



VALUATION REPORT

ON

1 Sutton Street, Birmingham

B1 1PE

Proplend Security Limited

20-22 Wenlock Road

London

N1 7GU

DATE: 07 November 2018

REF: PS000905/JM

CONTENTS

1. EXECUTIVE SUMMARY	3
2. TERMS OF INSTRUCTION	4
3. PROPERTY DETAILS	6
4. DESCRIPTION AND CONSTRUCTION	8
5. CONTAMINATION AND ENVIRONMENTAL MATTERS	11
6. TENURE AND TENANCY/IES	12
7. STATUTORY ENQUIRIES	13
8. MARKET CONDITIONS	14
9. VALUATION AND VALUATION METHODOLOGY	17
10. ASSUMPTIONS, LIMITATIONS AND REGULATORY INFORMATION	20

- APPENDIX 1: INSTRUCTION LETTER
- APPENDIX 2: VALUATION AND COMPARABLES
- APPENDIX 3: LOCATION PLAN
- APPENDIX 4: TITLE PLAN
- APPENDIX 5: COMMERCIAL LICENCE TO OCCUPY AGREEMENT

1. EXECUTIVE SUMMARY



Property Address	1 Sutton Street, Birmingham B1 1PE	
Valuation Date	07 November 2018	
Location	Established business location with frontage onto Sutton Street and Irving Street.	
Description	Type:	Office
	Floor Area:	553.4 sq m (5954 sq ft) NIA
	Condition:	Good
Tenure	Long Leasehold – 94 years remaining	
Number of Tenants	23	
Current Income	£85,200 pa (Eighty five thousand two hundred pounds per annum)	
Market Rent	£79,500 pa (Seventy nine thousand five hundred pounds per annum)	
Market Value - VP	£925,000 (Nine hundred and twenty five thousand pounds)	
Market Value – Investment	£810,000 (Eight hundred and ten thousand pounds)	
Re-instatement Value	£1,300,000 (One million three hundred thousand pounds)	
Asset Quality	Secondary	
Suitable as Mortgage Security	Yes – Subject to the specific assumptions, comments and recommendations detailed within this Report.	

2. TERMS OF INSTRUCTION

Applicant Proplend Security Limited

Property 1 Sutton Street, Birmingham B1 1PE

Appointment We refer to our instruction letter dated 06 November 2018 (copies at Appendix 1), to provide you with a Valuation report in respect of the long leasehold in the above office property, for loan security purposes. We have inspected the property, made relevant enquiries and now have pleasure in reporting to you.

The basis upon which we usually prepare our Valuations and reports is set out in the Terms of Engagement (copy at Appendix 1). Unless and except where here specifically stated otherwise, this Report has been prepared in accordance with these Terms of Engagement.

RICS Compliance We confirm that this report and valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2017

GJS Dillon acts in the capacity of External Valuer in connection with this instruction.

GJS Dillon holds appropriate professional indemnity insurance of £3 Million for this valuation instruction.

Valuation Date The Valuation Date is the 07 November 2018

Conflict of Interest We confirm that we have had no recent involvement with the property, the tenant or a prospective tenant, or with any party knowingly connected with the property.

We therefore do not consider that there is a conflict of interest or compromise our ability to report to you with independence and objectivity.

Reliance upon Provided Information We have previously agreed that we shall rely upon the following information for the purpose of reporting to you:

- Net internal floor areas and the rental income schedule both provided by the client.
 - Tenancy schedule provided by the client. No running costs have been provided therefore these have been estimated.
-

Valuer This Report and Valuation has been prepared by Jonathan Mountford MRICS, a member of the RICS Valuer Registration Scheme, Number 1125048, who has acted with independence, integrity and objectivity, and has sufficient current local and regional knowledge of the particular market as well as appropriate skills, qualifications, experience and understanding for the purposes of this instruction.

Inspection	The property was inspected on the afternoon of 07 November 2018 by Jonathan Mountford MRICS, a member of the RICS Valuer Registration Scheme, Number 1125048
Weather Conditions	The weather at the time of inspection was dry and overcast.
Basis of Valuation	Market Value (MV) The estimated amount for which an asset or liability should exchange on the <i>valuation date</i> 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.
VAT	Our valuation is exclusive of VAT unless otherwise stated.
Purchaser's Costs	Our valuation unless otherwise stated is produced net of purchaser's costs at the appropriate rate, plus VAT in respect of the investment valuation only.
Special Assumption Valuations	None.
Limitation & Liability	We draw your attention to the Assumptions, Limitations and Regulatory information set out within this report to which our advice is subject and our terms of engagement agreed between us.
Building Survey	This is not a building survey.

3. PROPERTY DETAILS

Location

Birmingham is a major City and metropolitan borough in the West Midlands.

It is the largest, most popular British City outside London, with a population in 2014 of over £1.1m.

Birmingham is the second most populous metropolitan area in the UK with a population of 3.8m which also makes Birmingham the ninth most populous metropolitan area in Europe.

Its economy is dominated by the service sector. The City is a major international commercial centre, ranked as a beta world City by the Globalization and World Cities Research Network and an important transport, retail, events and conference hub.

Its metropolitan economy is the second largest in the UK with a GDP of \$121.1bn (2014) and its six universities make it the largest centre of higher education in the country outside London.

Birmingham’s major cultural institutions include City of Birmingham Orchestra, the Birmingham Royal Ballet, the Birmingham Repertory Theatre, the Library of Birmingham and the Barber Institute of Fine Arts.

Partly because of its central location, 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 is located six miles east of the City Centre in the neighbouring borough of Solihull is the seventh busiest by passenger traffic in the UK and the third busiest outside the London Area after Manchester and Edinburgh.

Birmingham New Street is the busiest railway station in the UK, outside London, both for passenger entries and exits and for passenger interchanges. It is the national hub for cross country, the most extensive long distance rail network in Britain and a major destination for Virgin train services from London Euston, Glasgow Central and Edinburgh Waverley.

Birmingham Moor Street and Birmingham Snow Hill form the northern terminal for Chiltern Railways, the express trains running from London Marylebone.

Local and regional services operate from all of the Birmingham stations by London Midland and Curzon Street railway station is planned to be the northern terminus for Phase 1 of High Speed 2 rail link from London, due to open in 2026.

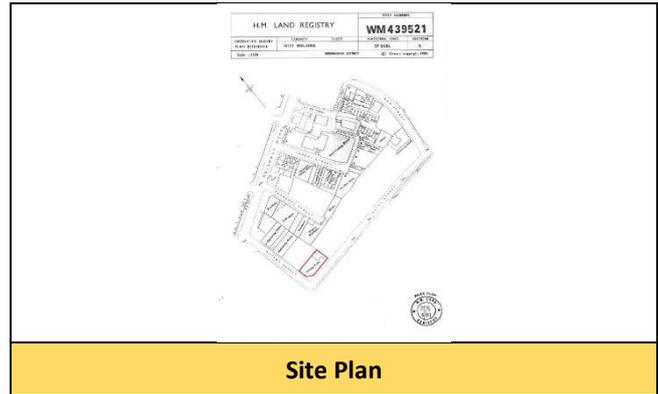
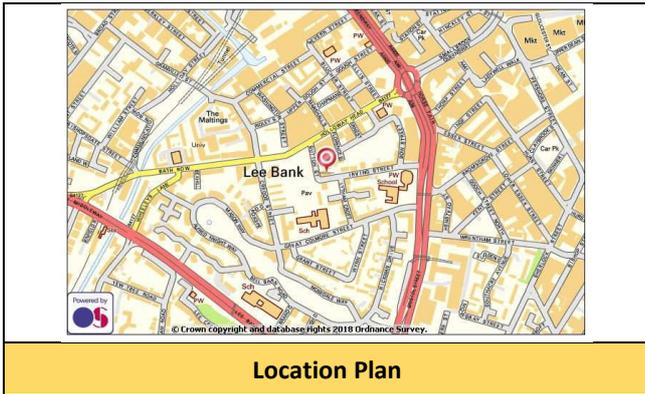


Situation

The premises are situated in an extremely prominent location on the fringe of Birmingham city centre with frontage both on Sutton Street and Irving Street.

This is a mixed use area comprising both commercial and more recently predominantly residential accommodation with the vast majority of the residential accommodation being modern purpose built apartments.

The property is situated a short distance from Bath Row, the B4127, which is a reasonably prominent road leading into Birmingham city centre.



The boundaries of the Property, as we understand them to be, are outlined in red on the copy extract from the Land Registry Plan.

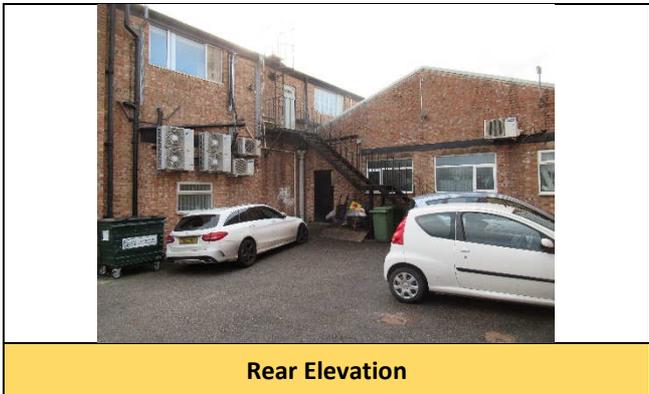
4. DESCRIPTION AND CONSTRUCTION

Description

The premises comprise of an older style two storey office building which has been converted to provide 24 individual office suites together with a reception and boardroom on the ground floor, DDA compliant WC and kitchen also on the ground floor. On the first floor two sets of refurbished male and female WC facilities.

Age and Construction

The premises comprise early 1960's/1970's concrete frame brick built two storey office building under a flat roof and benefitting from UPVC double glazed windows throughout.



Internal Finishes and Specification

As can be seen from the attached photographs, the WC facilities have been upgraded and the property is being upgraded on a piecemeal basis as and when tenants vacate and as such is work in progress.





Internal



Internal

External Areas

Towards the right-hand side of the property on Irving Street there is a dropped kerb and off road parking for approximately 5 vehicles towards the rear of the property.

Services

All mains services are available and connected and the property benefits from gas central heating with partial air conditioning.

Accommodation

We have been provided with the floor areas by the applicant as access to all parts was not available.

Nett Internal Area (NIA) – measured to the internal faces of external walls excluding permanent corridors, internal walls, partitions, stairwells, boiler and plant rooms, wcs

Floor	Occupier	Use	Sq Metres	Sq Feet
All	Various	Offices	553.4	5957
Total Net Internal area:			553.4	5957

Repair and Condition

We have not carried out a Structural Survey Report. Where defects were noticed these have been recorded for information and guidance only.

We must stress that we have not carried out any investigation to determine whether High Alumina Cement or any other deleterious materials were used during the construction of the building and so we are unable to report that the building is free from risk in this respect. For the purposes of this valuation we have assumed that any such investigation would not disclose the presence of any such material in any adverse condition.

The property appeared to be in good condition considering its age, specification and use, with no major defects noted.

We estimate the building has a remaining economic life of at least 50 years, provided an adequate and suitable programme of maintenance and repair is followed.

Sustainability

In undertaking this valuation we have not been provided with a copy of an Energy Performance Certificate (EPC) for the premises by the Applicant.

However, we have searched the web based register of EPCs managed by Landmark and this includes a copy EPC which rates the property as follows:-

Unit	Energy Performance Band	Energy Performance Asset Rating	Issue Date
1 Sutton Street	E	102	24/02/2014

The existing EPC certificate that has been provided indicates that the subject property will fall within the acceptable energy performance range for the purposes of the Act. Although the legislation is not expected to be reviewed again until 2020, the method of assessment may have changed since the EPC certificate was issued. It is therefore advisable to obtain an expert's opinion on whether the building would still comply with the minimum standard if the building were re-certified under the current methodology.

We would recommend that further advice is sought from a competent professional to fully consider the costs of appropriate works required to upgrade the building to a sufficient standard to meet the longer term lettability of the property.

Hazardous and Deleterious Materials

Asbestos

For the purpose of this report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject, in circumstances where it is likely to have an effect on health or safety.

Confirmation should be sought from the conveyancer that an asbestos survey has been obtained and that any management plan required has been implemented.

The property is of an age where materials such as asbestos may have been incorporated into the structure. However at the time of inspection no such materials were noted from our limited visual inspection. This matter is noted for your information.

5. CONTAMINATION AND ENVIRONMENTAL MATTERS

Contamination

- Were any obvious contaminative uses noted above ground upon inspection which would be likely to result in contamination? No
- Did any of the immediately surrounding property appear to be put to a current use which would be likely to result in contamination? No

Ground Conditions

- Is the subject property located in an area where there has been past mining activity? Yes

Masts and Lines

- Does the subject include telecommunications base stations, masts or high voltage overhead transmission lines? No
- Is the subject adjacent to telecommunications base stations, masts or high voltage overhead transmission lines? No

Flood Risk

The Environment Agency website identifies the subject as being within an area classed as having a **'very low'** risk of flooding from rivers or the sea or a chance of flooding from surface water.

Drainage

For the purpose of this report, we have assumed that, unless indicated to the contrary, enquiries would not disclose any evidence of historic pluvial flooding, relating to the drainage of surface water or groundwater flooding.

Confirmation has not been forthcoming; accordingly, for valuation purposes we have assumed that none exist. Should it transpire that the property has been subject, or is vulnerable to, such flooding, our opinions of value reported herein may be affected.

Fire, Health & Safety

We were unable to ascertain whether a Risk Assessment has been undertaken hence without evidence to the contrary we have assumed that it has and that the Property complies with current regulations and that there are no outstanding issues.

We have assumed that this assessment will continue to be reviewed and updated if there are any alterations to the premises or changes to work practices or use of the premises. We recommend that your solicitors be instructed to verify the position.

Japanese Knotweed

There was no visible evidence of Japanese Knotweed at the time of our inspection.

6. TENURE AND TENANCY/IES

Tenure

Long leasehold

Title No. WM439521 confirms that the property is held on a 125 year lease from 18 June 1987 at an initial rent of £50 per annum, rising to £800 per annum. i.e. therefore expiring 2112.

We understand that negotiations are in hand with Birmingham City Council to extend the lease for a further period of 125 years.

Our valuation is based upon the current lease arrangements.

Tenancy/ies and Other Agreements

We have been provided with a brief schedule of tenancies by the applicant showing a gross rental income of £85,200 per annum. With only one vacant office unit. We have estimated a rent on this unit of £200pcm which would bring up the gross rental income to £87,600pa.

We have not been provided with a copy of a standard lease document. The one we have been provided with is in respect of unit 16 which is let to MA Lawyers. This is for a period of 2 years from the 1 September 2017 at £450pcm plus vat, but inclusive of electric and water subject to break. This document purports to be excluded from the Landlord and Tenant Act 1954, however without a statutory declaration we are unable to comment on the validity of this. We further understand that a number of these agreements have expired and the occupiers are holding over.

Prior to commitment we would recommend your solicitors review these documents as the tenants may have security of tenure.

Tenant's' Status

The identity of the tenants is not known, therefore, tenant status enquiries have not been undertaken. However, for the purpose of the report we assume that each tenant has the ability to pay the monthly rent.

Non Recoverable Expenditure

We understand that the leases are inclusive of electric and water.

We have estimated running costs in our valuation model in the absence of any running costs provided by the owners.

7. STATUTORY ENQUIRIES

Town Planning

We assume the property to have the benefit of full planning and building regulations consent for its present use and occupation.

However, we have not inspected any of the consents and would recommend that this be done.

We have no reason to suspect that the Local Authority would wish to take any enforcement action against the current use.

We are not aware of any planning proposals or redevelopment schemes likely to affect the property but this would no doubt be confirmed by means of a local search.

We understand the property is not Listed, and is not within a Conservation Area.

Business Rates

We have made informal enquiries only and are informed that the entries appearing in the 2017 Rating List of Birmingham City Council as at the Valuation Date, are as follows:

Address	Description	Rateable Value
Offices 1 & 2	Office and premises	£5,900
Office 3	Office and premises	£3,600
Office 4	Office and premises	£6,100
Office 7	Office and premises	£2,700
Office 8	Office and premises	£4,600
Office 9	Office and premises	£4,450
Office 10	Office and premises	£7,500
Office 11	Office and premises	£16,250
Office 12 & 13	Office and premises	£6,000
Office 14	Office and premises	£3,950
Office 15	Office and premises	£3,450
Office 16	Office and premises	£5,900
Office 17	Office and premises	No Entry
Office 18	Office and premises	£3,350
Office 19	Office and premises	£1,900
Office 20	Office and premises	£2,350
Office 21	Office and premises	£2,075
Office 22	Office and premises	£2,700
Office 23	Office and premises	£1,700
Office 24	Office and premises	£1,425

8. MARKET CONDITIONS

Macro Market Commentary

Q3 2018: UK Commercial Property Market Survey

Brexit seen causing some hesitancy among tenants.

- Growth in tenant demand confined to the industrial sector with Brexit affecting occupier decisions
- Retail availability and inducements continue to rise noticeably
- Twelve-month capital value expectations downgraded across secondary office markets

The Q3 2018 RICS UK Commercial Property Market Survey results point to a fairly subdued trend across the occupier market, with respondents citing Brexit uncertainty as weighing on occupier decisions to a certain extent. That said, structural changes continue to pose the most significant near-term challenge for retailers, while on the flipside, conditions within the industrial segment continue to benefit from the shift towards online shopping.

At the headline level, occupier demand fell slightly for a second consecutive quarter, with the net balance coming in at -9% (compared to -8% previously). Nevertheless, this average reading is still concealing significant disparities between the three traditional sectors of the UK market. Indeed, demand for industrial space continued to increase, albeit at a moderated pace, thereby extending a run of uninterrupted growth going back to 2012. At the same time, interest from tenants in the office space remained little changed. At the other end of the spectrum, demand from businesses looking to take-up retail space continued to fall for a sixth quarter in succession.

At the same time, a net balance of +39% of respondents reported a further rise in retail availability over the quarter, prompting landlords to increase the value of incentive packages. Vacancy rates were more or less stable in the office sector, although the use of inducement packages did increase slightly. Conversely, both availability and incentives continued to decline in the industrial segment.

At the all-sector level, respondents left near term rental expectations unaltered, with the national reading remaining at -2%. As such, this points to virtually no change in headline rents over the coming three months. On a twelve-month view, both prime and secondary industrial rents are envisaged posting solid growth, with expectations moderately positive for prime offices. On the same basis, secondary office rental projections are broadly flat. Expectations remain firmly negative for retail rental levels over the coming twelve months, both in terms of prime and secondary space.

Looking at the regional figures, the retail sector continues to exhibit negative rental projections across all parts of the UK, with respondents anticipating a downward trend in prime locations as well as for secondary. In London, secondary office rents are still expected to fall slightly, albeit the net balance of -11% was the least negative reading since the beginning of 2016. The outlook is relatively flat for prime office rents in the capital, but more positive across all other UK regions. The industrial sector remains the outperformer in terms of rental growth expectations in all areas, although, in some cases, forecasts have been trimmed slightly.

In each quarter since the Brexit vote took place, survey participants have been asked if they have seen any evidence of firms looking to relocate at least some part of their business as a result. Throughout much of this time, the proportion reporting they had seen signs of this type of activity remained at around 15-18%. Interestingly, however, this picked up to 25% in the latest results. It remains to be seen whether or not this is truly indicative of there being a rise in firms implementing contingency plans to relocate, due to concerns about the potential outcome of the negotiation process.

On the investment side of the market, the survey's headline demand metric improved slightly, inching up to +4% from -3% in Q1. Investment enquiries rose most firmly in the industrial sector, with a net balance of +32% of contributors citing an increase (+28% in Q1). Demand for offices also picked up, although only marginally, following a flat trend in Q1. Investors continue to shy away from the retail sector however, with the enquiries net balance coming in at -33% (compared with -43% previously). Overseas investment demand remained largely unchanged overall, albeit a small increase was cited for industrial assets. Alongside this, the supply of property on the market for sale declined in all but the retail sector, where it continued to rise for a fifth consecutive quarter.

On the back of this, twelve-month capital value expectations remain steeped in negative territory across the retail sector, with respondents foreseeing price declines for both prime and secondary assets. Relative to the previous results, expectations were pared slightly across the office sector. Indeed, while capital value projections remain modestly positive for prime offices, the outlook for secondary has turned slightly negative at the national level. Given the still supportive supply demand dynamic, prime and secondary industrial values are again seen posting solid gains over the year ahead.

From a regional perspective, prime offices are expected to chalk up solid capital value growth over the year ahead in virtually all parts of the UK. The outlook for secondary is more mixed, with respondents forecasting a flat to slightly negative trend in values for most areas. In London, capital value projections across the office market remain slightly weaker than the regional averages. Both prime and secondary retail values are anticipated to come under downward pressure right across the UK, albeit projections are significantly weaker for the latter. At the other end of the scale, prime industrial values are seen rising firmly in all parts of the country. The outlook for secondary industrial prices now appears strongest in the Midlands and the south of England.

Micro Market Commentary

From the information provided it would appear that the serviced offices have only one office vacant and currently producing an income of £85,200.

We do consider that there would be reasonable demand for offices in this location as it does benefit from the prestigious B1 postcode and is within level walking distance to the facilities of Birmingham city centre with the nearest train station being Grand Central which is a short walk away.

From an investment perspective, an investor would base any offer on an appropriate rate of return, however, as this area of Birmingham has been comprehensively redeveloped over the past ten years or so, we do consider that the true potential of this property will not be fully reached until the entire area is comprehensively redeveloped, which will include this unit.

Our investment valuation is based upon the likely rental value and what a typical investor would wish to receive as a return, however due to the location of the property and the potential of redevelopment we do consider the VP value will be slightly in excess of the investment value.

Birmingham city has benefitted from some high profile occupier migrations from London and attracted more inward investment than any other big city in 2014 to 2016. Vacancies have dropped considerably as a result dipping below 8% for the first time in at least ten years in early 2018 and below 6.5% as of December 2018. Rental growth has been strong and one of the top 15 UK markets and average rents returned pre-crisis levels in mid-2017. Despite slowing to below average in 2016 following the referendum as subsequent uncertainty net absorption has been positive for seven years consecutively. It has been particularly strong as of late averaging more than 400,000 sq. ft. per twelve month period since quarter 1 2017. While the market is on the brink of its biggest supply wave in ten years, much of which will deliver this year, but the large HS2 rail project and government requirements should help prevent the big vacancy shocks. With vacancies falling, investments picking up annual volume surpassed one billion in 2015 and has remained elevated.

Fuelled by strong demand and falling vacancies, average rents expanded by about 15% from 2014 to 2016. Growth remained strong in 2017 and was among the fifteenth highest in the nation at more than 4% in the past year. As of December 2018 the average office rent in Birmingham was £16.25 per sq. ft. up 30% from its early 2014 low of around £12.60 per sq. ft. Since turning positive in 2014 annual growth has averaged nearly 5% well above the historic average in the market. Annual losses were the norm for years here so despite recent strong growth the average rent just reached pre-crisis levels just shy of £15 per sq. ft. in 2017. PWC's pre-let at more than half of 1 Chamberlain Square at around £32 per sq. ft. in Q1 2016 helped push prime rents over £25 per sq. ft.

(Source – Co-Star).

Although the above report shows there has been continued growth on freehold and leasehold bases in offices in Birmingham for a number of years, one cannot predict the future market activity and especially taking into consideration the possible effects of Brexit, this is entirely unknown.

As there is only one small office suite currently vacant within the building this would tend to indicate there is demand for these offices, however it should be noted if Chest Nicholson should vacate then a large section of the ground floor would become vacant at one time and may take some time in which to locate new tenants.

The valuation is based upon the information provided as at the valuation date and cannot take into consideration any future fluctuations in freehold and rental values.

9. VALUATION AND VALUATION METHODOLOGY

Market Rent

On the assumption that the activity of the business within the property ceased and the property was converted back to a more traditional office building with removal of some partitions, this would create a net internal floor area of approximately 616 sq. m. or 6,628 sq. ft.

As can be seen from the Co-star information, peak rents are now over £25 per sq. ft. for modern good quality air conditioned offices within Birmingham city centre but it states that “as of December 2018 the average office rent in Birmingham was about £16.25 per sq. ft. up 30% from its early 2014 low around £12.60 per sq. ft. “

Taking this further, if one refers to the attached comparables of secondary offices within postcode B1 these range from as low as £9.78 per sq. ft. in respect of 57 Frederick Street with the highest rent being £15 per sq. ft. in respect of 92/93 Edward Street for a 4,425 sq. ft. office. Based upon this secondary rental evidence and the Co-star research, we consider that the rental value will be within this range, however, towards the lower end of the spectrum.

We have based our valuation on £12 per sq. ft. which would suggest a rental income of approximately £79,500 per annum.

<p>£79,500 Per Annum (Seventy Nine Thousand Five Hundred Pounds Per Annum)</p>
--

Our opinion of Market Rent is based on £12 per sq ft

Our opinion of Market Rent is stated as a headline rent and to achieve this, standard market letting incentives may be required. It assumes the terms of an institutional lease granted in respect of the above on effectively full repairing and insuring terms for a minimum term of 5 years, which may be subject to a prior tenant break option, without unduly onerous or beneficial covenants inferred on either party to it.

Market Value

Taking into account the transactions set out within this report, for valuation purposes we have adopted the investment method checked by the comparable method of valuation which provides an indication of value by comparing the Property with other similar properties for which price information is available. We have adjusted these comparables to reflect differences in age, size, condition, location and any other relevant factors.

If one was to carry out a traditional investment valuation of the property, one would deduct building insurance and running costs from the potential gross rental income to ascertain the net income.

We have amortised this at a year’s purchase in perpetuity of 8% and have deducted costs of acquisition which would suggest an investment value of approximately £810,000 or £122 per sq. ft.

The agreed rents vary between as low as £8.08sq/ft in respect of Crest Nicholson who occupy a number of units on the ground floor, with the highest rent being £53.93sq/ft for a small 89sq/ft suite. This latter however is out of the norm, with the vast majority of rents being circa £20sq/ft. these are however for in effect serviced offices therefore apart from the one over rented office all appear to be in line with competing office accommodation. If one refers to the comparable or office rents these again range from as low as just under £10sq/ft to £15sq/ft for generally good quality offices but in secondary locations. Prime office rents are well over £20sq/ft.

That return at this level this would be an attractive investment perspective, however, we do consider that the true potential of the property is with some form of future redevelopment and in all likelihood residential as over the past number of years there has been a substantial amount of residential accommodation built within this area, as it provides easy walking distance to Grand Central.

If one refers to the attached comparables of sales of office buildings, predominantly with freehold vacant possession, within postcode B1 these do vary considerably from as low as £92 per sq. ft. in respect of 14/15 Frederick Street, which is a period two storey office building in a somewhat dated condition, the highest being £219 per sq. ft. in respect of 94/95 Albion Street, however this is for an extremely small 455 sq. ft. office building with car parking where premium values will be obtained.

Of the comparables provided four are below £150 per sq. ft. and seven above.

There have been a number of transactions at or around the £150 per sq. ft. mark, namely 12 Regent Parade which is a reasonably modern purpose built office building over three floors with an office suite sold at £153 per sq. ft. 8 Tenby Street, a period office building at £154 per sq. ft., 14/16 Commercial Street, a modern office building at £168 per sq. ft. with two transactions at Sovereign Court, Graham Street and Carver Street at in excess of £170 per sq. ft.

Therefore we are of the opinion that the market value will be around the £150 per sq. ft. mark, however this is for wither a freehold or long leasehold property with in excess of 100 years remaining. We consider that as there is only 94 years left on the current lease one does need to take this into consideration and reduce this figure by at least £15sq/ft down to £135,sq/ft

Interestingly, 15 Sutton Street which is situated immediately adjacent to the premises on the left-hand side and comprising a similar aged garage premises sold in December 2017 at a figure of £73.44 per sq. ft. It must be noted however that this was for a garage premises rather than an office and was in a somewhat tired condition, certainly inviting refurbishment.

As stated previously, the property comprises of a two storey office building which has been divided into 24 separate office suites, therefore, as one can imagine a number of corridors have been created by the inclusion of demountable internal partitioning.

From a freehold vacant possession perspective, if one was to remove all of these demountable internal partitions to create a much larger open plan office building this would increase the net internal floor area from 553.4 sq. m. to 616 sq. m. or 6628 sq. ft.

If one was to apply the £140 rate to this, this would suggest a freehold vacant possession value of approximately £925,000.

We are of the opinion that the current **Market Value** of the **long leasehold** interest of the subject property, as at the date of this report, with full and effective vacant possession, for loan security purposes, is:

£925,000 (Nine Hundred and Twenty Five Thousand Pounds)
--

We are of the opinion that the current **Market Value** of the **long leasehold** interest of the subject property, as at the date of this report, subject to the leases detailed within, for loan security purposes, is:

£810,000 (Eight Hundred and Ten Thousand Pounds)

A valuation calculation with comparables is attached at Appendix 2.

Estimate of Reinstatement Cost

We estimate the reinstatement cost on an informal basis of the premises in the sum of (net of VAT):

£1,300,000 (One Million Three Hundred Thousand Pounds)

If a formal valuation for fire insurance purposes is required our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

Valuer's Signature:

J M Mountford.

.....
J Mountford MRICS
Director/RICS Registered Valuer No: 1125048

For and on behalf of:
GJS Dillon Limited
7 Roman Way Business Centre
Droitwich
Worcestershire WR9 9AJ

Email: jonathanmountford@qjsdillon.co.uk

10. ASSUMPTIONS, LIMITATIONS AND REGULATORY INFORMATION

Information

Any third party information supplied by the client, professional advisors, investigation agencies, Local Authorities, statutory bodies and other stated sources is accepted as being correct unless otherwise specified.

Development Proposals

For the purpose of this Report and Valuation we have assumed that any proposed works will be completed in accordance with the details provided, to a reasonable standard of workmanship and in accordance with relevant regulations.

Services

Unless otherwise stated we understand that all mains services are available to the property, including electricity, gas, water and mains drainage, although we have not made any enquiries of the respective service supply companies. We further assume that any of the services or associated controls or software are in working order and free from defect.

Condition

We have not carried out a building survey of the property as this was not within the scope of our instructions, nor have we inspected those parts of the property which are covered, unexposed or inaccessible, and for the purpose of this report, such parts have been assumed to be in good repair and condition.

We cannot express an opinion about, or advise upon the condition of un-inspected parts and this report should not be taken as making any implied representation or statement about such parts.

Further, we have not tested any of the drains or other services, and for the purpose of this valuation we have assumed that they are all operating satisfactorily and no allowances have been made for replacement or repair.

The property has been valued with due regard to its appropriate existing state of repair and condition, including reference to its age, nature of construction and functional obsolescence. We believe we have formed a general opinion of the state of repair of the property in so far as it is likely to affect our valuation.

It is assumed that normal periodic maintenance will be carried out to maintain the property in a state of repair fit for its present use.

It is assumed that the condition of the property at the date of valuation is identical to that found at the date of our inspection.

Plant and Machinery

Unless otherwise specified all items normally associated with the valuation of land and buildings are included in our valuations and reinstatement cost assessments (if provided), including:-

Fixed space heating, domestic hot water systems, lighting and main services supplying these, sprinkler systems and associated equipment, water, electricity, gas and steam circuits not serving industrial or commercial premises, substation buildings, lifts and permanent structures including crane rails where forming an integral part of the building structure, fixed demountable partitions, suspended ceilings, carpets, drains, sewers and sewerage plants not primarily concerned with treating trade effluent, air conditioning except where part of a computer installation or primarily serving plant or machinery.

Unless otherwise specified the following items are excluded:-

All items of processed 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 plants primarily concerned with treating trade effluent, air conditioning where part of a computer installation or primarily serving plant and machinery, and water, electricity, gas, steam, and compressed air supplies and circuits serving industrial and commercial processes.

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 and machinery, fixtures and fittings.

In the case of petrol filling stations, hotels and other properties normally sold and valued as operational entities, all items of equipment normally associated with such a property are assumed to be owned and are included within the valuation unless otherwise specified.

Defective Premises Act 1972

Liabilities or obligations or any rights there under, whether prospective or accrued are not reflected in valuations unless actually specified.

Asbestos and Deleterious Materials

This material was regularly used from 1960s to 1980s. The cost of maintenance, alteration and repair of any building where asbestos is present can be significantly increased because of the need to take appropriate precautions under The Control of Asbestos Regulations 2012 (amended February 2016). This in turn may impact value.

Under the terms of these Regulations a Dutyholder is required to manage asbestos in nondomestic premises. Typically, this encompasses a positive obligation to assess the likelihood of asbestos containing materials (ACMs) being present at the premises. This can be achieved either by reference to bone fide statements confirming that ACMs were not incorporated into the construction of the building, or by commissioning an asbestos survey. The results of that survey would then be interpreted, acted upon and recorded in an Asbestos Management Plan. For the purpose of our report, we have assumed that, unless indicated to the contrary, a survey would not disclose any evidence of asbestos or deleterious materials in the construction of the subject, in circumstances where it is likely to have an effect on health or safety.

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

Composite Panel Cladding

If the property has composite panel cladding, this may have implications for insurance depending on the type of panelling used; this may have an adverse impact on value.

Many insurance companies are now requesting confirmation from the building owner/insured as to whether composite panels have been used and if so what make they are and whether they are approved for use by the Loss Prevention Council (LPC), it being virtually impossible to tell from external inspection only.

Unless advised to the contrary and addressed within our report our valuation assumes that that there are no issues with the type and nature of the panelling utilised and that the building is fully insurable on standard commercial terms.

Contamination

Unless otherwise stated herein, we have not been instructed to commission a formal audit in respect of the subject site in relation to the potential presence of contamination. Furthermore, our brief enquiries have provided no evidence that there is a significant risk of contamination affecting the property or neighbouring property which would affect our valuation.

We have not carried out, nor are we qualified to carry out an Environmental Audit. Our comments herein are therefore merely a guide and should not be relied upon. If you require confirmation of the position, we strongly recommend that an initial Environmental Audit is carried out.

If we have been provided with third party reports we have accepted them as being correct.

We have assumed that any/all necessary decontamination works have been undertaken at the subject in its current and/or permitted use to be legally undertaken without contravention of any existing contamination related statute.

A purchaser in the market might, in practice, undertake further investigations than those undertaken by us. If those further investigations were to reveal contamination then this might reduce the value/s now reported.

Where property has been redeveloped we have assumed that any necessary de-contamination works required for the proposed redevelopment of the subject have been undertaken.

Contaminative Invasive Species

Unless otherwise informed we have assumed that there is no presence of any contaminative invasive species.

Ground Conditions

Unless otherwise stated, we have not been provided with a site investigation or geographical or geophysical survey. We have therefore assumed the ground has sufficient load bearing strength to support the existing structures (and/or any other structure which may be erected in the future) without exorbitant or excessive costs. It is further assumed that there are no underground minerals, archaeological remains etc which may have a detrimental impact on value.

For the purpose of this advice we have assumed that the ground conditions are satisfactory for a traditional method of construction. We have also assumed that there are no contaminating or other deleterious materials present which may prevent the development of the site in a traditional method or at normal cost levels. Furthermore, we have assumed that the site is capable of being serviced at a reasonable cost level, and that there would be no exorbitant or excessive off site costs relating to matters such as drainage, infrastructural adaptations etc.

If we have confirmed herein that the subject is located in an area of past mining activity, we recommend your solicitors instigate a mining search to comment upon the incidence of mining related settlement and location of mine shafts.

Flooding

Flood Risk - the Environment Agency website uses indicative Flood Plain maps to provide a general overview of areas of land in natural flood plains and therefore potentially at risk of flooding from rivers or sea. The maps use the best information currently available, based on historical flood records and geographical models and indicate where flooding from rivers, streams, water courses or the sea is possible.

The information relating to the likelihood of flooding is the Environment Agency's assessment of the likelihood of flooding from rivers and the sea at any particular location, based on the presence and effect of all flood defences, predicted floor levels, and ground levels. The probability or likelihood of flooding is described as the chance that a location will flood in any one year.

Drainage – surface water run off flooding, known as 'pluvial' flooding, at times of prolonged, exceptionally heavy downpours of rain, is becoming increasingly frequent given surrounding drains and sewers are not always able to cope. It can be made worse in urban areas where the ground consists mostly of hard surfaces, such that the rain flows straight off rather than soaking away. Rising groundwater levels resulting from heavier rainfall and reduces abstractions can also present problems.

Town Planning

We have made informal enquiries of the local planning and highway authorities and the information provided is assumed to be correct.

Unless otherwise stated, all planning information has been given via web based enquiries of the Local Planning Authority. In the absence of further information, we have assumed that the uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission.

No formal search has been instigated and if reassurance is required we recommend that verification be obtained from your solicitors that the position is correctly stated in our report, that the property is not adversely affected by local authority proposals or requirements and that there are no outstanding statutory notices.

We have assumed that the properties and their value are unaffected by any matters which will be revealed by a local search and replies to the usual enquiries or by any statutory notice and that neither the properties nor their condition nor their present or intended uses are or will be unlawful.

We trust that your solicitors will check this information by taking out a local search and again, we would be pleased to advise further upon receipt of the confirmation of these details.

We have assumed that each property has full unconditional consent for the stated use and development described within.

For reference, following the Planning and Compulsory Purchase Act 2004, the old plan-making system is to be replaced by Local Development Frameworks (LDF). The LDF is not a single document or plan; rather, it is a suite of documents that combine to form the development plan for the area. The principal document is the Core Strategy, which sets the overall planning policy approach, which is supported by various Development Plan Documents (DPDs) for specific issues, such as site allocation.

Rating

For reference the empty property rates for vacant commercial premises are 100% of the basic occupied business rate, after initial void periods have elapsed. For most properties, excluding industrial, the void period is 3 months. For industrial properties, the void period is 6 months.

Unless otherwise stated we have not investigated whether the property is subject to any transitional relief or phasing and are unable to comment in this respect.

Health and Safety Legislation

Our valuation assumes that, in so far as is relevant to the subject, the property complies with the requirements of the Office Shops and Railway Premises Act 1963 as well as any superseding statute. The Act provides for securing the health, safety and welfare of persons employed to work in office or shop premises and those employed to work in certain railway premises.

Fire Legislation

As from 1 October 2006 the Regulatory Reform (Fire Safety) Order 2005 came into force in England and Wales. Under this Order, Fire Certificates are no longer issued and existing certificates have been superseded by Risk Assessments. A Risk Assessment is required for all non-domestic properties, as well as tenanted domestic properties, and is to be carried out by a 'Responsible Person' as defined within the Order. The findings of any risk assessment must be recorded in writing where more than five or more persons are employed or the premises are licensed or there is an alterations notice.

The smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into effect from 1 October 2015 requiring that landlords of residential property must provide (a) a smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation and (b) a carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance. A landlord has a responsibility to insure that the detectors are checked and in proper working order. It is assumed that the property is compliant in regard to the above regulations.

General Legislation

For the purpose of this report, we have assumed that the property complies with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

Discrimination

The Equality Act 2010 and subsequent updates, makes it unlawful for service providers to treat disabled people less favourably because they are disabled (unless there is a clear and fair reason) in relation to their access to their place of employment or education; their access to goods, services and facilities (although note that where private clubs are concerned, only those with 25 or more members are required to be compliant with the Act) and their access to the functions of public bodies.

Employers, educators and service providers must all make *reasonable* adjustments for disabled people to be able to access and use property they have a right or need to visit; this is not restricted to physical access.

Where a temporary or permanent physical feature makes it impossible, or unreasonably difficult, for disabled customers to make use of a service or place of education or work, the provider has to take reasonable measures to remove the feature; alter it so that it no longer has that effect; provide a reasonable means of avoiding the feature; or, provide a reasonable alternative method of making the service available to disabled people.

The test of reasonableness is about what is practical in the service provider's individual situation; what resources they might have (and the amount of any resources already spent on making adjustments); whether taking any particular measures would be effective in overcoming a particular difficulty; the extent to which it is practicable for the service provider to take the measures; the extent of any disruption which taking the measures would cause.

For the purpose of this report and valuation we have assumed that the property complies with the relevant requirements of the Equality Act 2010 ('the Act').

Sustainability

Investor and occupational decisions are increasingly being informed by a range of sustainability related metrics that are beginning to be developed and that can provide measures of some aspects of a property's sustainability characteristics, for example Energy Performance Certificates (EPCs) and BREEAM. Furthermore industry benchmarking of sustainability performance is becoming more common place.

Characteristics that may be considered are land use, design and configuration, construction materials and services, location and accessibility, fiscal and legislative considerations and management and leasing issues. If, at the date of valuation, the market does not differentiate (in terms of demand), between a building that displays strong sustainability credentials and one that does not, there will be no impact on value.

Energy Performance Certificates

EPCs contain information about the energy performance of a building.

To meet the EU Energy Performance of Buildings Directive, EPCs must be produced by the 'relevant person' prior to marketing for property transactions including the sale, rent or construction of all buildings, whether residential or commercial, with the exception of places of worship, buildings less than 50 sq m, industrial sites, workshops and non-residential agricultural buildings that do not use a lot of energy, and temporary buildings.

The 'relevant person' will be the vendor or prospective landlord as appropriate; where a tenant wishes to assign or sub-let its interest and the premises have common heating or air-conditioning services, the landlord of those constituent parts becomes the 'relevant person'.

Local Authority Trading Standards Officers have powers to levy fines for non-compliance. EPCs are valid for 10 years from the date of production and can be reused as many times as required within that period, provided that changes have not occurred to the property relating to, for example, layout or refurbishment.

Rental properties – when renting a property (including sub-letting and assignment, but excluding lease renewals, extensions or surrenders) to a new tenant, landlords are required to produce an EPC to the tenant and a tenant cannot legally move into the property until an EPC has been produced.

Properties for sale - sellers must obtain an EPC prior to marketing and provide a hard copy to the purchaser on completion.

Any commercial building over 50 sq m, marketed before 1 October 2008 but remaining on the market, needs a Commercial EPC. If it has been sold or rented out since 1 October 2008, a CEPC must have been commissioned and then handed over as soon as was practicable.

Our valuations assume that EPCs would be provided on sale in accordance with the aforementioned legislation however **we recommend that this is clarified by your legal advisors.**

Tenure

Unless otherwise stated, we have not inspected any documents of title and for the purposes of this valuation we have assumed that the subject interest is unencumbered and free from any unduly onerous or unusual easements, restrictions, outgoings, covenants or rights of way and that it is not affected by any local authority proposals. We recommend that your solicitors be instructed to verify the position.

Tenant Status

Unless otherwise stated, we have assumed that there are no arrears of rent, service charge or other relevant payments, or undisclosed breaches of covenant.

Furthermore, unless otherwise confirmed herein, we have not made status enquiries of the tenant company/ies and have assumed that all financially sound and capable of meeting their rental and other responsibilities under the lease terms.

Taxation and Grants

Value Added tax, taxation, grants and allowances, are not included in capital and rental values as, unless otherwise specified in the report, they are always stated on a basis exclusive of any VAT liability even though VAT will in certain cases be payable.

It is assumed for the purposes of valuation that any potential purchaser is able to reclaim VAT, unless otherwise stated. In particular it should be noted that where a valuation has been made on a Depreciated Replacement Cost basis the Replacement Cost adopted is net of VAT unless otherwise stated.

Unless otherwise specified Lambert Smith Hampton will not take into account of any existing or potential liabilities arising for capital gains or other taxation or tax reliefs as a result of grants or capital allowances, available to a purchaser of the property.

Market Value (MV)

We have prepared our valuation on the basis of **Market Value (MV)** which is defined in the RICS Valuation – Global Standards 2017, as:

“The estimated amount for which an asset or liability should exchange on the *Valuation Date* between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Market Rent

We have prepared an additional valuation on the basis of **Market Rent (MR)** which is defined in the RICS Valuation – Global Standards 2017

“The estimated amount for which an interest in *real property* should be leased on the *Valuation Date* between a willing less or and 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.”

Further, no allowance is made for any costs of sale or any liability for taxation, including VAT, which may arise on disposal.

Insurance

Insurance is usually arranged by clients (or their brokers) based on reinstatement cost assessments or occasionally on an indemnity basis and other methods of valuation are not appropriate. Therefore, in situations where advice is provided for insurance purposes, our methodology will be on a Reinstatement Cost Assessment basis.

Reinstatement Cost Assessment

The replacement figure stated for fire insurance purposes is a ‘Day One’ valuation and is given solely as a guide which may have to be varied and should not therefore be regarded as a formal valuation for insurance purposes. If a formal valuation for fire insurance purposes is required our Building Consultancy department will be able to undertake this on your behalf as a separate instruction.

It is assumed that the policy is on an indemnity basis with a fully operative reinstatement clause and no special conditions. We have assumed an instantaneous basis of value and have had no regard to any variation in building costs subsequent to the date of our estimate.

No provision is included for trade fixtures and fittings, occupiers fit out items, Value Added Tax, nor for loss of rent, extra costs of working or other consequential loss, local authority requirements and party wall works. Further, the figure excludes any land remediation and special contaminated waste costs However, the figure is inclusive of professional fees, demolition and site clearance.

Following the outcome of the legal case *Bartoline v Royal and Sun Alliance Insurance plc* and another 2006, our assessment will not include for cost liabilities arising from any environmental consequences, contamination or pollution. We recommend that you consult your Insurers in respect of any specialist cover required.

A Reinstatement cost assessment is our opinion of the likely cost of reinstating all the buildings, on the basis that:-

- a. The accommodation provided will be similar in construction, design and area to the existing buildings;
- b. The works will be in compliance with conditions imposed by local Authorities in connection with the construction of the building;
- c. Unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to rebuilding, external works such as hard standing, private roadways and fences and professional fees which would normally be incurred.

Unless otherwise stated the reinstatement cost does not include any allowances for:-

- a. Any loss of rent incurred during rebuilding;
- b. Planning restrictions which a planning authority might impose;
- c. Special foundations required for plant and machinery or due to adverse ground conditions;
- d. Any plant, machinery, equipment, tanks, loose tools, office furniture and equipment (refer to the heading "Plant, Machinery, Fixtures and Fittings" for details of items normally included);
- e. Any effect of inflation on building costs occurring after the valuation date;
- f. VAT (except on professional fees) which normally be payable in addition.

Apportionment of Value

Apportionments provided between buildings, land and plant and machinery are normally depreciation purposes only. In normal circumstances apportionments are not valuations and they should not be used for any other purpose unless specified in our report.

Future Useful Economic Life

Future useful economic life of buildings is normally assessed in bands of years, most frequently subject to a maximum of fifty years. This applies to freehold properties and to leasehold properties where the future life is less than the unexpired term of the lease. An average figure is usually provided for groups of buildings forming a single asset. The figures are appropriate for depreciation purposes only.

Compliance with Valuation Standards

Where applicable our valuations are in accordance with RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors ("RICS"). Copies are available for inspection.

Total Valuation (Aggregation)

Where provided this is the aggregate of the value of each individual property. It is envisaged that properties would be marketed individually or in groups over an appropriate period of time. If all properties were to be sold as a single lot, the realisation would not necessarily be the same as the total of the valuations. This assumption is not applicable to valuations made for taxation purposes.

Limitations and Liabilities

This Valuation Report is provided for the stated purpose and for the sole use of the named client. It is confidential to the client and their professional advisers and the Valuer accepts no responsibility whatsoever to any other person.

Neither the whole nor any part of this Valuation Report nor any reference hereto may be included in any published document, circular, or statement, or published in any way, without the Valuer's written approval of the form and context in which it may appear.

Such publication of, or reference to this valuation report may not be made unless it contains a sufficient contemporaneous reference to the Special Assumptions or departure(s) from the RICS Valuation – Global Standards 2017.

APPENDIX 1: INSTRUCTION LETTER



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

Ref: First House Associates Limited

Attn: Jonathan Mounford
GJS Dillon Limited,
7 Roman Way Business Centre
Droitwich
Worcestershire
WR9 9AJ

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:	First House Associates Limited
Contact Name:	Avtar Sandhu
Email:	Sandhu@greencyc.com
Properties:	1 Sutton Street, Birmingham, B1 1PE
Tenure:	Long-leasehold
Use:	Office
Tenancies:	Please see attached tenancy schedule

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.

Proplend Security Limited Registered in England and Wales Company No: 08620117 T: 0203 397 6290

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 £tba + 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, 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

FREEHOLD VALUATION			 The Commercial Property Consultants	
ADDRESS 1 Sutton Street				
REF NO	PS000905			
DATE	11-Dec-18			
RATE PER SQ/FT	£140.00			
Description	Sq M	Sq Ft	@	£
NIA	616.00	6628.2	£140.00	£927,942
				£927,942
Total Floor Area	616.00 Sq M	6628 Sq Ft		£927,942
REPAIRS NEEDED				
Item		£		
DPC		£0		
Replaster		£0		
Ext joinery		£0		
Joinery		£0		
Window repairs		£0		
Kitchen		£0		
Bathroom		£0		
Replumbing		£0		
Rewiring		£0		
Central Heating		£0		
Roof Repairs		£0		
RWG		£0		
Brickwork		£0		
Int Decs		£0		
Ext Decs		£0		
Garage		£0		
Other		£0		
Landscaping		£0		
Contingency		£0		
Subtotal		£0		
VAT @ 20%		£0		
Total		£0	FH VALUE	£927,942

LEASEHOLD VALUATION



ADDRESS 1 Sutton Street	
REF NO	PS000905
DATE	18-Dec-18

Description	Tenant	Rent pcm	£	Sq/ft	Rent sq/ft
Unit 1	Omnia Support Ltd	£600.00	£7,200	198	
Unit 2	Omnia Support Ltd	£0.00	£0	202	
				400	£18.00
Unit 4	Xyrius Resourcing Ltd	£300.00	£3,600	394	£9.14
Unit 7	Crest Nicholson	£1,800.00	£21,600	182	
Unit 8	Crest Nicholson	£0.00	£0	456	
Unit 9	Crest Nicholson	£0.00	£0	278	
Unit 10	Crest Nicholson	£0.00	£0	562	
				2672	£8.08
Unit 11	AJY Property	£700.00	£8,400	1234	£6.81
Unit 12	Red Sun Media	£400.00	£4,800	290	£16.55
Unit 13	Lets Go Home	£450.00	£5,400	256	£21.09
Unit 14	White Elephant Storage	£250.00	£3,000	292	£10.27
Unit 15	Naughton Interiors Ltd	£350.00	£4,200	226	£18.58
Unit 16	MA Lawyers	£450.00	£5,400	385	£14.03
Unit 18	Balmoral Tiling	£300.00	£3,600	178	£20.22
Unit 19	GSMNET Ltd	£300.00	£3,600	145	£24.83
Unit 20	Pauline Wing Accountants	£300.00	£3,600	131	£27.48
Unit 21	Amass Financial	£300.00	£3,600	133	£27.07
Unit 22	Riverside Education Ltd	£400.00	£4,800	89	£53.93
Unit 23	Silmline Laser Architects	£200.00	£2,400	165	£14.55
Unit 24	Vanant	Estimated	£2,400	167	£14.37
			£87,600		

Total Floor Area	616.00	6631		£87,600
	Sq M	Sq Ft		

Yard	0	£0.00	£0
Car Parking			£0

	TOTAL RENTAL VALUE	£87,600
--	---------------------------	---------

LESS			
Management		0%	£0
Insurance			£1,000
Running Costs		20%	£17,520
Other			
	Subtotal of costs		£18,520

	NETT RENT	£69,080
--	------------------	---------

	YP in Perpetuity	8%	12.50
	Gross Capital Value		£863,500

Less Costs	Stamp Duty	5.00%	£43,175.00
	Legals	1.00%	£8,635.00
	Agents Fees	0.00%	£0.00
	Vat	20.00%	£1,727.00
			£53,537

	Less Repairs		
	Plus Additions		
	NETT CAPITAL VALUE		£809,963
	RATE PER SQ/M		£1,314.88
	RATE PER SQ/FT		£122.15

RENTAL VALUATION



ADDRESS	1 Sutton Street
----------------	------------------------

REF NO	PS000905
DATE	15-Jan-19
RATE PER SQ/FT	£12.00

Description	Sq M	Sq Ft	@	£
NIA	616.00	6628.2	£12.00	£79,538
				£79,538

Total Floor Area	616.00 Sq M	6628 Sq Ft		£79,538
-------------------------	----------------	---------------	--	---------

Comparables for: 1 Sutton Street										
DATE: 12-Nov-18										
Address	Location	Condition	sq/m	sq/ft	@	£	Comments	Date	Source	Photo
15 Sutton Street, B1	Same	Dated		10893	£73.44	£800,000	Dated former garage next door to the subject property	12/1/2017	HMLR	
14/15 Fredrick St, B1	Similar	Average		13000	£92.31	£1,200,000	Older style period office building sold with vacant possession	2/1/2017	Siddall Jones	
12/14 Regent Place, B1	Similar	Good		7500	£126.67	£950,000	Period office building sold with vacant possession	5/1/2017	Siddall Jones	
Camden Heights, Camden St, B1	Similar	Average		6532	£133.96	£875,000	1970s style three story office building situated in the Jewellery Quarter	3/30/2018	Siddall Jones	
50 Frederick St, B1	Similar	Good		9576	£135.76	£1,300,000	1970s style four storey office building sold with vacant possession	12/15/2017	Siddall Jones	
12 Regent Parade, B1	Similar	Good		4155	£153.43	£637,500	Modern purpose built office building sold with vacant possession	10/25/2018	CoStar	
8 Tenby St, B1	Similar	Good		1033	£154.89	£160,000	Period office building sold with vacant possession	9/26/2016	Darby Keye	
14/16 Commercial St, B1	Similar	Good		2167	£168.44	£365,000	Modern office suite sold with vacant possession	6/16/2017	CoStar	
Unit 6, Sovereign Court, Graham St, B1	Similar	Good		1611	£173.81	£280,000	Fully refurbished office suite in a period office building sold with vacant possession	8/8/2016	Siddall Jones	
28/34 Carver St, B1	Similar	Good		650	£176.92	£115,000	Small office suite	6/23/2016	Siddall Jones	
28/32 Blucher St, B1	Similar	Good		1760	£193.18	£340,000	Refurbished modern office suite sold with vacant possession	8/16/2016	Siddall Jones	
94/95 Albion St, B1	Similar	Good		455	£219.78	£100,000	Small office suite with off street parking	8/14/2017	Mason Young	



NB Comparable floor areas taken from EPCs, agents particulars or WDA web site

Comparables for 1 Sutton Street										
DATE 18-Dec-18										
Address	Location	Condition	sq/m	sq/ft	@	£	Comments	Date	Source	Photo
57 Frederick St, B1	Good	Good		487	£9.78	£4,763	New lease on a small office suite on confidential terms	01/09/2018	Prince Warnes	
Newhall Hill, B1	Good	Good		1217	£11.50	£13,996	New lease for a term of 3 years on confidential terms	01/06/2018	Siddall Jones	
8 Graham St, B1	Good	Good		3262	£12.26	£39,992	New office lease for a term of 5 years on a FRI lease	01/07/2018	Siddall Jones	
60 Frederick St, B1	Good	Good		675	£12.27	£8,282	New lease on a small office suite on confidential terms	01/11/2018	Prince Warnes	
172 Holliday St, B1	Good	Good		1075	£14.51	£15,598	New office lease for a term of 5 years on a FRI lease	01/08/2018	CoStar	
40 Powell St, B1	Good	Good		440	£14.77	£6,499	New lease on a small office suite on confidential terms	01/08/2018	CoStar	
92/93 Edward St, B1	Good	Good		4425	£15.00	£66,375	New lease for a term of 2 years on a FRI lease	01/06/2018	CoStar	

INSURANCE VALUATION



ADDRESS	1 Sutton Street
DATE	15-Jan-19
REF	PS000905

Description	M2	Sq Ft	BCIS rate sq/m	Location	£	BCIS Code
GIA	650.00	6,997	1,714	0.96	£1,069,536	320

Total Floor Area	650	6,997	£1,069,536
------------------	-----	-------	------------

PLUS

Landscaping	£10,000
Yards, Carparks, Roads, Pavements, Fences, Walls	£10,000

Sub Total	£1,089,536
------------------	-------------------

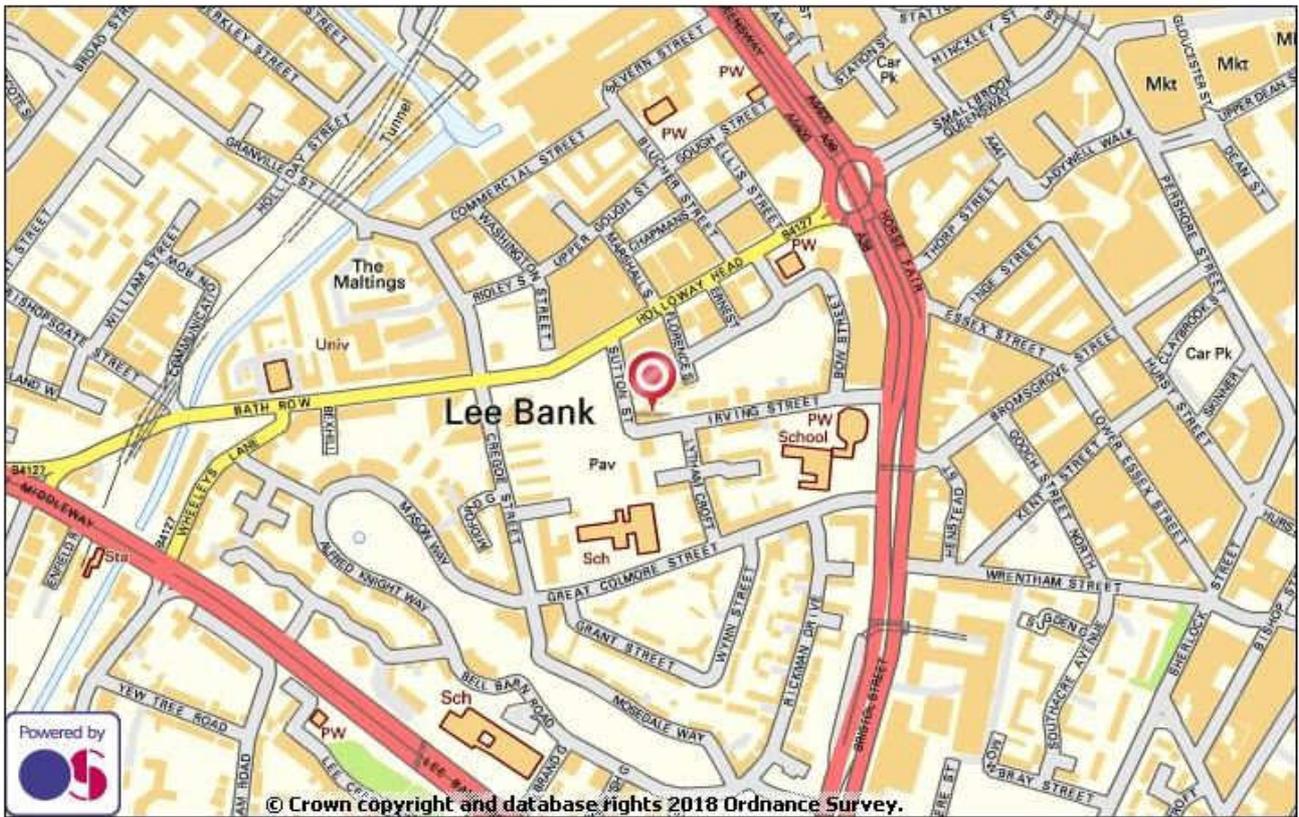
Architects, Surveyors, Legal & Consulting Engineers fees at 15%	£163,430
---	----------

Allowance for Demolition & Site Clearance @ 5%	£53,477
--	---------

TOTAL	£2,010	£187	£ 1,306,443
--------------	---------------	-------------	--------------------

TOTAL INC VAT AT 20%	£1,567,732
-----------------------------	-------------------

Notes



COMMERCIAL LICENCE TO OCCUPY AGREEMENT

Date: 1st September 2017

ID: First House Associates/Chances/Copeland/Leases unit

Landlord: FIRST HOUSE ASSOCIATES
 Tenant: MA LAWYERS
 Date: 1ST SEPTEMBER 2017
 Premises: UNIT 16, FIRST HOUSE, 1 SUTTON STREET, BIRMINGHAM B1 1PE

THIS AGREEMENT COMPRISES THE LICENCE TO OCCUPY

Item 1:	The Landlord First House Associates 1 Sutton Street Birmingham B1 1PE
Item 2:	The Tenant MA Lawyers
Item 3:	The Tenant trades and provides Property, Wills, Probate
Item 4:	This Licence Agreement is for a fixed Term of two years from 1 st September 2017 And terminating 1 st September 2019 with A break option for either party after 6 Months from the start of the Term. See Item 9 for the break clause.
Item 5:	Commencement of Tenancy and termination Starting date as documented and By signing this document
Item 6:	Payment of rent: The Agreed monthly rent is fixed by Mutual consent at £450.00 +VAT for the Term of two years.

Rent is payable monthly in advance by
Cheque or by Bank Direct Debit to
Account details provided.
Rent includes electricity and water
Usage.
At the start of the Term the Tenant
Will provide to the Landlord 1 months
Rent in advance in addition to one month
Deposit.

Item 7:

Extent of the Demise of the Tenant
Shall be agreed by the Landlord and
Tenant and the Tenant shall have
Exclusive use of these areas.
Renewal is not automatic and
Is only at the Landlord's discretion.
This agreement does not constitute a
"Tenancy" nor is this agreement
Protected by the Landlord and Tenant Act
1954 and thus there is no automatic
Right to renew.

Item 8:

Electricity, maintenance, safety
Inspection will be the responsibility
Of the Landlord.

The Tenant is responsible for the
Payment of Business Rates of the
Premises. The Tenant must make his own
Application to Birmingham Council for
Business Rates and provide proof to the
Landlord within 1 month of commencement
Of this Agreement that the Council has
Received his application.

Item 9:	Either party may seek to terminate this Agreement after six months from Commencement of the Term upon giving One month's notice at the beginning of Month five.
Item 10:	The Tenant must ensure that the Premises Are kept clean and tidy and damage to The premises will result in deposit Monies being withheld and the Landlord Will have a right to recover any amount For damages and/or repair for which the Deposit is not sufficient.

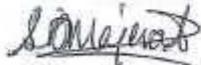
AGREEMENT dated 1st September 2017

SIGNED as a Deed by
First House Associates
Acting by two Directors/
A Director and Its Secretary

Director

Director/Secretary

SIGNED as a Deed by
MA Lawyers
Acting by Sole Director


SHILPA MAJERADIA

In the presence of

Witness Signature



Full Name

LEONIE BRADLEY

Address

90a Trefedger Rd B13 8BU

Occupation

Administrative Assistant -







