

07 December 2018

**REPORT & VALUATION  
FOR  
Proplend Security Ltd**

**131 Aldridge Road  
Perry Barr  
Birmingham  
B42 2ET**

EDMUND HOUSE  
12-22 NEWHALL STREET  
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# CONTENTS

	Executive Summary	
1.0	Location .....	1
2.0	Description and Construction .....	3
3.0	Floor Areas .....	6
4.0	Services .....	7
5.0	State of Repair .....	7
6.0	Tenure and Tenancies .....	7
7.0	Statutory Requirements .....	10
8.0	Local Taxation .....	13
9.0	Environmental Considerations .....	13
10.0	Economic and Property Market Comments .....	15
11.0	Valuation Methodology .....	18
12.0	FCA Regulations .....	23
13.0	Building Reinstatement .....	23
Appendix A	LETTER OF INSTRUCTION	
Appendix B	STANDARD LIMITATIONS AND ASSUMPTIONS	

## EXECUTIVE SUMMARY

<b>ADDRESS OF PROPERTY:</b>	131 Aldridge Rd, Perry Barr, Birmingham B42 2ET.
<b>PURPOSE OF VALUATION:</b>	For secured lending purposes in association with a new £1m proposed facility.
<b>LOCATION:</b>	The subject property is situated on the busy Aldridge Road in Perry Barr in a mixed use area, but with predominately residential surroundings. The property is located close to the former City North campus of Birmingham City University which is to be re-developed to provide the athlete's village for the 2022 Commonwealth Games.
<b>DESCRIPTION:</b>	The subject property comprises a substantial three storey former hotel which is now used as a HMO with a licence for 28 beds / 49 people, although the Borrower uses the property for emergency housing. The Borrower uses 26 of the allowed 28 bedrooms having amalgamated four into two rooms. In addition to the 26 rooms all of which are en-suite is a communal kitchen, lounge, reception / office and manager's flat with further storage and former catering kitchen. Externally the property benefits from off road parking for approximately 12 cars and rear garden area with covered patio and covered smoking area.
<b>TENURE:</b>	Freehold under Title number WK192880.
<b>TENANCY/TENANCIES:</b>	The subject property is let to Weir Lettings Limited on an agreement dated 20 November 2017 to provide 27 rooms on a bed and breakfast basis for the sole use of the tenant. The tenant agrees to pay a minimum fee of £14,000 per calendar month for a term of three years from 20 November 2017 therefore expiring 19 November 2020 (two years, one month unexpired). We can confirm that we have had sight of Bank statements reflecting monthly payments of £15,350 on 1 June 2018, £15,810 on 2 July 2018 and £15,300 on 1 August 2018. We would however comment that the Borrower has stated Weir Lettings Limited only take part of the property (12 rooms) with the other rooms let through the council or privately. This however would be against the terms of the agreement and if not defined could impact on the tenant.
<b>LICENCES ATTACHING:</b>	The property is held under licence number L22272 granted 8 September 2015. The licenced was varied on 5 April 2018 and expires 1 September 2019. The licence permits 28 households or 49 persons.
<b>ACCOMMODATION:</b>	476.88 sq m (5,127 sq ft).
<b>PLANNING:</b>	To be confirmed, although as a HMO the property should be use class C4.
<b>ENVIRONMENTAL ISSUES:</b>	None noted.
<b>PASSING RENT:</b>	A schedule of income provided by the Borrower states £255,272.16 per annum (gross). On the basis of the agreement with Weir Housing Limited the minimum passing rent would be £168,000 per annum (gross) based on a minimum rent of £14,000 per calendar month, although from the Bank statements we have seen the average monthly payment is £15,487 per calendar month which equates to a current annual rent of £185,840 per annum (gross).
<b>MARKET RENT:</b>	<b>£116,480 per annum (gross) based on standard ASTs.</b>
<b>MARKET VALUE :</b>	<b>£1,400,000 (One Million, Four Hundred Thousand pounds) as at 27 September 2018</b>
<b>MARKET VALUE SUBJECT TO VACANT POSSESSION:</b>	<b>£1,100,000 (One Million, One Hundred Thousand pounds) as at 27 September 2018</b>

- YIELDS:** 9% NIY based on the current investment of the property let to Weir Lettings Limited and 10.5% GIY based on the MR (VP).
- SALEABILITY OF PROPERTY:** The subject property will be seen as a popular investment in the local market given the HMO licence and the improvements being made to the market. Given the size only competent investors will be interested looking to add to their portfolios and benefiting from economies of scale.
- SUITABILITY OF PROPERTY FOR LOAN SECURITY PURPOSES:** The subject property is suitable security for loan purposes subject to the comments, caveats and assumptions contained within this Report and Valuation.

**SWOT Analysis/Key Factors:**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Large, recently renovated property.</li> <li>• HMO licence is in place.</li> <li>• Improving area, with the addition of upcoming Commonwealth games adding to the area.</li> <li>• The current income level (although unsubstantiated and potentially personal to the Borrower) will comfortably help service the debt.</li> <li>• Current contract guarantees occupancy and income until November 2020.</li> </ul>	<ul style="list-style-type: none"> <li>• Question over the lawful use.</li> <li>• The current income level as informed by the Borrower appears to negate the current contract and may not be sustainable in the future.</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Limited given the current operation of the business from the property.</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced occupancy levels will impact on the income to service the debt.</li> <li>• Following the Commonwealth games the athlete’s village will be converted into 1,000 homes many of which will be social housing which could affect the future demand.</li> </ul>

*This Executive Summary should not be relied upon in isolation and should be read in conjunction with our full Report and Valuation dated 07 December 2018.*

Our Ref: NA/DU21704

07 December 2018 2018



## VALUATION REPORT

<b>ADDRESSEE</b>	Proplend Security Ltd ,15 Little Green, Richmond, Surrey TW9 1QH
<b>FOR THE ATTENTION OF</b>	Richard Berkley.
<b>PROPERTY</b>	<b>131 Aldridge Rd, Perry Barr, Birmingham B42 2ET</b> (the subject property).
<b>CUSTOMER</b>	Churchgate Property Services Ltd.
<b>INSTRUCTION</b>	Your e-mailed instructions reference, ND/88247005 dated 24 September 2018, (Appendix A), and our acknowledgement letter date 26 September 2018.
<b>CONFLICTS OF INTEREST</b>	We have previously valued for a Bank and have agreed to re-address the report and Valuation to the lender. We do not consider this to be a conflict of interest.
<b>VALUATION &amp; INSPECTION DATE</b>	27 September 2018 (In agreement with the lender this is a re-address with no other inspection having been carried out).
<b>VALUER</b>	The premises were inspected by Neil Allison BSc (Hons) MRICS MCABE, RICS Registered Valuer, who is acting as an external valuer and is competent to value this type of property in this location.
<b>PURPOSE OF VALUATION</b>	The valuation of the freehold interest has been carried out for secured lending purposes. The property is being valued for new lending with the Bank proposing to lend £1m over 15 years to assist with the refinancing of the existing debt and equity release from the property.
<b>BASIS OF VALUATION</b>	<ul style="list-style-type: none"><li>• Market Value;</li><li>• Market Rent;</li><li>• Market Value subject to the special assumption of Vacant Possession.</li></ul>
<b>COMPLIANCE WITH VALUATION STANDARDS &amp; LIMITATIONS</b>	<p>Your attention is drawn to the fact that this Report and Valuation is not a structural or condition survey, but a valuation undertaken in accordance with the RICS Valuation – Global Standards 2017 (the “Red Book”).</p> <p>Unless otherwise stated, the valuation is provided subject to our Standard Limitations and Assumptions (Appendix B), your own specified requirements and our letter which confirmed your instructions.</p>

### THE AITCHISON RAFFETY GROUP

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Aitchison Raffety (Commercial) Limited. Registered Office: Unit 4 Stokenchurch Business Park, Ibstone Road, Stokenchurch, Bucks, HP14 3FE Registered England & Wales 03436430.  
A list of Directors, Chartered Surveyors and Chartered Town Planners is available on request.



Regulated by RICS



#### SECURITY FOR LOAN PURPOSES

Having regard to the above comments we can confirm that the freehold property is suitable as banking security subject to normal prudent lending policy. Where an existing charge is in place that takes precedence and priority over the loan being advanced, this should be considered by the Bank before the proposed facility is drawn down. The Bank should satisfy themselves of the risk associated with additional charges against the subject property.

#### LENDER'S ACTION POINTS

We would draw your attention to the following points which should be considered prior to draw down:

- (i) Access could not be gained to all rooms and we have therefore relied on information provided to us by the Borrower.
- (ii) The subject property is let on a nightly rate as emergency housing through Weir Lettings Limited. The agreement states sole use of 27 rooms and therefore produces a high level of income. This is not standard for an HMO and would most likely not be replicated by a third party owner should the property be sold. We would also comment that the Borrowers have shown a higher level of income and appear to be letting rooms privately as well as to Weir Lettings Limited. This would appear to be in breach of the terms of the agreement and the Bank should therefore treat this agreement with caution.
- (iii) Planning could not be established for any extensions or change of use to a HMO and therefore legal advisors to verify existing use.
- (iv) Additional kitchen space may need to be provided in order to comply with the council's guidelines for HMO premises.
- (v) Potentially unsustainable income stream given our MR is lower.
- (vi) The valuer reserves the right to review our comment regarding the suitability of the property as security for lending purposes when the terms of the loan are known.
- (vii) Should information come to light before the loan is finalised contrary to that contained within our Report and Valuation, then the matter must be referred back to the valuer for further consideration.

#### MARKET RENT

**Market Rent:** In our opinion the Market Rent (per annum) of the residential element in the above property in the condition as at 27 September 2018 let on an assured shorthold tenancy basis is in the sum of:-

**£116,480 (One Hundred and Sixteen Thousand, Four Hundred and Eighty pounds)**

Please note that the rent noted is without deduction for some bills, management, maintenance, repairs or voids.

#### MARKET VALUE

**Market Value:** In our opinion the Market Value of the freehold interest in the above property in the condition as at 27 September 2018 and with the benefit of the above mentioned tenancy is in the sum of:-

**£1,400,000 (One Million, Four Hundred Thousand pounds)**

**SPECIAL ASSUMPTION VALUATIONS** **Market Value Subject to Special Assumption of Vacant Possession:** In our opinion the Market Value of the freehold interest in the above property in the condition as at 27 September 2018 subject to the special assumption above is in the sum of:-

**£1,100,000 (One Million, One Hundred Thousand pounds)**

**RELIANCE** This Report and Valuation is for the sole use of the addressee for the purpose set out in the beginning of this Report and Valuation and no responsibility is accepted to any third party for the whole or any parts of this Report and Valuation.

Professional Indemnity £30 million.

**PUBLICATION** Neither the whole nor any part of the Report and Valuation may be included in any statement, circular or published document without the prior written consent of Aitchison Raffety.

Handwritten signature of Neil Allison in black ink.

**Neil Allison BSc (Hons) MRICS MCABE**  
Director  
RICS Registered Valuer  
For and on behalf of Aitchison Raffety

Mobile: 07772 054 676  
neil.allison@argroup.co.uk

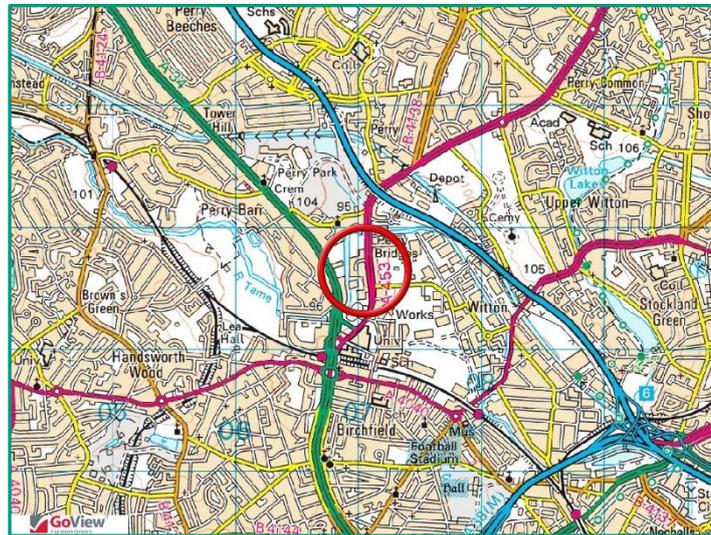
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**Lindsey M Lock MRICS**  
Director  
RICS Registered Valuer  
For and on behalf of Aitchison Raffety

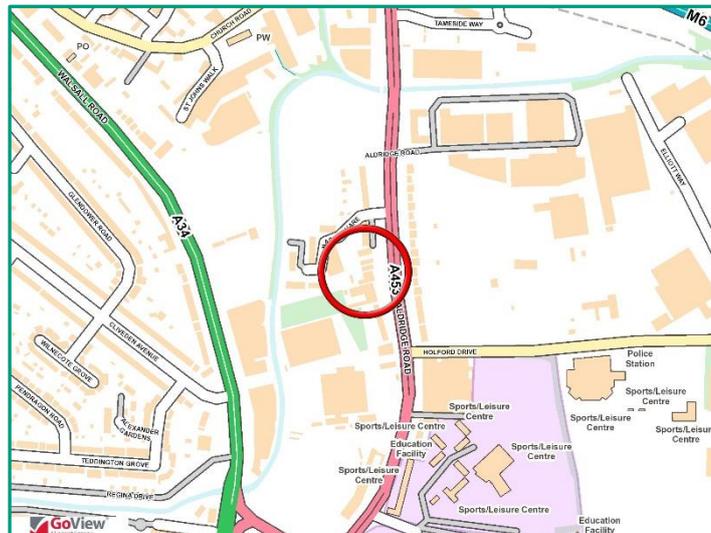
Mobile: 07772 054563  
lindsey.lock@argroup.co.uk

## PROPERTY DETAILS

### 1.0 LOCATION



- 1.1 The subject property is located in the Perry Barr suburb of Birmingham located 4km (2.5miles) north of Birmingham city centre. Birmingham is a city and metropolitan borough in the West Midlands, being the most populated city outside of London with some 1,101,360 residents (2014 Birmingham city council 'Population and Census'). Today Birmingham is a major international commercial centre ranked a Beta World City by the Globalisation and World Cities Research Network and is an important transport, retail, event and conference hub with a GDP of 60 billion pounds, having the second largest urban economic area and is the largest centre of higher education outside of London with six universities.
- 1.2 Birmingham is a major transport hub on the motorway, rail and canal networks. The city is served by the M5, M6, M40, and M42 motorways. Birmingham Airport, located six miles east of the city centre in the neighbouring borough of Solihull, is the seventh busiest by passenger traffic in the United Kingdom and the third busiest outside the London area after Manchester and Edinburgh.
- 1.3 Birmingham New Street is the busiest railway station in the United Kingdom outside London, both for passenger entries and exits and for passenger interchanges. It is the national hub for CrossCountry, the most extensive long-distance train network in Britain, and a major destination for Virgin Trains services from London Euston, Glasgow Central and Edinburgh Waverley. Birmingham Moor Street and Birmingham Snow Hill form the northern termini for Chiltern Railways express trains running from London Marylebone. Local and regional services are operated from all of Birmingham's stations by London Midland. Curzon Street railway station is planned to be the northern terminus for Phase 1 of the High Speed 2 rail link from London, due to open in 2026.



- 1.4 Surrounding suburbs include Handsworth Wood, Witton and Old Oscott. The property fronts the A453 Aldridge Road which is a main road connecting to the A34 Walsall Road approximately 700m to the south and Sutton Coldfield approximately 6km (3.75 miles) to the northeast. The property is located on the west side of Aldridge Road which is a tree lined dual carriageway in this particular section.
- 1.5 The former City North Campus of Birmingham City University is located 500m to the south with some residential property running along Aldridge Road and industrial units also located nearby including Holford Industrial Estate, Tamebridge Industrial Estate and Tameside Way Business Park. Also within a 1km radius is Perry Barr Greyhound Stadium and Alexander Stadium (athletics).
- 1.6 Reasonable public transport facilities exist in the locality with regular bus services running along Aldridge Road to outline neighbourhoods and towns. The nearest train station is Perry Barr station located 700m to the south. The property therefore benefits from good transport networks.
- 1.7 There are neighbourhood shop facilities located around Perry Barr including a One Stop shop being located in Perry Barr with Birmingham city centre being the primary retail location for the region.
- 1.8 The nearest primary school is Canterbury Cross Primary School located 1km (0.6miles) to the south (OFSTED good) whilst the nearest secondary school is Broadway Academy located 1km (0.6miles) to the south (OFSTED good).
- 1.9 The subject property is therefore located in a mixed use location and within a suburb of Birmingham and would suit a variety of uses.

## 2.0 DESCRIPTION AND CONSTRUCTION



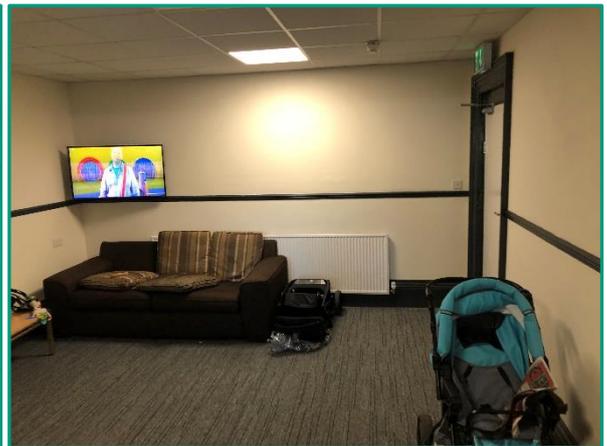
*Front elevation*



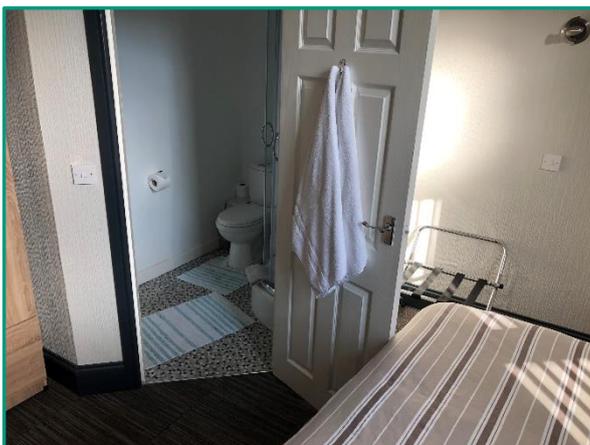
*Rear elevation*



*Kitchen*



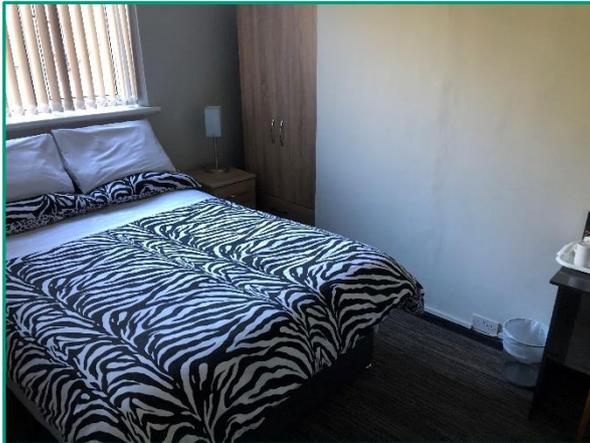
*Lounge*



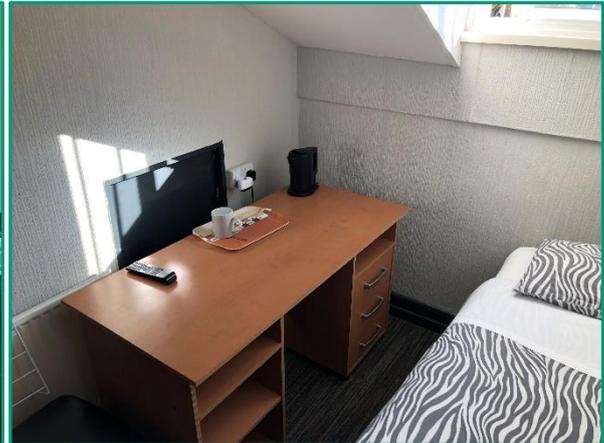
*Double Bedroom on Ground Floor*



*En-suite Sample*



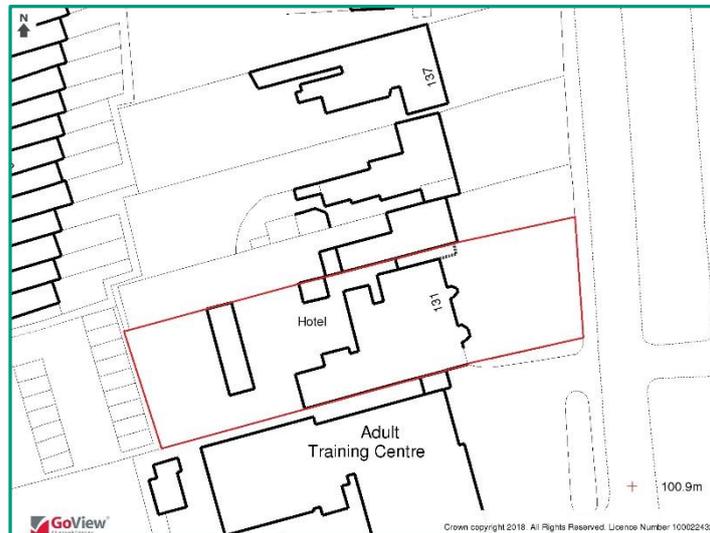
*Double Bedroom on First Floor*



*Single Bedroom on Second Floor*

- 2.1 The subject property is the former Park Hotel, located on the busy Aldridge Road. The property is a period built, three storey detached building which has been extended and altered over time. Since purchasing the property in late 2017 the Borrower has spent some £150,000 on improving what was a tired and run down property. Although originally known as the Park Hotel, the property was run as an HMO with a licence for 16 persons. Since purchasing the property and following the improvements which included making all rooms en-suite, the Borrower has extended the HMO licence from 16 bedrooms / persons to 28 bedrooms / 49 persons.
- 2.2 At the time of our inspection access could only be gained into a number of bedrooms and we are therefore relying on information provided to us by the Borrower. In total there are 26 rooms; four have been amalgamated to form two larger family rooms. All the bedrooms have en-suite facilities, with the tenants sharing a large communal kitchen and lounge area on the ground floor with additional external covered seating area. In addition to the HMO accommodation on the ground floor are a reception area and office leading to the former, currently unused catering kitchen with stores and a double en-suite room for the on-site manager. Of the rooms inspected, they presented well, being fully furnished with either a queen or single bed with table and chair, wardrobe and bed-side table, each with en-suite shower room.
- 2.3 To the front of the property is off road parking accessed off Aldridge Road and behind a dwarf wall providing 12 parking spaces. To the rear are garden areas with a further timber built smoking shelter.
- 2.4 We have been informed that the property is run as social housing providing emergency family housing. We have had sight of a contract with Weir Housing Ltd, stating a three year term for the sole use of 27 rooms at a minimum monthly rent of £14,000 per calendar month. The Borrower has however informed us that Weir Housing Limited only take 10 to 12 rooms and that the Borrower lets the other rooms on a range of nightly and weekly rents, however we are of the opinion that this is in breach of the agreement with Weir Lettings Limited.

2.5 The site plan below indicates our understanding of the demise of the property, outlined in red. This is for indicative purposes only and should be verified by legal advisers. It shows the building in relation to the site and its boundaries. We recommend that the Title Plan is forwarded to us for comparison:



DESCRIPTION	
AGE OF CONSTRUCTION	1900 built, previously used as a hotel before more recently being converted into a HMO.
ROOF	Multi-pitched and tiled with pitched dormers with part flat felted extensions to the rear.
EXTERNAL WALLS	Solid brick (painted white) to the front elevation with cavity brick extensions.
FLOORS	Solid concrete slab along with suspended timber upper floors.
INTERNAL SPECIFICATION	Generally well presented and maintained for a HMO premises, with carpet covered floors, plastered and painted ceiling and walls.
WINDOWS	Replacement Upvc double glazed.
RAINWATER GOODS	Upvc.

2.6 It is not a property designated “defective” under the provisions of the Housing Act 1985.

### 3.0 FLOOR AREAS

3.1 The premises provide the following accommodation and floor areas measured on a Net Internal Area (NIA) basis, unless otherwise stated, in accordance with RICS Property Measurement 2nd edition (May 2018) which incorporates the RICS Code of Measuring Practice, 6th edition and International Property Measurement Standards (IPMS). Measurements of the individual rooms has been provided by the Borrower from a schedule we are informed was used for the HMO licencing. Where possible these measurements were checked whilst on site:

FLOOR	DESCRIPTION	AREA	
		Sq M	Sq Ft
Ground	Entrance hall and lobby leading to the reception area. Three double en-suite bedrooms (1, 29 and 30), communal lounge / dining room, communal kitchen, manager's office, store-room/catering kitchen, store, laundry room, double staff bedroom. External access to two further double bedrooms, no 4 to the front and no 28 to the rear. External side access to one single bedroom (2) and a family room (3). Seven lettable bedrooms in total.	250.89	2,701
First	Stairs and landing leading to six single en-suite bedrooms (5, 8, 10, 17, 18 and 19, four double bedrooms (6, 7, 14 and 16), and two family rooms (11 and 15). 12 lettable bedrooms in total.	146.17	1,573
Second	Stair and landing leading to five single bedrooms (21 – 25), one double bedroom (27) and one family room (26). Seven lettable bedrooms.	79.28	853
<b>TOTAL</b>		<b>476.34</b>	<b>5,127</b>

3.2 We would comment that numbers 9 and 12 no longer exist as these are the two rooms which have been amalgamated to provide larger family rooms. The single bedrooms range in size from 7.5 sq m to 11.4 sq m, with the larger double rooms and family rooms ranging from 11.99 sq m to 19.63 sq m. Each room is therefore above minimum size for HMO bedrooms with shared kitchen facilities stated at 6.5 sq m and 11 sq m respectively from the Birmingham City Council Directorate of Housing and Constituencies.

3.3 The property provides 12 parking spaces which we consider to be more than reasonable for the type of accommodation the property offers, whereby the tenants generally do not have cars.

## 4.0 SERVICES

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- 4.1 Mains gas, electricity, water and drainage are connected to the premises.
- 4.2 The bedrooms were heated by a mixture of gas fired central heating and electric room heaters, the latter can be expensive and inefficient to run.
- 4.3 We have assumed that all electrical and gas installations were properly serviced and fully certified by the relevant bodies.

## 5.0 STATE OF REPAIR

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- 5.1 Your attention is again drawn to the fact that this is not a condition or building survey and we cannot comment in detail upon the condition of the property. However, we comment below on the apparent state of repair based upon our limited inspection and as defined in our Standard Limitations and Assumptions. We have assumed that there are no adverse ground or soil conditions.
- 5.2 At the time of inspection weather conditions were mixed and we inspected both the internal and external of the property.
- 5.3 The building was originally a hotel and may well have been a large dwelling house prior to this use. The property has now been converted into HMO accommodation. The property appears to be free from immediate or significant wants of repair. There were general levels of wear and tear and wants of re-decoration consistent with the nature and intensity of the use. However with a property of this type and age it will require regular ongoing maintenance.
- 5.4 The decorative condition was adequate and the fittings were serviceable. The kitchen fittings were adequate as were all the sanitary fittings.
- 5.5 The common parts were in an adequate decorative condition, with serviceable floor coverings.
- 5.6 An economic life in respect of the external fabric of the building in excess of 30 years should be achieved subject to normal wear and tear and appropriate maintenance.

## 6.0 TENURE AND TENANCIES

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- 6.1 We have obtained a copy of the Title Deed for the subject property with the property held under Title number WK192880. The deed confirms the property is held freehold with absolute title and there are no unusual or onerous covenants running with the land. The price paid for the property on 12 September 2017 (registered 22 December 2017) was £770,000. We have however not had sight of any Report on Title. Prior to completion of the loan we would recommend that the Report on Title is forwarded to us for comment. We are relying on verbal information only in preparing this Report and Valuation and we would comment that the Bank seek our confirmation that there are no matters material to affect the value of the property in relation to the Title before drawdown.

- 6.2 At the time of our inspection the subject property was approximately 90% occupied, hence why access could not be afforded to a large number of the letting rooms.
- 6.3 We have been provided with a number of documents from the Borrower. We have been provided with a schedule from the Borrower reflecting the income being produced. The schedule is only from January 2018 up until September 2018 (10 months) and reflects income increasing from £17,139.15 per calendar month in January 2018 (first month of operation under the Borrower) up to £26,864 per calendar month in May 2018, being the highest month, with an average rent roll across the 10 months in the sum of £21,272.68, although the rental income does appear to be even out between £25,750 per calendar month and £26,850 per calendar month. This is across 26 rooms out of the 28 on the licence as two of the rooms have been used to make larger family rooms. The Borrower has informed us that the rooms are let on a daily basis and provide emergency accommodation for families, with the rooms let through Weir Lettings Limited, the council and let privately. The Borrower has also provided us with a breakdown of the outgoings which equates to £5,947 per calendar month (£71,364 per annum) which includes staff costs, utilities, maintenance and insurance. If we take the average monthly income of £21,272.68 it would give an annual income in the sum of £255,272.16 which after deducting the monthly outgoings (£71,364 per annum / 28% of the income) gives a net annual income in the region of £183,908.16. This reflects a net rent of approximately £126.31 per room per week.
- 6.4 We have also received a copy of the contract agreement with Weir Lettings Limited, part of Weir Housing Limited, who are one of Birmingham's leading private sector providers of interim accommodation and management services. Weir Housing Limited are an independent family company specialising in interim and emergency accommodation and property management. Weir Housing Ltd provides private sector leasing, hostel accommodation, temporary accommodation and emergency accommodation. The agreement is dated 20 November 2017 and therefore signed prior to the Borrower purchasing the property. The salient terms are as follows:

COMMENTS	
LANDLORD	Churchgate Property Services Ltd t/a Park Hotel, 131 Aldridge Road, Perry Barr B42 2ET (Co no 06363160).
TENANT	Weir Lettings Limited of 1 Park Road, Birmingham B18 5JH (Co no 08552247).
DEMISE	Park Hotel, 131 Aldridge Road, Perry Barr B42 2ET. To provide 27 rooms on a bed and breakfast basis for the sole use of the tenant
CURRENT PASSING RENT	The tenant agrees to pay a minimum fee of £14,000 per calendar month. We can confirm that we have had sight of Bank statements reflecting monthly payments of £15,350 on 1 June 2018, £15,810 on 2 July 2018 and £15,300 on 1 August 2018. On the basis of the agreement with Weir Housing Limited the minimum passing rent would be £168,000 per annum (gross), although from the Bank statements we have seen the average monthly payment is £15,487 per calendar month which equates to a current annual rent of £185,840 per annum (gross).

COMMENTS	
<b>LEASE START DATE &amp; TERM (UNEXPIRED TERM)</b>	20 November 2017 for a term of three years, expiring 19 November 2020 (two years, one month unexpired).
<b>REPAIRING OBLIGATIONS</b>	<p>Landlord is to keep the property well maintained and to carry out repairs in a timely manner once reported by the tenant.</p> <p>Landlord is to pay all business rates, utilities, insurance and taxes.</p> <p>The subject although on a fixed term contract is let on similar terms to that of an AST, with the landlord being responsible for items of repair and maintenance.</p> <p>The tenant will indemnify the Landlord against damages or theft caused by the residents placed in the demise.</p>
<b>ALIENATION PROVISIONS</b>	None noted.
<b>ALTERATION</b>	Landlord to consider and not reasonable withhold consent to make alterations or addition requirements which the tenant may request in writing. If the requests are unreasonable in that these would require additional expenditure then the Landlord can with agreement of the tenant make an additional charge.
<b>RENT REVIEW BASIS</b>	None noted.
<b>OPTIONS TO DETERMINE</b>	None noted.

- 6.5 On the basis of the contract above to Weir Lettings Limited and the fact we have had sight of Bank statements, then unless the Borrower is in breach of the agreement they could only be letting one of the rooms privately under the HMO licence. There is however only 26 rooms available due to the amalgamation of four into two, and therefore Weir Housing Limited, under the agreement have sole use of the property. We assumed for the purpose of this Report and Valuation that the income has increased from the minimum £14,000 per calendar month up to circa £15,000 per calendar month due to the larger number of double / family rooms, which was probably carried out at the request of the tenants (as per the terms above).
- 6.6 We therefore have to ignore the higher income stated earlier by the Borrower, as we consider any lettings outside of Weir Lettings Limited to be in breach of the agreement. Based on the above the minimum annual income would be in the sum of £168,000 per annum, however based on the higher confirmed income we estimate the annual income to be in the region of £185,840 per annum. If we deduct the same percentage for outgoings as informed by the Borrower and noted above at 28%, which we consider to be reasonable for the basis of the letting, then this provides a net income in the region of £133,800 per annum (it is this net income to which our opinion of Market Value will be based).
- 6.7 Within the limits of our inspection, no rights of way or easements affecting the property were in evidence and we therefore have assumed that this is the case.

6.8 Should any of the assumptions or information provided to us prove to be incorrect it may be necessary to amend our valuation. We recommend that the above details are confirmed by your legal advisers and any discrepancies are reported back to the valuer for review of our valuation.

## 7.0 STATUTORY REQUIREMENTS

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### ***Town Planning***

7.1 Internet enquiries with the local planning authority, Birmingham City Council, have been undertaken.

REFERENCE	DETAILS	DECISION
16406007	Lounge extension.	Approved (unknown date but registered August 1980)
16406006	Erect extensions at ground and first floor.	Refused (1978)
16406005	Erect ground and first floors.	Refused (1978)

7.2 No other planning history was found for this property and this may be due to it predating the information on their website. The property has been extended over time and has had a change of use from a hotel (use class C1) to an HMO (use class C4). It is therefore recommended that legal advisors verify the lawful use. In our opinion, it might be possible to gather sufficient information for an application for a Certificate of Lawful Use to be looked upon favourably by the local planning authority. An application for a Certificate of Lawful Use could be submitted (if the necessary supporting information can be gathered) or some insurers may be prepared to offer indemnity insurance to protect the Bank's security, unless your legal advisers can find permission through their enquiries.

7.3 The property is not listed for its historic or architectural merit and is not situated within a Conservation Area.

7.4 The local area will see some considerable development going forward, most notable will be the redevelopment of the now redundant City North campus of Birmingham City University and the development of the athlete's village for the 2022 Commonwealth games. The plans will see accommodation and training facilities for an estimated 6,500 athletes and games officials. Following the games the accommodation will be converted into more than 1,000 homes, generally a mix of one and two bedroom apartments and larger townhouses. Some will be sold while others will be available to rent through the council. Further development will take place around Perry Barr including upgrading the train station and upgrading and re-routing Aldridge Road and introducing a Sprint bus route.

7.5 Given the proximity of the subject property to the main development site the proposals will certainly have an impact on the subject property. Access to and from the property will be affected during the development and it can't be argued that during the games the demand for accommodation in the area will vastly increase which would only be a positive for a close by HMO property offering flexible / nightly accommodation. The potential negative is the additional homes that will be created following the games including social housing which could impact on the demand in the future.

**Highways**

7.6 Aldridge Road is adopted by the Highways Authority and maintainable at public expense.

**Fire Regulations**

7.7 Regulation 4 of The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 requires a smoke alarm on each storey where there is a room used as living accommodation in a property that is let. A carbon monoxide alarm is also required where there is a solid fuel burning appliance. The landlord is responsible for checking the alarms are in proper working order on the first day of a new tenancy. As access could not be gained to all areas, it is recommended that the Borrower confirms a suitable number of alarms in place throughout the property.

7.8 In compliance with The Regulatory Reform (Fire Precautions) Order 2005 all commercial property owners/occupiers, including common parts in blocks of flats, are under an obligation to carry out and keep under review a risk assessment of their property.

7.9 We have not had sight of a risk assessment; therefore we have assumed that all the necessary measures are in place and no additional costs will be accrued in complying with these measures, considering its age and condition. However we would ordinarily recommend to the occupier that a risk assessment is carried out in the near future to ensure that the standards are met.

**Equality Act 2010**

7.10 The Equality Act 2010 is the all-embracing legislation, which largely supersedes the DDA and incorporates a holistic approach in anti-discrimination law, bringing together age, gender, sexual orientation, disability, religion/belief, race, marriage and civil partnerships, under one piece of legislation (RICS information paper 1st edition (IP 31/2012)). We are not aware of a specialist audit on this property and we have therefore assumed that the provision to comply with the Act, if applicable, will not have a material impact upon our valuation.

**Control of Asbestos Regulations 2012**

7.11 Building owners/occupiers or other parties who have a legal responsibility for the non-domestic premises should:

- (i) Take reasonable steps to find materials in the premises which are likely to contain asbestos and to check their condition;

- (ii) Presume that materials contain asbestos unless there is strong evidence to suppose that they do not;
- (iii) Produce a written record of the location and condition of asbestos and presumed asbestos containing material (ACM) and to keep the record up to date;
- (iv) Produce a plan as to how the ACMs or presumed ACMs are to be managed.

7.12 We have not had sight of a management plan and therefore recommend that legal advisers confirm that such a plan has been implemented. We have assumed no costs for compliance in arriving at our valuation. We would however comment that should it become obvious that remedial works will be required the plan should be supplied to the valuer for review as it may have an adverse effect on our valuation.

***Energy Act 2011***

7.13 The Energy Act 2011 applies to both residential and commercial property and it stipulates that an Energy Performance Certificate (EPC) is required when a property is constructed, marketed for sale or to let. An EPC provides both an energy efficiency rating and environmental impact rating ranging from Bands A - G. The Act also stipulates that those properties with an energy efficiency rating in Band F or G will not be permitted to be newly let or tenancies renewed from 1 April 2018 without improvements and from 1 April 2020, it will also include existing tenancies.

7.14 From 1 April 2016 tenants have been able to request consent from their landlords to carry out energy efficiency improvements at the tenant's expense. The landlord cannot unreasonably refuse.

7.15 According to the Non-Domestic Energy Performance Certificate Register the premises have an energy efficiency rating of Band C (72). Therefore, the rental income will be unaffected by this regulation.

***Housing Act 2004***

7.16 The property is a House in Multiple Occupation as defined by the Housing Act 2004 and is held under licence number L22272 granted 8 September 2015. The licence was varied on 5 April 2018 and expires 1 September 2019. The licence permits 28 households or 49 persons.

7.17 The new HMO regulations came into effect on 1 October 2018 tightening the requirements. All room sizes to comply with the local councils guidelines however the kitchen facilities may not. We would comment that the former catering kitchen is not used and therefore at little cost could be put into use.

***Building Regulations***

7.18 We have assumed that a Building Regulations Completion Certificate has been issued by the Local Authority or a Final Certificate by an Approved Inspector for all conversion works.

## 8.0 LOCAL TAXATION

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8.1 Inspection of the Valuation Office Agency website indicates that the property is assessed as follows:

ADDRESS	DESCRIPTION	RATEABLE VALUE	
		2010	2017
131 Aldridge Road, Perry Barr, Birmingham B42 2ET	Hotel and premises	£13,500	£13,500

8.2 The Uniform Business Rate for the financial year 2018/2019 is currently fixed at a standard multiplier of 48.0 pence (Small Business Rate) pence per pound of Rateable Value. Small Business Rates are payable on properties with a Rateable Value threshold of less than £51,000 in England and Wales.

8.3 As the property is now used as an HMO the VOA may wish to re-examine the rating and may re-allocate the property as residential, applying a council tax band rating.

## 9.0 ENVIRONMENTAL CONSIDERATIONS

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9.1 In carrying out this work we have carried out various enquiries in order, so far as is reasonably possible, to establish the potential existence of contamination arising out of previous uses of the site and its neighbours together with other environmental features.

9.2 Should the Bank obtain evidence or advice contrary to our opinion or assumptions made in this regard before the loan is drawn down, the evidence should be supplied to the valuer in case it has an adverse effect on value.

### ***Contamination***

9.3 No indications of past or present contaminative land uses were noted during the inspection. Our inspection was only of a limited visual nature and we cannot give any assurances that previous uses on the site or in the surrounding areas have not contaminated subsoils or ground waters. In the event of contamination being discovered or if it transpires there are other environmental features specifically affecting the property, further specialist advice should be obtained. You are advised to ensure that your legal advisers take up the usual enquiries on your behalf, in respect of possible contamination or environmental issues, prior to entering into any commitments.

9.4 The subject property is located on a busy road with mainly residential uses immediate vicinity. We therefore consider the risk of contaminative land uses close by to be minimal.

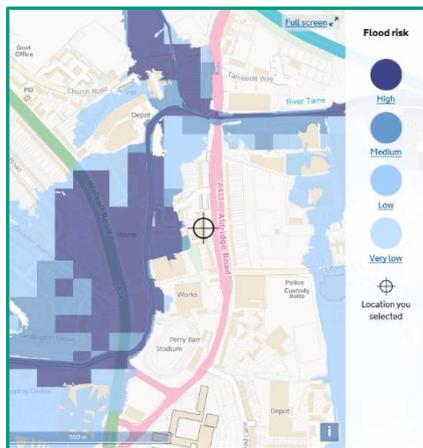
### ***Invasive Species***

9.5 The RICS have issued an Information Paper (27/2012) on Japanese Knotweed. This states that the presence and effect of Japanese Knotweed is just one of the many considerations that may affect value, and just one of the variety of factors that valuers and surveyors need to take into account when assessing Market Value.

9.6 Japanese Knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces and be difficult to control. Timely and persistent treatment programmes can minimise its impact. By quantifying the likely cost of treatment and any necessary repairs the impact of Japanese Knotweed can be taken into account in the valuation process and reflected in the same way as any other defect or item of disrepair. As valuers, we are not in a position to comment on the costs of any potential treatment as this is a specialist area but can advise as to whether the plant was seen. How invasive this has become may not be readily identified by a visual inspection.

9.7 During our valuation inspection, we saw no evidence of any Japanese Knotweed or other invasive species on or near the property.

**Flooding**



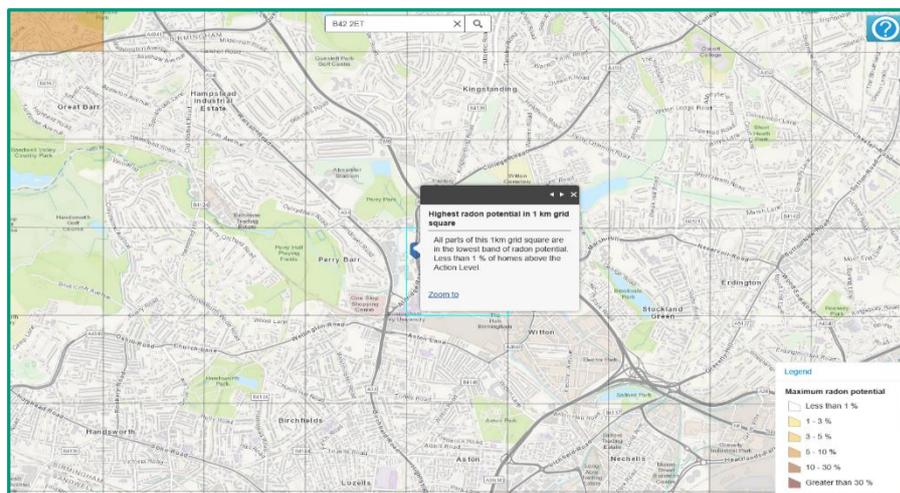
*Risk of flooding from rivers*



*Risk of flooding from surface water*

9.8 The Environment Agency website indicates that the property has a “very low” likelihood of flooding. Generally this means that the chance of flooding each year from rivers or the sea is 0.1% (1 in 1000) or less.

**Radon**



*Radon Map*

9.9 The UK Radon website indicates that the property is not situated in an area where high levels of radon gas may occur. Radon is a natural gas originating from uranium within underground rocks and subsoils and is radioactive.

***Made up Ground***

9.10 To our knowledge the property is not situated on made up ground.

***Coal Mining***

9.11 To our knowledge the property is not situated in an area with a mining history and we have therefore made no allowance in our valuation for any problems that may arise.

## **10.0 ECONOMIC AND PROPERTY MARKET COMMENTS**

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***UK Economic Comment***

10.1 The UK's snap General Election resulted in a Hung Parliament and this resulted in some fluctuations in the economy with Sterling seeing similar losses as we saw after the Brexit vote. However, this has not been as marked as the continuing uncertainty around the Brexit negotiations and the effect on both the economic and political landscape of the UK. Whilst the weaker Government position is making Brexit negotiations more complex and possibly protracted, the property market has shown a high level of resilience. Overseas investors continue to be active within the investment market which has led to transactional levels holding up against the slight slowdown seen in 2016. Whether this trend will continue as Brexit negotiations continue on a protracted period remains to be seen. The property market could still react negatively to the political landscape, but it will be some time before the real effects are known.

10.2 Following the UK referendum on the Country's continued inclusion within the European Union, the decision to leave heralded politically and economically uncertain times for the UK. As a measure to stabilise the economy post Brexit, the Bank of England reduced interest rates in August 2016 to a record low of 0.25%. As of August 2018, interest rates are now at 0.75%. The latest CPI figure shows that the 12-month figure to July 2018 was 2.5% up from 2.4% in June 2018. The forecast for quarter 3 2018 was 2.4% and the same for quarter 4. The economy is therefore largely tracking the forecast. The longer-term forecast for 2019 through 2022 suggests that the rate will fall to between 1.7% and 2.2% depending on the seasonality.

10.3 The interest rate rise is cited as being in response to the UK economy showing "noticeable signs" of an improvement in the economy with growth in the second quarter being 0.4% up from 0.2% in the first quarter. Whilst the MPC are maintaining their stance that there could be further interest rate rises they have also signalled that if necessary rates could also be cut. Business leaders reacted negatively to the decision to increase rates citing that the economy and consumer confidence remains fragile and the rise could impact on this and affect further economic growth.

- 10.4 The longer Brexit negotiations continue the economy could experience volatility as negotiations take place to determine the UK's future relationship with the European Union leading up to the leaving date in March 2019. There remains a lack of clarity and direction in the negotiations.
- 10.5 As surveyors, we are not economists and our comments are based on those freely available in the media. We would caution that there could be some renewed uncertainty around the valuation of property assets as the economic and political landscape stabilises and finds its new norm.

***UK Housing Market***

- 10.6 Housing market surveys report growth in the average price of a house in the UK although it continues to slow down. Declining house prices in London and the Southeast are reported and growth in the cheapest areas of the UK. Affordability is the main factor affecting house prices, followed by Brexit uncertainty, primarily within expensive areas although fears over Brexit is reported as the main concern affecting the London market, followed by stamp duty costs. The high cost of moving which reduces stock and thereby the choice of property available to buy, has subdued demand at the upper end of the market. The prospect of hikes in interest rates, following the first increase in a decade, is likely to further soften activity. That said, price realism and resilience to economic factors means the market outlook is not necessarily gloomy.
- 10.7 Investors taxed out of buying in the housing market means first time buyers are the main purchaser profile of small homes and developers look to schemes which can attract new buyers with Help to Buy assistance to maximise values. Interest rates also remain historically low and the Affordability Index has reduced slightly. Oversea buyer enquiries have increased, due to a cheaper Pound and less concern over Brexit.
- 10.8 The stress testing of mortgages and restricting loan to income ratios to 4.5 have reduced the number of transactions in the market. Also, the buy-to-let mortgage market has been brought in line with owner occupier mortgage requirements plus further PRA requirements affect investors with a portfolio of properties. The Anti-Money Laundering Directive has also impacted on the number of transactions.
- 10.9 The private rented sector saw an increase in stock levels in early 2017 with rent reductions across much of the UK. Stock levels are now putting pressure on rents and modest growth in rents is reported from an ever-present demand. The effects of Brexit and immigration policy may moderate rental growth including the corporate sector.

***Local Market and Property Specific Comments***

- 10.10 Rising demand from young professionals, students and investors will drive Birmingham's city centre residential market ever higher in the next five years, according to new research. A report from property consultancy JLL, called 'West Midlands Residential Predictions 2017', says urban locations such as Birmingham will continue to push house price growth forecasts above the UK average of 13.1 per cent. City centre schemes, such as Grand Central and the New Street station refurbishment, together with a significant boost to the city's retail, food and leisure offering, have changed historical perceptions of Birmingham.
- 10.11 Recent forward funding deals agreed for 603 units completed at Exchange Square, near to the proposed HS2 Station, and 334 units at the old ice rink in Pershore Street. The city centre is now an attractive place for professionals to live, as well as work, and the main issue now is a lack of supply of quality development sites to satisfy demand.
- 10.12 Rising prices, rents and land values are expected, as supply shortages impact the core residential market. Rental increases have been seen at the top of the market with prime schemes achieving an average increase in rents of 4.9 per cent. The new Housing White Paper suggests the Government is anxious to placate MPs who represent constituencies on the edges of the conurbation, by stressing its commitment to the Green Belt. Given Birmingham's supply constraints, it is the surrounding authorities that will have to bear a large burden of land allocations. Birmingham's need for 30,000 new homes by 2031 will come into conflict with the government's reticence to tackle Green Belt issues. There will be increased pressure to release land on Birmingham's outskirts, as we've already seen in Sutton Coldfield, and this will intensify further once HS2 gets closer to delivery, and as the appeal of Birmingham to broader audience increases.
- 10.13 The improving Birmingham market will see demand pushed out from the city centre into the suburbs of Birmingham with more affluent areas such as Sutton Coldfield looking at the higher end of the market, whereas other suburbs will look to the lower, more affordable end, which will still see rental growth and potentially push capital values up.
- 10.14 The subject property, in Perry Barr, offers lower value accommodation which will always be in demand, especially with more demand at the higher end of the market. Landlords in general, prefer to have private tenants and therefore those willing to accept local authority or housing association tenants can achieve good levels of rent and high occupancy levels.
- 10.15 In addition there is increasing demand not just from the councils within the Birmingham borders. Pressure is being put on these from London boroughs to take tenants from London as they simply can't afford to house the numbers in London nor is there the accommodation to do so.

- 10.16 The subject property very much falls in to this latter bracket and offers affordable living accommodation, with good local amenities and still close to Birmingham city centre and/or motorway connections. As lower income accommodation, demand is strong and tenants will come from a range of sources keeping demand high. As for the property as a whole it makes an attractive investment asset producing a good level of income with future income growth potential, but also further redevelopment potential later down the line.
- 10.17 The property is located in a mixed use area comprising a mixture of housing, commercial and industrial properties. The property fronts a busy main road and is in close proximity to facilities and amenities and therefore should be in good demand for a range of uses. The property is located in the Perry Barr suburb of Birmingham and therefore a relatively densely populated area. There is good demand from investors and developers and the property will benefit from good interest from private landlords looking to rent the property on a room by room basis as an investment.
- 10.18 The 2022 Commonwealth games will also have an impact on the local market with the former Birmingham City University Campus to be redeveloped as the athlete's village. The upcoming games for a short period of time will increase the demand for a property in this location.

## 11.0 VALUATION METHODOLOGY

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- 11.1 In determining the Market Value of the property we have chosen an income stream method of valuation appraisal requiring:-
- (i) The identification of the market rent for the component parts;
  - (ii) Comparative analysis of the rent passing under any leases;
  - (iii) Capitalisation of the adopted income streams with an applicable investment yield.

### ***Market Evidence***

- 11.2 In undertaking our valuation we have had regard to information which is publicly available, our own knowledge and experience of the market. In using publicly available information the usefulness of transactional data will always be subject to the quality of the information provided, the accuracy of which it is not always possible to determine.

### ***Rental Market and Tenant Demand***

- 11.3 The subject property is let and income producing, but is being used as emergency housing for families and is therefore paid on a nightly basis as would a hotel. Most HMO premises do not operate like this and with only 10 months of trading provided by the Borrower there is no history of continued occupation of the property. If we take the last month's gross turnover of £25,760.95 (as provided by the Borrower) then this reflects an average weekly rent in the sum of £228.17 per week per room and £990 per calendar month per room. Based on the agreement with Weir Lettings Limited and based on the gross current average income equating to £185,840 per annum, this devalues to a rate of £137.45 per week per room and £595 per calendar month.

- 11.4 In comparison, two bedroom apartments in the recently converted Riverside House, 206 Aldridge Road are available to let from £700 per calendar month (£161.54 per week) up to £875 per calendar month (£201.92 per week) dependant on the size. One bedroom apartments are available to let at £625 per calendar month (£144.23 per week) up to £655 per calendar month. Other converted one bedroom flats at Wellhead Lane have let at £470 per calendar month (£108.46 per week) with a large one bedroom flat above retail premises on Walsall Road letting at £575 per calendar month (£132.69 per week).
- 11.5 What this shows is that the current income being produced is well above the general market, given the above all reflect private lets of self-contained premises and not en-suite bed-spaces with shared kitchen and lounge facilities. The current income therefore reflects the emergency housing, bed and breakfast rate and the higher level of rent paid by charities and the council for this sort of housing. The problem is that this is very often personal to the owner and not the property and therefore may not be replicated by a third party owner, who also would not want the wear and tear this comes, whilst it is not every landlords desire to have such transient income which is management intensive.
- 11.6 For the purpose of this Report and valuation we have therefore examined the local market in order to establish the income that could be produced if the property was run as a standard HMO as per its licence offering 28 rooms with a mixture of single, double and larger family rooms.
- 11.7 Initially we have had regard to the LHA rates for the Perry Barr area. The council's website states £57.34 per week for shared accommodation and £98.87 per week for one bedroom accommodation, which reflects rents well below that currently being received and those achievable on self-contained properties.
- 11.8 As the subject property has been recently refurbished and offers en-suite accommodation it offers better quality accommodation than would be expected at the LHA rate of £57.34 per week, as this is generally for accommodation sharing bathrooms as well as kitchen facilities. We have therefore considered the following lets to derive the Market Rent of the property. We have assumed that they are let on an assured shorthold tenancy basis:
- (i) **Crossways Court, 444 College Road, Perry Barr** – a former public house converted into 23 flats, the majority of which are let through Midland Housing. Flat 21 which was marketed by Midland Housing on behalf of the Borrower as an ideal property for a single adult over 35, or couple whilst accepting DHSS applicants. The property was marketed on 13 September 2017 and let a week later on 21 September 2017 at £475 per calendar month, equating to £109.16 per week. In addition, flat 14 and flat 17 have both just let through Midland Housing at £405 per calendar month, equating to £93.46 per week.

- (ii) **26 York Street, Edgbaston** – a semi-detached HMO premises with nine letting rooms. Seven of these are let at £80 per room per week, for en-suite accommodation.
  - (iii) **Aldridge Road, Perry Bar** – a traditional property offered as a house share. A five bedroom house, aimed at students but accepting other tenants on six to 12 month ASTs. The property offers shared accommodation at £55 per person per week up to £75 per person per week.
  - (iv) **George Road, Erdington** – Five bedroom HMO property is marketed by Multi-Let UK at £83 per week with all bills included and shared kitchen and bathroom facilities. The property is aimed at professionals.
  - (v) **School Road, Moseley, Birmingham B13 B33** – A substantial semi-detached house HMO premises with 12 bedsit rooms (all en-suite). The passing rent is £58,800 per annum reflecting £94.23 per room per week, for a better located property.
  - (vi) **157 Grove Lane, Handsworth, Birmingham B20** – A terraced HMO property with six bedsits and shared facilities. The passing rent equates to £20,280 per annum, which reflects an average rent of £65 per week per room.
  - (vii) **23 Hope Street, West Bromwich B70** – A mid-terraced four bed HMO. The property is fully let at £20,940 per annum reflecting an average rent of approximately £100 per week per room.
- 11.9 The subject property offers shared accommodation and not self-contained one bedroom accommodation and therefore would not achieve the one bedroom rate, as per Crossways Court which reflects the LHA for a self-contained one bedroom flat. The other lettings are from the local area and other suburbs of Birmingham. They reflect rents ranging from £55 per week up to £100 per week although the latter reflects a smaller house share. The subject property does offer en-suite facilities and as such we would expect a higher rate than the base rate for shared accommodation as this generally reflects shared bathrooms as well as kitchen facilities. We would therefore expect rates closer to that of George Road and York Street, depending on the room on offer.
- 11.10 Currently the subject property has only 26 rooms compared to the licence for 28, we have however, for the purpose of this Report and Valuation, have taken 28 rooms, as the manager's room could be used and / or the two larger rooms could be split again. We have therefore adopted £75 per week for the single rooms (14) and £85 per week for the doubles/family rooms (14). This produces £2,240 per week, reflecting £116,480 per annum. As is common with an HMO property utilities are provided and we have therefore made a deduction for utilities, management and voids. Therefore, deducting say 15% gives a net Market Rent of £99,000 per annum rounded.

11.11 Letting of the property should be in compliance with the following:

Furniture & Furnishings (Fire) (Safety) Regulations 1988 – fire retardant furniture  
Gas Safety (Installation and Use) Regulations 1998 – annual Gas Safe checks  
Electrical Equipment (Safety) Regulations 1994 – certified electrical system and appliances  
Housing Fitness Standards (HHSRS – Housing Act 2004)  
Regulation 4 of The Smoke and Carbon Monoxide Alarm (England) Regulations 2015

11.12 We recommend that assurances are sought from the Customer that all relevant regulations have been complied with and will continue to be met.

***Investment Market***

11.13 We have had regard to the following sales transactions in arriving at our opinion of value:

- (i) ***School Road, Moseley, Birmingham B13 B33*** – A substantial semi-detached house HMO premises with 12 bedsit rooms (all en-suite). The property sold 6 September 2018 through SDL Auctions at £550,000. The passing rent was £58,800 per annum reflecting a gross initial yield of 10.7%. The rent reflects £94.23 per room per week, for a better located property with a more sustainable and supportable income stream.
- (ii) ***157 Grove Lane, Handsworth, Birmingham B20*** – A terraced HMO property with six bedsits and shared facilities sold at the SDL Auction September 2016 at £222,000. The passing rent at the time of the sale was £20,280 per annum, which reflected a gross initial yield of 9.14%. The rent equates to £65 per week per room.
- (iii) ***23 Hope Street, West Bromwich B70*** – A mid-terraced four bed HMO sold May 2016 at the SDL Auction for £165,000. The property was fully let at £20,940 per annum reflecting a gross initial yield of 12.69%. The rent equates to approximately £100 per week per room.
- (iv) ***22 Thornhall Road, Birmingham B21*** – A fully tenanted 10 bedroom HMO licenced property in Handsworth. The property is being marketed by Siddall Jones at £320,000. The passing rent equates to £35,000 per annum reflecting a gross initial yield of 10.94%. The rent equates to £67.31 per week per room.
- (v) ***Titford Road, Birmingham*** – a spacious six bedroom licenced HMO with en-suite shower rooms with communal kitchen is being marketed by Open Door at £250,000 with a passing rent of £31,250 per annum reflecting a gross initial yield of 12.5%. The rent reflects £100 per week per room.

- 11.14 The above reflects a range of residential investments for HMO style premises from 9.14% out to 12.5%. The subject property is of a larger size with more bedsits and therefore more risk of voids and is more management intensive, which wouldn't appeal to all investors, however the property has just recently been refurbished and has the potential, as the Borrowers have shown to produce a much higher income from the property and therefore with this in mind and given the improvements that are expected in the local market, mainly with the upcoming Commonwealth Games.
- 11.15 Based on the current occupation by Weir Housing Ltd for a further two years we have taken the opinion that an investor would pay a slight premium for the secured income and, but would reflect a risk that the tenant may not wish to renew their lease at the end of the term, but would also be taking into account that if they didn't the property could still be operated as an HMO as per the commentary above. We have therefore taken the net income from the Weir Lettings Limited contract (£133,800 per annum) and adopted a 9% net yield which following a deduction for acquisition costs gives Market Value after a deduction for acquisition costs in the sum of £1.4m based on the current investment.
- 11.16 On the assumption of vacant possession and the lease to Weir is not in place then the property would in the most likeliness be run as HMO premises. Taking our opinion of the Market Rent let as a HMO on standard ASTs, then in keeping with the evidence above and taking into account the quality of the accommodation and improving area then we have adopted a gross initial yield towards the keener end of the range of approximately 10.5% reflecting a Market Value in the sum of £1.1m reflecting a 9% yield based on the net income. This reflects a value of approximately £39,250 per en-suite bedsit.
- 11.17 As a form of cross examination we have looked at flats in the area and have regard for Nash Square whereby a purpose built 1970s two bed flat sold February 2018 for £95,000 (£47,500 per bedroom). One bedroom flats / apartments are available at Avix Apartments on Walsall Road at £90,000 for a small studio whilst a one bedroom flat at Arden Court on Church Road in Perry Barr is SSTC at £75,000. We would therefore be expecting lower values per bedroom than these for HMO accommodation which supports the £39,250 per bedsit break-down.
- 11.18 In addition the Borrower purchased the property as the former hotel, being part run as an HMO in December 2017 for £770,000. We have been informed by the Borrower that in excess of £150,000 has been spent on the property since then. In addition the Borrower extended the HMO licence from 16 bedrooms to 28 bedrooms / 49 persons and therefore we are of the opinion that the freehold vacant possession uplift in value reflects both the income spent and the higher level of income that can be produced on the property along with an element of profit for the works carried out.

***Appropriate Marketing Period***

- 11.19 The standard definition of Market Value requires the Valuer to assume that full and proper marketing has been undertaken for an appropriate period to achieve the best price. In preparing our valuation we have considered that an appropriate marketing period to have achieved our stated opinion of value would have been nine months.

### ***Recent Transactional History***

- 11.20 Having made enquiries we are not aware of any information relating to any transaction involving this property. Should any such information come to light before the loan is finalised the matter must be referred back to us for further consideration.

## **12.0 FCA REGULATIONS**

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- 12.1 In compliance with FCA Regulations with effect from 1 April 2013 we confirm that the proportion of the 'total area' occupied as private living accommodation by the Borrower or relative of the Borrower is less than 40%.

## **13.0 BUILDING REINSTATEMENT**

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- 13.1 The figure below is provided as an informal indication only of the perceived rebuilding costs of the existing buildings and should not be relied on. Please refer to our Standard Limitations and Assumptions.
- 13.2 The figure below is quoted inclusive of site clearance fees and demolition but specifically excludes consequential loss, fixtures & fittings, stock, loss of rent and VAT on construction costs.
- 13.3 Building reinstatement figure **£925,000 (Nine Hundred and Twenty Five Thousand pounds)**

## Appendix A

### LETTER OF INSTRUCTION

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Ref: Churchgate Property Services Limited

Attn: Neil Allison/Lindsey Lock  
Aitchison Raffety,  
Edmund House,  
12-22 Newhall Street,  
Birmingham,  
B3 3AS

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 notify us if there will be any delay. **Please advise us immediately if you are unable to give prompt attention to this matter.**

Borrower:	Churchgate Property Services Limited
Contact Name:	Avtar Sandhu
Phone Number:	07793 888888
Email:	sandhu@greencyc.com
Properties:	131 Aldridge Road, Perry Barr, Birmingham, B42 2ET
Tenure:	Freehold
Use:	HMO
Tenancies:	The subject property is let to Weir Lettings Limited on an agreement dated 20 November 2017 to provide 27 rooms on a bed and breakfast basis for the sole use of the tenant.
Access:	via Avtar Sandhu, as above.

### 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 uploaded to the Proplend website and 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 any current tenancies in place and sold as a going concern. 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 without the benefit of a going concern.
3. Please provide comparable evidence to support your assumptions on values.
4. Please provide an estimated rental value for the Subject Properties.
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 provide an estimated reinstatement cost of the buildings for insurance purposes.
7. 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.
8. Please certify that the Property is acceptable for secured lending purposes.

**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**

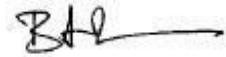
You have quoted and the Borrower has agreed to pay a fee of £tbc + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are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

**Contact Details**

Please contact Proplend on 0203 637 8418 if you have any queries regarding this instruction.

Please send the Valuation Report to [borrower@proplend.com](mailto:borrower@proplend.com), with hard copy to 15 Little Green, Richmond TW9 1QH. Draft reports are not acceptable. Following provision of the Valuation Report, you should be prepared to discuss its contents with the Lender.

Yours Faithfully,



Brian Bartaby  
Director

Proplend Security Limited

## **Appendix B**

### **STANDARD LIMITATIONS AND ASSUMPTIONS**

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## **1. COMPLIANCE AND DATE OF VALUATION**

1.1. The Report and Valuation will be undertaken in accordance with the RICS Valuation – Global Standards 2017 (the “Red Book”). The Valuer will conform to the requirements of the Manual, subject to the principle of “departure” outlined therein. Where there is a departure the Valuer will state this within the Report and Valuation.

1.2. The date of valuation will be the date of inspection unless otherwise stated within the Report and Valuation.

## **2. INSPECTION**

2.1. The Valuer will undertake a visual inspection of the exterior and interior of the property, to the extent which is accessible with safety and without undue difficulty, as can be seen whilst standing at ground level and within the boundaries of the site, and adjacent public/communal areas, and whilst standing at the various floor levels which the Valuer considers reasonable in order to provide the service having regard to its purpose. The Valuer will not carry out a building or structural survey or inspect those parts of the property which are covered, unexposed or inaccessible nor raise floor boards, move any fixed apparatus or arrange for a test of the electrical, heating or other services.

2.2. In preparing the report, unless otherwise stated by the Valuer, the following assumptions will be made which the Valuer is under no duty to verify:

- a. That no deleterious or hazardous materials or techniques were used in the construction of the property nor have since been incorporated.
- b. That inspections of those parts which have not been inspected would neither reveal material defects nor cause the Valuer to alter the valuation materially.

2.3. Our valuation assumes that all electronically operated or electronically

controlled equipment at the property is not or will not be adversely affected by any computer virus or date related programming problems.

## **3. MEASUREMENTS**

All measurements are carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors. In the event of dimensions or areas being calculated from plans or other sources, the Valuer will so state in the report.

## **4. SERVICES**

The Valuer will not test any of the services within the property but will make a visual inspection of which are connected.

## **5. TENURE AND TENANCIES**

5.1. Although the Valuer reflects a general understanding of a tenant’s status in the valuations, the Valuer makes limited enquiries about the financial strength of tenants, and relies upon the client to advise if tenants are in default of rental payments, or where there appear grounds for concern. In the context of investment property, where covenant strength is significant, such assumptions that affect the valuation approach will be commented upon in the valuation section of the report. The Valuer will assume that appropriate enquiries were made when leases were originally exchanged, or when consent was granted to tenants to assign or underlet, and that tenants are therefore not in breach of covenant.

5.2. The valuations do not take account of any rights, obligations or liabilities whether prospective or accrued under the Defective Premises Act 1972.

## **6. LEGAL ADVICE**

6.1. The Valuer shall, unless otherwise expressly agreed, rely upon information provided by the client and / or the client’s legal or other professional advisors relating to tenure, leases and all other relevant matters. The Valuer will assume that good Title can be

shown and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing. It is understood, where relevant, that the client will be obtaining a report on Title which, if in conflict with the valuation report, should be referred to the Valuer for further consideration. No responsibility or liability is accepted for the true interpretation of the legal position of the client and other parties. Any interpretation of legal documents and legal assumptions should be checked by the client or suitably qualified person, if relied upon.

## **7. TOWN PLANNING, HIGHWAYS AND OTHER STATUTORY REGULATIONS**

7.1. The Valuer will carry out such inspections and investigations as are in the Valuer’s professional judgement appropriate and possible in the circumstances. It is an assumption that the property and its value are unaffected by any matters which would be revealed by a local search and replies to the usual enquiries or Statutory Notice and that neither the property nor its condition, nor its use, intended use, is or will be unlawful. It is recommended that verification is obtained from the client’s solicitors that:

- a. The position is correctly stated in the report.
- b. The property is not adversely affected by any other decisions made or conditions prescribed by Local Authorities.
- c. That there are no outstanding Statutory Notices.

7.2. The valuations are prepared on the basis that the premises comply with statutory regulations, including fire and building regulations.

7.3. Where it is apparent that access to the property is not direct from the public highway, or where there are published road proposals, the Valuer will make appropriate comments.

7.4. The Valuer will make enquiries to ascertain details of Local Taxation. No comment will be made as to the reasonableness of details of Council Tax Bandings or Rateable Value.

## 8. ENVIRONMENTAL CONSIDERATIONS

8.1. The Valuer will make only informal enquiries as to environmental considerations unless specifically instructed otherwise. The Valuer does not undertake any environmental testing as part of a normal valuation inspection and will therefore usually report that enquiries have not revealed any contamination affecting the property or neighbouring property, which would affect the valuation. However, should it be established subsequently that contamination exists at the property, or on any neighbouring land, or that the premises have been or are being put to any contaminative use, this might reduce the values reported and should be referred back to the valuer.

When valuing property where the Valuer suspects contamination may exist this will be reported. If an approved Environmental Consultant is employed their report should be referred to the Valuer. The Valuer will then refer to the Consultant's report in the valuation identifying the nature of the contamination and adjust the valuation to have regard to the estimated cost and likely liability for treatment. However, should it be established subsequently that other contaminants exist at the property or on any other neighbouring land, or that the premises have been or are being put to any other contaminative uses this might reduce the value reported.

Unless otherwise stated by the Valuer, the following assumptions will be made by the Valuer which he is under no duty to verify:-

- a. Investigations have not been undertaken on the site in the form of any geotechnical report to determine the suitability of ground

conditions or services for any new developments.

- b. In the case of agricultural land, the Valuer is not able to accept any responsibility as to the possible latent infestations in the soil or any disease which might affect crops or stock at any time in the future.

8.2. The Valuer will not undertake formal enquiries but will comment on the following within the scope of internet enquiries and visual inspection. It may not be possible to provide definitive conclusions based on informal enquiries:-

- Invasive Species; Flooding; Radon; Made up ground; and, Coal Mining.

## 9. VALUATION

A **basis of value** is a statement of the fundamental measurement assumptions of a valuation.

It describes the fundamental assumptions on which the reported value will be based, e.g. the nature of the hypothetical transaction, the relationship and motivation of the parties and the extent to which the asset is exposed to the market. The appropriate basis will vary depending on the purpose of the valuation.

A **basis of value** should be clearly distinguished from:

- a. the approach or method used to provide an indication of value,
- b. the type of asset being valued,
- c. the actual or assumed state of an asset at the point of valuation,
- d. any additional assumptions or special assumptions that modify the fundamental assumptions in specific circumstances.

A **basis of valuation** can fall into one of three principal categories:

- a. The first is to indicate the most probable price that would be achieved in a hypothetical exchange in a free and open

market. *Market value* as defined in these standards falls into this category.

- b. The second is to indicate the benefits that a person or an entity enjoys from ownership of an asset. The value is specific to that person or entity, and may have no relevance to market participants in general. *Investment value* and *special value* as defined in these standards fall into this category.

- c. The third is to indicate the price that would be reasonably agreed between two specific parties for the exchange of an asset. Although the parties may be unconnected and negotiating at arm's length, the asset is not necessarily exposed in the market and the price agreed may be one that reflects the specific advantages or disadvantages of ownership to the parties involved rather than the market at large. *Fair value* as defined in these standards falls into this category.

Valuations may require the use of different **bases of value** that are defined by statute, regulation, private contract or other document. Although such bases may appear similar to the **bases of value** defined in these standards, unless unequivocal reference is made to IVS in the relevant document, their application may require a different approach from that described in IVS. Such bases have to be interpreted and applied in accordance with the provisions of the source document. Examples of **bases of value** that are defined in other regulations are the various valuation measurement bases found in International Financial Reporting Standards (IFRS) and other accounting standards.

Unless otherwise described all valuations will be defined as:-

## 10. MARKET VALUE (MV)

The valuation prepared on an open market basis in accordance with the

RICS Valuation – Global Standards 2017 issued by the Royal Institution of Chartered Surveyors incorporating International Valuation Standards 2017 (IVS) and which is defined as follows:-

Valuations based on market value shall adopt the definition and the IVS Framework paragraphs 32 – 34 and VPS 4 paragraph 1.2, Market Value :

**Market Value is 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.**

The definition of *market value* shall be applied in accordance with the definition in IVS Framework paragraph 29 and paragraphs 32 - 34:

“**the estimated amount**” refers to a price expressed in terms of money payable for the asset in an arm’s length market transaction. *Market value* is the most probable price reasonably obtainable in the market on the *valuation date* in keeping with the *market value* definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of *special value*;

“**an asset should exchange**” refers to the fact that the value of an asset is an estimated amount rather than a predetermined amount or actual sale price. It is the price in a transaction that meets all the elements of the market value definition at the *valuation date*;

“**on the valuation date**” requires that the value is time-specific as of a given

date. Because market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances as of the effective *valuation date*, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the contract for sale without any variation in price that might otherwise be made;

“**between a willing buyer**” refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute “the market”;

“**and a willing seller**” is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the open market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

“**in an arm’s length transaction**” is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of *special value*. The *market value* transaction is presumed to be between unrelated parties, each acting independently;

“**after proper marketing**” means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the *market value* definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixed period but will vary according to the type of asset and market conditions. The only criterion is that there must have been sufficient time to allow the asset to be brought to the attention of an adequate number of market participants. The exposure period occurs prior to the *valuation date*;

“**where the parties had each acted knowledgeably, prudently**” presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses and the state of the market as of the *valuation date*. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction. Prudence is assessed by referring to the state of the market at the *valuation date*, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

“**and without compulsion**” establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it.

The concept of *market value* presumes a price negotiated in an open and competitive market where the

participants are acting freely. The market for an asset could be an international market or a local market. The market could consist of numerous buyers and sellers or could be one characterised by a limited number of market participants. The market in which the asset is exposed for sale is the one in which the asset being exchanged is normally exchanged.

The *market value* of an asset will reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid.

The highest and best use of an asset valued on a stand-alone basis may be different from its *highest* and *best use* as part of a group, when its contribution to the overall value of the group must be considered.

The determination of the highest and best use involves consideration of the following:

- a. To establish whether a use is possible, regard will be had to what would be considered reasonable by market participants,
- b. To reflect the requirement to be legally permissible, any legal restrictions on the use of the asset, e.g. zoning designations, need to be taken into account,
- c. The requirement that the use be financially feasible takes into account whether an alternative use that is physically possible and legally permissible will generate sufficient return to a typical market participant, after taking into account the costs of conversion to

that use, over and above the return on the existing use.

#### Transaction Costs

*Market value* is the estimated exchange price of an asset without regard to the seller's costs of sale or the buyer's costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.

#### 11. MARKET VALUE (MV) SUBJECT TO SPECIAL ASSUMPTIONS

Where an assumption is made that assumes facts that differ from those existing at the *date of valuation*, it becomes a *special assumption* (see *VPS 4 Paragraph 3 Special Assumptions and IVS 101 Scope of Works*). *Special assumptions must be agreed in writing with the Client*. Special assumptions are often used to illustrate the effect of possible changes on the value of an asset. They are designated as "special" so as to highlight to a valuation user that the valuation conclusion is contingent upon a change in the current circumstances or that it reflects a view that would not be taken by market participants generally on the *valuation date*. Assumptions and *special assumptions* must be reasonable and relevant having regard to the purpose for which the valuation is required.

In certain circumstances Valuers may be asked to provide a Market Value subject to special assumptions which have previously been agreed between the Valuer and the client. Where such interpretations are required the additional special assumptions will be included within the valuation section of the report.

#### 12. MARKET RENT (MR)

Valuations based on market rent shall adopt the definition in IVS 230 Real Property Interests paragraph C9. The Framework follows the theme of *Market Value* above:

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 proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

#### 13. INSURANCE RECOMMENDATION (WHERE REQUESTED)

An indication is provided for insurance purposes unless otherwise advised (which is given solely as a guide since a formal estimate for insurance purposes can only be given by a Quantity Surveyor or other person with sufficient current experience) of the current replacement cost of:

- a. The buildings in their present form (unless otherwise stated).
- b. Buildings being constructed as proposed to be completed:
  - each including the cost 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
    - iv. Cost of decontamination of the land

#### 14. CONFIDENTIALITY

The report will be provided for the stated purpose and for the sole use of the named client. The Valuer accepts responsibility to the client alone that the report will be prepared with the skill, care and diligent responsibility to be expected of a reasonably competent Valuer and accepts no responsibility whatsoever to any parties other than the client. Any third parties rely upon the report at their own risk. Neither the whole or any part of the report nor any reference to it may be included in any published document, circular or statement nor published in any way without the prior written consent of Aitchison Raffety as to the form and context in which it may appear.

## 15. FEE

In the event of non-payment, we reserve the right to charge interest under section 69 of the County Courts Act 1984 at the rate of 8% per annum, from the date of the invoice to any unpaid amount outstanding four weeks after the invoice date.

## 16. LIABILITY

Except for liability for death or personal injury the maximum liability of Aitchison Raffety to the client in connection with the service provided under this instruction whether in contract or tort (including negligence) or the breach of statutory duty shall be limited to £30,000,000 in relation to any one event or series of connected events.

Aitchison Raffety will not be liable for any consequential, special, indirect or exemplary damages, costs or losses or any damages, costs or losses attributable to lost profits or opportunities.

## 17. GENERAL ASSUMPTIONS

17.1. Unless otherwise stated all items normally associated with the valuation of land and buildings are reflected in the valuation and reinstatement costs to the extent that they existed at the date of inspection, including:

Fixed space heating; hot water system; lighting; mains services supplying sprinkler systems and associated equipment; water; electricity; gas and steam circuits not serving industrial or commercial processes; sub-station buildings; lifts and permanent structures including crane rails where forming an integral part of the building structure; drains; sewers and sewerage plants not primarily concerned with treating trade effluent; air conditioning/comfort cooling except where part of a computer installation or primarily serving plant and machinery; suspended ceilings; carpets, perimeter trunking; raised floors and fixed demountable partitions except where these are tenant's fixtures.

17.2. Unless otherwise specified the following items are excluded:

All items of process plant and machinery, tooling and other equipment not primarily serving the building; cranes, hoists, conveyors, elevators, structures which are ancillary to, or form part of an item of process plant and machinery; sewerage plant primarily concerned with treating trade effluents; air conditioning/comfort cooling where part of a computer installation or primarily serving plant and machinery; and water, electricity, gas, steam and compressed air suppliers and circuits serving industrial and commercial processes.

17.3. Unless otherwise specified no allowance is made for the cost of repairing any damage caused by the removal from the premises of items of plant, machinery, fixtures and fittings.

17.4. All valuation figures and rentals quoted are exclusive of any VAT which may be applicable and should be confirmed following legal advice. No deductions are made for taxation or costs of realisation.

17.5. Our valuation assumes that all electronically operated or electronically controlled equipment at the property is not or will not be adversely affected by any computer virus or date related programming problems.

## 18. DATA SECURITY

During the valuation process the Valuer will have access to, or may be provided with personal, confidential and/or commercially sensitive information. Aitchison Raffety will maintain this information in accordance with the General Data Protection Regulations and the company's Information Security policy. Any such information will be held securely with authorised access only; it will be verified where appropriate. We will only process your information in accordance with the lawful basis of **Legitimate Interest**. For more information see our Privacy Policy at [www.argroup.co.uk/privacy-policy](http://www.argroup.co.uk/privacy-policy)

## 19. COMPLAINTS PROCEDURE

Aitchison Raffety has a written complaints procedure. A copy is available on request via email at [complaints@argroup.co.uk](mailto:complaints@argroup.co.uk) or by ringing 0845 478 8848.

## 20. RICS AUDIT

The Report and Valuation may be subject to RICS Audit for compliance purposes.

This document is available, on request, in a larger print version