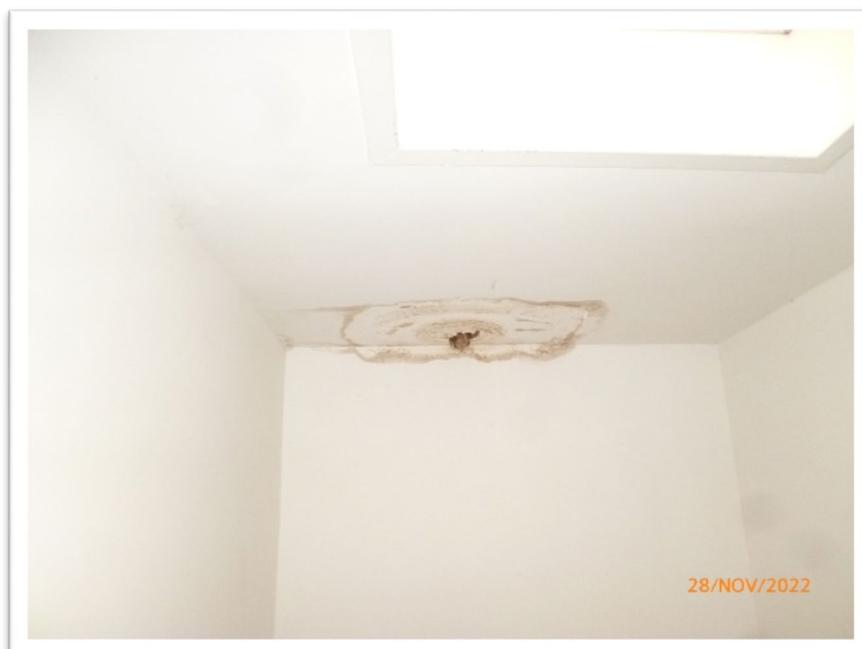
The premises are connected to mains gas, electricity, water and three phase electricity. Heating and cooling to the office is via a comfort cooling system.

Repair

Our instructions do not include a Building Survey and our inspections were restricted with all observations made from a ground floor level or vantage points within the buildings or from publicly owned land.

The property is in a fair state of repair and decoration, both internally and externally.

Our valuation assumes there are no significant issues or defects affecting the building which would impact upon its value.



- Penetrating damp was noted to the ceiling in the stairwell to the offices and, whilst the Vendors have stated the roof has been comprehensively repaired and refurbished with felt, we would recommend a detailed inspection of the roof surface and also making good the damage to the ceiling to the stairwell.

Following completion of essential repairs and updating to the premises, the building should have a minimum physical life of 25 years.

Asbestos

The property's age and construction type is likely to include asbestos containing materials (ACMs). We cannot confirm this within the remit of our inspection. Asbestos maintained to a good standard often represents limited risk. We would assume that the owner maintains appropriate records, as required under the Control of Asbestos Regulations. Specialist advice should be sought in relation to maintaining the control of asbestos if you have any concerns in this regard.

5.0 Schedule of Accommodation

We have measured the property on a gross internal basis in accordance with RICS Property Measurement which incorporates International Property Measurement Standards Second Edition January 2018. The gross internal floor areas are as follows:

Description	Sq M	Sq Ft
Ground Floor Warehouse	692.21	7,451
Two Storey Offices to Side	133.37	1,436
Mezzanine Floor to Industrial	561.14	6,040
Total	1,386.72	14,927

The Site

The property is irregular in shape, although roughly level. Part of the boundary abuts the M1 motorway.

We have used digital mapping systems to scale the site area. We estimate the site area is:

0.15776 hectares (0.3898 acres)

6.0 Rates

We have made enquiries of Valuation Office Agency from which we are aware of the following entry within the 2017 rating list:

Address	Description	Rateable Value
Unit 22 Cosgrove Way, Luton	Industrial Premises	£42,750

Three separate entries may be required if 3 leases are put in place.

7.0 Local Authority

The property is located within the Local Authority of Luton Council, whose Local Plan was adopted 17 November 2017.

Highways

It is assumed that the Local Highways Authority adopts the roads and footpaths to the front of the premises.

8.0 Planning, Building Control & Fire Regulations

Planning

We have made online enquires of Luton Borough Council's website, which shows no current, pending or historic Planning Applications dating from the last ten years in respect of the subject premises.

For the benefit of this report, we have assumed that appropriate Planning Consent was obtained and, where applicable, any alterations carried out since the initial construction have appropriate Planning Consent and Building Regulation Approval. In addition, we assume that the property has appropriate consent for its use as industrial, falling within Use Class B2 of the Town & Country Planning (Use Classes) (Amendment) (England) Regulations 2020.

We understand the property is not Listed and is not located within a Conservation Area. If this is not the case then the matter should be referred back to us for further review.

We have not completed a check of the Local Land Charges Register or Statutory Register and therefore assume that any licence, permits and statutory obligations have been complied with and that there are no onerous proposals affecting the property or neighbouring properties.

From online searches we have reviewed the proposals map attached to the Local Plan. This shows the property is designated within 'Category A Employment Area'.

Building Control

We have not been able to ascertain if Certificates have been issued to confirm if the property complies with Building Regulations. This should be confirmed by your Solicitors in advance of lending.

Fire Regulations

The Regulatory Reform (Fire Safety) Order 2005 places the responsibility on employers or owners of non-domestic premises to manage and assess fire risks to prepare for emergency situations. A Fire Risk Assessment (FRA) is undertaken to identify these risks.

We have not been provided with a copy of a Fire Risk Assessment in respect of the property. This Valuation assumes the property will be subject to regular review in accordance with the Order and is updated if there are any physical changes or change to working practices within the property.

9.0 Sustainability & ESG Matters

Environmental Matters

Regular review of the environmental management of a property is key to maintaining, or improving, its value and marketability.

We note the responsibilities under RICS Valuation – Global Standards 31 January 2022 (the "Red Book") in respect of sustainability and Environmental, Social and corporate Governance (ESG) factors impacting upon value or marketability.

We therefore bring to your attention below any obvious issues in need of highlighting and consideration in the valuation process which considers the RICS Guidance Note, 'Sustainability and ESG in commercial property valuation and strategic advice' and may have a current or future impact upon the valuation.

We understand the intended short and long-term use of the property is as industrial premises.

Flooding

We have reviewed online information available at the Environment Agency in respect of Flooding. This identifies the property as within an area at 'very low risk' of flooding from surface water and 'very low risk' of flooding from rivers and the sea.

The chance of flooding each year in a **very low** risk area is less than 1 in 1,000 (0.1%).

This assessment takes into account the effect of any flood defences that may be in the area. Flood defences do reduce, but do not completely stop the chance of flooding as they can be over topped or fail.

- We do not believe the Environment Agency identifies the property as located within an area which is at significant risk from flooding. We believe that the medium to long term future is secure although properties with an assessment as 'Low Risk' or 'Very Low Risk' should still be reviewed in 5 and 10 years, respectively, because of global warming.

Energy Performance Certificate

Energy Performance Certificates state the current energy efficiency of a property and provides recommendations to improve this efficiency. Since 2008, properties being marketed to sell or let are required to have this certification although there are some exceptions. The Minimum Energy Efficiency Standards (MEES) were introduced in April 2018. Its aim is to encourage property owners and landlords of domestic and non-domestic property to make improvements to the energy efficiency of a property. Any new lettings from its introduction date must have a minimum EPC rating of E or above.

From online searches, we are aware of the following assessment in respect of the subject property, which shows it does fall within an acceptable range to be let:

Address	Energy Efficiency Rating	Certificate Expiry Date
Unit 22 Cosgrove Way, Luton	C(68)	3 May 2022

- ***We have assumed that a new EPC has been obtained and it enjoys a Banding of D or better. Three separate entries may be required if 3 leases are put in place.***

We are not able to advise on the interpretation EPC exemptions under Part 2 of regulation 5 of the Energy Performance of Buildings (England & Wales) Regulations 2012. Government advice is that the decision on whether a building is exempt from requiring an EPC should be sought from the relevant Local Authority and, in the case of Listed Buildings, the Local Authority Conservation Officer, who will confirm if the work required will alter the building's character.

Government guidance is expected to change over the course of the next 3 years and it so we recommend you keep the matter under review as this may impact property value.

Contamination

It should be noted we are not environmental experts and are not qualified to undertake an environmental audit.

The property is located within a commercial area. No obvious present contaminative land uses were noted during the course of our inspection.

Our inspection was of limited visual inspection only and no investigation has been completed to determine if the property or site has been subject to historic contamination or pollution. Our enquiries have not revealed any contamination affecting the subject property or adjoining premises, which would affect our opinion of value. The matter should be referred back to us for further review if it is established that any form of contamination exists to the subject property or adjoining premises.

Equality Act 2010

The Disability Discrimination Act 1995 has now been superseded by The Equality Act which came into force on 1 October 2010. It repeals and replaces existing laws under equality and discrimination in the workplace.

The Act imposes obligations on the owners or occupiers of commercial properties and residential premises where there are shared or common areas. It ensures that any person is not disadvantaged with their occupation or any form of acquisition or letting of property. It places an obligation to make reasonable physical adjustments to a property in order to comply with the act.

We are not experts in this field. We have not been provided with a specialist audit and so, for the purposes of this report, we have assumed that the property complies with the relevant sections of the Equality Act 2010.

For the purposes of this Report, we have assumed that the property complies with the relevant sections of the Equality Act 2010, unless otherwise stated herein.

Health and Safety at Work Act 1974

It's aimed:

- i) To securing the health, safety and welfare of persons at work:
- ii) To protecting persons other than persons at work against risks to health or safety arising out of or in connection with the activities of persons at work.

For the purposes of this Report, we assume that where appropriate, the property complies with the above Act.

10.0 Tenure

We understand from your instruction that the property is being purchased as an Absolute Freehold Title and that vacant possession will be afforded upon completion of the purchase.

We understand the Title No. is BD62482. We have assumed the Title Deeds do not contain any onerous covenants that could affect the property's value or ability to be marketed.

We would welcome the opportunity to review your solicitors Report on Title and a copy of the Title Plan.

We reserve the right to review our opinion of value if any assumptions pertaining to tenure are incorrect.

Tenancies

The tenancies are owner occupied and we are advised that vacant possession will be provided upon completion of the purchase.

We are also instructed to provide a Special Assumption valuation based upon the following leases are in place at the date of valuation:

Tenancies:	<p>The incoming tenants/leases are three separate legal entities (each are UK companies with established trading histories), all with a common shareholder (Salvatore Giannone) who knows our client well, hence the link;</p> <ul style="list-style-type: none"> • Savvy Joinery Ltd (11691085) – Rent agreed: £75,000 p.a. • Savvy Property Finder & Management Ltd (8774797) - Rent agreed: £5,000 p.a. • Savvy Spray Ltd (10263512) – Rent agreed: £55,000 p.a.
------------	--

The leases subject to the following terms and conditions:

- Lease length - **6 years**
- If tenant is responsible to for full repairs
- The landlord is to insure and recover the cost from the tenants
- Rent review provision - rent increase annually from year 3 onwards at 75% of annual CPI
- Break clauses on the fifth anniversary
- Rights to assign **ONLY**. No right to sublet
- The leases to be contracted outside of the security of tenure provisions of the L&T Act 1954 Part II

11.0 Valuation

Economic Overview

A combination of global inflationary pressures, increased interest rates and the recent conflict in Ukraine has created greater potential for uncertainty in property markets over the short-to-medium term.

Past experience from the pandemic and financial economic crisis has shown that consumer and investor behaviour can quickly change during periods of such heightened volatility. We draw your attention to the fact that the conclusions of this report are only valid as at the valuation date. Where appropriate, we would recommend that the valuation is kept under review, as we continue to track how market participants respond to current market volatility.

The UK economy is estimated to have grown by 0.1% in November 2022, according to the Office for National Statistics (ONS). The largest contributors came from administration and support service activities and information and communication. It is generally still considered that a recession is anticipated for 2023.

The Bank of England increased the base rate modestly in March, June, August, November and December to the current level of 3.5%. Much has been publicised following the increase in interest rates with Andrew Bailey, the Governor of the Bank of England, warning that price rises would be long term if the bank had not taken such action and that UK faces a challenging two years.

Overall inflation rate jumped to 11.1% in the year to October 2022 which is the highest in 41 years and subsequently fell to 10.7% in November 2022. Energy and fuel costs rose sharply as did food price inflation. The Bank of England states they anticipate returning to the target inflationary level of 2% in 2024.

Concern has been expressed in the markets about further increases and the effect this would have on lending rates. An insufficient time has passed to comment upon the impacts of the Autumn Statement on 17 November 2022. This could have wider implications for both the UK economy and property market over the coming weeks.

The UK is expected to contract more than the other G7 nations in 2023, according to the Organisation for Economic Cooperation and Development and the Office for Budget Responsibility predicts the UK economy may shrink by 1.4% next year. The OCED comments that the war in Ukraine is affecting economies unevenly with European countries feeling the greatest impact.

The unemployment rate of the UK was 3.6% in September 2022. This is the lowest rate since the 1970s. Businesses are reporting a “wait and see” approach in respect of recruitment due to current economic pressures and many economic commentators predict notable increases in unemployment through 2023.

Industrial Market

The industrial market in the Luton area remains reasonably robust. Demand for industrial premises in the rental market is reasonable. There is a reasonable supply and demand. A typical letting period is 6 to 9 months.

There is a relatively healthy level of demand for Freehold industrial premises in the market. There has been a relatively shortage of supply, although the strongest demand is for the most modern units on well run estates. A typical sales period is 6 to 9 months.

Valuation Methodology

In valuing the premises, we have adopted the comparable method. We have gathered evidence of lettings and sales in order to establish an appropriate rental and capital rate per sq ft.

We would bring your attention to the following:

Letting

Unit 10 Finway, Luton LU1 - £11psf

Industrial premises of 11,633 sq ft was let October 2022 on a full repairing and insuring basis. The premises were on the market for approximately 12 months. Whilst the premises were built circa 1970s, they had been the subject of re-cladding and refurbishment in the last 20 years. Therefore, they offered a better specification than the subject and so a lower rate per square foot would apply.

Cosgrove Way, Luton LU1 - £11psf

An end terrace industrial unit of 7,946 sq ft let March 2022 on a 10 year full repairing and insuring basis. This was a more modern industrial unit and so a lower rate per square foot would apply to the subject at 22 Cosgrove Way.

11c Cosgrove Way, Luton LU1 - £9.70psf

Industrial premises of 6,600 sq ft let August 2021 having been on the market for 8 months. Rents have improved since the date of this transaction, but this is a more modern, mid-terrace industrial unit. Overall, we would expect a slightly higher rate per square foot for 22 Cosgrove Way.

Sales

Bilton Way, Luton LU1 - £178psf

Several units on this industrial estate were sold as part of a portfolio June 2022. These are more modern buildings with a better specification, although several other buildings were of similar style to the subject dating from the 1970s. The £178psf acted as an aggregate. Overall, we would expect a lower rate per sq ft for the subject at 22 Cosgrove Way.

11e Cosgrove Way, Luton LU1 - £140psf

Industrial premises of 6,277 sq ft, mid-terrace sold December 2020 for £880,000. Values have increased since the date of this transaction, although the subject is an older style and is more dated, although it is detached. Overall, we would expect a similar rate per sq ft for 22 Cosgrove Way.

Unit 4 Aragon Park, Foster Avenue, Dunstable - £175psf

A mid-terrace industrial unit built in 2006 in the Houghton Regis area sold earlier this year. The building offered eaves height of 6.6m and 10 car parking spaces. Whilst this is a more modern building, it is located in a less desirable area. Overall, we would still expect a lower rate per sq ft for 22 Cosgrove Way.

11F Cosgrove Way, Luton LU1 - £145psf

Industrial unit sold December 2019 for £888,560. The building had a gross area of 6,128 sq ft. This was a terraced unit more modern than the subject, but this is also a dated transaction. Overall, we would expect a similar or slightly lower rate per sq ft for 22 Cosgrove Way.

Unit 3 Commercial Way, Flitwick, Bedford MK45 5BG – 5.09%

A 19080's built industrial unit of 6,266 sq ft let to Virgin Media on a lease expiring 2060 with the first tenant break in 2035. The rent passing was £38,233.17. Rent linked to RPI with 'collar and cap' of 1% and 3%. The premises sold in Allsop auction September 2022 for £750,000 showing a yield of 5.09%. This is a very strong covenant on good lease terms. We expect a much poorer yield for the subject unit in Cosgrove Way.

8b & 9 Cosgrove Way, Luton LU1 – 5.78%

Two industrial units subject to Occupational Leases and, therefore, sold as an investment December 2020. Both units were let to Wolseley UK Limited with Lease expiring June 2023 and December 2024 respectively. A total rent of £143,000pa was receivable. Passing rent equated to just over £8psf. The sales price equated to a net yield of 5.78%. This is relatively low and allows for an uplift in rental at Lease renewal. Also there is turbulence in the financial markets which suggests a poorer yield would apply.

Units A & B Hammond Road, Bedford MK41 – 5.4%

Freehold, detached industrial unit let on a 20 year lease from September 2014 on a full repairing and insuring basis at a passing rent of £184,000pa. The premises sold in May 2021 for £3.2 million, equating to a NIY of 5.4%. Investment demand has fallen away significantly since this sale and so a lower yield would be expected for the subject.

Market Rent

The two most recent lettings in Cosgrove Way suggest a market rent of £11psf for slightly more modern premises. Making an adjustment for the age of the property, and also overall condition, we have adopted a rate of £10psf for the industrial and office space, but a more modest rate of £3.30 for the mezzanine floor. This results in a market rent of £108,800pa.

Market Value – MV1 Vacant Possession

The subject property is currently owner occupied and we understand the purchase of the property will be with the benefit of vacant possession. Accordingly, we have considered recent sales and also some slightly historic transactions in Cosgrove Way itself in the order of £140psf. Allowing for the fact that the units are more modern, but are terraced as opposed to detached, we believe a similar rate would apply and we have, therefore, adopted £140psf on the ground floor of the industrial and the same rate for the ground and first floor offices.

Attributing capital value to the mezzanine is always difficult, as this is very much dependent on any potential purchasers operations and the amount of mezzanine that they would typically require. However, we have adopted a rate of £45psf to reflect the relatively basic nature of the mezzanine floor which is still considerably less than it would cost to install such a mezzanine. This results in a value of £1.51 million, but we have allowed £10,000 for the contingency of roof repairs and other maintenance issues, resulting in a present value of £1.5 million.

Floor	Sq M	Sq Ft	£psf	MV
Industrial	692.21	7451	140	1,042,100
Offices	133.37	1436	140	200,800
Mezzanine	561.14	6040	45	271,800
	1386.72	14,927	101	1,510,000
Less allowance maintenance				-10,000
				1,500,000

Market Value – MV2

When considering the value of the property with special assumption that the proposed three leases are in place at the date of valuation. We have undertaken a term and reversion valuation using the hardcore method. We have considered the Market Rent and applied an 8% yield to reflect the covenant strength. Then applied a much higher yield of 40% to the element of the rent receivable under the lease which is over the Market Rent. This is called the 'Top Slice' in valuation terms, reflecting the higher risk of what could be an unsustainable rent. After the 6 year term we have considered the vacant possession value as stated in MV1 above but deferred for 6 years at 8%. The same £10,000 adjustment is applied in respect of possible roof repairs and maintenance as in MV1. This results in a value of £1,345,000.

Market Value – MV4

When considering the value of the premises on the same basis as MV2 but also a restricted sales period of 90 days to complete a purchase, an adjustment has been made. We have moved the Hardcore rate to 10%, the Top Slice to 50% and then deferment rate for the 6 years to 10%. Once the deduction for £10,000 in respect of possible roof repairs and maintenance, this results in a value of £1,210,000.

SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> • Detached building with own secure compound. 	<ul style="list-style-type: none"> • Potential maintenance and repair issues. • Decline in investor demand.
Opportunities	Threats
<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • Current economic uncertainty due to increased interest rates, high levels of inflation and the UK leaving the European Union.

Suitability as Bank Lending Security

We believe the premises represent suitable security for bank lending purposes. We were advised the proposed loan is £1,050,000, although we have not been advised of the loan term period. We have assumed this is a normal loan to ratio.

Opinion of Value*Definition of Market Value*

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.

Market Value 1

We are of the opinion that the **Market Value (MV1)** of the Freehold interest in Unit 22 Cosgrove Way, Luton, Bedfordshire LU1 1XL, at the date of valuation, with vacant possession of all parts, for bank lending purposes is:

£1,500,000

(One Million Five Hundred Thousand Pounds)

Market Value 2

We are of the opinion that the **Market Value (MV2)** of the Freehold interest in Unit 22 Cosgrove Way, Luton, Bedfordshire LU1 1XL, at the date of valuation, and with special assumption that the three proposed leases are in place, for bank lending purposes is:

£1,345,000

(One Million Three Hundred and Forty-Five Thousand Pounds)

Market Value 3

We are of the opinion that the **Market Value (MV2)** of the Freehold interest in Unit 22 Cosgrove Way, Luton, Bedfordshire LU1 1XL, at the date of valuation, and with special assumption that the three proposed leases are in place and a restricted marketing period to completion of 90 days, for bank lending purposes is:

£1,210,000

(One Million Two Hundred and Ten Thousand Pounds)

Market Rent

We are of the opinion that the **Market Rent** of the Freehold interest in Unit 22 Cosgrove Way, Luton, Bedfordshire LU1 1XL, at the date of valuation, for bank lending purposes is:

£108,800 per annum

(One Hundred and Eight Thousand Eight Hundred Pounds) per annum

Insurance Reinstatement Cost Assessment

A Chartered Quantity or Building Surveyor should be employed to provide this type of specialist assessment. To assist with temporary cover, we have prepared this rebuilding cost using the RICS Building Cost Information Service until the aforementioned professional can be instructed.

Please note this is merely an estimate based upon information contained in the BCIS Index and based on average figures taken from a wide range of differing contracts and tenders.

Our assessment is based upon the gross internal floor areas of the property. It is inclusive of demolition and all relevant professional fees.

No allowance has been made for inflation during the year of insurance.

This assessment does not allow for the tenant's fixtures and fittings or any bespoke building specific installations. We assume these are insured under a separate policy.

Our assessment does not include VAT, any loss of rent or providing alternative accommodation, as this will vary from property to property.

This assessment assumes the site is not subject to any form of contamination as it is outside of our area of expertise.

Broadly, we assess the property should be temporarily insured for £1,710,000 (One Million Seven Hundred and Ten Thousand Pounds).

General

We understand this valuation is required for your own purposes and, as set out in the attached Letter of Engagement, the report should not be disclosed to, nor relied upon, by any third party without Brown & Lee Commercial Surveyors LLP's prior consent.

This Report is confidential to the Client and in respect of the specific valuation purpose to which it refers. It may be disclosed to other property professionals assisting the Client in respect of the valuation purpose, but the Client shall not disclose the Report to any other person.

Neither the whole, nor any part of this valuation, may be published in any way without Brown & Lee Commercial Surveyors LLP's written approval.

No allowance has been made for any tax, VAT or expenses which may be incurred as a result of the disposal of the property unless expressly stated herein.

We have assumed that the property is not affected by any statutory notices. Our valuation excludes any opinion attributable to trade fixtures and fittings.

The Client, the Applicant, third party Agents and Local Authorities have provided us with information. We trust this information is accurate. We cannot take responsibility for any misrepresentation made.

We trust that this Report is satisfactory for your purposes, but should you require any further information, please do not hesitate to contact the writer.

Yours faithfully



Nicholas Davis BSc MRICS

RICS Registered Valuer

Associate Partner

For and on behalf of Brown & Lee Commercial
Surveyors LLP

Countersigned



William Mitchell BSc (Hons), MSc MRICS

RICS Registered Valuer

Partner

For and on behalf of Brown & Lee Commercial
Surveyors LLP

APPENDIX A

Copy of Instruction Documentation

Nick Davis

From: Stewart Bruce <sbruce@proplend.com>
Sent: 31 January 2023 09:56
To: William Mitchell
Cc: Nick Davis
Subject: Re: Unit 22, Cosgrove Way, Luton, LU1 1XL [Filed 31 Jan 2023 10:37]

Categories: Filed by Mail Manager

Good morning Will,

Thank you for your email below.

Yes, this is acceptable - thank you. Please can you kindly provide your indicative fee quote?

I look forward to hearing from you.

Regards,

Stewart

Stewart Bruce

Proplend | Secured P2P Lending

T: 0203 637 8418 | www.proplend.com

15 Little Green, Richmond, TW9 1QH



Proplend Ltd is authorised and regulated by the FCA (firm registration no. 726646).

The information in this e-mail and in any attachments is confidential. If you are not the named addressee (s) or if you receive this e-mail in error please delete the message from your computer. Any distribution, copying or use of this communication or the information in it is strictly prohibited. While attachments are virus checked, Proplend does not accept any liability in respect of any virus which is not detected.

On Tue, Jan 31, 2023 at 9:48 AM William Mitchell <william.mitchell@brownandlee.com> wrote:

Dear Stewart,

I am sorry for the delay in coming back to you yesterday.

We are happy to provide a valuation to you on the understanding you are acting as an agent for the customer to source funding. This report would be addressed to you only and can only be relied upon by you. No third parties can have any reliance without our express permission.

To avoid the customer being charged unnecessarily further down the line, I think its only correct that we make you aware that we are not in the position to provide subsequent re-addresses of the report to a non-recognised lending institutions when the valuation purpose is for secured lending. Please let us know if this is acceptable for your purposes and we will provide a copy of our letter of engagement for your review.

Regards,

Will

William Mitchell BSc (Hons) MSc MRICS
Partner
RICS Registered Valuer



T: 01438 794583
M: 07790 561335
E: william.mitchell@brownandlee.com

Brown & Lee Commercial Surveyors LLP, 15 Meadway Court,
Rutherford Close, Stevenage, Hertfordshire, SG1 2EF

www.brownandlee.com



 **Please consider the environment before printing** 

From: Stewart Bruce <sbruce@proplend.com>
Sent: 31 January 2023 08:37
To: Nick Davis <nick.davis@brownandlee.com>
Cc: William Mitchell <william.mitchell@brownandlee.com>
Subject: Re: Unit 22, Cosgrove Way, Luton, LU1 1XL

Hi Nick,

I hope you are well.

Further to our previous correspondence below, will you be able to assist and if so, what is your indicative fee?

I look forward to hearing from you.

Kind regards,

Stewart

Stewart Bruce

Proplend | Secured P2P Lending

T: 0203 637 8418 | www.proplend.com

15 Little Green, Richmond, TW9 1QH



Proplend Ltd is authorised and regulated by the FCA (firm registration no. 726646).

The information in this e-mail and in any attachments is confidential. If you are not the named addressee (s) or if you receive this e-mail in error please delete the message from your computer. Any distribution, copying or use of this communication or the information in it is strictly prohibited. While attachments are virus checked, Proplend does not accept any liability in respect of any virus which is not detected.

On Fri, Jan 27, 2023 at 10:59 AM Nick Davis <nick.davis@brownandlee.com> wrote:

Hi Stewart,

I have referred this to my colleague William Mitchell as he is the partner and deals with PI issues and such.

He is on leave today but we will discuss Monday morning and come back to you.

Kind regards,

Nick Davis BSc MRICS
Associate Partner
Registered Valuer



T: 01438 794597
M: 07436 032304
E: nick.davis@brownandlee.com

 Please consider the environment before printing 

Brown & Lee Commercial Surveyors LLP, 15 Meadway Court,
Rutherford Close, Stevenage, Hertfordshire, SG1 2EF

www.brownandlee.com



From: Stewart Bruce <sbruce@proplend.com>
Sent: 27 January 2023 10:42
To: Nick Davis <nick.davis@brownandlee.com>
Subject: Unit 22, Cosgrove Way, Luton, LU1 1XL

Good morning again Nick,

Thank you for your time on the telephone just now.

As discussed, we are in the throes of providing Federico Giannandrea of GI Property Management Limited a loan secured against the above Property, as the loan previously sought with Together did not ultimately proceed.

We are hoping therefore that you will be able to provide us with a Red Book valuation for secured lending purposes secured against the same. I have attached a blank template of our instruction letter for your perusal. As discussed, our lenders can have no reliance on your valuation report - only we as Security Trustee can.

If agreeable, please can you kindly provide an indicative fee quote, and I will revert to the client. I look forward to hearing from you.

Many thanks in advance.

Kind regards,

Stewart

Stewart Bruce

Proplend | Secured P2P Lending

T: 0203 637 8418 | www.proplend.com

15 Little Green, Richmond, TW9 1QH

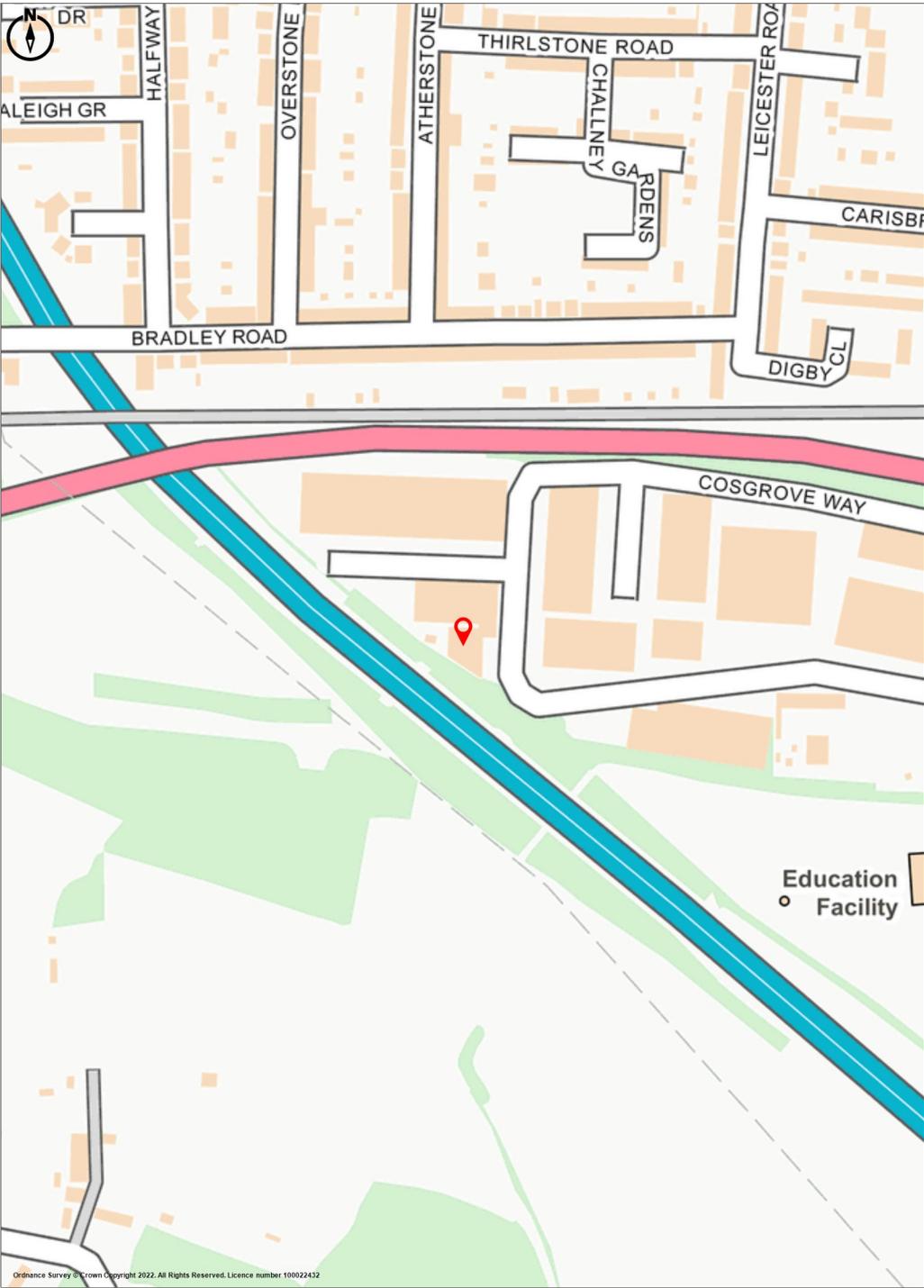


Proplend Ltd is authorised and regulated by the FCA (firm registration no. 726646).

The information in this e-mail and in any attachments is confidential. If you are not the named addressee (s) or if you receive this e-mail in error please delete the message from your computer. Any distribution, copying or use of this communication or the information in it is strictly prohibited. While attachments are virus checked, Proplend does not accept any liability in respect of any virus which is not detected.

APPENDIX B
Location Map

22 Cosgrove Way, Luton, Beds LU1 1XL



Promap

LANDMARK INFORMATION

Ordnance Survey Crown Copyright 2022. All rights reserved.
Licence number 100022432.
Plotted Scale - 1:5000. Paper Size – A4

Brown & Lee
Chartered Surveyors

Luton - Location Map



Ordnance Survey © Crown Copyright 2021. All Rights Reserved. Licence number 100022432

Promap

LANDMARK INFORMATION

Ordnance Survey Crown Copyright 2021. All rights reserved.
Licence number 100022432.

Plotted Scale - 1:75000. Paper Size - A4

Brown&Lee

Chartered Surveyors

APPENDIX C

Site Plan

H.M. LAND REGISTRY

TITLE NUMBER

BD 62482

ORDNANCE SURVEY
PLAN REFERENCE

TL 0522

SECTION 0

Scale
1/1250

COUNTY BEDFORDSHIRE

DISTRICT

© Crown copyright 1975

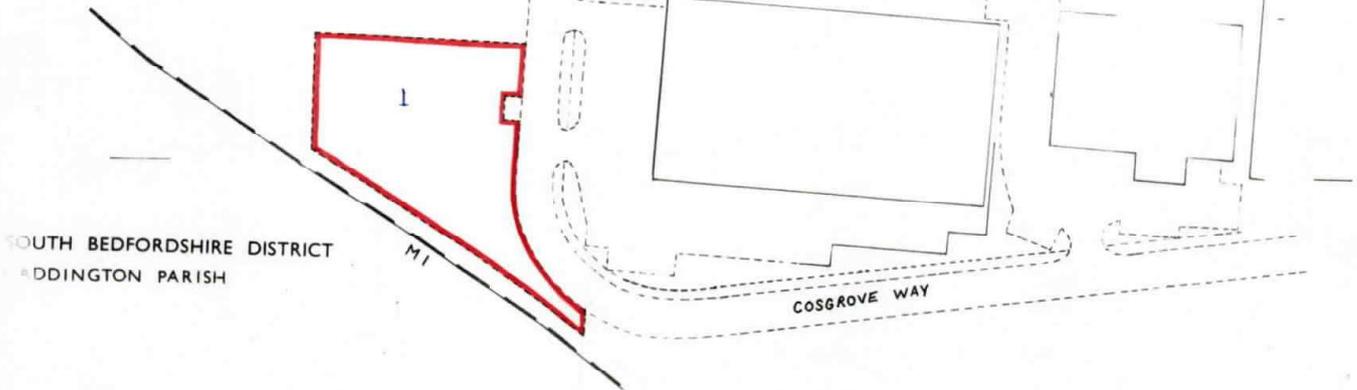
ADMINISTRATIVE AREA LUTON

The boundaries shown by dotted lines have been plotted from the transfer plan. The title plan may be updated from later survey information.

LUTON DISTRICT



TL 0522 SE
TL 0622 SW



SOUTH BEDFORDSHIRE DISTRICT
ADDINGTON PARISH

TL 0521 NE
TL 0621 NW



APPENDIX D

Photographs

APPENDIX D – PHOTOGRAPHS



1. Street View



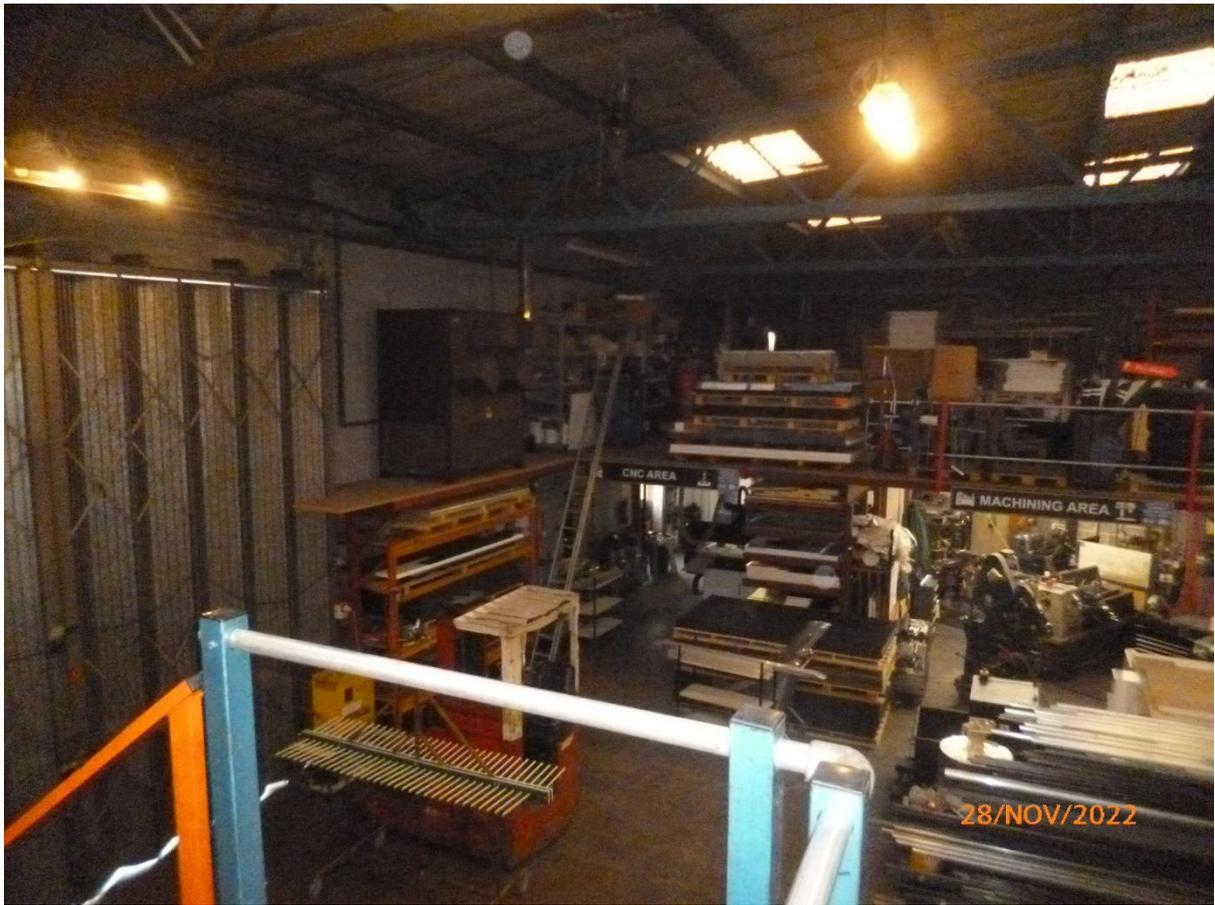
2. Front Elevation



3. Office



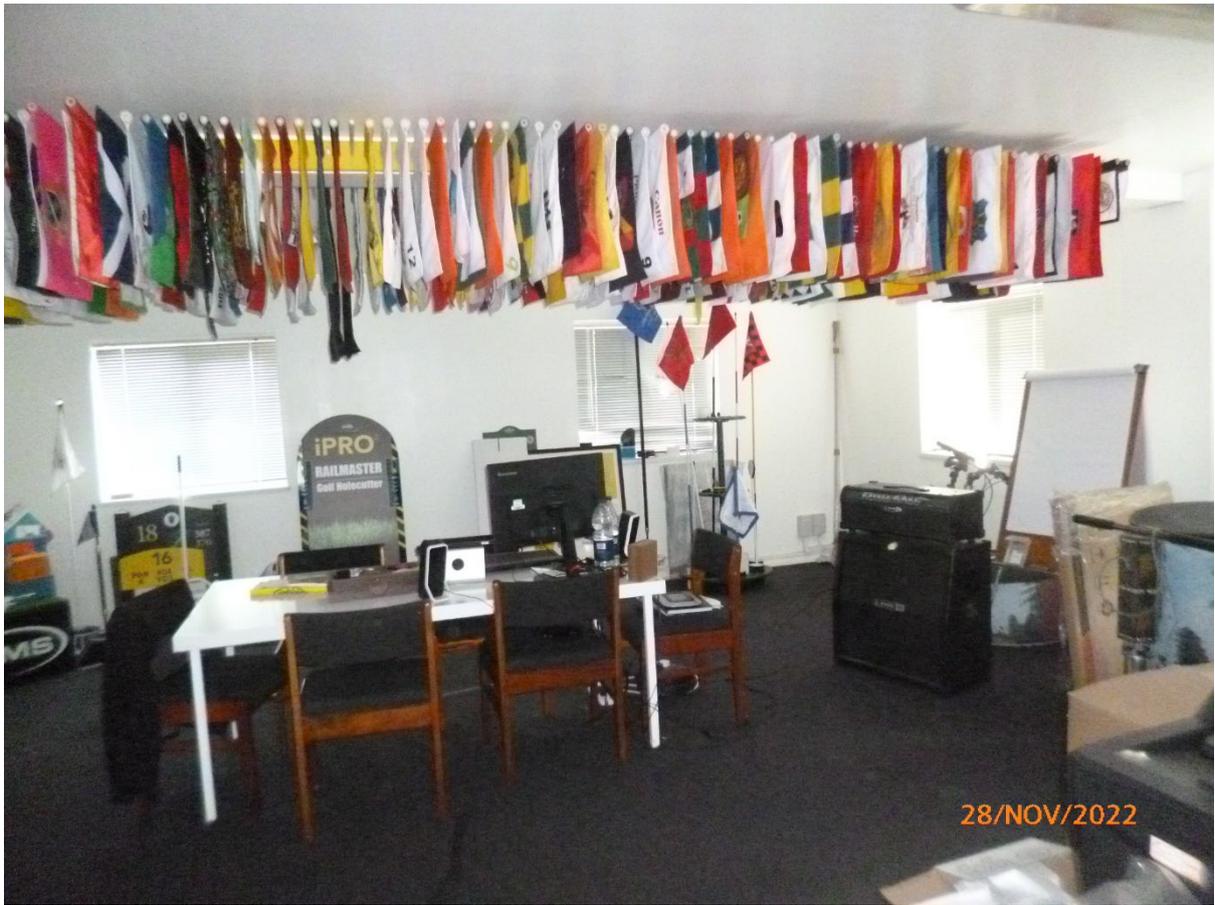
4. Workshop



5. Workshop Interior



6. Mezzanine



7. GF Office



8. First Floor Office

APPENDIX E
Valuation Sheets

22 Cosgrove Way, Luton, Beds, LU1 1XL

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	1,345,000	Net Initial Yield:	9.467%
Net Rent:	135,000	Nominal Equivalent Yield:	8.862%
Total ERV:	0	True Equivalent Yield:	10.090%
Total Area:	0 sqft	Reversionary Yield:	0.000%
WAULT (to First Break):	6 yrs, 0 mths		
WAULT (to Lease Expiry):	6 yrs, 0 mths		

The Whole, Hardcore

Date	Gross Income	Net Income	Running Yield	Income Change	Cap Rate	YP	Value
Current	108,800	108,800	21.632%	108,800	8.000%	4.6229	502,969
28/11/2028	0	0	0.000%	-108,800	8.000%	7.8771	0
Unit Gross Value							502,969

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Repairs and Maintenance		28/11/2022	1 Mnth	10.00%		-10,000	-10,000
						-10,000	

Adjusted Unit Value **492,969**

The Whole , Top Slice

Date	Gross Income	Net Income	Running Yield	Income Change	Cap Rate	YP	Value
Current	26,200	26,200	46.126%	26,200	40.000%	2.1680	56,801
28/11/2028	0	0	0.000%	-26,200	40.000%	0.3320	0
Unit Gross Value							56,801

The Whole, REVERSION

Date	Gross Income	Net Income	Running Yield	Income Change	Cap Rate	YP	Value
Current	0	0	0.000%	0	8.000%	4.6229	0
28/11/2028	1,500,000	1,500,000	171.382%	1,500,000	8.000%	0.5835	875,236
28/11/2029	0	0	0.000%	-1,500,000	8.000%	7.2936	0
Unit Gross Value							875,236

Summary of Unit Values

The Whole, Hardcore	492,969
The Whole , Top Slice	56,801
The Whole, REVERSION	875,236
Total of Unit Values	1,425,006

Buyers Costs

Agents Fees	1.000%	-16,140	v
Legal Fees	0.500%	-8,070	v
Stamp Duty	(=4.219%)	-56,750	
Total (=6.0193% of Say Value):			-80,960

Net Value **1,344,062**

Total VAT Amount: 4,032

Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	1,435,960	-10,000	135,000	135,000	9.467%	9.401%
28/11/2028	1,435,960	0	1,500,000	1,500,000	105.192%	104.460%
28/11/2029	1,435,960	0	0	0	0.000%	0.000%

Assumptions

Running Yields and Net Initial Yield are based on say value plus buyer's costs 1,425,960.

Formulae as in Parry's Tables: rent annually in arrears.

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"

Cap Adj Running Yield is based on rounded cumulative capital invested.

Buyer's costs are based on Say Value.

VAT rate of 20.00% applied where applicable.

22 Cosgrove Way, Luton, Beds, LU1 1XL

Valuation Date:	28/11/2022		
Freehold			
Rounded Value:	1,210,000	Net Initial Yield:	10.532%
Net Rent:	135,000	Nominal Equivalent Yield:	11.030%
Total ERV:	0	True Equivalent Yield:	12.612%
Total Area:	0 sqft	Reversionary Yield:	0.000%
WAULT (to First Break):	6 yrs, 0 mths		
WAULT (to Lease Expiry):	6 yrs, 0 mths		

The Whole, Hardcore

Date	Gross Income	Net Income	Running Yield	Income Change	Cap Rate	YP	Value
Current	108,800	108,800	22.961%	108,800	10.000%	4.3553	473,852
28/11/2028	0	0	0.000%	-108,800	10.000%	5.6447	0
Unit Gross Value							473,852

Capital Adjustments

Description	Frequency	Start	Period	Discount	Rate	Amount	Value
Repairs and Maintenance		28/11/2022	1 Mnth	10.00%		-10,000	-10,000
						-10,000	

Adjusted Unit Value **463,852**

The Whole , Top Slice

Date	Gross Income	Net Income	Running Yield	Income Change	Cap Rate	YP	Value
Current	26,200	26,200	54.812%	26,200	50.000%	1.8244	47,800
28/11/2028	0	0	0.000%	-26,200	50.000%	0.1756	0
Unit Gross Value							47,800

The Whole, REVERSION

Date	Gross Income	Net Income	Running Yield	Income Change	Cap Rate	YP	Value
Current	0	0	0.000%	0	10.000%	4.3553	0
28/11/2028	1,500,000	1,500,000	194.872%	1,500,000	10.000%	0.5132	769,737
28/11/2029	0	0	0.000%	-1,500,000	10.000%	5.1316	0
Unit Gross Value							769,737

Summary of Unit Values

The Whole, Hardcore	463,852
The Whole , Top Slice	47,800
The Whole, REVERSION	769,737
Total of Unit Values	1,281,389

Buyers Costs

Agents Fees	1.000%	-14,520	v
Legal Fees	0.500%	-7,260	v
Stamp Duty	(=4.132%)	-50,000	
Total (=5.9322% of Say Value):			-71,780

Net Value **1,209,616**

Total VAT Amount: 3,629

Running Yield Report

Date	Cumulative Capital Invested	Capital Adjustment	Gross Income	Net Income	Running Yield	Cap Adj Running Yield
28/11/2022	1,291,780	-10,000	135,000	135,000	10.532%	10.451%
28/11/2028	1,291,780	0	1,500,000	1,500,000	117.025%	116.119%
28/11/2029	1,291,780	0	0	0	0.000%	0.000%

Assumptions

Running Yields and Net Initial Yield are based on say value plus buyer's costs 1,281,780.

Formulae as in Parry's Tables: rent annually in arrears.

Stamp Duty is progressive and derived from the set "HMRC (UK excl Scotland, 2019-)"

Cap Adj Running Yield is based on rounded cumulative capital invested.

Buyer's costs are based on Say Value.

VAT rate of 20.00% applied where applicable.

OUR SERVICES

- Asset & Property Management
- Business Rates
- Commercial Building Surveys
- Commercial & Residential Valuations
- Commercial & Residential Development Advice
- Energy Performance Certificates
- Healthcare Property Advice
- Investment Sales and Advice
- Lease Renewals
- Lettings, Sales and Acquisition of Commercial Property
- Party Wall Awards
- Project Management
- Rent Reviews
- Schedules of Condition & Dilapidation

For further information, please contact:

Tel: 01438 316655
Email: info@brownandlee.com
Website: www.brownandlee.com

