

VALUATION REPORT

SUBJECT PROPERTY:

115-120 Stafford Street
Walsall
West Midlands
WS2 8DX

&

126 Stafford Street
Walsall
West Midlands
WS2 8DX

UNDERTAKEN ON BEHALF OF:

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

Prepared By: Adam Cole, FRICS
Inspection Date: 18th December 2017
Report Date: 29th December 2017
PLP21001


PROPERTY CONSULTANTS
chartered surveyors

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EXECUTIVE SUMMARY

115-120 Stafford Street
 Walsall
 West Midlands
 WS2 8DX



&

126 Stafford Street
 Walsall
 West Midlands
 WS2 8DX



Tenure	Freehold
Market Value with Vacant Possession	£825,000
Market Value with Vacant Possession subject to a special assumption of a 180 day marketing period	£795,000
Market Value with Vacant Possession subject to a special assumption of a 90 day marketing period	£760,000
Market Value – Investment	£840,000
Market Value – Investment – with the special assumption of a 180 day marketing period	£800,000
Market Value – Investment – with the special assumption of a 90 day marketing period	£760,000
Market Rent	£102,000
Description	2 residential hostels for 43 “homeless” men, small car park, car sales lot (forecourt), yard/storage buildings and site advertising boards.

Loan Security

The particular positive and negatives of the property are as follows:

Positives

- High potential income paid for hostels by local authority
- Large mixed use corner plot site
- Large prominent road frontage

Negatives

- Income mainly from 1 public sector user
- Higher risk investment – care needs to be taken on loan to value
- High cost of adapting hostels to other uses

Property Address:	115-120 Stafford Street, Walsall, West Midlands WS2 8DX 126 Stafford Street, Walsall, West Midlands WS2 8DX
Client:	Proplend Security Ltd
Applicant:	Brocton Group Ltd
Your Reference No:	AC/SB
PLP Reference No:	PLP21001

1.0 BASIS OF INSTRUCTIONS

- 1.1 On 15th December 2017 you requested PLP Property Consultants to inspect and value the property known as 115-120 Stafford Street, Walsall, West Midlands WS2 8DX & 126 Stafford Street, Walsall, WS2 8DX.
- 1.2 The instructions requested that we provide you with our opinion of:
- (a) Market Value with vacant possession
 - (b) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 180 days.
 - (c) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 90 days.
 - (d) Market Value – subject to existing tenancies
 - (e) Market Value subject to existing tenancies and Special Assumption of a defined marketing constraint of 180 days.
 - (f) Market Value subject to existing tenancies and Special Assumption of a defined marketing constraint of 90 days.
 - (g) Market Rent
- of the freehold interest in the subject premises, as at the date of inspection in the light of current market conditions.
- 1.3 We understand that this valuation is required for the purposes of assisting you in considering the suitability of this property in respect of a provision of loan, mortgage or other finance, and is thus for secured lending purposes. This valuation is intended solely for this and for no other purposes and should not be relied upon by any third party to whom it is not addressed who would do so entirely at their own risk.
- 1.4 In preparing this valuation we have relied upon the following information, separate leases for 115-120 and 126 Stafford Street, lease for yard and rear storage buildings to rear of 117 Stafford Street and audited accounts from applicant's accountant, and have therefore assumed that you are satisfied that we are able to place reliance on the information.
- 1.5 We would confirm the surveyor has the required knowledge, skills and understanding to undertake the valuation competently.
- 1.6 We confirm we have no financial interest in this transaction and that we have had no dealings with this property within the last twelve months.

- 1.7 We would confirm that PLP Property Consultants holds sufficient Professional Indemnity Insurance for any one claim in respect of this instruction.
- 1.8 We can confirm that there is no conflict of interest.
- 1.9 Our instructions were to provide an assessment of the current Market Value of the above mentioned property for secured lending purposes. We were not instructed to carry out any form of Building/Condition survey and neither were we instructed to carry out any tests to the services provided to the same. Our report is made in accordance with the RICS Valuation – Professional Standards January 2017 (Red Book) incorporating the IVSC International Valuation Standards and to include the new GAAP standards which apply from 5 January 2015.
- 1.10 PLP Property Consultants operates a Complaints Handling Procedure in accordance with the RICS Rules of Conduct and a copy is available on request.

2.0 CONDITIONS OF ENGAGEMENT

- 2.1 Your instructions are accepted on the basis of your Panel or Service Agreement which has previously been agreed between our respective organisations or, in the absence of this, our standard Terms and Conditions based upon the requirements of the Royal Institution of Chartered Surveyors, a copy of which was sent to you when your instructions were received. Any variance from the appropriate Terms and Conditions which have been agreed, are noted in this report. A copy of the appropriate Terms and Conditions are included in the Appendix to this report.
- 2.2 We are not aware of any conflicts of interest that preclude us from preparing this valuation.
- 2.3 We have discussed and agreed with you in writing any Special Assumptions prior to commencing the valuation process, other than the marketing constraints defined in your instructions.
- 2.4 Our valuation has been prepared in accordance with the RICS Valuation – Professional Standards, as amended.
- 2.5 We confirm that this report is not in contravention of Section 13 of the Building Societies Act 1986.
- 2.6 In accordance with the UK Appendix 3.1 (Protocol for valuation and appraisal of land and buildings for secured lending) of the RICS Appraisal and Valuation Standards it is confirmed that this firm does not have any anticipated, or has not had any current or recent fee earning involvement with the property to be valued, with the borrower or prospective borrower, or with any other person connected with the transaction for which the lending is required.

3.0 DETAILS OF INSPECTION

- 3.1 The property was inspected on 18th December 2017 and the report prepared by Adam Cole FRICS, who is acting as an External Valuer.
- 3.2 At time of Inspection Jez Hill was present at the property.
- 3.3 Weather conditions at the time of inspection were dry and sunny.

3.4 We confirm we were able to access all areas of the property, except inaccessible roof voids and cellar of 126 Stafford Street.

3.5 The Property is not on the market for sale.

4.0 LOCATION

Situation

4.1 The properties occupy corner plot fronting Stafford & Hospital Streets, just north of the Walsall town centre and within easy reach of Junction 10 of the M6 Motorway.

Character of Area/Locality

4.2 The properties front an arterial road in a mixed “inner city” type area with both commercial and lower quality residential properties including some social housing. The road front is unattractive with a number of roller-shutters visible.

4.3 Location plans are attached at Appendix A.

5.0 GENERAL OVERVIEW (DESCRIPTION / CONSTRUCTION)

5.1 The majority of the buildings appear to have be constructed in period 1900-1920.

5.2 Mainly of solid brick with some walls now externally rendered.

5.3 Modern cavity wall added to frontage of 115-120 Stafford Street. Tunnel vehicular access to rear yard/storage buildings.

5.4 Roofs mainly of pitched construction with mixed coverings of both slate and concrete tiles.

5.5 External, internal and street scene photographs are attached at Appendix C.

6.0 ACCOMMODATION

6.1 BRIEF SUMMARY OF INDIVIDUAL PROPERTIES AS FOLLOWS:

6.1.1 115-120 Stafford Street – 6 x 2 men studio flats, 11 letting rooms with shared facilities, management office.

6.1.2 126 Stafford Street – 13 lettings rooms with shared facilities. Cellar

6.1.3 Small car park side of 126 Stafford Street.

6.1.4 Car sales Lot (Forecourt) with access off Hospital Street

6.1.5 Rear enclosed Yard and 2 mainly 2 storey storage buildings.

6.1.6 Site Display Advertising Boards.

7.0 MEASUREMENT RECORD

7.1 We have measured the premises in accordance with the RICS Code of Measuring Practice and calculated that it provides the following approximate gross internal floor areas:-

Floor	Floor Area (GIA)	
	Sq M	Sq Ft
115-120 Stafford Street	510.0	5,490
126 Stafford Street (excl. cellar)	300.0	3,230
Storage buildings rear of 117 Stafford St.	<u>318.0</u>	<u>3,423</u>
Car park side of 126 Stafford Street Car Sales Lot rear of 126 Stafford Street.		
Site display advertising boards		
Total	1,128	12,143

7.2 The site area of the property is approximately 2,300m².

8.0 MORTGAGE REGULATION

8.1 Less than 40% of the total land area at the date of inspection, was being used as or in connection with a dwelling.

8.2 We have not made investigations in respect of the identity of residential occupants and you should therefore seek confirmation from the applicant whether the residential areas are occupied by the borrower or by a related person. We have also not made investigations regarding any areas intended to be used in residential, and you should seek clarification from the borrower in this respect.

9.0 SERVICES

9.1 We have not been able to make specific enquiries with the statutory utilities in the time available regarding the availability, capacity or location of services. However, our observations indicate that mains water, electricity and drainage are provided to the main properties. Gas is connected to 126 Stafford Street.

9.2 No plant or machinery has been included in this valuation other than that normally considered to form a service installation for the benefit of the property in general.

9.3 We have assumed for the purposes of this valuation that all services are regularly inspected by appropriately qualified persons and any requirements complied with in full.

10.0 CONDITION

10.1 This valuation is made on the assumption that the property is in a condition commensurate with its age, character, style of construction and mode of use at the date of this valuation and that it will remain so throughout the term of the loan.

- 10.2 We have made a visual internal and external inspection of the premises on the date of inspection prior to preparing this valuation. The external inspection has been undertaken from ground level only. We have not inspected those parts of the property which are covered, unexposed or inaccessible including the roof space and such parts are assumed to be in good repair and condition.
- 10.3 At the time of our inspection, the main premises appeared to be in only adequate condition and state of repair having regard to the age and construction, and/although a number of material defects were noted as mentioned below:
- (a) Dated fittings and some areas defective plaster to both hostels
 - (b) Scruffy/dated décor to both hostels
 - (c) Full scheme of external redecoration required to all buildings
 - (d) Poor internal condition and localised dampness to storage buildings
- 10.4 The comments expressed above under 10.3 are, in terms of your consideration of this section of our report, strictly for your information only and the points noted do not require your action. Under the heading 21.0 Security and Recommendations below, we will specifically summarise matters, which are material to you in terms of your commercial mortgage lending process and suggest the action, which you should take.
- 10.5 We have not been instructed to undertake any structural or building survey, test the services or arrange for investigations to be carried out to determine whether any deleterious materials have been used in the construction of the subject premises or subsequent additions. In the event that a subsequent survey reveals defects in the subject premises, we reserve the right to reconsider our valuation in the light of the revised facts.

Energy Performance Certificates

- 10.6 In undertaking this valuation we have not been provided with a copy of an EPC for the Property. Our valuation assumes that an EPC would be provided on sale in accordance with the aforementioned legislation and we would recommend that this is clarified by your legal advisors.
- 10.6.1 We draw your attention that The Energy Act 2011 includes provisions that will outlaw the letting of residential and commercial property with 'F' and 'G' EPC ratings by no later than 1 April 2018.

Fire Safety

- 10.7 We have not been asked to comment on fire safety

Asbestos

- 10.8 We have not carried out a survey to determine whether asbestos is present in the property or completed a risk assessment. The property is of an age and type that may contain cement asbestos. Please note, asbestos in good condition presents little or no hazard to health but if disturbed can create a health hazard. Future management of asbestos can be very costly due to the need to employ specialist licensed contractors and this factor along with increasing legislative requirements could have a future effect upon the value of the subject premises.
- 10.8.1 We have been unable to identify or inspect an Asbestos Register or Asbestos Management Plan. Any asbestos disclosures in the Asbestos Register requiring work or management may have an adverse effect on the reported valuation.

- 10.8.2 The relevant legislation is contained in the Control of Asbestos Regulations 1987 and the control of Asbestos at Work Regulations 2002. The control of Asbestos at Work Regulations imposes a duty to protect workers from exposure to Asbestos Containing Materials (ACM's). If it is reported that asbestos is known to exist in the premises, a written management plan for the property should be in place.

11.0 BUILDING, PLANNING & FIRE CERTIFICATES

- 11.1 The property lies within the area covered by Walsall Metropolitan Borough Council, which is the Local Planning Authority. In view of online enquiries, we have concluded that the present use is fully in accordance with current Planning Law although we would reserve the right to review our valuation on the basis of any alternative facts should they come to light.
- 11.2 Online enquiries have confirmed that the main properties have established use for residential hostel, falling within Sui Generis Class of the Use Classes Order 1987 (as amended). The Car Sales Lot also comes under Sui Generis use.
- 11.3 The management office in 120 Stafford Street together with the Storage buildings at rear of 117 Stafford Street, both fall under Class B1 of the Use Classes Order,
- 11.4 We were unable to obtain information regarding the local development plan or zoning of the property.
- 11.5 Your lawyer should check whether any planning and building control restrictions are in force should the property be listed as being of historic importance. Your Lawyer should confirm that any recent repairs, extensions or alterations have been carried out with the benefit of the appropriate planning consents and listed building consents and that all other statutory requirements have been met. Any repair work, decoration or alteration to Listed buildings, including any works recommended in this Report, must be undertaken or supervised by those having appropriate knowledge and experience of working with historic buildings.

12.0 GROUND CONDITIONS AND ENVIRONMENTAL RISKS

- 12.1 We have not carried out any investigation into past uses of the properties or past or present uses of neighbouring land to establish whether there is any potential for contamination from these uses or sites to the property and have assumed that none exists.
- 12.2 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. In undertaking this valuation we have assumed that no contaminative or potentially contaminative uses have been carried out on the property.

Invasive Plant Species

- 12.3 On the basis of the site inspection we did not note the presence of Japanese Knotweed at the properties. Please note, however, that we have not made a full site investigation and cannot guarantee that there is no Knotweed at the property although our valuation assumes that this is the case.

- 12.4 If the Client requires confirmation of the presence or otherwise of any individual plant species on the property a suitably qualified expert should be employed to survey and report accordingly. If this reveals the presence of any such plants on the property we should be notified immediately in order that we can review our valuation report.

Flooding and Flood Risk Management

- 12.5 We have checked the Environment Agency flood risks map for the locality and note the property is in a defined risk area. It should be noted that The Environment Agency's Flood Map only identifies flood risks from rivers or the sea and not risks from dams, rainwater run-off, etc. This aside Flood Risk Assessments should identify flood risks from all identifiable sources and have consideration of the specific local topography which may make a property likely to flood.
- 12.6 We have not been provided with a Flood Risk Assessment or Flood Screening Report for the property.
- 12.7 Our investigations have led us to conclude that the property does have an above average risk of flooding from surface water on both Stafford and Hospital Streets..

Mineral Workings (Coal Mining & Brine Extraction)

- 12.8 The properties are located in an area identified in the Department of Energy & Climate Change Gazetteer of England and Wales as requiring a Mining Search (Coal and Brine).
- 12.9 In undertaking this valuation we have assumed there is no mining activity present which would have an effect on the property.
- 12.10 Should it be established subsequently that mining activity does exist in the locality we should be notified so that we may assess whether it is likely to have a material impact on the values herein-under reported.

Other Mineral Workings & Quarrying Activities

- 12.11 We have not carried out any investigations in respect of the presence or otherwise of non-coal mineral workings or quarries and recommend that should the Client require confirmation of the presence of any such workings or activities they should obtain a copy of a Shallow Mining Hazards Report from the BGS. Our valuation assumes that no such workings or quarries exist.

Ground Movement Risk

- 12.12 There are no trees within a notifiable distance and none appear to have been recently removed. The properties are not built on a significant slope. We have assumed that there is minimal risk of natural subsidence which we believe to be a reasonable assumption.

Radon Gas

- 12.13 While prevailing levels of Radon Gas tend to be reflected in the tone of local values, it can present a real health hazard. Levels, expressed in terms of the percentage of houses requiring preventative attention, may be checked at <https://www.gov.uk/government/publications/radon-indicative-atlas-in-england-and-wales> Should the Client require further investigation, a site-specific search facility is available.

Archaeological Remains

- 12.14 We recommend that the Client's solicitors or a suitable expert be asked to verify the contents of the Historic Environmental Records (HER) with respect to the subject property. For the purpose of this valuation we have therefore assumed there are no archaeological remains on or under the land which could adversely impact on the values reported herein.

Other Adverse Ground Conditions or Environmental Risks

- 12.15 We are not aware of the contents of any site investigation reports identifying any other adverse ground conditions that exist.

General

- 12.16 In undertaking this valuation we have assumed that no adverse environmental issues, including but not limited to those described above, exist or may affect the property, whether within its boundaries or on adjacent land.
- 12.17 Should it subsequently be established that this assumption is incorrect we should be notified in order that we may consider whether this affects the values reported, and we reserve the right to reissue the valuation if necessary.

13.0 TENURE AND OCCUPATIONAL LEASES

- 13.1 We are informed that your customer part holds and part proposes to acquire the freehold interest in these properties. We are aware that connected parties are **currently** involved in leases for storage units at rear 117 Stafford Street and car sales lot.
- 13.2 At the time of our inspection we noted that the premises were in occupation by DCB Accommodation Ltd, Jeremy John Hill & Harveys Autos Ltd and there appeared to be no sub-tenancies of any part of the accommodation. We have therefore assumed that the freehold of part of the premises would be available with the benefit of part vacant possession and part with the tenancies in place in the event of a sale. **Full vacant possession will be extremely unlikely in the short term due to existing tenancies, unless these can be extinguished.**
- 13.3 We have been provided with a copy of the leases, which we have read, and would summarise the principal terms as follows:

115-120 Stafford Street

Landlord	David John Hill
Tenant	DCB Accommodation Ltd
Start date	31/08/2016
Break Clause	None
Term	5 years
Current Rent	£60,000
Next Rent Review	31/08/2019
Review Basis	Market Value
Repairs	Full repair and insure
Alienation	Landlord consent to assign or under let the whole
User	Residential accommodation

126 Stafford Street

Landlord	David John Hill
Tenant	Jeremy John Hill
Start date	1/12/2005
Break Clause	None
Term	15 years
Current Rent	£20,000
Next Rent Review	Every 5 years
Review Basis	Market Value
Repairs	Full repair and insure
Alienation	Landlord consent to assign whole
User	Residential accommodation

Storage at rear of 117 Stafford Street

Landlord	Brocton Group Ltd
Tenant	DCB Accommodation Ltd
Start date	14/08/2017
Break Clause	None
Term	5 years
Current Rent	£12,000
Next Rent Review	14/08/2020
Review Basis	Market Value
Repairs	Maintain but no obligation to return in tenant like condition
Alienation	Landlord consent to assign or under let the whole
User	Storage

Car Sales Lot (Forecourt) rear of 126 Stafford Street

Landlord	Brocton Group Ltd
Tenant	Harveys Autos Ltd
Start date	14/08/2017
Break Clause	None
Term	5 years
Current Rent	£6,500
Next Rent Review	14/08/2020
Review Basis	Market Value
Repairs	Maintain but not improve surfaces and fencing/gates
Alienation	Landlord consent to assign or under let whole
User	Car Forecourt

Site Display Advertising Signs

No documentation is available – applicant informally advises income of £3,500 pa proposed for 4 signs including new sign for Harveys Autos Ltd.

- 13.4 We have been provided with a copies of the Land Registry Certificates for the property and confirm that we have valued the highlighted area on Title Plan references WM373943, WM892075 & SF48919. Copies attached at Appendix B.
- 13.5 We have not been provided with a Report on Title. Accordingly we assume that good Title can be shown and we reserve the right to vary our report and valuation if any adverse matters are discovered. The Lenders Solicitor should make their own investigations and satisfy themselves in respect of the Title of the property.
- 13.6 The Client's solicitors should be asked to verify that the information above and its interpretation are correct. If incorrect, we should be notified so that we may consider the impact on the values herein reported.

14.0 BUSINESS RATES & COUNCIL TAX

14.1 We have examined the Non Domestic Business Rates Database as found on the Valuation Office website (www.voa.gov.uk) and are advised that the property is currently entered into the Rating List as follows:-

Description	Rateable Value
Unit 1 R/O 117 Stafford Street – workshop	£2,650
Unit 2 R/O 117 Stafford Street – workshop	£2,850
Unit 3 R/O 117 Stafford Street – workshop	£2,250

We could not find VO Listing for management office in ground floor of 120 Stafford Street, but there is out of date listings for shop at 115 Stafford Street at RV of £2,275 and ground floor store at 117 Stafford Street, WS2 8DX.

No listing could be found for Car Sales Lot (Forecourt) let to Harveys Autos Ltd.

14.2 We have examined the Council Tax List as found on the Valuation Office website (www.voa.gov.uk) and are advised that the properties fall within following Bands:

115 Stafford Street A, 116 Stafford Street A, 117 Stafford Street A, 118-119 Stafford Street C & Royal Exchange (now 126 Stafford Street) E.

15.0 MARKET TRENDS AND VALUATION COMMENTARY

15.1 The valuation has been prepared in accordance with normal practice taking into account comparable evidence and current market conditions. In determining our opinion of market value we have had regard to both the comparison method of valuation and the identification of a projected market rent and the capitalisation of the adopted income stream with an applicable investment yield.

15.2 We have carried out our usual research and enquiries, including discussions with local agents. We have analysed the existing market commentaries and data in determining our opinion as to the Market Value and Market Rent of the subject property. Information has also been obtained from internal records.

15.3 In order to arrive at our opinion of Market Value, we have taken into account the following transactions:

Residential Comparables

- Flat 24 Regent House, Green Lane, Walsall, West Midlands WS2 8NR
2 bed 70m² upper flat in high rise block, sold & completed (HMLR) in January 2017 for £53,000
- 45 Roebuck Glade, Willenhall, West Midlands WS12 4BS
1 bed 36m² ground floor flat recently sold subject to contract by L&G Prestige Estates for £59,995
- 517 Bloxwich Road, Walsall, West Midlands WS3 2XD

- 15.4 2 bed 60m² 1st floor maisonette recently sold subject to contract by Bairstow Eves Estate Agents for £69,000

Sourcing exact comparables for hostel style accommodation is extremely difficult, so we have used sales of flats/maisonettes in the area.

Commercial Comparables (from Costar website)

- Unit 2 Leamore Lane, Walsall, West Midlands WS2 7DE

4,810 sq ft (447m²) Freehold industrial unit sold in February 2017 for £186,000 (£38.67 psf).

- Unit 1 Swan Lane, West Bromwich B70 0NU

2,885 sq ft (268m²) better quality/more modern Freehold industrial unit sold in August 2016 for £195,000 (£67.59 psf)

- 248 Chester Road, Sutton Coldfield, West Midlands B74 3NB

Freehold 0.18 acre builders' yard sold in August 2012 for £137,000 (£17.47 psf). This comparable is dated but still relevant as sales of small parcels of industrial land are rare.

- Land at Queen Street, Walsall, West Midlands WS2 9NX

Freehold 0.33 acre sold in December 2016 for £150,000 (£10.43 psf)

Consideration of Comparable Evidence/Methodology

- 15.5 This is a large corner plot site and mixed commercial social housing area just north of the centre of Walsall. Its main income is slightly unusual as it comes from one public sector source and we have attached the audited accounts of the applicant company which reflects income received for the last financial year. The applicant advises that each of the 43 bed spaces (currently fully occupied) eligible to receive £218 per week Walsall Metropolitan Borough Council. The applicant also states this figure includes a small £10 per week service charge. Clearly service charge element is extremely low and as will be seen in section 15.6 below, we have deducted a much higher cost. I rental valuations are an attempt to reflect private market rentals rather than specific income received by the applicant's company promptly local authority.

- 15.6 Such an investment, will not appeal to all investors within the marketplace, however the high level of short middle term income is attractive and this is why we have used a lower yield to capitalise the existing leases. However, the reversions are less certain and we have no proof that the current arrangements with the local authority will exist in the long term. We have therefore used a higher yield on the reversion of both residential hostel blocks to reflect slightly unusual nature of this part of the investment.

- 15.7 Will also advise due to this predominantly single payer of most of the rental income that care should be exercised when considering loan to value on this case. Clearly, any consideration of a high loan to value should be avoided.

Adopted Values, Yields and Multipliers

- 15.8 Yields of 9-9.5% have been adopted for the industrial and Car Sales Lot (Forecourt). Industrial storage has a reversionary rent of £7/m². Car Lot has reversionary rent of £7,500 to reflect increases in Retail Price index and car ark spaces have been valued

at £250 per space pa. Display advertising income as advised by of £3,500, has been adopted and capitalised at 8%. Yields are net as purchase costs have been deducted.

- 15.9 Hostel letting rooms with shared facilities have been valued at £70 per week gross and the studio flats at £115 per week gross. 25% has been deducted to reflect management and running costs to arrive at net rentals, which have been capitalised at 12% yield for current leases and 14% for reversions (see comments in section above).
- 15.10 The most likely method of future sale is likely to be through a regional or national auction, which can slightly suppress sale prices. The current Market Value subject to existing tenancies (without any special assumptions) is slightly more attractive and therefore slightly higher in value than with vacant possession.

Lettability

- 15.11 We believe the individual residential letting rooms of the main 2 residential properties, when vacant, would require 1 month to attract an occupier through the national public sector referral scheme.
- 15.12 The B1 Storage and Car Sales Lot (Forecourt) will take up to 6 months to re-let.

16.0 MARKET RENT

16.1 £102,000 per annum

16.2 In order to arrive at our opinion of Market Rent, we have taken into account the following transactions found on myspareroom.com website for residential rooms to let (full addresses not disclosed) and industrial comparables from Costar website:

- Wednesbury WS10

Double room in house with shared facilities - £116 per week

- Walsall

self-contained studio by Junction 9 of M6 Motorway - £100 per week

- Unit 1 St Annes Road, Willenhall WV13 1EA

3,000 sq ft (279m²) slightly better quality industrial space, let by Midland Properties Ltd for £4 psf for 3 years from September 2017.

- Part of Units 1-5 Bridgeman Street, Walsall WS2 9PG

3,487 sq ft (324m²) of more prominent sited industrial space, let by Bulleys for £4.74 psf for 10 years from May 2017

- Suite 3A Old Park Road, Wednesbury, WS10 9LR

7,968 sq ft (740m²) larger and more modern industrial space, let by Cushman & Wakefield for £4 psf for 3 years from June 2017.

17.0 INSURANCE REINSTATEMENT COST

- 17.1 We are not aware of the current level of building reinstatement insurance cover and therefore cannot comment upon the adequacy of the same. However, we would recommend that the building be insured in its present condition for a minimum sum of:

£1,500,000

(One Million Five Hundred Thousand Pounds)

- 17.2 This sum allows for demolition, site clearance, full reinstatement, excludes VAT except on fees, professional fees, but excludes loss of rent provision and any allowance for inflation, and should accordingly be updated on an annual basis to keep pace with rising costs.
- 17.3 This insurance reinstatement appraisal is provided for guidance only. It does not take into account any additional Local Authority requirements, which may be involved in the rebuilding and assumes that there are no foundation problems or need for abnormal foundations or rebuilding. It should therefore be verified by a specialist commercial buildings insurance assessor.
- 17.4 We emphasise that the figure detailed above is our estimate of the cost of rebuilding the premises and bears no direct relationship to current Market Value.

18.0 BASIS OF VALUATION

- 18.1
- (a) Market Value with vacant possession
 - (b) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 180 days.
 - (c) Market Value with vacant possession under a Special Assumption of a defined marketing constraint of 90 days.
 - (d) Market Value – subject to existing tenancies
 - (e) Market Value subject to existing tenancies and Special Assumption of a defined marketing constraint of 180 days.
 - (f) Market Value subject to existing tenancies and Special Assumption of a defined marketing constraint of 90 days.
 - (g) Market Rent

of the freehold interest in the subject premises, as at the date of inspection in the light of current market conditions.

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

- 18.4 Our valuation has been prepared in accordance with the RICS Valuation – Professional Standards, as amended, and any particular assumptions, which have been made, have been drawn to your attention in this report.
- 18.5 The premises have been valued on the unencumbered interest as stated, no account being taken of any fixtures and fittings other than those normally designated as landlord’s fixtures and fittings, outstanding mortgages or loans that may have existed at the time of valuation. No deductions have been made for any costs involved in the sale of the property and no allowances have been made for VAT or any other taxes.
- 18.6 We have formulated our valuation based on direct comparison methodology.

19.0 SPECIAL REQUESTS AND OTHER INFORMATION

- 19.1 We have assumed that the only connected parties leases are for Storage at rear of 117 Stafford Street and Car Forecourt.
- 19.2 We have assumed all copies of lease seen are valid. This should be confirmed by your legal advisers.

20.0 VALUATION

20.1 In our opinion the combined Market Value of the subject properties are in the sum of:-

£825,000

(Eight Hundred and Twenty Five Thousand Pounds)

Market Value with Vacant Possession

£795,000

(Seven Hundred and Ninety Five Thousand Pounds)

Market Value with the special assumption of a 180 day marketing period

£760,000

(Seven Hundred and Sixty Thousand Pounds)

Market Value with the special assumption of a 90 day marketing period

£840,000

(Eight Hundred and Forty Thousand Pounds)

Market Value – Investment

£800,000

(Eight Hundred Thousand Pounds)

Market Value – Investment – with the special assumption of a 180 day marketing period

£760,000

(Seven Hundred and Sixty Thousand Pounds)

Market Value – Investment – with the special assumption of a 90 day marketing period

In respect of rental value, the property has a:

£102,000

(One Hundred and Two Thousand Pounds per annum)

Market Rent

based on the assumptions, statements or facts as set out above within the body of this report.

20.2 The valuation date is the inspection date previously stated in this report.

20.3 The following are a breakdown of figures for each property on investment basis;

Property Address	Market Value - Investment	Market Value 180 day - Investment	Market Value 90 day - Investment
115-120 Stafford Street	£406,000	£386,000	£365,000
126 Stafford Street	£210,000	£200,000	£190,000
Storage at rear 117 Stafford Street incl. yard	£106,000	£100,000	£96,000
Small car park (currently part of 126)	£16,000	£16,000	£15,000
Car sales Lot (Forecourt)	£76,000	£73,000	£70,000
Site display advertising	£26,000	£25,000	£24,000
Total	£840,000	£800,000	£760,000

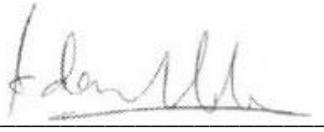
21.0 SECURITY & RECOMMENDATIONS

- 21.1 Allowing for regular maintenance and decoration it is anticipated that the building will retain a useful economic life of at least 30-40 years.
- 21.2 Subject to the above comments, the property is considered to provide suitable security for an advance by the mortgage lender on typical market parameters for an asset of this type and age.
- 21.3 Any matters arising which contradict this report and the assumptions stated herein, or are otherwise likely to affect the valuation should be referred to us for reconsideration.

22.0 LIMITATION & PUBLICATION

- 22.1 This valuation is prepared solely for the use of the addressee and no responsibility is accepted to any other party for the whole or any part of its contents. It may be disclosed to other professional advisors assisting in respect of the purpose for which the valuation is prepared.
- 22.2 Neither the whole nor any part of this valuation certificate nor any reference thereto may be included in any published document, circular or statement nor published in any way without our approval of the form and context in which it may appear.
- 22.3 In accordance with the Standards we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

23.0 SIGNATURE OF VALUER

Prepared by 

Adam Cole, FRICS

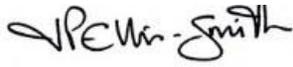
RICS Registered Valuer

Report Date: 29th December 2017

T: 01934 750 203
F: 01934 310 573
E: admin@plpsurveyors.co.uk

For and on behalf of
PLP Property Consultants

Unit 1, The Mill House, The Stables Business Park, Rooksbridge, Somerset BS26 2TT

Counter Signed 

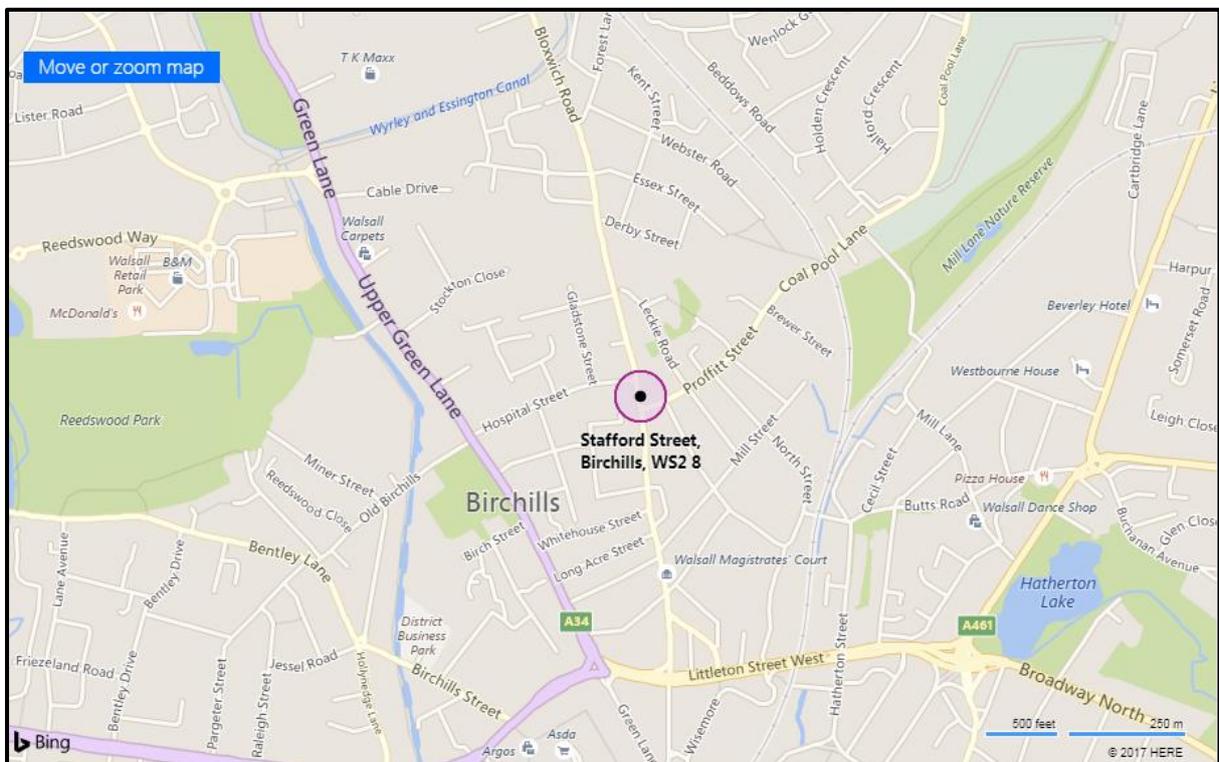
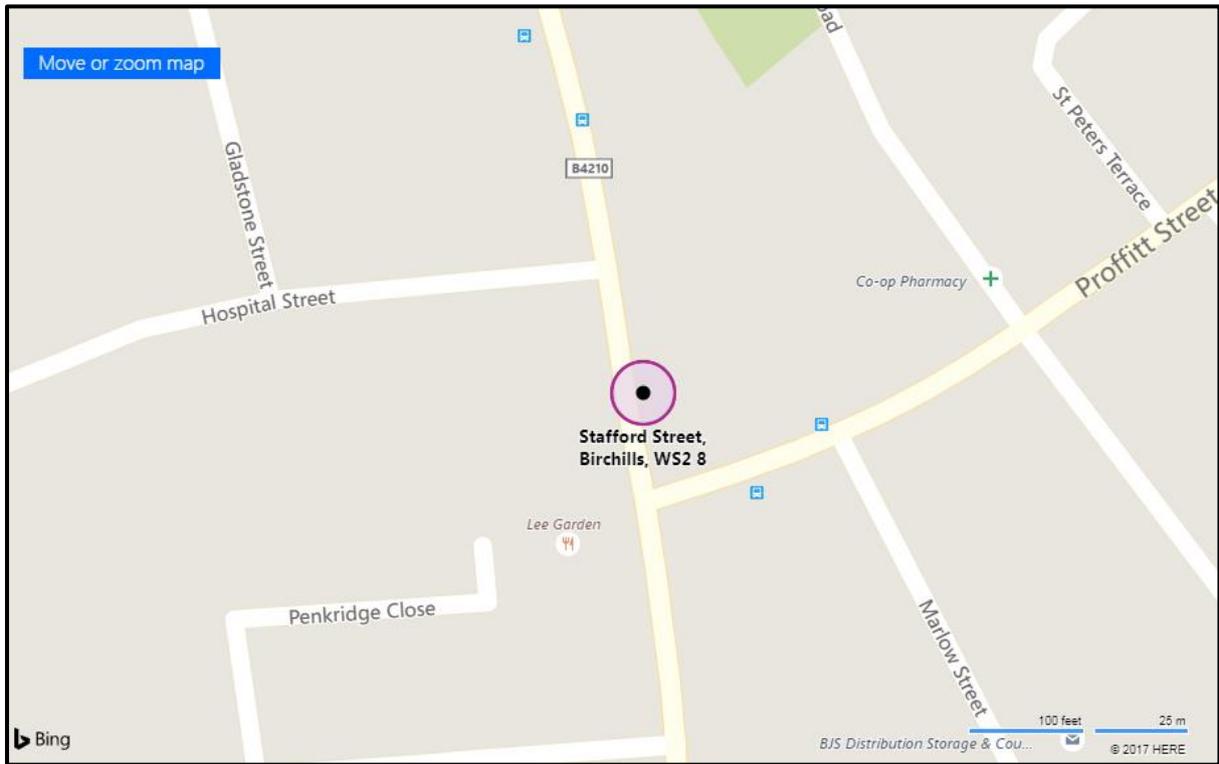
Jon Ellis-Smith, MRICS

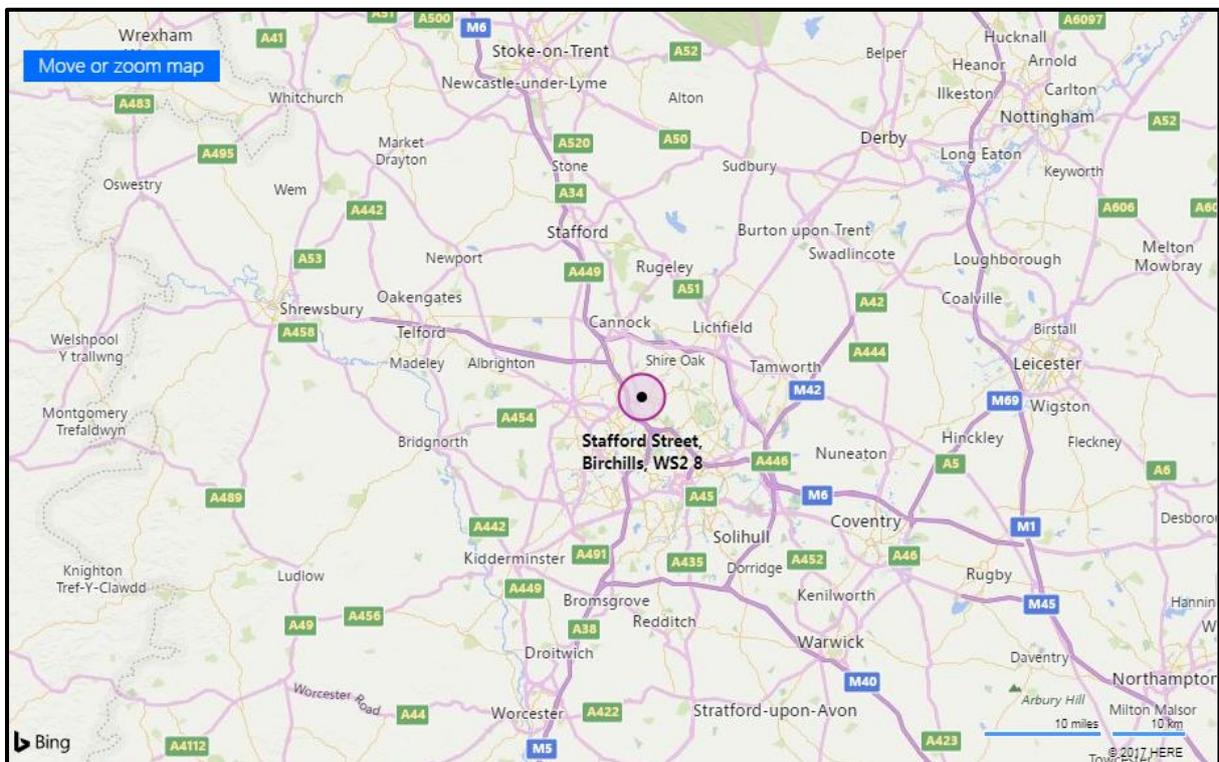
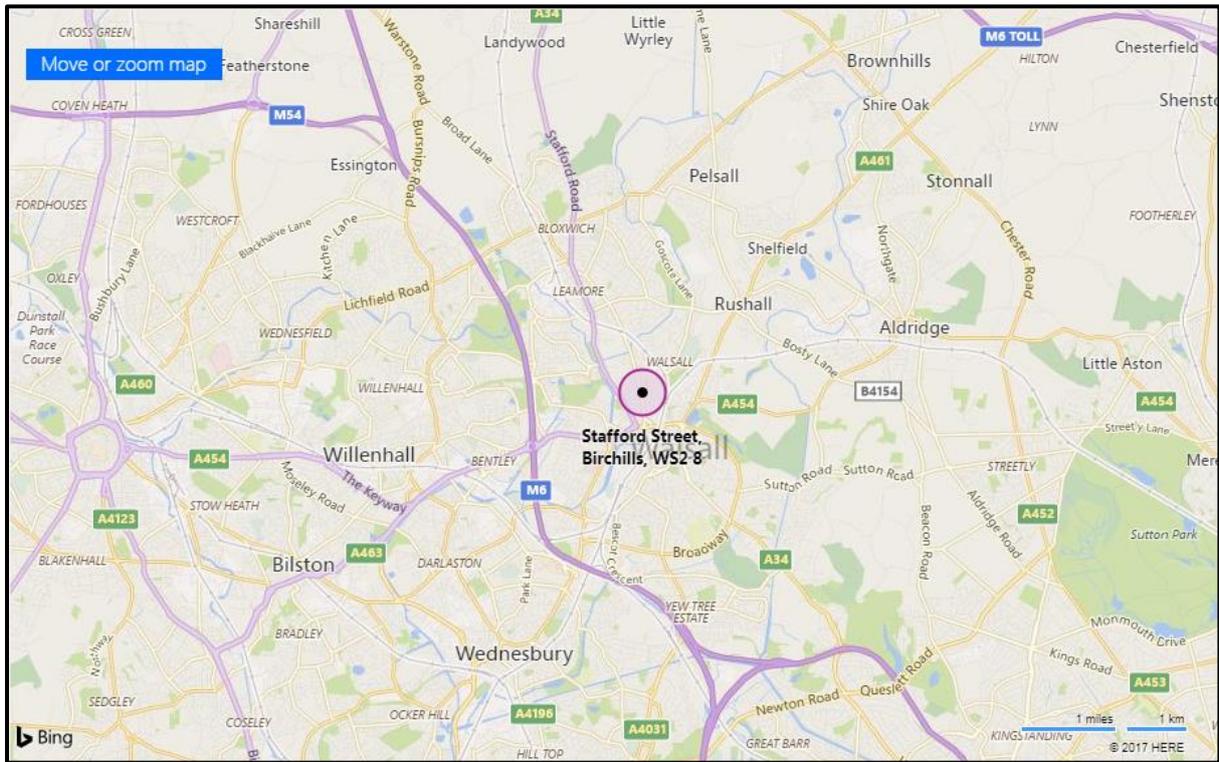
Director – RICS Registered Valuer

T: 01934 750 203
F: 01934 310 573
E: admin@plpsurveyors.co.uk

APPENDIX A

Location Plans

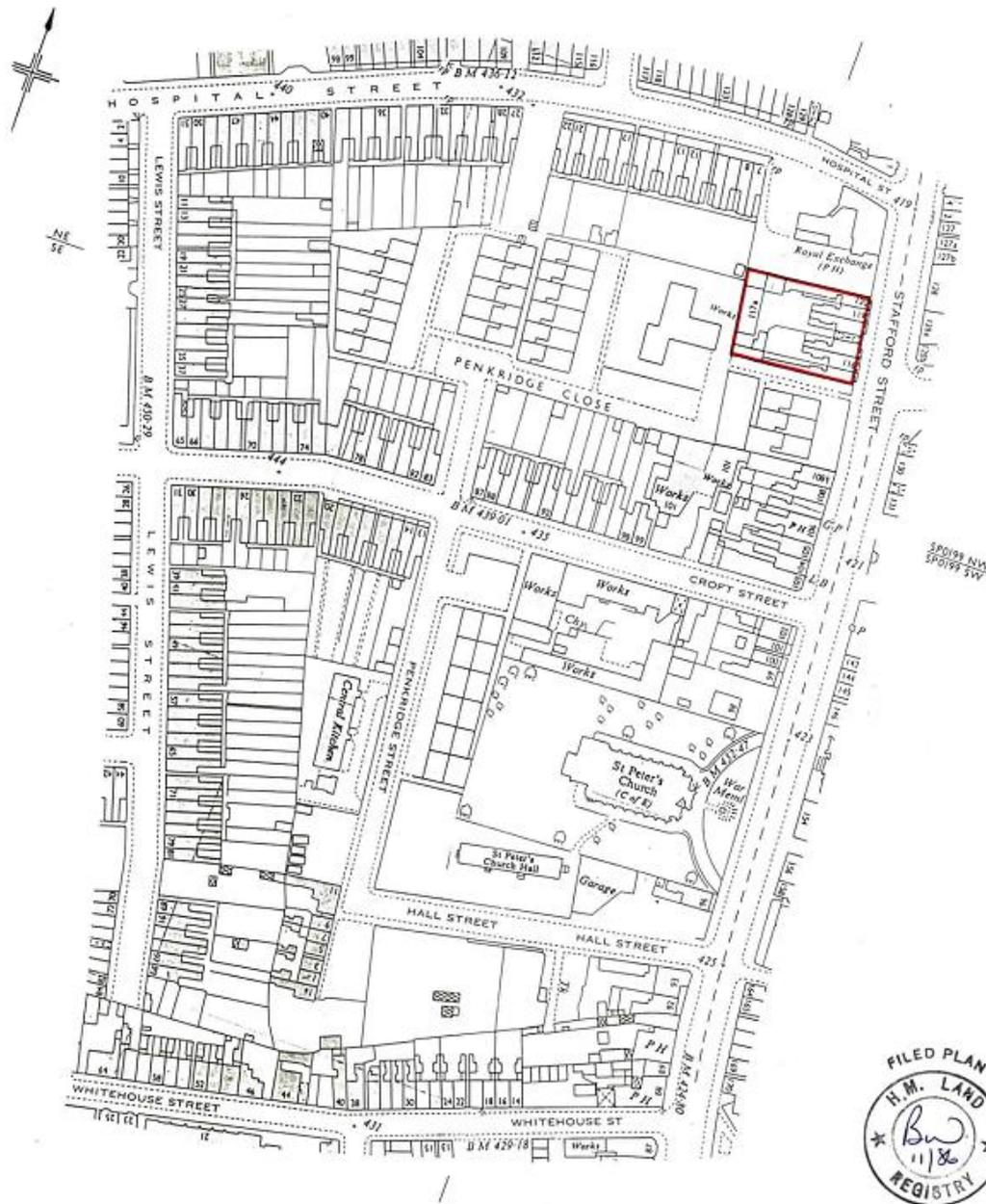




APPENDIX B

Title Plans

H.M. LAND REGISTRY		TITLE NUMBER		
		WM373943		
ORDNANCE SURVEY PLAN REFERENCE	COUNTY	SHEET	NATIONAL GRID	SECTION
	WEST MIDLANDS		SP0099	N
Scale: 1/1250		WALSALL DISTRICT	© Crown Copyright 1982.	



This is a copy of the title plan on 18 DEC 2017 at 15:42:55. This copy does not take account of any application made after that time even if still pending in HM Land Registry when this copy was issued.

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HM Land Registry endeavours to maintain high quality and scale accuracy of title plan images. The quality and accuracy of any print will depend on your printer, your computer and its print settings. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

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

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115-120 Stafford Street, Walsall, West Midlands WS2 8DX
126 Stafford Street, Walsall, West Midlands WS2 8DX

HM Land Registry

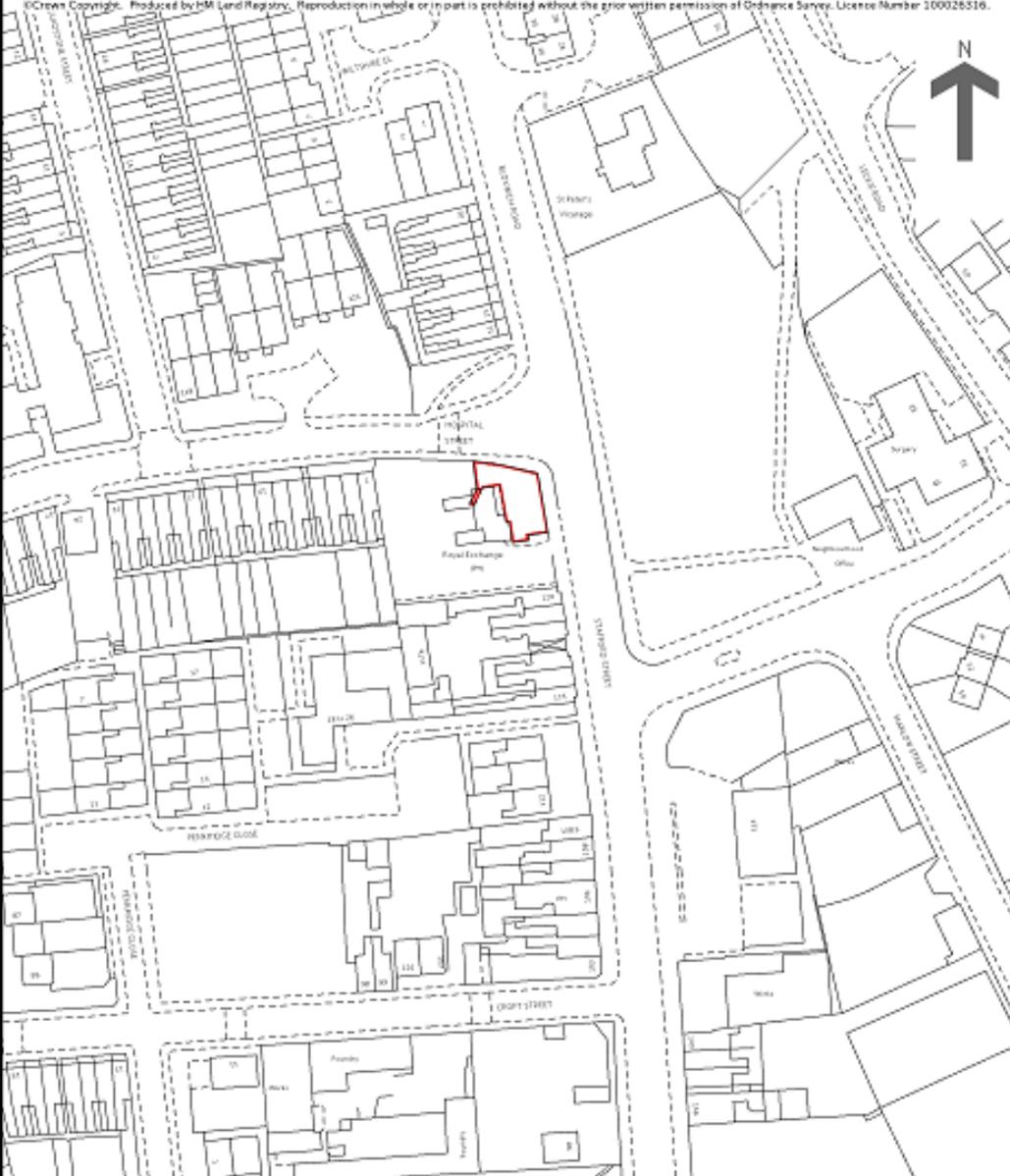
Current title plan

Title number WM892075
Ordnance Survey map reference SP0199NW
Scale 1:1250
Administrative area West Midlands : Walsall



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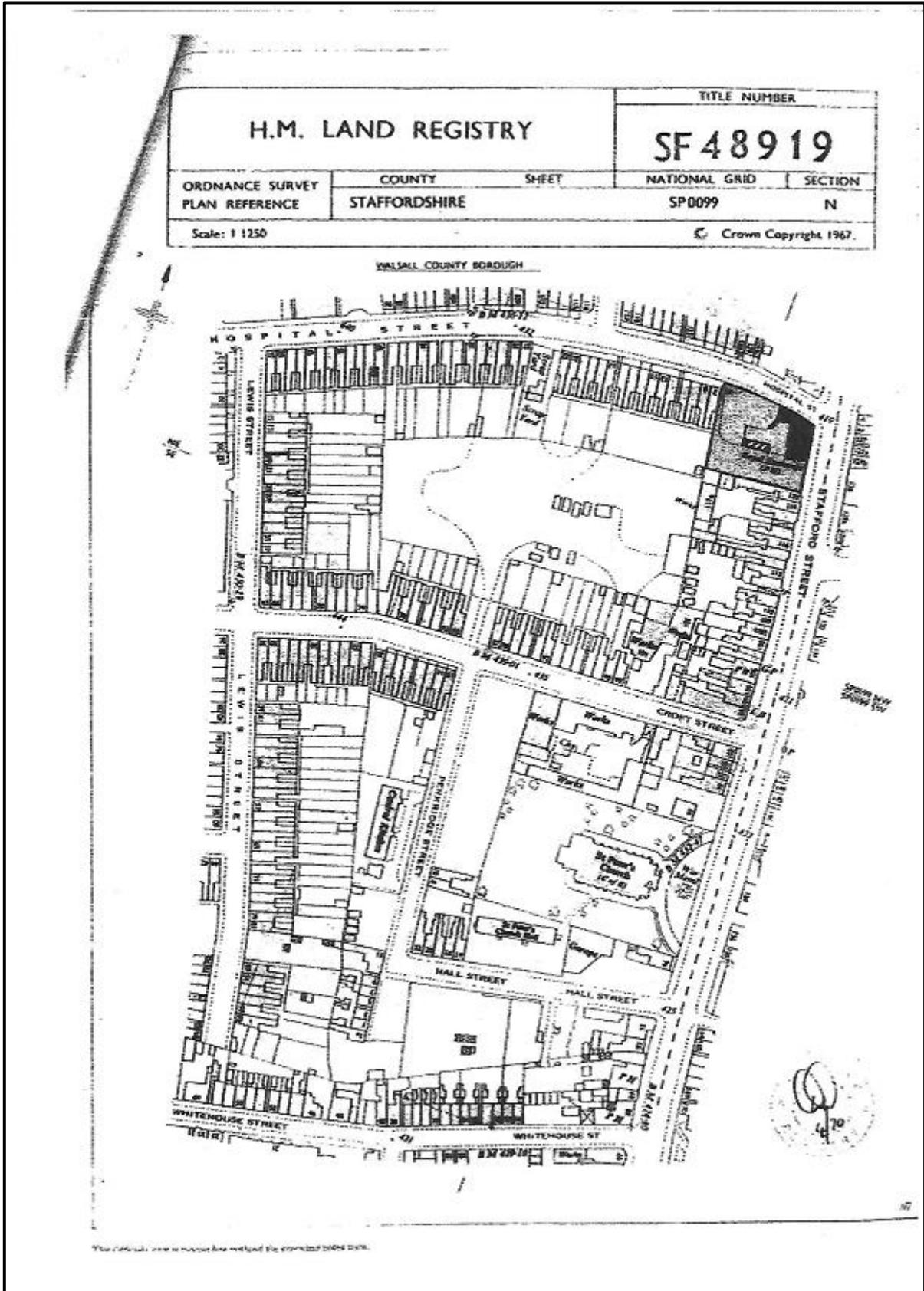


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HM Land Registry endeavours to maintain high quality and scale accuracy of title plan images. The quality and accuracy of any print will depend on your printer, your computer and its print settings. This title plan shows the general position, not the exact line, of the boundaries. It may be subject to distortions in scale. Measurements scaled from this plan may not match measurements between the same points on the ground.

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



APPENDIX C

Photographs

RETURN FRONTAGE HOSPITAL STREET



HARVEYS AUTOS CAR LOT ACCESS OFF HOSPITAL STREET



CORNER OF STAFFORD AND HOSPITAL STREETS



STAFFORD STREET FRONTAGE



REAR OF 115-120 STAFFORD STREET



REAR OF 115-120 STAFFORD STREET



FRONT OF 115-120 STAFFORD STREET



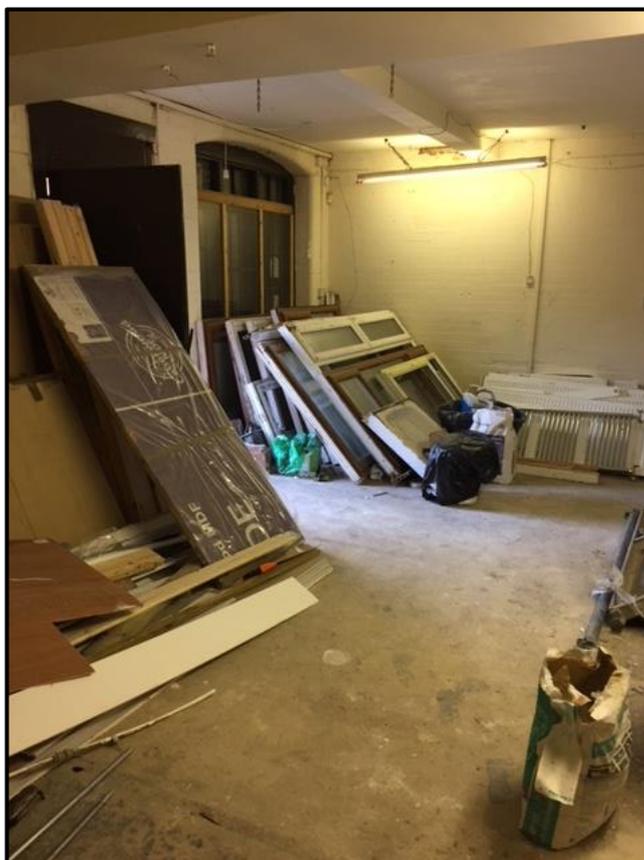
GROUND FLOOR STORAGE ROOM REAR OF 115-120 STAFFORD STREET



GROUND FLOOR STORAGE ROOM REAR OF 115-120 STAFFORD STREET



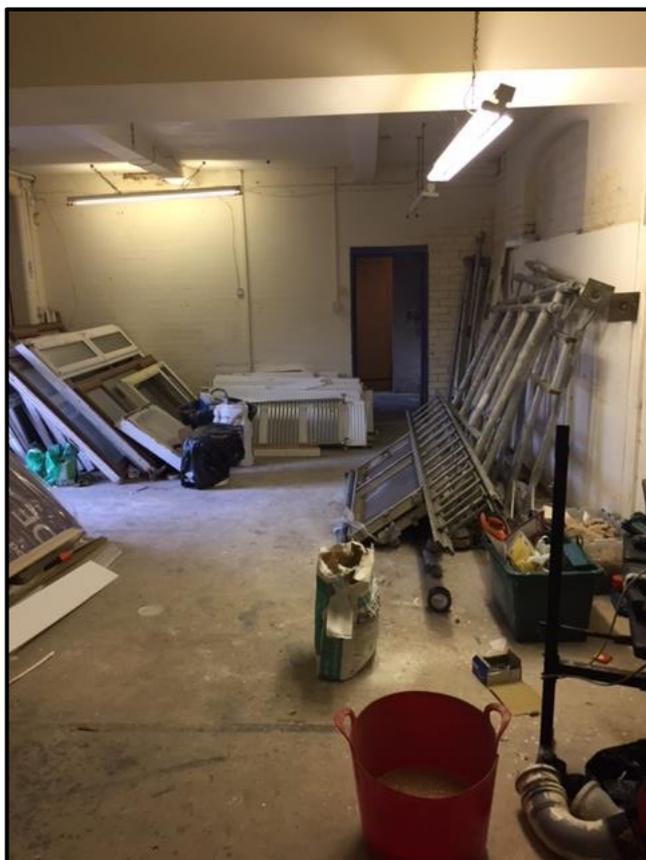
GROUND FLOOR STORAGE ROOM REAR OF 115-120 STAFFORD STREET



GROUND FLOOR STORAGE ROOM REAR OF 115-120 STAFFORD STREET



GROUND FLOOR STORAGE ROOM REAR OF 115-120 STAFFORD STREET



115-117 STAFFORD STREET – KITCHEN



115-117 STAFFORD STREET – SHOWER



115-117 STAFFORD STREET – 2 BEDSIT ROOM STUDIO FLATS



118-120 STAFFORD STREET – COMMUNAL LOUNGE



118-120 STAFFORD STREET – COMMUNAL KITCHEN



118-120 STAFFORD STREET – SHOWER BLOCK



118-120 STAFFORD STREET – BEDROOM



118-120 STAFFORD STREET – BEDROOM



120 STAFFORD STREET – MANAGERS OFFICE



120 STAFFORD STREET – REAR OF MANAGERS OFFICE



FRONT OF 126 STAFFORD STREET



REAR OF 126 STAFFORD STREET



CAR PARK ADJACENT TO 126 STAFFORD STREET



126 STAFFORD STREET – COMMUNAL LOUNGE



126 STAFFORD STREET – SHOWER/WC



126 STAFFORD STREET – SHOWER/WC



ACCESS YARD / PARKING TO REAR STORAGE BUILDINGS



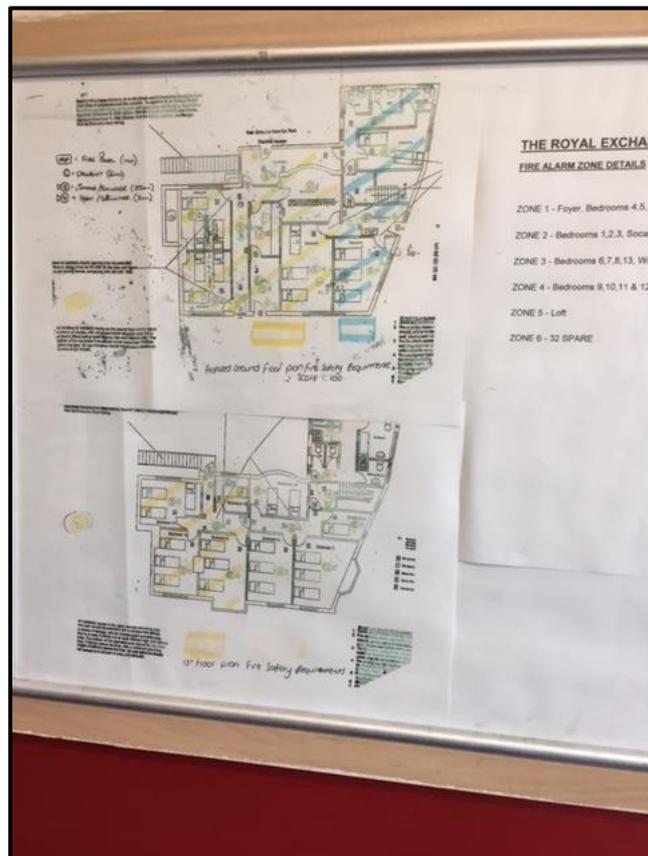
ACCESS TUNNEL TO REAR STORAGE BUILDINGS



SITE DISPLAY ADVERT BOARD



SITE PLAN



APPENDIX D

Conditions of Engagement for the Valuation and Appraisal of Land and Buildings

1.0 The Service

1.1 Our Valuer will provide directly to the Lender a Report based on an inspection as described below. In respect of the subject property, our Valuer will be an External Valuer, who is a Member of the Royal Institution of Chartered Surveyors, and:-

- (a) in respect of the particular type of property, has sufficient current local, national and international (as appropriate) knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently;
- (b) each valuation will be prepared by, or under the supervision of, an appropriately qualified Member who accepts responsibility for it;
- (c) has, and whose partners, co-directors and employees, have, no other recent or foreseeable potential fee earning relationship concerning the subject property, apart from the fee for this service and who has disclosed any past or present relationship with any of the interested parties or any previous involvement with the subject property as required by the Royal Institution of Chartered Surveyors, and no significant financial interest or management involvement in the [borrower's] concern.

1.1.1 Our Valuer will act with independence, integrity and objectivity in undertaking the valuation.

1.1.2 In the event that the instruction is issued by you as a prospective [borrower], or a [broker], you should be aware that the Report may not be acceptable to a [lender].

The Report will provide the following points:-

1.1.3 A full description of the property, its location, apparent state of repair and other relevant information such as the site area and floor area.

1.1.4 Our Valuer's valuation(s):-

- (a) On whichever of the bases (see paragraph 4 below) have been agreed between our Valuer and the Lender and / or such other basis as they may have agreed.
- (b) If our Valuer believes there is a special prospective purchaser, on the above basis(es) but reflecting the bid of that special prospective purchaser:-
 - (i) where the valuation(s) reported pursuant to (a) above, has/have been affected by the existence of an unimplemented planning consent for change of use or other development or by the prospect of such consent(s) being available, our Valuer will so report and advise as to the amount(s) of the increase reported in consequence.

1.1.5 In the case of the property to be held as an investment:-

- (a) A projection, at rental levels current at the reporting date, of the rental income to which the owner will be entitled from the property if it remains fully occupied;
- (b) An opinion upon the effects on value of the quality and terms of the lease(s) and relevant implications upon the valuation in respect of privity of contract (if any); and

- (c) Our Valuer's view of the markets opinion of tenant covenants for the class of the subject property in the subject locality.
- 1.1.6 Advise, if our Valuer considers it relevant, that there is a significant prospect of or potential for change of use or other development of the subject property, or those in the vicinity, which would materially affect the value of the subject property.
- 1.1.7 Advise on any other factors, which our Valuer considers, are likely materially to affect the status of the property as security.
- 1.1.8 Comment upon the proposed purchase price if this has been notified to our Valuer.
- 1.1.9 A statement as to any special assumptions which our Valuer has made.
- 1.1.10 Our Valuer's opinion of the property as a lending security in terms of present saleability, suitability, expected obsolescence and potential, bearing in mind the length (which will be stated) of the terms of the loan contemplated by the Client Lender and assuming that the borrower will maintain the property in a reasonable state of repair.
- 1.1.11 An opinion (without liability on the part of the Valuer) of the current market conditions and current and expected trends in respect of the type of property in the area.
- 1.1.12 A statement as to the valuation method adopted, and an indication as to the extent to which our Valuer has been able to have regard to comparable market transactions:-
 - (a) in the case of property valued for the existing use as an operational entity having regard to trading potential, the opinion which our Valuer has formed as to the future trading potential, including the gross income and profitability likely to be achieved; and
 - (b) in the case of property valued on a residual basis, the significant material figures and assumptions made and the consequences of changes thereto.
- 1.1.13 If requested by the Lender, an indication for insurances purposes (which is given solely as a guide as a formal estimate for insurances purposes can be given only by a quantity surveyor or other person with sufficient current experience of replacement costs) of the current reinstatement cost of:-
 - (a) the buildings in their present form (unless otherwise stated); or
 - (b) buildings being constructed as proposed to be completed; each including the costs of clearance and professional fees but excluding;
 - (i) VAT (except on fees);
 - (ii) loss of rent; and/or
 - (iii) cost of alternative accommodation for the reinstatement period.
- 1.1.14 Any other aspects, other than the usual legal investigations, which our Valuer considers require further consideration or investigations by or on behalf of the Lender.
- 1.2 Following provision of the Report, our Valuer will be prepared to discuss its contents with the Lenders representative.

- 1.3 Our Valuer shall, unless otherwise expressly agreed, rely upon information provided by the Lender and/or the Clients legal or other professional advisers relating to tenure, leases and all other relevant matters. No responsibility or liability will be accepted for the true interpretation of the legal position of the client or other parties.
- 1.4 Subject to paragraph 2.1 below, our Valuer shall carry out such inspections and investigations as are, in his or her professional judgement, appropriate and possible in the particular circumstances. These will include online town planning enquiries.
- 1.5 If our Valuer's inspection suggests that there may be material hidden defects our Valuer will so advise and may, in exceptional circumstances, defer submitting a final Report until the results of further investigations are available.
- 1.6 The report will not identify the existence of contamination unless, by agreement with the Lender, reports thereon from others have been obtained and made available to our Valuer, who will have no liability in respect thereof. If, however, our Valuer in the course of his/her inspection concludes that there may be material contamination, our Valuer will report this to the Client Lender with a view to a decision being taken as to whether the instructions are amended.
- 1.7 In preparing the report, unless otherwise stated by our Valuer, the following assumptions will be made which our Valuer shall be under no duty to verify:-
 - (a) that no deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated;
 - (b) that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoing;
 - (c) that inspection of those parts that have not been inspected would neither reveal material defects nor cause our Valuer to alter the valuation(s) materially; and
 - (d) that no alterations are required under the Disability Discrimination Act 1995, as amended;
 - (e) that, regarding asbestos, there are no onerous liabilities resulting from a survey, risk assessment, or asbestos register.
- 1.8 In providing the Service our Valuer will have regard to relevant contents of the Appraisal and Valuation Standards, as amended, of the Royal Institution of Chartered Surveyors.
- 1.9 The report will be provided for the stated purpose and for the sole use of the named Lender. We accept responsibility to the Lender alone that the report will be prepared with the skill, care and diligence reasonably to be expected of a competent Valuer, and accept no responsibility whatsoever to any parties other than the Lender even if that third party pays all or part of our fees, or is permitted to see a copy of the valuation report. Any such parties rely upon the Report at their own risk.
- 1.10 If we do provide written consent to a third party relying on our valuation, any such third party is deemed to have accepted the terms of our engagement.
- 1.11 Neither the whole nor any part of the Report, nor any reference to it, may be included in any published document, circular or statement, or published in any way, without our Valuer's written approval of the form and context in which it may appear.

- 1.12 In the event of a proposal to place the loan on the subject property in a syndicate, the client must notify the Valuer with a view to agreeing responsibility to the further, named parties.

2.0 The Inspection

- 2.1 Our Valuer will undertake a visual inspection of so much of the exterior and interior of the property as is accessible with safety and without undue difficulty as can be seen whilst standing at ground level within the boundaries of the site and adjacent public/communal areas and whilst standing at the various floor levels, which our Valuer considers reasonably necessary to provide the Service, having regard to its purpose. Our Valuer is under no duty to carry out a building survey or to inspect those parts of the property which are covered, unexposed or inaccessible, or to raise boards, move anything, use a moisture detecting meter, or to arrange for the testing of electrical, heating or other services. An assumption will be made that the subject property is in good repair, except for any defects specifically noted. Also, an assumption will be made that the services, and any controls or software, are in working order and free from defect.

3.0 The Report

- 3.1 If it is not reasonably possible to carry out a substantial part of the Inspection (see paragraph 2 above), this will be stated.
- 3.2 Where our Valuer relies on information provided, this will be indicated in the Report, with the source of the information.
- 3.3 The Report will state the existence of any apparently recent significant alterations and extensions so as to alert the Lender legal advisors.

4.0 Valuation

- 4.1 The valuation(s) provided will be on the aforementioned assumptions in respect of the individual subject properties otherwise agreed as inspected, on whichever of the following or other bases as have been agreed between our Valuer and the Lender, such bases where applicable to be as defined or referred to in the Appraisal and Valuation Standards, as amended, of The Royal Institution of Chartered Surveyors.
- 4.1.1 Market Value with interpretative commentary.
- 4.1.2 A further valuation subject to a defined marketing constraint / Special Assumptions.
- 4.1.3 Market Value as a full operational entity valued having regard to trading potential.
- 4.2 The valuation(s) will exclude any additional value attributable to personal goodwill, or the value of any fixtures and fittings which are only of value in situ to the present or proposed occupier, except in the case of property which is fully equipped and valued as an operational entity, where only personal goodwill is excluded.
- 4.3 Market Rent with interpretative commentary.

5.0 Instructions and Charges

- 5.1 All instructions of the Lender will be made directly by the Lender and confirmed in writing.
- 5.2 The Lender will pay to our Valuer the fee initially agreed between them, or any amendment thereto to be agreed if the instructions are subsequently modified. In addition, the Lender will reimburse the cost of all reasonable out of pocket expenses (unless it is prior agreed that these will not be charged) which may be incurred and pay the amount of any Value Added Tax on the fee and expenses.
- 5.3 The Valuation Report will be released on payment of the Valuer's fees.

6.0 Contracting Entity

- 6.1 None of our employees, directors or consultants individually has a contract with you or owes you a duty of care or personal responsibility. You agree that you will not bring any claim against such individuals personally in connection with our services

7.0 Governing Law and Jurisdiction

- 7.1 Our contract with you for the provision of this valuation is subject to English law. Any dispute in relation to this contract or any aspect of the valuation, shall be subject to the exclusive jurisdiction of the Courts of England and Wales, and shall be determined by the application of English law, regardless of who initiates proceedings in relation to the valuation.

8.0 Complaints Procedure

- 8.1 Any complaints and / or disputes regarding work carried out by PLP Property Consultants are taken seriously and managed in an understanding manner with conciliation designed to generate resolution. A copy of our Complaints Procedure is available on request
- 8.2 Complaint addressed to Jon Ellis-Smith, Director.

APPENDIX E

Instructions and Letter of Confirmation of Instruction

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

PLP Property Consultants Chartered Surveyors,
Unit 1, The Mill House,
The Stables Business Park,
Rooksbridge,
Somerset,
BS26 2TT

Dear Sirs,

Please accept this letter as our formal instruction to your firm to carry out a valuation, for mortgage purposes, on the addresses indicated below upon which we, Proplend Security Limited shall rely. The valuation may be shown to any third parties in connection with the financing of the property albeit it cannot be relied on by those parties directly. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Brocton Group limited
Properties:	115-120 Stafford Street, Walsall, WS2 8DX, and also 126 Stafford Street, Walsall, WS2 8DX.
Tenure:	Freehold
Use:	HMO for accommodation of vulnerable adults.
Tenancies:	To be a new 5-year lease to DCB Accommodation Ltd at a rental of £80,000 p.a. The Tenant already occupies the Subject Properties under two lease (copies of which are attached) where the aggregate rental is £80,000 p.a.
Access:	To be arranged via Jez Hill on 07790 767676.

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition at the date of your inspection, subject to the proposed tenancy being in place. Please indicate the period of marketing you have assumed in arriving at your valuation.
2. A valuation of the Property on the assumption that the Property was being sold with vacant possession.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.

Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 8290

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

Other Salient Factors.

We would advise you that the Subject Property is being sold by a Receiver, under the instructions of the current Mortgagee, the previous owner being in Bankruptcy. The Purchaser and prospective Borrower is owned and controlled by the same person that owns DCB Accommodation Ltd (the Tenant). DCB Accommodation Ltd holds a licence from Social Services to accommodate persons who are classed as 'vulnerable'. Such licences involve a level of care which is considerably greater than seen in a normal Landlord/sub-tenant relationship for a licenced HMO. As such, they are difficult licences to acquire, and it would be an onerous pre-requisite for any other party looking to purchase and run the Centre on a similar basis. In addition, the Purchaser also owns and runs a similar centre, catering for vulnerable persons, located approximately 50 metres from the Subject Property and there is a benefit gained from combining the resources in both centres which another purchaser would not enjoy.

The Receiver could have chosen to sell the Property with vacant possession, but we are advised that the current Mortgagee (a High Street Bank) is sensitive to any negative publicity caused by obtaining vacant possession. The Receiver has therefore had a limited Market to sell to without the cooperation and support of the Tenant. As a result, the Purchaser has been able to negotiate a purchase price of £410,000 which he believes is significantly below the price that might be achieved if the Property is sold as a going concern (albeit with a propco/opco structure) or alternatively with vacant possession where the opportunity for alternative use would be a factor.

We would like the Property to be valued by PLP Surveyors, cognisant of this background.

Report on Title

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

Fees

You have quoted, and the Borrower has agreed to pay, a fee of £1,400.00 + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are supplied above. Proplend Security Limited cannot accept any responsibility for non-payment of your fees in this regard.

Contact Details

Please contact Philip Gould or the undersigned on 0203 397 8290 if you have any queries regarding this instruction.

Please send a copy of your report by email in the first instance to admin@proplendsecurity.com with hard copy to 15 Little Green, Richmond TW9.

Yours sincerely,



Richard Berkley
Proplend Security Ltd

Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 8290



15th December 2017

Our Ref: PLP 21001

Your Ref: Brocton Group Ltd

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

Dear Richard,

Re: 115-120 Stafford Street, Walsall, WS2 8DX, and also 126 Stafford Street, Walsall, WS2 8DX

Thank you for your instructions to undertake a valuation of the above mentioned residential site for mortgage purposes. This letter is to record our agreement of terms of engagement in line with latest RICS requirements.

We confirm that neither the valuer, nor PLP Property Consultants, has any current or previous involvement with the property or borrower. Therefore, in accepting this instruction, we are not aware of any material conflict of interest and are able to undertake the valuation in the capacity of External Valuer.

We confirm that the valuer has sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently. We also confirm that PLP Property Consultants holds adequate Professional Indemnity Insurance cover to undertake the valuation. Our PII limit is agreed at £5,000,000.

As requested, we will provide you with our opinion of the Market Value and as specifically requested in your instructions.

The valuation will be carried out by Adam Cole of PLP Property Consultants. We confirm that he has the necessary experience in valuing residential valuations and is qualified to carry out the instruction.

The firm is registered for regulation by RICS and the valuation will be undertaken by an RICS Registered Valuer in accordance with the current RICS Valuation – Professional Standards 2017 – Global and UK ("The Red Book"). Compliance with these standards may be subject to monitoring under RICS conduct and disciplinary regulations. Our Terms and Conditions, which includes details of the firm's complaints handling procedure, are attached for signature and return (if appropriate). Also enclosed are our Standard Valuations Assumptions.

Our fee for undertaking this work will be £1400.00 plus VAT. If for any reason this job fails to complete, we reserve the right to make a fair charge to cover the time and expenses incurred i.e. the vendor does not attend the agreed appointment, does not provide access to all rooms, or cancels the appointment within 24 hours of the appointment date, an abortive fee will be charged

Unit 1, The Mill House, The Stables Business Park, Rooksbridge, Somerset, BS26 2TT
T: +44 (0)1934 750 203
E: admin@plpsurveyors.co.uk

of £100.00 plus VAT. Payment terms are as agreed in line with our initial account set up, and as per your instructions.

We will aim to return your report by 21/12/2017, however if we have access difficulty or further information is required this date may change and you will be advised accordingly.

Our Report will be addressed to Proplend Security Ltd, and is for their use only. No responsibility will be accepted to any other party, unless our prior agreement is given to extend our liability to further named parties. Also, our prior consent in writing will be required if you wish to reproduce the report or refer to it in any published document.

Yours sincerely,



Charley Hardcastle
Admin Assistant
PLP Property Consultants

Ref: PLP21001