

## REPORT ON VALUE



**In respect of**

**219 HORN LANE,  
LONDON,  
W3 9ED**

**Reference**

**MTH-230317**

**On behalf of**

**PROPLEND SECURITY LIMITED**

**Date of Report**

**23 AUGUST 2023**



## 1. Instructions, Scope of Enquiries & Investigations

|  |     |   |
|--|-----|---|
| <b>Instructions</b>                    | 1.1 | Thank you for your instructions of 14 August 2023 to provide a report in respect of the above-mentioned property. Please see a copy of formal instruction in <b>Appendix I</b> .  |
| <b>Client/Lender</b>                   | 1.2 | Our client for this instruction is Proplend Security Limited in respect of a loan facilitation to Damian Teevan.  |
| <b>Purpose of Valuation</b>            | 1.3 | The valuation is being prepared on behalf of Proplend Security Limited in order to assess the value of the property for Secure Lending purposes.  |
| <b>Valuation Date</b>                  | 1.4 | The date of this valuation is 16 August 2023.   |
| <b>Inspection Date</b>                 | 1.5 | The property was inspected on 16 August 2023.   |
| <b>Valuation Standards</b>             | 1.6 | This report and valuation have been carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards effective 31 <sup>st</sup> January 2022 (The "Red Book"). We have no conflict of interest in providing this advice and have no undisclosed material involvement or previous material involvement with the property or any party dealing with this matter.   |
| <b>Basis of Valuation</b>              | 1.7 | <p>The basis for the valuation is;</p> <p><b>Market Value</b></p> <p>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.</p> <p><b>Market Rent</b></p> <p>The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably but prudently and without compulsion.</p> |
| <b>Conflict of Interest</b>            | 1.8 | We are unaware of any conflict of interest that would affect our valuation.   |
| <b>Responsibility to Third Parties</b> | 1.9 | Our valuation report is only for the use of our Client and no responsibility is accepted to any third party for the whole or any part of its contents.  |



|                                     |      |  |
|-------------------------------------|------|--|
| <b>Disclosure &amp; Publication</b> | 1.10 | Neither the whole nor any part of this valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way without our prior written approval of the form or context in which it may appear. If our opinion of values is disclosed to persons other than the addressee of this report, the basis of valuation should be stated.   |
| <b>Limitations on Liability</b>     | 1.11 | <p>This report is prepared in accordance with the Terms and Conditions and Letter of Acknowledgement letter that appear at the end of the report and these must be read in conjunction with the report and are deemed binding unless otherwise agreed.</p> <p>No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner or consultant of Grant Stanley. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Grant Stanley.</p> <p>Grant Stanley's total liability for any direct loss or damage caused by negligence or breach of contract in relation to this instruction and valuation report is limited to the amount specified in our Terms &amp; Conditions, a copy of which is attached. We do not accept liability for any indirect or consequential loss (such as loss of profits).</p> <p>The above provisions shall not exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.</p> |
| <b>Expertise</b>                    | 1.12 | The valuer, on behalf of Grant Stanley, with the responsibility for this report is Mr. Jonathan Davis MSc MRICS and that he has relevant experience and knowledge of valuing this type of property in this locality and is an external valuer as defined in the 'Red Book'. We would also confirm that no conflict of interest exists in the preparation of this valuation.  |
| <b>Inspection</b>                   | 1.13 | We were instructed to carry out an internal and external inspection of the Property. Our inspection of the property was undertaken on 16 August 2023 by Mr. Jonathan Davis MSc MRICS.  |
| <b>Special Assumptions</b>          | 1.14 | The valuation has been provided subject to the tenancy.  |



## 2. The Property

**Site** 2.1 A Title Plan showing the boundaries of the property edged in red is attached in **Appendix II**.

For the purpose of this report, we have assumed that the front elevation of the Property faces Horn Lane. Any directions given assume a viewpoint facing the premises with left and right referred to accordingly.

**Location** 2.2 The Property is located in the London Borough of Ealing, approximately 6 miles to the west of central London.

The property is located on Horn Lane and is accessed to the side of a petrol station fronting the road by way of a right of way. The property is bound by Jewson, a builder warehouse to the north and residential flats to the south.

The subject Property has a Public Transport Access Level (PTAL) rating of 2. PTAL is a measure, undertaken by TfL, which rates a selected place based on how close it is to public transport and how frequent services are in the area. The PTAL ratings range from 0 (worst) to 6 (best) where the highest value represents the best connectivity.

The M4 motorway, which connects London with South Wales, is located approximately 1.8 miles to the south of the Property. By road, the Property is located approximately 33 miles south of Luton, 37 miles east of Reading, 95 miles southeast of Coventry, 105 miles southeast of Leicester and 116 miles southeast of Birmingham.

Acton Main Line station is situated approximately 200 metres to the northeast of the Property and provides Elizabeth Line and railway services. The railway station provides direct access to London Paddington (8 mins), London Liverpool Street (19 mins) and Abbey Wood (38 mins).

The Elizabeth Line station provides direct access to London Paddington (10 mins), London Liverpool Street (21 mins), Heathrow Terminal 4 (27 mins), Canary Wharf El (27 mins) and Heathrow Terminal 5 (30 mins).

Acton Central station, serviced by London Overground, is situated approximately 0.6 miles to the southeast of the Property and provides direct access to Richmond (16 mins), Gospel Oak (20 mins), Kentish Town West (23 mins), Highbury & Islington (31 mins) and Stratford (53 mins).

West Acton underground station, serviced by the Central Line, is situated approximately 0.5 miles to the west of the Property and provides direct access to Bond Street (20 mins), Oxford Circus (21 mins), Tottenham Court Road (23 mins), Bank (30 mins), Liverpool Street (32 mins) and Stratford (41 mins).

Plans illustrating the location of the site can be found in **Appendix III**.



**Description** 2.3 The property comprises a builder’s yard with a number of industrial units, these units are steel portal framed with a mixture of cladding materials under asbestos roofs. The condition of the units is poor with the cladding noted to be warped and damaged in places, organic colonisation was noted, and the metal frame is rusty in places.

The yard is predominantly an area of hard standing and the industrial units are used to store construction vehicles. The yard area was noted to have refuse including tyres, scrap metal and rubble.

The access to the side of the petrol station was noted at the time of our inspection to be in constant use by a car wash operator.

Additionally, there are temporary shipping container units which have been repurposed for office and WC use.

**Measurement** 2.4 We have measured the property in accordance with the RICS Code of Measuring Practice, Sixth Edition and confirm the following floor areas as measured on a Gross Internal Area (GIA) basis.

| Floor  | Description                        | Area (m <sup>2</sup> ) | Area (ft <sup>2</sup> ) |
|--------|------------------------------------|------------------------|-------------------------|
| Ground | Including Temporary WC and Offices | 732.54                 | 7,885                   |
| Ground | Without Temporary WC and Offices   | 692.5                  | 7,454                   |
|        | TOTAL                              |                        |                         |

Based on Valos digital measuring we understand the site extends to 0.449ac (19,558 sq ft).

**Photographs** 2.5 Photographs of the premises can be found in **Appendix IV**.

**Services** 2.6 Mains water, electricity and drainage are assumed to be connected to the property.

**Condition** 2.7 We have not carried out a building survey nor have we inspected those parts of the property which are covered, unexposed or inaccessible and have assumed such parts to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of this property or has since been incorporated and we are therefore unable to report that the property is free from risk in this respect. For the purpose of this valuation, we have assumed that such investigation would not disclose the presence of any such material to any significant extent.



We have not tested any of the electrical, mechanical or plumbing equipment and cannot confirm that these items are free from defect.

The units are in a very poor condition and the structural integrity of the sheds needs to be investigated. This is especially the case as dangerous materials could be released as it deteriorates.

**Environmental Matters**

2.8 We are not aware of the content of any environmental audit or other 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 have assumed that no contaminative or potentially contaminative uses have been carried out in the property.

We have not carried out any investigation to past or present uses either of the property or of any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites and have therefore assumed that none exists.

We have not carried out a full check for the possible existence of Japanese Knotweed on this property or adjoining properties and for the purposes of this valuation have assumed that none is present.

However, should it be established subsequently that contamination, seepage or pollution exists at the property or on any neighbouring land or that the premises has been or are being put to a contaminative use, this may reduce the values now reported.

The property was noted to have asbestos roofing materials, some of the cladding may also contain asbestos. This needs to be investigated as the condition of the cladding is poor with some them breaking off completely.

The property was noted to have gasoline containers, heavy metals and other potential contaminants on site. We have assumed that the property is contaminated, and any future development would need to consider the added cost of making necessary environmental enquires and the cost of remediation.

The property was noted to have instances of organic colonisation with plants growing into the industrial units.

**Ground Conditions**

2.9 We have made the assumption that ground conditions are suitable for the current buildings and structures or any redevelopment.



**Flood Risk**

- 2.10 We have reviewed the Environment Agency flood risk map, which suggests that the property is situated in Flood Zone 1 area.

It has a low probability of flooding which means that it has an annual probability of less than 1 in 1,000 of river or sea flooding. This takes into account the effect of any flood defences in the area. These defences reduce but do not completely stop the chance of flooding as they can be overtopped, or fail.

Please note that the Flood Zones shown on the Environment Agency's flood map do not take account of the possible impacts of climate change and consequent changes in the future probability of flooding.

This is a preliminary study undertaken on the local area and we have not commissioned any in-depth study on the property. For the purposes of our valuation, we have assumed that there are no insurance restrictions owing to any flooding risk and that building insurance is in place and is available to be renewed by the current or any subsequent owner of the property, without payment of an excessive premium or excess.

**Fire Risk and Cladding**

- 2.11 We are unaware whether a fire risk assessment has been prepared for the property. We have assumed full legislative compliance for the purposes of this report.

There was noted to be gasoline and pressured canisters on site and there as such a fire risk assessment should be sought.

Our Valuation also assumes post-'Grenfell Tower' that the external cladding of the building fully complies with up to date Fire Risk Assessments which should have been carried out since 2017 and fully comply with British Standards BS8414.

Neither this firm nor the author of this valuation has any liability to the lender or the borrower for any losses or potential losses arising directly and solely from the valuation being provided in reliance upon the EWS1 Form.

If you require further information then please seek independent advice prior to legal commitment to release funds.

**Electrical Standards**

- 2.12 All residential properties are required to have the electrical installations in their properties inspected and tested by a person who is qualified and competent, at an interval of at least every 5 years. Landlords have to provide a copy of the electrical safety report (EICR) to their tenants, and to their local authority if requested. The Regulations came into force on 1 June 2020 to improve safety in all residential premises and particularly in the private rented sector.



**Statutory and  
 Planning  
 Enquiries**

2.13 We have where otherwise noted, in arriving at our valuation it has been assumed that each and every building enjoys permanent planning consent for their existing use or enjoys, or would be entitled to enjoy, the benefit of a “Lawful Development” Certificate under the Town & Country Planning Acts, or where it is reasonable to make such an assumption with continuing user rights for their existing use purposes, subject to specific comments.

**Recent Planning History**

No recent planning applications in respect of the subject property. However, we consider the below planning applications to be relevant.

| Property                          | Reference | Decision Date   | Proposal  | Decision                               |
|-----------------------------------|-----------|-----------------|---|--|
| 239 Horn Lane Acton London W3 9ED | 225069FUL | Mon 24 Jul 2023 | Construction of a building ranging in height from 6 to 15 storeys, to provide builders merchants (Use Class Sui Generis) at ground and first floor level, and 185 self-contained residential units (Use Class C3) and associated amenity space above; hard and soft landscaping works; provision of car and cycle parking; works to provide means of access for both pedestrians and vehicles from Horn Lane and all other works incidental to the development. (Following demolition of existing builders merchants) | Draft Decision Waiting Legal Agreement |



|  |                      |                        |  |                |
|--|----------------------|------------------------|--|----------------|
| <p>219 Horn Lane Acton W3 9ED London</p> | <p>P/2013/235 1</p>  | <p>Tue 06 Aug 2013</p> | <p>Redevelopment of site (following demolition of canopy and single storey detached building) to accommodate a four storey building providing an office and retail unit at ground floor level and six residential flats (2 x one bedroom and 4 x two bedroom) with associated hard and soft landscaping and cycle parking.</p> | <p>Refused</p> |
| <p>219 Horn Lane Acton W3 9ED London</p> | <p>PP/2013/03 04</p> | <p>Wed 03 Apr 2013</p> | <p>Redevelopment of site (following demolition of canopy and single storey detached building) to accommodate a five storey building providing an office and retail unit at ground floor level and eight residential flats (3x1 bedroom and 5x2 bedroom) with associated hard and soft landscaping and cycle parking.</p>       | <p>Refused</p> |



### **Listed Status**

We have made online enquiries on Historic England of The National Heritage List for England (The List) to determine whether there are any scheduled monuments, listed buildings, registered landscapes, battlefields, or protected wrecks on the site.

As far as we can establish, nothing on the site with the postcode W3 9ED appears in The List.

### **Conservation Area**

The Property is not situated in a conservation area.

We have assumed the property is unaffected by any local authority redevelopment or highway proposals.

In preparing our valuation, we have assumed that the property is unaffected by any Statutory Notice, and that neither the property, nor its use, nor its intended use, gives rise to a contravention of any statutory requirements.

Your solicitors should be asked to verify that the assumptions we have made in this section of the report are correct and justified before you commit yourselves.

### **Energy Performance**

- 2.14 Energy Performance Certificates (EPCs) are required for the construction, sale or rent of residential and business premises. Energy Ratings give a measure of a property's overall efficiency, with the higher ratings having a more energy efficient building. A limited number of buildings are exempt from having such certificates.

We have not been provided with a copy of a current EPC and have made independent enquiries on the Energy Performance Certification Register. We have not been able to find and determine the Energy Efficiency Rating for the subject Property.

The Energy Act 2011, more specifically The Minimum Energy Efficiency Standards 2015, includes new provisions under which, inter-alia, with effect from April 2018 it will be unlawful to let business and residential premises that do not meet minimum energy efficiency rating of 'E' or above, when dealing with new leases, lease renewals and lease extensions. As such, it will be unlawful to let units with an F & G rating). These provisions will also apply to all existing leases on 1 April 2020 for residential properties and 1 April 2023 for commercial properties.



**Council Tax** 2.16 The property falls within the boundaries of the **London Borough of Ealing**

We have made informal online enquiries of the Valuation Office Agency. The subject Property is assessed for the purposes of the 2023 Rating List as follows:

| Address                | Description                | Rateable Value | Rates Liability |
|------------------------|----------------------------|----------------|-----------------|
| 219, Horn Lane, London | Storage Depot And Premises | £68,000        | £34,816         |

The Uniform Business Rate (UBR) for the financial year 2023/2024 is £0.512 (where the Rateable Value is £51,000 or more) and £0.499 (where the Rateable value is less than £51,000).

A business rate supplement of £0.02 is levied on all properties with a rateable value of more than £75,000 in relation to its contribution to the Crossrail project.

### 3. Tenure and Market Commentary

**Tenure** 3.1 For the purposes of this valuation, we have assumed that good freehold title can be shown, and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoings.

We have assumed title numbers MX246595 and AGL26775 are included in the freehold interest.

The title also has a covenant from 1880 regarding the number of houses to be built on the site, we have assumed that this would be discharged, but reserve the right to revise our valuation if this is not the case.

**Tenancy** 3.2

We are also informed that the subject property is currently let. We have had sight of a lease a note that the principle terms are as follows:

|                 |  |
|-----------------|--|
| Unit:           | 219 Horn Lane  |
| Tenant:         | M Teevan Hire co Limited   |
| Lease date:     | 29 April 2020  |
| Lease end date: | The day before the third anniversary of this lease (28 April 2023).  |
| Current Rent:   | £120,000 p.a.  |
| Break Date:     | There is a rolling 6 month mutual break clause which is subject to at least six calendar months' notice after service of a break notice. |



|                             |  |
|-----------------------------|--|
| Rent Review date and basis: | n/a  |
| Permitted use:              | For the purpose of storage, maintenance, and all ancillary matters relating to the hire and sale of machinery vehicles and plant and any other use within use class B2 or B8 of the town and country planning (use classes) order 1987 as at the date this lease is granted. |
| Repairs and insurance       | Full repairing and insuring  |
| Other                       |  |

The lease appears to be to a company connected to the borrower and we assume the terms were not agreed on an arm's length basis.

**General Market Comments**

3.3 The results of the Q2 2023 RICS UK Commercial Property Monitor point to a renewed setback for the market, with the recent rise in interest rate expectations weighing on investor demand and placing downward pressure on capital values. As a result, a clear majority of respondents (68%) are now of the opinion that the market is in a downturn phase of the property cycle. That said, there are pockets of resilience across occupier markets, with industrials in particular (alongside some more alternative asset classes) continuing to exhibit positive rental growth projections for the year ahead.

Occupier market

The headline tenant demand gauge posted a net balance of -10% in Q2, down from a reading of -3% beforehand. When viewed at the sector level, tenant demand fell across both the office and retail sectors, evidenced by negative net balance readings of -21% and -26% respectively. By way of contrast, a net balance of +10% of respondents noted an increase in tenant demand for industrial space, albeit this is noticeably more modest than the average reading of +30% seen since the beginning of 2022.

Alongside this, availability was more or less unchanged across the industrial market during Q2, while survey participants reported an increase in vacant space within the office and retail sectors. As such, the availability of leasable office and retail space has continued to increase in each quarter since the start of the pandemic, and this has been accompanied by a prolonged period of rising incentive packages on offer to tenants in both sectors.

Twelve-month rental growth projections remain mixed at the sector level. At the stronger end of the spectrum, a net balance of +42% of respondents foresee prime industrial rents rising over the year ahead (albeit this is slightly softer than the reading of +58% returned last quarter). Likewise, prime office rents are anticipated to rise by a net balance of +22% of contributors, similar to last quarter's reading of +29%. However, further emphasising the divide between best-in-class office space and secondary stock, twelvemonth rental expectations for the latter remain firmly negative, with the net balance slipping to -47% (down from -37% previously). On the same basis, prime retail



rents are seen slipping by a net balance of -23% of respondents, while expectations for secondary retail rents remain mired in negative territory (net balance -51%).

This general pattern is evident right across the UK, with the outlook for prime industrial rents solid for virtually all regions while retail continues to struggle. Interestingly, Central London displays the widest gap between prime and secondary office markets. Indeed, while prime office rents are projected to rise by +3.6% (equalling the firmest outlook across all regions), secondary office rents in Central London are envisaged declining by -6.2% over the year to come. Back at the national level and away from the mainstream sectors, rental growth expectations remain comfortably in positive territory across multifamily residential, aged care facilities, student housing, life sciences and data centres.

#### Investment market

The all-sector average metric capturing investment demand posted a net balance reading of -22% in Q2, marking a renewed decline following a figure of -14% returned previously. Disaggregating the data shows the net balances falling to -34% for both the office and retail sectors, while a fl at to marginally negative trend was cited for industrial investment demand (net balance -2%). In each instance, the net balance readings for Q2 weakened relative to those seen in the previous iteration of the survey. At the same time, the downward trend in overseas investment demand has become further entrenched across all mainstream sectors during Q2.

Weighing heavily on investment market activity, the latest feedback signals a significant deterioration in the lending environment during Q2. In fact, the latest net balance of -75% for the credit conditions indicator represents the most negative reading on record (series goes back to 2014), falling from a figure of -37% previously. With bond yields climbing higher over the recent weeks, this appears to have reintroduced downward pressure on capital values.

With respect to the twelve-month outlook for capital values, respondents now anticipate virtually all sectors chalking-up declines in the year to come. Secondary retail and office values are seen posting the sharpest falls (returning respective net balances -63% and -54%), while prime retail (net balance -35%) secondary industrial (net balance -15%) and prime offices (net balance -17%) all now exhibit a clearly negative twelve-month assessment for values. Bucking the wider trend somewhat however, prime industrial capital value expectations are broadly flat. Similarly, data centres, aged care facilities and student housing values are expected to prove more resilient and post modest gains over the year ahead.



**Rental Market  
commentary**

3.4 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/A1(M) motorways and the Thames Gateway. It contains more than 210 million SF of industrial space, the bulk of which is logistics.

London's industrial occupier market has not really shared in the industrial sector's runaway success in recent years, at least on the occupier side. Demand has been consistently negative as firms have vacated space, sending the vacancy rate up from its record low in late 2019 to 4.7% today, which represents a five-year high. The recovery in leasing activity recorded in 2021, when film production firms and last-mile operators were especially active, has fallen away in recent quarters, with industrial take-up in the 12 months to Q1 2023 down 40% on the year before. While vacancies remain relatively low in historical terms, they could rise further in the near term amid subdued demand and a modest pickup in deliveries.

Industrial rent growth could begin to fall away as a result, albeit following a strong couple of years. A shortage of availability of large, modern units helped propel industrial rent growth to record heights during 2022 even amid weak demand more broadly. Falling demand, rising business costs and a cooling economy should cause rent growth to decelerate over the next couple of years.

However, London is expected to outperform the national average, as well as other property types like retail and office within the capital. Last-mile units in well-connected submarkets are well placed for outsized rent growth. Enfield, Ealing and Heathrow, which have been the busiest areas from a leasing perspective in recent years, should continue to outperform.

London industrial investment soared to record heights during the pandemic as increasing numbers of investors targeted the sector. Sub-3% yields were paid for under rented property in good locations with an imminent lease expiry, with last-mile redevelopment plays and residential conversion opportunities also popular.



**Rental  
Comparables**

3.5 Investment has cooled in recent months as interest rates have risen, resulting in some yield decompression, but London has remained busier than most UK markets.

We have had regard to the following transactional evidence:

1. **Matthew's Corner Garage, Church Rd, Windlesham, GU20 6BH** a 1,000 sq ft workshop let in July 2022 for £52,000 per annum on a 4-year term on fully repairing and insuring terms. The property included 400 sq m ground floor hard surfaced land.
2. **Ray Lamb Way, Manor Road, DA8 2LB** a self-contained yard of 1.87 acres containing a light industrial unit of 1,953 sq. ft. and modular offices approx. 2,846 sq. ft. The property was let for £111,907 per annum. The term begins in June 2023 and the lease length is unspecified.
3. **Unit 4 – Great Southwest Road TW14 8ND**– A 1,439 sq. ft office/workshop and 237.8 sq. m (2,559 sq. ft) of hard surfaced, fenced land (using VOA floor areas) was understood to have assigned which had a passing rent of £70,000 per annum.

**Market Rent  
Considerations**

3.6 Our opinion of the Market Rent of the property is based upon the following considerations:

- The property is a builder's yard and with poor quality industrial units and hard standing. There are few units of this nature and we consider that based on the evidence there is good demand for properties of this type.
- The assumed terms are on a short lease of circa three years contracted outside the Landlord and Tenant Act 1954. Similar properties are regularly future development sites that are earmarked as such. We consider it unlikely that any tenant would commit to the repair of the building on the site.

Our opinion of Market Rent for the Property at the Valuation Date is set as follows:

|              |              |             |                      |
|--------------|--------------|-------------|----------------------|
| Ground Floor | 19,558 sq ft | @ £6.25 psf | £122,237.50          |
|              |              | <b>Say</b>  | <b>£122,000 p.a.</b> |



**Investment  
market  
commentary**

3.7 London industrial investment has finally cooled down after soaring to record levels during the pandemic. Only around £200 million changed hands per quarter in Q4 2022 and Q1 2023, less than a third of the quarterly average over the previous two years and less than a sixth of the record £1.3 billion that was spent in Q4 2021. Rising interest rates have made the cost of debt more expensive and reduced the relative value of industrial property versus other asset classes, causing demand to fall and yields to rise. Industrial yields have risen by more than they have for other property types, partly because they got so low during the pandemic. While some evidence is emerging that prices are starting to settle across the country amid a rebound in investor demand, the sub-3% yields that were commonplace during the pandemic are unlikely to be repeated in the near term.

Few noteworthy deals have occurred in recent months, but a big one in May 2023 hinted at where prices for prime, well-located warehouses may have settled.

**Transaction  
History**

3.8 Having made online enquiries at the HM Land Registry and understand that the property was purchased for £1,500,000 in November 2007.

**Investment  
Comparables**

3.9 We have had regard to the following sales within the past 12-24 months

**13 Waxlow Road, NW10 7NU** a cleared site of circa 2,936.75 sq m (31,599.75 sq ft) with planning for a new industrial unit sold for £6,125,000 in February 2022. The site has better access than the subject property. However, equates to £193.83 per sq ft. It was purchased by a nearby occupier who is presently using it for hard standing storage in connection with their business. The site was used for waste management and also faces potential contamination issues.

**West End Road-Glebe Farm, HA4** comprising a 3.47-acre site of 151,153 sq ft was purchased by Car Giant for £6,500,000 in April 2022 representing £43 per sq ft. The property is presently on the market to rent for £10 per annum as hard standing storage. The property is located on Green Belt with a high percentage with no apparent precedent of use.

**42 Hastings Road, W13** a circa 17,222 sq ft site occupied by Majestic Wine was purchased for £7,300,000 in May 2022. The property was a development site and has since in August 2023 been part of a Screening Request Report. A 21 storey 448 student home scheme is being considered.



**Capitalisation  
Rate  
Considerations**

3.10 The Capitalisation rates that we have applied for the purpose of this valuation are based upon the following:

- The property is an attractive site which subject to planning could be developed for a number of different purposes or end users.
- The access arrangements are poor and reliant on the petrol station landowner ensuring the right of way is clear.
- The subject property is of a size likely to be in demand by owner occupiers and developers alike.

**Capitalisation  
rates**

3.11 In considering our valuation of the Property, we consider that the lease with a rolling mutual 6-month break does not provide significant security of income and the most likely purchaser of the property would be either a developer or an owner occupier.

The property is in a poor condition, the industrial units on site structural integrity is questionable and there is likely a contamination issue. The property is however, valuable as a development site and or as a building site/ hard standing storage. Access to the site is not as good as 13 Waxlow Road and given the planning permission which appears likely to be granted next door the viability of the site in its current form is questionable in the long term. That said as at the valuation date there is considerable hope value for the development of the site, the highest value is likely achievable with a development in conjunction with the neighbouring landowners. However, we have not considered special purchasers in our valuation.

When considering the value if vacant we have weighed the benefit of the tenants repair covenant against the second limb of Section 18 of the Landlord and Tenant Act of 1927 dilapidation provisions and also the chance that the site would not be cleared by the tenant in the event of a hypothetical purchase.



## 4. Valuation

### Methodology

4.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. Our valuation has been carried out using the comparable method.

The property has a number of units on it that are coming toward, have come toward the end of their useful life. That being said we consider with reference to the evidence that there is demand for a clear site for storage purposes and builders merchant which we consider underpins the value of the site.

The structural integrity of the sheds needs to be monitored for health and safety purposes. Particularly given some of the materials used in the cladding and roof have a high chance of containing asbestos.

The poor condition of the sheds and the cost to clear the site, has been considered against the potential redevelopment/ hope value of the site. The neighbouring property is presently in final throes of planning for circa 185 over up to 15 storeys residential units. The former petrol garage (current car wash) has had permission refused, with the planning comments suggesting that a reason for refusal was the subject property's commercial use. As at the valuation date there is significant hope value in the development of the site. There is also a risk that if the development at the neighbouring site goes ahead there is a chance that the continued use of the property in its current form will become problematic, because of the vicinity of the proposed development.

It appears to be a good juncture for the borrower to consider talking to the neighbouring property owners as there is likely marriage value i.e. A higher value if the property is developed together with the neighbouring properties.

We consider a rate per sq ft for the site is most appropriate. We have applied a £95 a sq ft considering that the subject property has poor relative access but is better planning prospects than Glebe Farm. We note Waxlow Road is particularly comparable, although we note the access of Waxlow Road and location is much superior for industrial purposes. Hastings Road is considered to have a better development density prospect compared to the subject property which is adjoining a residential block to the south. We have made a 5% downward adjustment to account for contamination.



**Market Value** 4.2 We are of the opinion that the Market Value of the freehold interest in the above property as at the date of the valuation, subject to the Tenancy referred to above and the facts and assumptions as set out in this Report and the Appendices is in the region of:-

**£1,765,000 (One Million Seven Hundred and Sixty Five Thousand Pounds)**

**90 Day Restricted Marketing**

You have also asked us for a value of the freehold interest in the property on the basis that it could be marketed for a period of between 90 days. On this basis, but otherwise in accordance with the facts and assumptions as stated in this report, we are of the opinion that the market value of the property is fairly reflected in the sum of:-

**£1,500,000 (One Million Five Hundred Thousand Pounds)**

You have also asked us for a value of the freehold interest in the property on the basis that it available with full vacant possession. On this basis, but otherwise in accordance with the facts and assumptions as stated in this report, we are of the opinion that the market value of the property is fairly reflected in the sum of:-

**£1,765,000 (One Million Seven Hundred and Sixty Five Thousand Pounds)**

**Market Rent** 4.3 You have also asked us to indicate our opinion of the likely rental value of the property. In this connection, we consider that on a conservative basis, the property could be let at a rental in the region of £122,000 per annum on commercial terms outlined above.

**Suitable Security** 4.4 We consider that this property is suitable as security for bank lending purposes. However, we would draw your attention to the property being let to a connected party with little security of income, the likely contamination on the site and the poor condition of the building on the site.

**General Comments** 4.5 This valuation report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and his professional advisors and the valuer accepts no responsibility whatsoever to any other person.

The borrower should be informed of the limits of our inspection and report and should not enter into any legal commitment to the vendor before further investigations are complete.

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



We trust that the information contained in this report is sufficient for your purposes, but please do not hesitate to let us know if we can be of any further assistance.

**Reinstatement  
Costs**

4.6 As a guide, we would advise that the property should be insured for reinstatement in its present form under the terms of a comprehensive policy in a sum of not less than **£1,400,000 (One Million Four Hundred Thousand Pounds)**. This figure allows for demolition, site clearance and professional fees, but excludes the effect of VAT except in relation to professional fees. No allowance has been made for loss of rent cover on possible alternative accommodation during the reinstatement period.

**Report  
signatures**

4.7

**Report prepared by**

**Report checked by**

**Jonathan Davis MSc MRICS**  
Director

**Jacob Cope BSc (Hons) MRICS**  
Director



For and on behalf of  
Grant Stanley Chartered Surveyors

**Dated**

23 AUGUST 2023

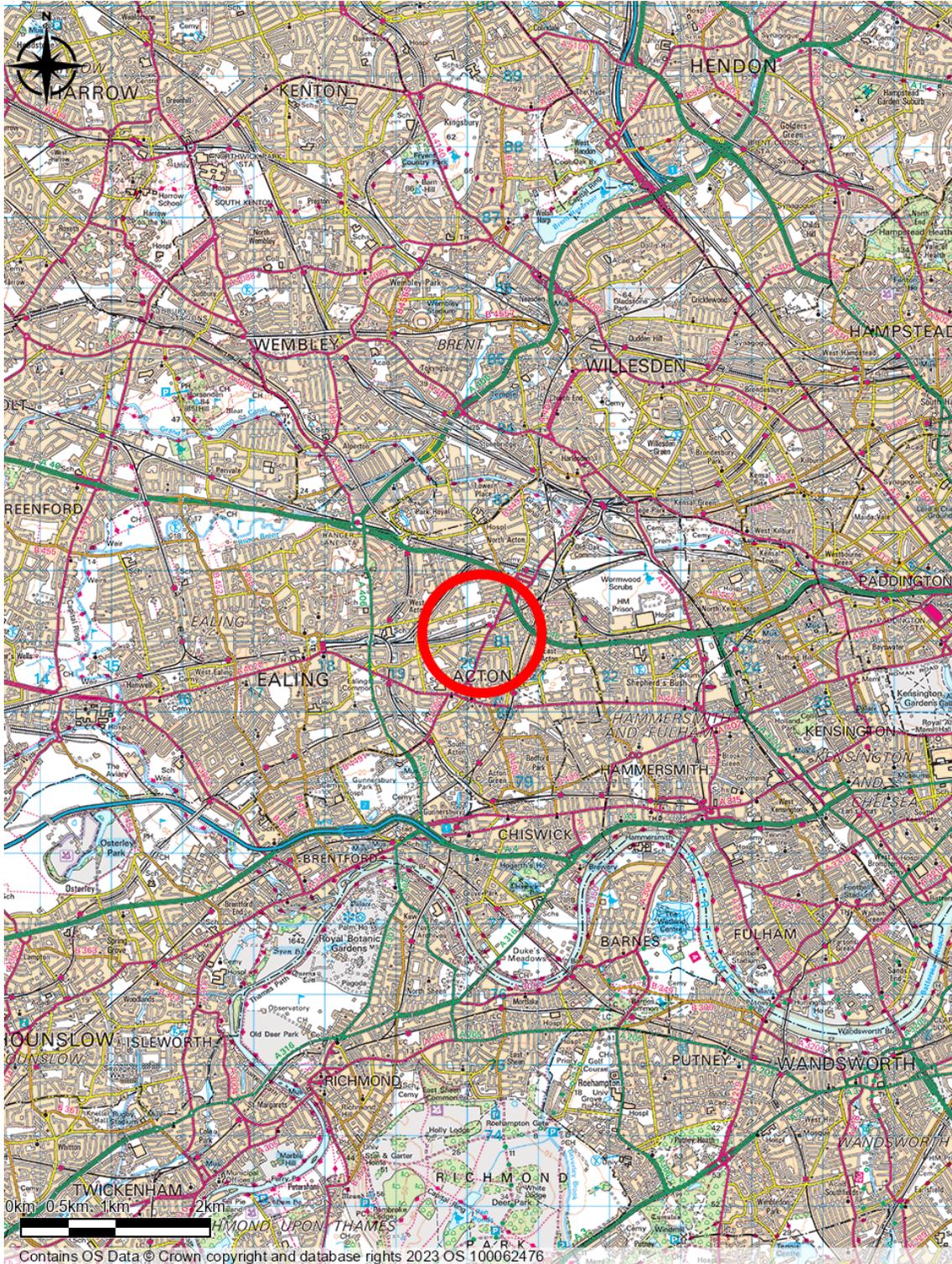


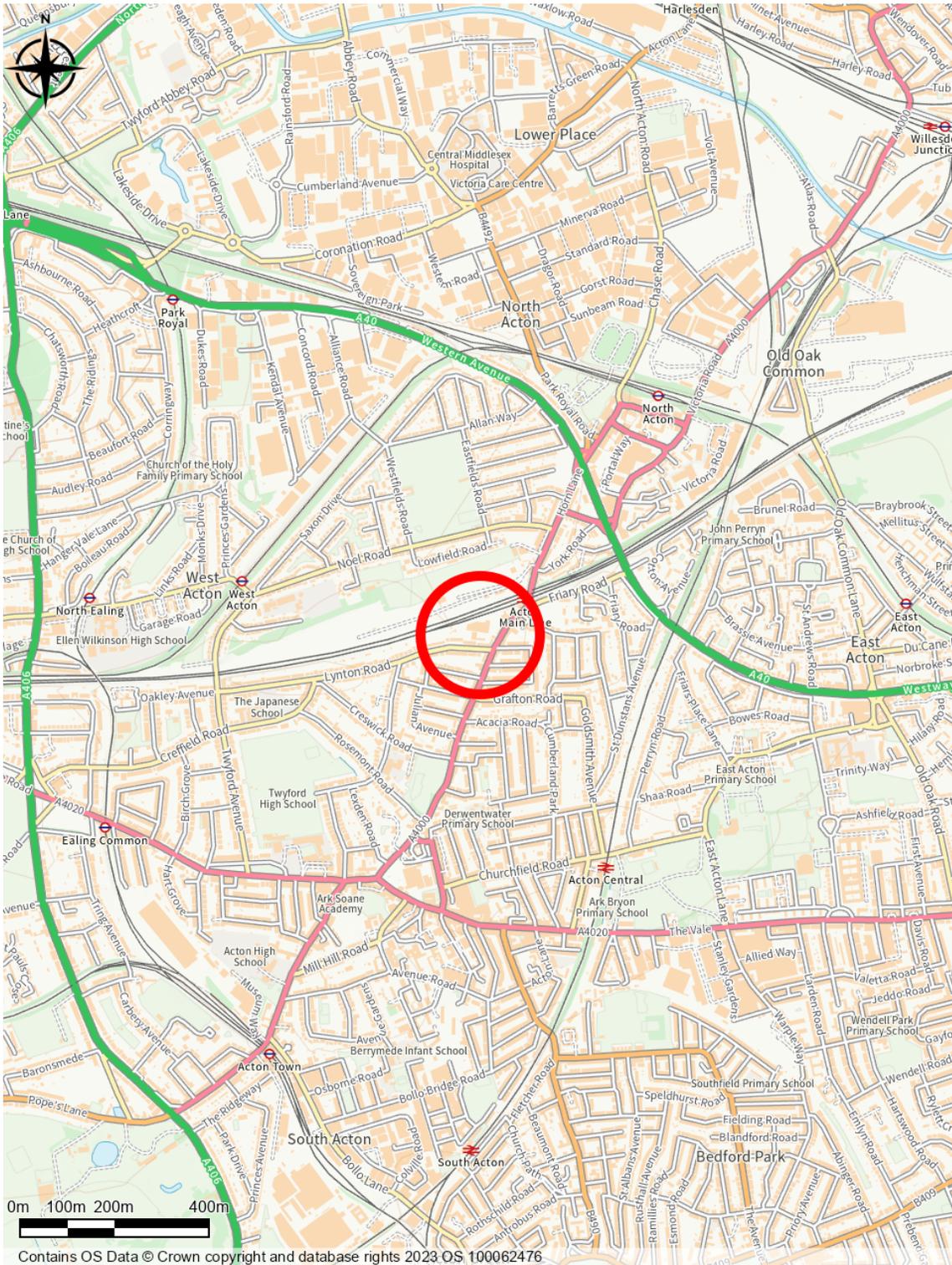
## Appendix II – Title Plan





### Appendix III – Location Plans







## Appendix IV – Photographs

### Exterior of Property









Interior of Property











**End of Report**