

Nick Vivian

JULY 2014 Valuation

From: VH <vh@atriumsurveyors.co.uk>
Sent: 24 July 2014 10:06
To: Nick Vivian
Subject: RE: UNITS 3/4 AND UNIT 10 HERON BUSINESS CENTRE, ASHFORD.

Hi Nick,

I tried to call you earlier this week but I understand you are on leave so I thought I would drop you a quick line for consideration on your return.

I have revisited my figures from May 2013 and have looked at how they stack up today taking into account changes in the market over the last 12 months and of course the information you have given me in respect of units 3 and 4.

Firstly, looking at the market in Ashford over the last 12 months there has been very little change despite the much publicised upturn in the economy. Demand remains slow although we are now experiencing a decline in stock, especially anything of good quality, and I suspect we will see shortly a slow increase in both rental and freehold values as we push up values as demand exceeds supply. However, this has not happened yet and if anything we have seen values fall slightly, an example being on Connect 10 where new 2,125 sq ft (albeit 5 years old) units have been selling recently at £80/£82.50 psf where a couple of years ago we were obtaining £90.00 psf.

Looking at Heron therefore I do not see any justification to increase the vacant freehold values but there again values for this type of accommodation have remained relatively steady so I see no reason to reduce them either. I would therefore keep the freehold vacant values at £174,000 - £190,000 for Units 3 and 4 and £330,000 - £360,000 for Unit 10. However, on a sale I would expect to achieve the lower end of these figures as there is still an expectation out there that it's a buyers' market!

On the investment values we are of course a year down the line from the previous report although as you have confirmed the KCC have asked for a 6 month extension on their break although I note that this is yet to be formalised. I think therefore that this years' reduction in income has to be recognised especially on Unit 10 where there is only 1.5 years to go until lease expiry.

UNITS 3/4

Using therefore the same principles as previously I see the investment value of Units 3 and 4 as being in the region of £200,00 - £216,500 if the break extension is NOT formalise or £208,000 - £223,000 if the additional 6 months is agreed.

UNIT 10

7.9% yield.

On Unit 10, with only 1.5 years income certain remaining I would say that the investment value is around £370,000 - £400,000 but achieving this might be difficult taking into account the size of the unit and the possible difficulty in reletting should Speedyhire vacate on lease expiry.

9.1% yield

In a nutshell I do not see the investment values being much higher than the freehold vacant values at this stage due to potential questions of covenant strength in the case of Units 3 and 4 and the uncertainty of future occupation on Unit 10.

Please note that I have not deducted purchasers costs from these figures on the basis that you require these figures for pension update purposes only.

If you would like me to put these figures in a formal letter to you then please let me know and of course do not hesitate to contact me should you wish to discuss this further.

Regards.

Vaughan Hughes BSC MRICS

Director

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From: Sheila Lammin [mailto:S.Lammin@glenny.co.uk] **On Behalf Of** Nick Vivian

Sent: 09 July 2014 16:32

To: VH

Cc: Nick Vivian

Subject: UNITS 3/4 AND UNIT 10 HERON BUSINESS CENTRE, ASHFORD.

Vaughan,

I wonder whether I could please ask you to provide me with a brief update on the valuation figures that you provided on the above Units in May last year where for ease of reference, I attach an extract of your report (pages 1 and 5) dated 20 May 2013.

Could I please ask you to provide two values:-

- Freehold value (assuming vacant possession)
- Investment value (assuming existing lease terms but on the basis that at lease break and/or lease end, the units will then be re-let on market terms.)

By way of update on the tenancy information, the existing tenants remain in occupation as per your valuation in May last year with the only update being on Units 3/4 where the Council have applied to sub-let their Lease to the occupying Community Care Company, Wood N Ware, and they have also asked to move their break from 21:09:2016 to 01:04:2017. I have been informed that Kent's intention is to exercise this but allowing us an opportunity of seeing how the occupying company trades so they can take the Lease over eventually. This transaction has not yet been completed but I attach a set of HOT's.

As always, very happy to discuss over the telephone in the first place if this will be of help otherwise, can I please leave you to look into the matter.

So that you are aware, if we are able to agree figures between us, I will then approach you to issue another formal report to us where I fully appreciate that fees will be involved.

So that you are aware, I will be away from the office on annual leave with effect from close of business this Friday returning on Monday 28th July.

Thanks.

Kind regards.

Nick

Sent on Behalf of Nick Vivian BSc FRICS | Partner
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For and on behalf of Glenny LLP



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