

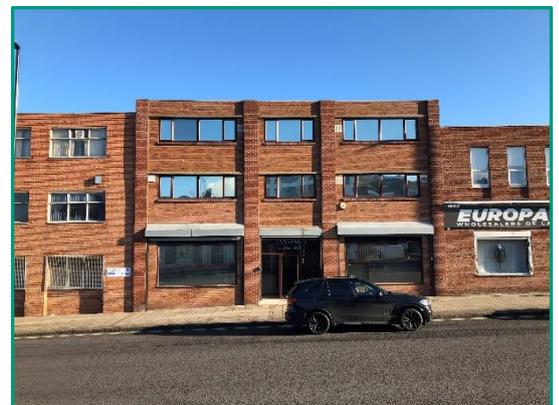
12 February 2019

**REPORT & VALUATION  
FOR  
Proplend Security Limited**

**156 Hockley Hill  
Birmingham  
B18 5AN**

EDMUND HOUSE  
12-22 NEWHALL STREET  
BIRMINGHAM  
B3 3AS

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## EXECUTIVE SUMMARY

<b>ADDRESS OF PROPERTY:</b>	156 Hockley Hill, Birmingham B18 5AN.
<b>PURPOSE OF VALUATION:</b>	The subject property is being valued for secured lending purposes in regard to a new loan facility.
<b>LOCATION:</b>	The subject property is located on Hockley Hill, on the outskirts of Birmingham city centre.
<b>DESCRIPTION:</b>	The subject property comprises a former office and industrial building which has been converted to create self-contained office and storage suites.
<b>TENURE:</b>	Freehold
<b>TENANCY/TENANCIES:</b>	The subject property is multi-let on a number of leases and licences. In total there are seven tenants in occupation with the property fully let and income producing. Terms are between three and 10 years with the property let in essence on an FRI basis through a service charge
<b>ACCOMMODATION:</b>	596.69 sq m (6,423 sq ft).
<b>PLANNING:</b>	B1.
<b>ENVIRONMENTAL ISSUES:</b>	None noted.
<b>PASSING RENT:</b>	<b>£74,160 per annum.</b>
<b>MARKET RENT:</b>	<b>£69,200 per annum.</b>
<b>MARKET VALUE:</b>	<b>£750,000 (Seven Hundred and Fifty Thousand pounds) as at 28 January 2019</b>
<b>MARKET VALUE WITH VACANT POSSESSION:</b>	<b>£625,000 (Six Hundred and Twenty Five Thousand pounds) as at 28 January 2019</b>
<b>YIELDS:</b>	NIY 9.5%
<b>SALEABILITY OF PROPERTY:</b>	The subject property offers secondary located office premises which will attract buyers / tenants due to the lower value of the property.
<b>SUITABILITY OF PROPERTY FOR LOAN SECURITY PURPOSES:</b>	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>Fully let and income producing.</li> <li>Includes valuable parking.</li> </ul>		<ul style="list-style-type: none"> <li>Secondary location.</li> </ul>	
OPPORTUNITIES		THREATS	
<ul style="list-style-type: none"> <li>Extend leases to improve the income security.</li> </ul>		<ul style="list-style-type: none"> <li>Tenants vacate and therefore the income to service the debt is reduced.</li> <li>We are valuing in uncertain times and therefore there is greater volatility in the market.</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 12 February 2019.*

Our Ref: NA/DU21782-8

12 February 2019



## VALUATION REPORT

<b>ADDRESSEE</b>	Proplend Security Limited, 20-22 Wenlock Road, London N1 7GU
<b>FOR THE ATTENTION OF</b>	Brian Bartaby.
<b>PROPERTY</b>	<b>156 Hockley Hill, Birmingham B18 5AN</b> (the subject property).
<b>CUSTOMER</b>	Sutton Carter Investments Limited.
<b>INSTRUCTION</b>	Your instructions, dated 28 January 2019, (Appendix A), and our acknowledgement letter dated 30 January 2019.
<b>CONFLICTS OF INTEREST</b>	We can confirm that we have previously valued the subject property for another lender. We however do not consider this to be a conflict of interest.
<b>VALUATION &amp; INSPECTION DATE</b>	28 January 2019.
<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 in relation to a new loan facility.
<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>	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”).  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.
<b>SECURITY FOR LOAN PURPOSES</b>	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.

### THE AITCHISON RAFFETY GROUP

London

Birmingham

Manchester

Berkshire

Buckinghamshire

Hertfordshire

Northamptonshire

Oxfordshire

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



#### LENDER'S ACTION POINTS

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

- (i) We have not had sight of the Title deeds or a Report on Title. Copies, if available should be forwarded to us to comment on prior to drawdown.
- (ii) We have not had sight of the leases and have therefore relied on information provided to us by the Borrower.
- (iii) 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.
- (iv) 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 (commercial):** In our opinion the Market Rent (per annum) of the freehold element in the above property in the condition as at 28 January 2019 let on a full repairing and insuring basis for a minimum period of five years is in the sum of:-

**£69,200 (Sixty Nine Thousand, Two Hundred pounds)**

#### MARKET VALUE

**Market Value:** In our opinion the Market Value of the freehold interest in the above property in the condition as at 18 January 2019 and with the benefit of the above mentioned tenancy is in the sum of:-

**£750,000 (Seven Hundred and Fifty Thousand pounds)**

#### SPECIAL ASSUMPTION VALUATIONS

**Market Value Subject to the Special Assumption of Vacant Possession:** In our opinion the Market Value of the freehold interest in the above property in the condition as at 28 January 2019 and subject to the special assumption above is in the sum of:-

**£625,000 (Six Hundred and Twenty Five 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.



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

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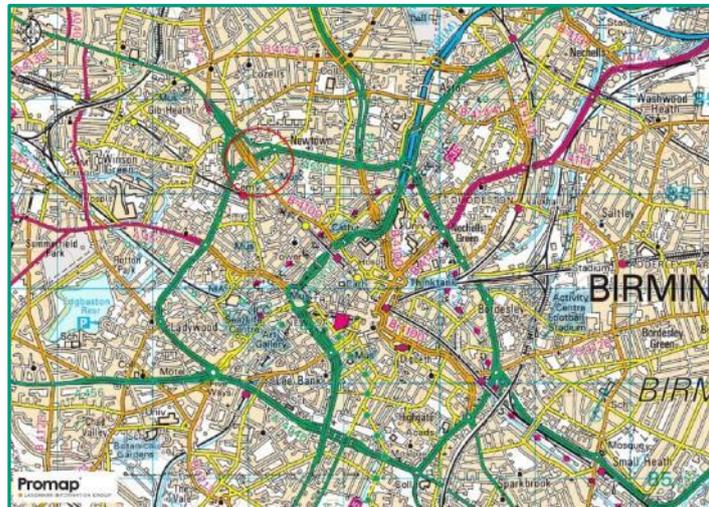


**Lindsey M Lock MRICS**  
Director  
RICS Registered Valuer  
For and on behalf of Aitchison Raffety

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lindsey.lock@argroup.co.uk

## PROPERTY DETAILS

### 1.0 LOCATION



- 1.1 The subject property is located on Hockley Hill on the outskirts of the city centre of Birmingham. 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 The subject property is located in the Hockley suburb of Birmingham located approximately one mile northwest of Birmingham city centre. The surrounding suburbs include the Jewellery Quarter, Newtown and Aston and we understand the property falls in the Aston ward.
- 1.5 The property fronts the B4100 Hockley Hill, which turns into the B4100 Great Hampton Street and provides a main route into Birmingham city centre. Hockley Hill also turns into the A41 Soho Hill to the northwest which provides a main arterial route out of Birmingham city centre and connects to junction 1 of the M5 motorway, approximately five km (three miles) to the northwest. The A4540 New John Street West/Icknield Street is also located approximately 400 m northeast accessed via Well Street.
- 1.6 Specifically, the property is located on the northeast side of the B4100 Hockley Hill, which is a dual carriageway with access to the property only possible in a south-westerly direction heading into Birmingham. Access to the rear of the property is via Great King Street. The roundabout approximately 400 m to the northwest formed at the junctions of the A41 allows cars to turn and re-join the B4100 and access the property. The property, therefore, fronts a busy dual carriageway but with relatively good access to all directions and suburbs of Birmingham.
- 1.7 The surrounding occupiers include Birmingham Manufacturing Jewellers Limited and Europa Clothing (Wholesale) with occupiers on the opposite side of Hockley Hill including a Royal Mail collection office and a mix of commercial and light industrial units.

## 2.0 DESCRIPTION AND CONSTRUCTION



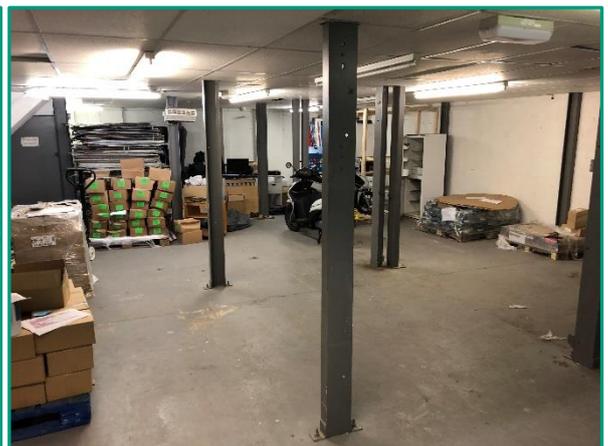
*Front Elevation*



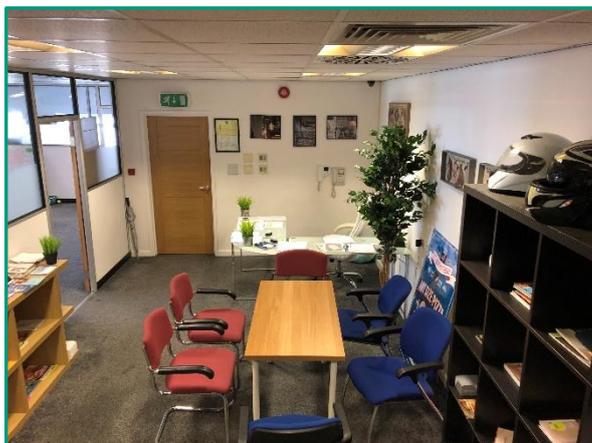
*Rear Elevation*



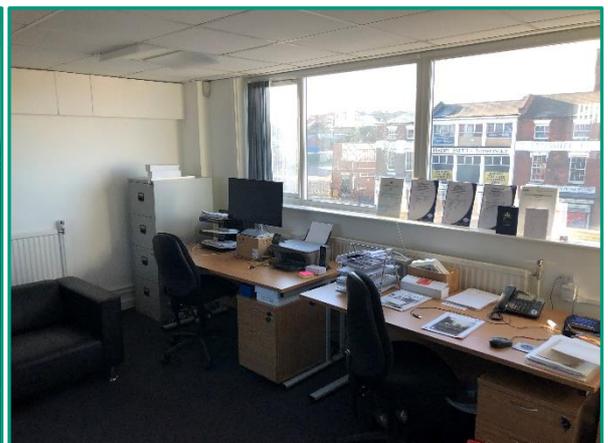
*Ground Floor – Office Sample*



*Ground Floor - Storage*

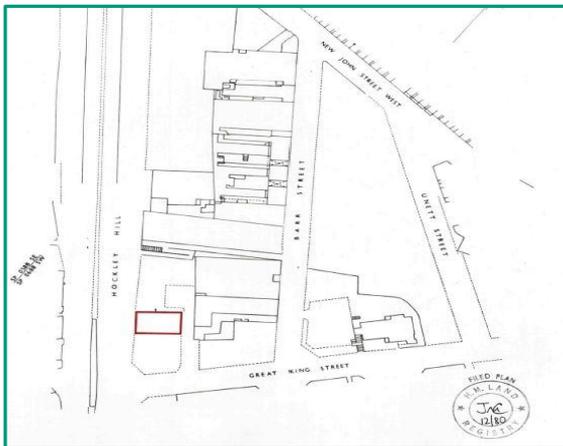


*First floor – Office Sample*

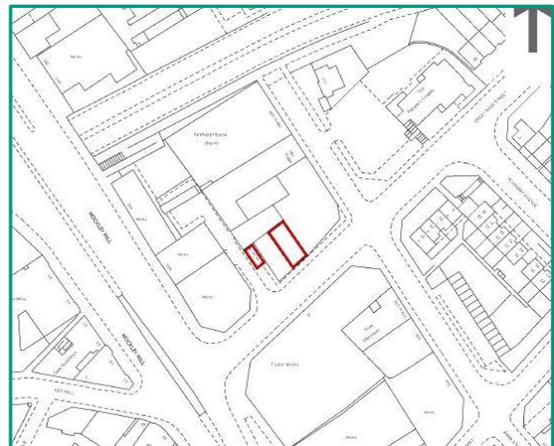


*Second Floor – Office Sample*

- 2.1 The subject property comprises a former office and industrial building which has been converted to create self-contained office and storage suites. The property has a communal entrance hallway at ground floor providing access to a central staircase and all areas. There are office suites located to the front of the building planned over ground to third floor level. The office suites typically comprise partitioned accommodation with perimeter trunking, a suspended tiled ceiling with a mix of Cat II and LG3 lighting and a mixture of air conditioning units and gas central heating. The windows are uPVC framed double glazed throughout.
- 2.2 The rear industrial unit has also been converted to create ground floor storage accommodation with a large office unit spanning the majority of the first floor mezzanine accommodation (unit 4). There is an inter-connecting stairway between unit 4 and unit 6.
- 2.3 There is additional parking located to the rear of the unit accessed via Great King Street. Some of the parking areas are shared with neighbouring occupiers and we have highlighted the parking areas which we understand are demised to various tenants and we understand these are held on separate titles. In total, we estimate that there are approximately eight parking spaces which given the lack of parking in the area is deemed to be good.
- 2.4 The site plans 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, although this is taken from the Title plans. It shows the building in relation to the site and its boundaries.



WM205654



WM765639

DESCRIPTION	
AGE OF CONSTRUCTION	1970s.
ROOF	The flat roof was unobservable to the front offices. The rear section has a sheet metal clad covering.
EXTERNAL WALLS	Cavity brick to front offices with steel frame and brick cladding to rear section.
FLOORS	Solid concrete.
INTERNAL SPECIFICATION	See descriptions above.
WINDOWS	UPVC double glazed.
RAINWATER GOODS	PVC guttering and downpipes.

- 2.5 We have not undertaken or arranged for any investigations to be carried out to determine whether or not any banned, deleterious or hazardous material, substance or techniques have been used in the construction of the property. Whilst we are therefore unable to report that the property is free from risk in this respect we consider it is highly unlikely to be affected due to the era of its construction.
- 2.6 We have not had sight of any specialist reports as to the form of construction nor the materials used in the property. For the purposes of this valuation we have assumed that specialist investigations would not reveal that the property is at risk or disclose the presence of any material in adverse conditions, otherwise our valuation may alter.

### 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):

FLOOR	DESCRIPTION	AREA	
		SQ M	SQ Ft
Ground	Suite 1 – Front office.	53.36	574
Ground	Unit 2 – Front office.	44.43	478
Ground	Unit 6 – Storage underneath mezzanine. Below Unit 5.	152.25	1,639
Ground	Unit 2, Rear of 155-156 – Storage.	49.48	533
<b>TOTAL GF</b>		<b>299.52</b>	<b>3,224</b>
First	Suite 3 and 3a – Front office.	94.72	1,020
First	Unit 4 – Mezzanine office.	128.89	1,387
First	Communal male and female WC and kitchenette.	-	-
<b>TOTAL 1<sup>ST</sup> FL</b>		<b>223.61</b>	<b>2,407</b>
Second	Suite 5 – Office.	45.13	486
Second	Suite 5a – Office.	28.43	306
<b>TOTAL 2<sup>ND</sup> FL</b>		<b>73.56</b>	<b>792</b>
<b>TOTAL</b>		<b>596.69</b>	<b>6,423</b>

### 4.0 SERVICES

- 4.1 Mains gas, electricity, water and drainage are connected to the premises.
- 4.2 The property has the benefit of skirting trunking and broadband facilities. The property has a central heating system with a mix of wall and ceiling mounted air conditioning units.
- 4.3 No tests of these installations have been undertaken. Our valuation assumes that they are fit for their purpose and retain a useful economic life.

#### ***Air Conditioning***

- 4.4 Over time all air-conditioning systems require servicing or repair and they will often need re-gassing, which often involves R22, a widely used refrigerant. Prior to 1 January 2015 it was legal to use recycled or recovered HCFCs such as R22 to maintain or service air conditioning equipment. Now that the date has passed, the use of R22 or any HCFCs has been made illegal; however it is important to note that the use of air conditioning units requiring R22 is still legal until they are in need of servicing.

- 4.5 As of now, if current systems are in need of a service, there are two possible options. The first would be to replace the whole air conditioning system so everything is compliant with the new rules and regulations. The second option would be to keep the current system in place and modify it by draining out the R22 gas and replacing it with a gas which is not harmful to the ozone layer.
- 4.6 The most viable option would be to replace the whole system as opposed to modifying the current units. Firstly modifying units may only be available to certain systems and secondly it may not be as efficient as a new system because modifications will increase energy consumption.

## 5.0 STATE OF REPAIR

- 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 dry and bright
- 5.3 The building has been internally altered to provide office accommodation. We are not aware of any significant repairing works that have taken place at the property. 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 We understand that the occupational tenants hold full repairing and insuring leases with full provision for service charge recovery. As such, where minor items of disrepair or a requirement for decoration were observed, we believe that these fall within the responsibility of the tenants with all costs of repairs and maintenance in relation to the estate/common parts being recoverable through the service charge.

	DESCRIPTION
Any parts of the property NOT inspected? (save those areas already excluded by the terms of this instruction)	Access was not gained to every office, however we have inspected all parts of the property previously.
Any disrepair or structural defects likely to have an adverse impact on value identified or suspected?	None noted.
Could the Borrower be liable for any costs of remedial work?	Not whilst the property is fully let and all tenants are adhering to the terms of their leases.
Any areas of concern where further investigations are recommended?	No.
Any deleterious materials identified or suspected?	None noted.

- 5.5 An economic life in respect of the external fabric of the building in excess of 25 years should be achieved subject to normal wear and tear and appropriate maintenance.

## 6.0 TENURE AND TENANCIES

- 6.1 We have not had the opportunity of inspecting the Title Deeds or had sight of any Report on Title., although we have had sight of the Title Plans, with the property held on two Titles, one for the building (*WM205654*) and the other for the car parking (*WM765639*). 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 We have been advised by the Borrower that the subject property is held freehold and have assumed that this is with absolute title. We have assumed that there are no unusual or onerous covenants running with the land.
- 6.3 We have not had sight of the lease, the salient terms as advised by Borrower are as follows:

FLOOR	UNIT	TENANT	LEASE START	LEASE EXPIRY	PASSING RENT £ PER ANNUM	COMMENTS
Ground	Suite 1 – Office.	Annix Care Limited	01/12/2015	30/11/2018	£7,800	New five year lease
Ground	Unit 2 – Office.	Morgan Reed	01/12/2016	30/11/2021	£6,600	-
Ground	Unit 2, Rear – Storage.	Auto Leathers Limited	01/03/2016	28/2/2019	£7,200	New five year lease-
First	Suite 3 – Office.	Zoogi Holdings Limited	01/04/2016	31/03/2021	£12,000	-
First	Unit 4/6 – Office.	D2D Media	01/07/2018	30/06/2028	£27,360	
Second	Suite 5 – Office.	Lulian-Vlad Voinea	01/10/2018	30/09/2021	£7,200	-
Second	Suite 5a – Office.	Russell Security	01/05/2018	30/04/2021	£6,000	
<b>TOTAL</b>					<b>£74,160</b>	

- 6.4 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.

### ***Covenant Status of Tenants***

- 6.5 The tenants are all local tenants and therefore weak covenants, however this is expected for this type of property and in this location and is therefore not detrimental to the value of the property.

## 7.0 STATUTORY REQUIREMENTS

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### ***Town Planning***

- 7.1 Internet enquiries with the local planning authority, Birmingham City Centre, confirms there are no matters outstanding nor have there been any recent applications of note.
- 7.2 The Birmingham Development Plan (BDP) 2031 was adopted by Birmingham City Council on 10 January 2017. The BDP sets out a spatial vision and strategy for the sustainable growth of Birmingham for the period 2011 to 2031, and will be used to guide decisions on planning, development and regeneration. Within the BDP the property was unallocated for specific use.
- 7.3 The property is not Listed for its historical or architectural merit and is not situated within a Conservation Area.
- 7.4 We are not aware of any planning, highways or development schemes proposed that are likely to have a detrimental impact on the value of the property.

### ***Highways***

- 7.5 Hockley Hill is adopted by the Highways Authority and maintainable at public expense.

### ***Fire Regulations***

- 7.6 In compliance with The Regulatory Reform (Fire Precautions) Order 2005 all commercial property owners/occupiers, are under an obligation to carry out and keep under review a risk assessment of their property.
- 7.7 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.

### ***Equality Act 2010***

- 7.8 The Equality Act supersedes a number of Acts made under equality and discrimination legislation. One of the Acts that it replaces is the Disability Discrimination Act which had specific reference to property and the workplace. The Equality Act (the Act) seeks to ensure that any person having a "premises" dealing does not discriminate in terms of race, religion or ability, against a person in occupation or who wishes to acquire the premises in some way, be it the title or in letting the premises or part of. The Act seeks to ensure that a disabled person is not precluded from acquiring premises by the owner/landlord not allowing physical changes to be made. Acquiring can be deemed to be acquisition, letting or working within. The Act also places a duty of care on owners/landlords to ensure that common parts are compliant. Therefore building owners and occupiers should be aware that it may be necessary to undertake physical changes to a building in order to comply with the Act. We are not experts within this field and in the absence of a specialist audit we have assumed that the provision to comply with the Act will not have a material impact upon our valuation.

***Health and Safety at Work Act 1974***

- 7.9 The Act is aimed at:-
- (i) Securing the health, safety and welfare of persons at work;
  - (ii) Protecting persons other than persons at work against risks to health or safety arising out of or in connection with the activities of persons at work.
- 7.10 We have assumed that, where appropriate, the property complies with the above Act and there are no outstanding obligations on the owner.

***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 E (102). Therefore, the rental income will be unaffected by this regulation, however the rating is low and the property will need to be maintained to ensure the rating doesn't drop to a level where the property becomes un-lettable.

## 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
Unit 1 At 155-156, Hockley Hill, Birmingham, B18 5AN	Office and premises	£4,750
Unit 2 At 155-156, Hockley Hill, Birmingham, B18 5AN	Office and premises	£4,050
Unit 3a At 155-156, Hockley Hill, Birmingham, B18 5AN	Office and premises	£2,800
Unit 3b At 155-156, Hockley Hill, Birmingham, B18 5AN	Office and premises	£4,750
Unit 4 At 155-156, Hockley Hill, Birmingham, B18 5AN	Office and premises	£5,000
Unit 5 At 155-156, Hockley Hill, Birmingham, B18 5AN	Store and premises	£4,500
Unit 6 At 155-156, Hockley Hill, Birmingham, B18 5AN	Store and premises	£7,700
Unit 7 At 155-156, Hockley Hill, Birmingham, B18 5AN	Workshop and premises	£3,000
Car Park, rear of 155-156, Hockley Hill, Birmingham, B18 5AN	Car park and premises	£2,250

8.2 The Uniform Business Rate for the financial year 2018/2019 is currently fixed at a standard multiplier of 49.3 pence (Larger Business Rate) Small Business Rates are payable on properties with a Rateable Value threshold of less than £51,000 in England and Wales.

8.3 We advise that under The Rating (Empty Properties) Act 2007 vacant office properties will have nil liability for a period of three months and then the full occupied charge (100% liability).

## 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. The property is used for office/light industrial/storage accommodation and we would not anticipate any contamination on the site.

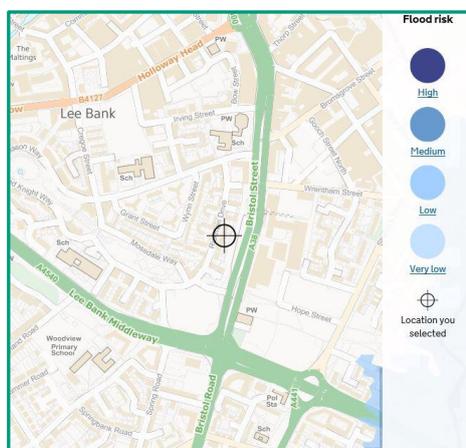
**Invasive Species**

9.4 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.

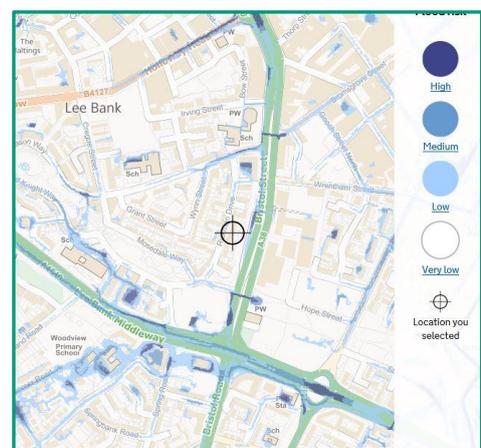
9.5 Japanese Knotweed is a rampant non-native invasive species which can cause physical damage to buildings and hard surfaces and be difficult to control. Timely and persistent treatment programmes can minimise its impact. By quantifying the likely cost of treatment and any necessary repairs the impact 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.

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

**Flooding**



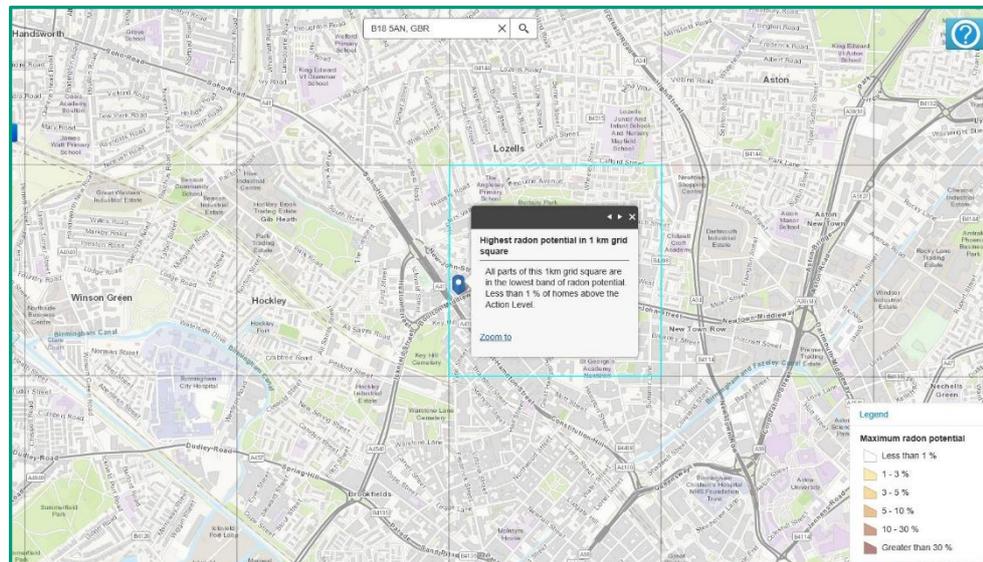
Risk of flooding from rivers



Risk of flooding from surface water

9.7 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*

9.8 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**

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

**Coal Mining**

9.10 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 protracted, the property market had shown a high level of resilience. Overseas investors continued to be active within the investment market which led to transactional levels holding up against the slight slowdown seen in 2016. Over the last 12-months the property market has reacted negatively to the political landscape, and as yet we are on the edge of a precipice. The market has slowed in the latter half of 2018 which means that we remain in uncertain times.
- 10.2 Since August 2018, interest rates have remained at 0.75%. The latest CPI figure shows that the 12-month inflation 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 longer-term forecast for 2019 through 2022 suggests that the rate will fall to between 1.6% and 1.8% depending on the seasonality (Oxford Economics). Generally, the trend is for a downward movement over the next 12-months. However, the outcome of Brexit could change this forecast.
- 10.3 The economic landscape is far from certain and the Global economy started 2019 on rather "shaky" ground. It is difficult to say anything meaningful about the outlook for the UK with there being a mixed picture of gloom and optimism depending on the scenario of an orderly or otherwise Brexit. With the easing of inflation and the expectation that GDP will increase in the first quarter of 2019 the economy could be said to have weathered the political stalemate rather better than was expected. However, the longer Brexit negotiations continue the economy could experience volatility as there remains a lack of clarity and direction in the negotiations even at this late stage.
- 10.4 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. We would comment that there is a severe danger of continued uncertain times ahead and this will affect the transparency of transactional evidence and arguably reduce the amount of this. This will make valuations more uncertain and lacking a degree of clarity. We would expect lending decisions to be prudent and having strong regard to the nature of the Borrowing entity in order to protect the position of both the lender and their professional advisers.

### ***Overview of the UK Commercial Property Market***

- 10.5 The outlook for the UK Commercial Property Market remains unchanged in the short term although there remains the vagaries of Brexit and the turmoil in the retail sector. During 2018 industrial property was the best performer with average rents increasing and yields compressing. The market is driven largely by logistics where there remains strong demand from occupiers and due to the longer lease terms which are often signed, investors see this part of the market as being attractive. With the prospect of rental growth and demand this has had a positive impact on yields. The retail market in 2018 continued to see turmoil with the failure of a number of retailers in the fourth quarter. The office market appears to be showing some resilience with rental growth in some locations and an increased appetite from investors.
- 10.6 Although there has been a resilience in the property investment market over the last three years or so there is the forecast for 2019 to 2021 of a slowdown, and a recovery in 2022/2023. The result will be a fall in capital values in the former with total returns averaging 0.5%. This will be driven by an upward shift in yields which will have a negative impact on capital values. The latter period is forecast to see a fall in yields, back to end-2017 levels, and therefore a recovery in capital values. This is against a backdrop of rental values holding firm and income return therefore solid at just under 5% per annum across commercial property asset classes. The most volatile sector is forecast to be retail with the Central London office market being the least volatile.
- 10.7 The debt market is likely to continue to see a tightening with Loan to Value ratios, higher margins and stricter criteria applied to loans. However, while interest rates are still low, the cost of borrowing is a small part of overall investment. If we see further interest rate rises over the course of the forecast period (2019 to 2023) this could impact on investment criteria and create a slowdown in the market. As an asset class UK property should be fairly appealing to investors, as it demonstrates periods of both resilience and recovery.
- 10.8 Looking ahead, healthy occupier market fundamentals, the relative value of real estate versus other asset classes, and continued overseas demand should keep property attractive in the near term. Further out, much will depend on the pace of interest rate rises, not only in the UK but Globally, and the impact Brexit has upon investor sentiment.

### ***Office Sector***

- 10.9 The office market saw a strong finish to 2017 and this momentum continued through into the first half of 2018. In the regional markets there has been little sign of Brexit-related uncertainty with strong levels of occupier demand and investor appetite. In the first half of 2018 the 10 regional cities which are seen as good indicators of the market saw take-up from occupiers 24% above the five-year average and 37% higher than the same period in 2017.

- 10.10 Flexible office space providers saw some of the strongest growth and in the south-east the sub-10,000 sq ft market remains strong. Flexible office space providers provided some of the largest deals in the first half of the year and this is across all regions. Within London they are also prevalent reflecting the ever increasing need to monitor and reduce occupational costs by occupiers.
- 10.11 The UK's flexible office space operators continued to expand. Bristol, Birmingham, Glasgow, and the wider South East were stand out expansion locations in H1. Bristol witnessed a notable increase in demand from this sector with a key deal to Runway East (30,000 sq ft). In Birmingham, deals were concluded with BE Group, Instant, iHub, Regus and Orega, whilst in Glasgow there were prominent transactions to Orega and Regus. In the wider South East region, flexible office space providers took nearly 200,000 sq ft with Slough and Reading the most popular locations. Runway East and other operators also have live requirements in all the regional cities, so we expect to see more activity from this sector in the second half of 2018. Investors have the benefit of securing a longer lease to a flexible operator or takes the risk of shorter term licences and leases with the occupier. There has, however, been some negative press around the serviced office sector with talks of a takeover of Regus (although this seems to have fallen by the wayside) and WeWork seeing a reduction in their value within the market.
- 10.12 Although there were variations across the UK, the majority of markets witnessed a very strong start to the year. Rents are stable by and large although in some locations there are signs of an increase in the incentives being offered to tenants. This could be as a result of competition in the market or landlord's wishing to see headline rents maintained. The latter in some markets is unlikely given the shortage of good quality office space. Grade A space constraints are prevalent in a number of key regional cities where the development pipeline has not kept pace with either demand and the amount of space taken out of the market for residential conversion schemes.
- 10.13 In respect of investment activity this remains buoyant but there is a lack of stock in the market and therefore transactional levels could be higher than those recorded. Outside of London and the south east there have been good levels of activity in the regional cities although there is some concern of over-pricing for the best quality stock due to competition. This is particular evident in London. Office investments form an important part of a portfolio for many investors. There remains a polarisation between yields for the best stock and secondary stock where rental growth is likely to be more limited.

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

- 10.14 Birmingham's Jewellery Quarter is a conservation area characterised by its high concentration of historic and listed buildings. As such, its office stock is largely defined by smaller floor plates within older buildings. It hosts Europe's largest concentration of businesses involved in the jewellery trade, as well as the world's largest Assay office. In recent years, the submarket has diversified to become a hub for the creative, media, and tech industries. Key tenants include the Assay Office, University College Birmingham, Toye & Co, and Aviva. Fundamentals are usually steady here, with vacancy averaging about 9%. Little has been built this cycle and the pipeline is relatively empty, which could keep vacancies tight. Annual rent growth peaked at 7.5% in 2016 and slowed through 2017 but remained around 3.5% as of January 2019. After a very investment-heavy 2014 and 2015, volume was almost non-existent in 2016 and the largest recorded deal of 2018 was the May sale of Lombard House for £17.7 million.
- 10.15 Annual net absorption has been positive for all but five quarters since the start of 2011, bringing the vacancy rate down to a new low below 5%, more than 400 basis points below the submarket's historical average, in quarter one, 2018. Recent moves by SDL Bigwood (10,400 sq ft) and Clarion Housing Group (4,300 sq ft) have helped to keep vacancies low, but the bulk of recent absorption is due to Regus. The serviced office firm bought the 76,000-sq ft Civic House in 2017 and, after complete refurbishment, reopened the building, now called the Crossway, in quarter one, 2018 as a location of Spaces, a co-working subsidiary that Regus bought in 2015. Demolitions and conversions of obsolete office space have helped with the vacancy compression, but net negative absorption in recent quarters has meant a slight loosening of fundamentals. The appeal of more modern stock in other submarkets such as Brindley Place or City Core could lure occupiers away from the submarket's aging inventory. But further stock losses to other uses are also expected, so vacancies are likely to remain below the long-term average.
- 10.16 Strong fundamentals have fuelled rent growth year-on-year since 2014, and the average Jewellery Quarter rent has grown by more than 6% annually since the beginning of 2015. Annual gains peaked at around 7.5% in 2016, and though they slowed through 2017, they were around 3.5% as of January 2019, slightly ahead of Birmingham's overall growth. Averaging more than £15 per sq ft, office rent in the Jewellery Quarter is among the top five in Birmingham, but slightly lower than the market average. Rents here are more than 30% lower than the rates in the neighbouring City Core and Brindley Place Submarkets.

- 10.17 Investment has been elevated in the Jewellery Quarter for three of the past four years, and volume was more than double the historical average in both 2014 and 2015. After a very quiet 2016, investment picked back up, and annual volume in the past year has been on par with the historical average of around £25 million. Propping up this volume was one £17.7 million deal in May 2018. Longmead Capital sold the 63,000 sq ft Lombard House for £17.7 million at a 6% yield. This sale comes less than a year after Longmead acquired the building from a joint venture between Angelo, Gordon & Company and Dunedin Property Investment in August 2017 for £13 million, a 6.7% yield. At the time of the sale, the property was fully let to multiple occupiers, with a weighted unexpired lease term of just under six years to lease expiries and about three years to tenant break options. The May sale represents the highest single-asset price in the submarket since the sale of 27 Fleet Street in 2015. The sale reflected a 37% increase in price and a 70-basis-point compression on the yield.
- 10.18 The subject property is located in a predominantly industrial area and is away from the commercial centre of the Jewellery Quarter and outside of the conservation area. The property provides affordable and flexible accommodation in a popular area which is considered to be more affordable than the close by Jewellery Quarter and the city centre.

## 11.0 VALUATION METHODOLOGY

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- 11.1 In determining the Market Rent we have adopted a market approach which adopts the principle that the value of a property may be derived by comparing it with prices achieved from market transactions of similar properties.
- 11.2 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***

- 11.3 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**

- 11.4 The subject property involves a number of recent lettings with varied rents. Unit 1 on the ground floor is let at £146.17 per sq m (£13.55 per sq ft) whilst unit 2 a=on the ground floor is let at £148.62 per sq m (£13.80 per sq ft). The larger first floor unit including the ground floor storage area is let at £97.32 per sq m (£9.04 per sq ft). The office premises (unit 3) on the first floor is let at £126.63 per sq m (£11.76 per sq ft), but is a larger unit. The two units on the top floor are let at £159.46 per sq m (£14.81 per sq ft) and £211 per sq m (£19.61 per sq ft) for unit 5a, the smallest within the property. Considering the limited passage of time to the date of valuation, this is reasonable evidence in itself.
- 11.5 We have considered the following lets to derive the Market Rent of the property:
- (i) **Pakten house, 36 Hylton Street, Birmingham B18** - Converted building offering office suites. Maguire Jackson have been working on behalf of the Landlords and in January 2019 let a suite extending to 59.74 sq m (643 sq ft) off a rent of £138.10 per sq m (£12.83 per sq ft). They also let a suite extending to 56.76 per sq m (611 sq ft) off a rent of £132.07 per sq m (£12.27 per sq ft).
  - (ii) **Great Hampton Street Works, 170-174 Great Hampton Row, Birmingham B19** - an office suite in a large former industrial building. 92.90 sq m (1,000 sq ft) of office space let December 2018 through Siddall-Jones on a three year term at a rent of £77.50 per sq m (£7.02 per sq ft).
  - (iii) **Pitsford House, 19-23 Pitsford Street, Birmingham B18** - two storey end terraced office premises let November 2018 on unknown terms through Mason Young Property Consultants off an asking rent of £107.64 (£10.00 per sq ft).
  - (iv) **2 Hylton Street, Birmingham B18** - converted office premise extending to 120.77 sq m (1,300 sq ft) let April 2017 through Siddall Jones on a three year lease term at £17,200 per annum reflecting a rent of £142.41 per sq m (£13.23 per sq ft).
- 11.6 The above reflects local, more secondary rents achieving between £77.50 per sq m (£7.02 per sq ft) and £142.41 per sq m (£13.23 per sq ft). In comparison the subject property offers well-presented office / storage accommodation which is easily accessible and comes with some parking. The property doesn't compete with the nearby Jewellery Quarter area and therefore needs to offer lower rents in order to attract tenants. The average rent in the Jewellery Quarter is £161.46 per sq m (£15.00 per sq ft). We would not expect the subject to achieve this level, despite offering small, affordable office suites. We have therefore adopted a base rent at the top of the range noted above for more secondary located premises.
- 11.7 Adopting £145.31 per m (£13.50 per sq ft) with slight increases and deductions dependant on the size as well as lower rated for the storage and garage premises at the rear provides the following indication of rent.

UNIT	SIZE (Sq Ft)	PASSING RENT	PASSING RENT	MARKET RENT	RATE
1 - Office	574	£7,800	£13.58	£7,800	£13.58
2 - Office	475	£6,600	£13.80	£6,400	£13.50
Rear Garage	533	£7,200	£13.50	£4,000	£7.50
3 - Office	1,019	£12,000	£11.76	£12,750	£12.50
4 - Office	1,387	£27,360	£9.04	£17,250	£12.43
6 - Storage	1,639			£10,000	£6.10
5 - Office	489	£7,200	£14.81	£6,600	£13.50
5a - Office	306	£6,000	£19.61	£4,400	£14.50
<b>£74,160</b>				<b>£69,200</b>	

11.8 This produces a Market Rent in the sum of £69,200 per annum reflecting that the property is approximately 7.5% over-rented, although we would comment that the Borrower lets on affordability and the property does come with parking and therefore the Borrower through active marketing and management may be able to sustain the higher rents.

**Capital Value and Purchaser Demand**

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

- (i) **Bennetts Hill House, 23-24 Bennetts Hill, Birmingham B2** - Real Estate Investors Plc, the Midlands focused property group and UK listed Real Estate Investment Trust ('REIT'), has completed on the sale of 24 Bennetts Hill, Birmingham for a cash consideration of £4 million in January 2018, which is a premium to book valuation and represents a 5.90% net initial yield. The asking price was offers in excess of £3.923 million. The 1,859 sq m (20,013 sq ft) office and retail property is multi tenanted to tenants such as Punch Taverns, AM2PM Recruitment Solutions, Capital Outsourcing Group and Live Recruitment at a total rent of £251,381 per annum. The building is 92% occupied with one vacant suite available on the 4th floor. At the time of marketing the WAULT to expiry was 9.77 years and 8.86 years to break.
- (ii) **6-7 Newhall Square, Birmingham B3** - RO Real Estate has sold its remaining interests at Newhall Square in Birmingham for £1.85m to Marchmont Farms in January 2018, reflecting a net initial yield of 6.95%. The sale of 6-7 Newhall Square ends RO's involvement and investment in the heart of Birmingham, which has lasted over 12 years. The site is located close to the ongoing £1bn Paradise development. The 1,008 sq m (10,856 sq ft) retail and office property is let to The Co-Operative Group Ltd (ground floor) and NSPCC (upper floors) and produces a total annual rental income of £136,600 per annum. The WAULT to expiry is 6.47 years. NSPCC are currently not in occupation.

- (iii) **37-43 Church Street, Birmingham B3** - A private investor has purchased the long leasehold interest in 37-43 Church Street, Birmingham from Quartz Investments LLP for £2,290,000 as an investment in April 2017, reflecting a net initial yield of 6.14%. The asking price was £2,444,000. The 1,095 sq m (11,788 sq ft) office property is let to The Wilkes Partnership LLP and produces a total annual rental income of £106,900 with an agreed uplift in rent in December 2017 to £166,100 per annum, equating to an overall rent of £13.32 per sq ft. The vendor will top up the initial difference in rent. The lease expires on the 31 of December 2027. The current ground rent is £16,610 per annum.
- (iv) **67-71 Northwood Street, Birmingham B3** - 1877 built property renovated and converted in 2010 into office accommodation. The property sold February 2017 through Mason Young Property Consultants for £1,030,000. Silverworks Investments Ltd purchased the freehold interest from Mr Paul Bishop and Mr Mark Madden for as an investment, reflecting a net initial yield of 7.76%. The office property is let to two tenants and produces a total annual rental income of £84,500. The lease on the ground floor expires December 2019 and the first and second floors expires July 2020.
- 11.10 The above reflect the more prime Birmingham office market, with stronger covenants and more income security through longer lease terms. We would therefore not expect the subject property to achieve the same level of yields as the above. The subject property is more secondary without either the covenant strengths of the above or the income security. We have therefore moved the net initial yield out to 9.5% which after a deduction for standard acquisition costs gives a Market Value in the sum of £750,000 (rounded).
- 11.11 On the basis of vacant possession there are a number of various suites to be let and we have adopted in our appraisal voids of between three and nine months and we would also expect rent free periods. An investor would take the loss of income into account along with the risk and cost involved of obtaining new tenants. Moving the yield out 100 base points to 10.5% and adopting our opinion of the Market Rent gives a vacant possession value in the sum of £625,000.
- Appropriate Marketing Period**
- 11.12 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 to 12 months
- Recent Transactional History**
- 11.13 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 BUILDING REINSTATEMENT

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- 12.1 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.
- 12.2 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.
- 12.3 Building reinstatement figure **£800,000 (Eight Hundred Thousand pounds)**

## **Appendix A**

### **LETTER OF INSTRUCTION**

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Attn: Jamie Simpson,  
Aitchison Raffety Property Consultants,  
Neville House,  
14 Waterloo Street,  
Birmingham,  
B2 5TX

Ref: Sutton Carter Investments Limited

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:	Sutton Carter Investments Limited
Contact Name:	Zahid Ashraf
Phone Number:	07803 207465
Email:	zahid@suttoncarter.co.uk
Properties:	1) Carnegie Institute, Hunters Road, Hockley, Birmingham, B19 1DU 2) 88 Hamstead Road, Birmingham, B19 1DG 3) Units 6, 7, 9 & 10 Sovereign Court, Graham Street, Birmingham, B1 3JR 4) Unit B, Salford Trading Estate, Salford Street, Birmingham, B6 7SH 5) 113-117 Barr Street, Birmingham, B19 3DE 6) Units 1,2, 4 & 7 Imex Business Park, Union Road, Oldbury, West Midlands, B69 3EX 7) 88 Harborne Road, Edgbaston, Birmingham, West Midlands, B15 3HN 8) 156 Hockley Hill, Birmingham, West Midlands, B18 5AN 9) 80a Rolfe Street, Smethwick, B66 2AR
Tenure:	Freehold
Use:	Mixed Use (Commercial)
Access:	via Zahid, 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?

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**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

## **Appendix C**

### **VALUATION SUMMARY**

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**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

File/Ref No DU21782-8  
 Region Please Select

Description / Notes **Assumptions**

Valuation Tables Annually in Arrears

**Valuation**

Gross Valuation **£780,632**  
 Capital Costs £0  
 Net Value Before Fees **£780,632**

Less Stamp Duty @3.58% of Net Value -£26,538  
 Agents Fee @1.00% of Net Value -£8,889  
 Legal Fee @0.50% of Net Value -£4,445

Fees include non recoverable VAT @ 20.00 %

Net Valuation **£740,760**  
 Say **£750,000**

Equivalent Yield 8.6759% True Equivalent Yield 9.1629%  
 Initial Yield (Deemed) 9.5000% Initial Yield (Contracted) 9.5000%  
 Reversion Yield 8.8646%

Total Contracted Rent £74,160 Total Current Rent £74,160  
 Total Rental Value £69,200 No. Tenants 7  
 Capital value per ft<sup>2</sup> £116.72

**Running Yields**

Date	Gross Rent	Net Rent	Annual	Quarterly
28-Jan-2019	£74,160	£74,160	9.5000 %	10.0920 %
01-Mar-2019	£66,960	£66,960	8.5777 %	9.0580 %
01-Jun-2019	£70,960	£70,960	9.0901 %	9.6310 %
01-Apr-2021	£58,960	£58,960	7.5529 %	7.9233 %
01-May-2021	£52,960	£52,960	6.7843 %	7.0820 %
01-Oct-2021	£58,510	£58,510	7.4952 %	7.8599 %
01-Nov-2021	£62,910	£62,910	8.0589 %	8.4817 %
01-Dec-2021	£56,310	£56,310	7.2134 %	7.5507 %
01-Jan-2022	£62,910	£62,910	8.0589 %	8.4817 %
01-Mar-2022	£69,310	£69,310	8.8787 %	9.3942 %
01-Dec-2023	£61,510	£61,510	7.8795 %	8.2834 %
01-Jun-2024	£69,310	£69,310	8.8787 %	9.3942 %
01-Jul-2028	£41,950	£41,950	5.3739 %	5.5593 %
01-Apr-2029	£69,200	£69,200	8.8646 %	9.3784 %

Yields based on £780,632

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Freehold Tenure**

**Tenant - Annix Care Limited**

Description Suite 1  
 Status Occupied and Let  
 Lease 5 years from 01-Dec-2018  
 Expiring 30-Nov-2023  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £7,800  
 Rental Value £7,800 from Areas (Rounded)  
 Valuation Method Hardcore (8.676 % )

**Notes**

**Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
	£13.50	574	100.00 %	0.00	£7,754
		574			£7,754
*Rental Value using Rounded ERV					£7,800

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-Dec-2018	1	0	0	Review	£7,800
01-Dec-2019	4	0	0	Interim	£7,800
01-Dec-2023	0	6	0	Post Void	£0
01-Jun-2024	0	0	0	Reversion	£7,800

**Component Valuation**

28-Jan-2019					
Gross rent (Current)			£7,800		
Valuation rent				£7,800	
YP perp			@ 8.68%	11.5262 yp	
					<b>£89,904</b>
01-Dec-2023					
Gross rent		(Re-letting Void)		£0	
Valuation rent				-£7,800	
YP 0 Yrs 6 Mths			@ 8.68%	0.4697 yp	
PV 4 Yrs 10 Mths @ 8.68%				x 0.6684	
				0.3139 yp	
					<b>-£2,449</b>
<b>Gross Value</b>					<b>£87,455</b>

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Tenant - Zoogi Holdings Limited**

Description Suite 3 and Suite 3a  
 Status Occupied and Let  
 Lease 5 years from 01-Apr-2016  
 Expiring 31-Mar-2021  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £12,000  
 Rental Value £12,750  
 Valuation Method Hardcore (8.676 % )

**Notes****Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
Suite 3	£12.50	472	100.00 %	0.00	£5,895
Suite 3a	£12.50	548	100.00 %	0.00	£6,850
		1,020			£12,745
*Rental Value using Manually input ERV					£12,750

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-Apr-2016	5	0	0	Review	£12,000
01-Apr-2021	0	6	0	Post Void	£0
01-Oct-2021	0	0	0	Reversion	£12,750

**Component Valuation**

28-Jan-2019					
Gross rent (Current)				£12,000	
Valuation rent				£12,000	
YP perp			@ 8.68%	11.5262 yp	
					<u>£138,314</u>
01-Apr-2021					
Gross rent		(Re-letting Void)		£0	
Valuation rent				-£12,000	
YP 0 Yrs 6 Mths			@ 8.68%	0.4697 yp	
PV 2 Yrs 2 Mths @ 8.68%				x 0.8343	
				0.3918 yp	
					<u>-£4,702</u>
01-Oct-2021					
Gross rent		(Reversion)		£12,750	
Valuation rent				£750	
YP perp			@ 8.68%	11.5262 yp	
PV 2 Yrs 8 Mths @ 8.68%				x 0.8005	
				9.2264 yp	
					<u>£6,920</u>
<b>Gross Value</b>					<b><u>£140,532</u></b>

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Tenant - Auto Leathers Limited**

Description Suite 2 Rear  
 Status Occupied and Let  
 Lease 3 years from 01-Mar-2016  
 Expiring 28-Feb-2019  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £7,200  
 Rental Value £4,000 from Areas (Rounded)  
 Valuation Method Hardcore (8.676 %)

**Notes****Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
	£7.50	533	100.00 %	0.00	£3,994
		533			£3,994
*Rental Value using Rounded ERV					£4,000

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-Mar-2016	3	0	0	Review	£7,200
01-Mar-2019	0	3	0	Post Void	£0
01-Jun-2019	0	0	0	Reversion	£4,000

**Component Valuation**

28-Jan-2019					
Gross rent (Current over-rented)			£7,200		
Rental Value			£4,000		
Net rent			£7,200		
Less Froth Ded.			-£3,200		
Valuation rent				£4,000	
YP perp			@ 8.68%	11.5262 yp	
					<u>£46,105</u>
01-Mar-2019					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£4,000	
YP 0 Yrs 3 Mths			@ 8.68%	0.2373 yp	
PV 1 Month @ 8.68%				x 0.9929	
				0.2356 yp	
					<u>-£942</u>
28-Jan-2019					
Gross rent			(Froth)	£3,200	
Valuation rent				£3,200	
YP 0 Yrs 1 Month			@ 8.68%	0.0822 yp	
					<u>£263</u>
<b>Gross Value</b>					<b><u>£45,426</u></b>

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Tenant - D2D Media**

Description Suite 4 and 6  
 Status Occupied and Let  
 Lease 10 years from 01-Jul-2018  
 Expiring 30-Jun-2028  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £27,360  
 Rental Value £27,250  
 Valuation Method Hardcore (8.676 % )

**Notes****Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
Office	£12.50	1,387	100.00 %	0.00	£17,337
Storage	£6.10	1,639	100.00 %	0.00	£9,998
		3,026			£27,335
*Rental Value using Manually input ERV					£27,250

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-Jul-2018	5	0	0	Review	£27,360
01-Jul-2023	5	0	0	Review	£27,360
01-Jul-2028	0	9	0	Post Void	£0
01-Apr-2029	0	0	0	Reversion	£27,250

**Component Valuation**

28-Jan-2019					
Gross rent (Current over-rented)				£27,360	
Rental Value				£27,250	
Net rent				£27,360	
Less Froth Ded.				-£110	
Valuation rent				£27,250	
YP perp			@ 8.68%	11.5262 yp	
					<b>£314,088</b>
01-Jul-2028					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£27,250	
YP 0 Yrs 9 Mths			@ 8.68%	0.6973 yp	
PV 9 Yrs 5 Mths @ 8.68%				x 0.4565	
				0.3183 yp	
					<b>-£8,674</b>
28-Jan-2019					
Gross rent			(Froth)	£110	
Valuation rent				£110	
YP 4 Yrs 5 Mths			@ 8.68%	3.5499 yp	
					<b>£390</b>
<b>Gross Value</b>					<b>£305,805</b>

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Tenant - Morgan Reed**

Description Suite 2  
 Status Occupied and Let  
 Lease 5 years from 01-Dec-2016  
 Expiring 30-Nov-2021  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £6,600  
 Rental Value £6,400  
 Valuation Method Hardcore (8.676 % )

**Notes****Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
	£13.50	478	100.00 %	0.00	£6,456
		478			£6,456
*Rental Value using Manually input ERV					£6,400

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-Dec-2016	5	0	0	Review	£6,600
01-Dec-2021	0	3	0	Post Void	£0
01-Mar-2022	0	0	0	Reversion	£6,400

**Component Valuation**

28-Jan-2019					
Gross rent (Current over-rented)				£6,600	
Rental Value				£6,400	
Net rent				£6,600	
Less Froth Ded.				-£200	
Valuation rent				£6,400	
YP perp			@ 8.68%	11.5262 yp	
					<u>£73,767</u>
01-Dec-2021					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£6,400	
YP 0 Yrs 3 Mths			@ 8.68%	0.2373 yp	
PV 2 Yrs 10 Mths @ 8.68%				x 0.7895	
				0.1873 yp	
					<u>-£1,199</u>
28-Jan-2019					
Gross rent			(Froth)	£200	
Valuation rent				£200	
YP 2 Yrs 10 Mths			@ 8.68%	2.4268 yp	
					<u>£485</u>
<b>Gross Value</b>					<b><u>£73,054</u></b>

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Tenant - Lulian-Vlad Voinea**

Description Suite 5  
 Status Occupied and Let  
 Lease 3 years from 01-Oct-2018  
 Expiring 30-Sep-2021  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £7,200  
 Rental Value £6,600 from Areas (Rounded)  
 Valuation Method Hardcore (8.676 % )

**Notes****Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
	£13.50	489	100.00 %	0.00	£6,602
		489			£6,602
*Rental Value using Rounded ERV					£6,600

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-Oct-2018	3	0	0	Review	£7,200
01-Oct-2021	0	3	0	Post Void	£0
01-Jan-2022	0	0	0	Reversion	£6,600

**Component Valuation**

28-Jan-2019					
Gross rent (Current over-rented)				£7,200	
Rental Value				£6,600	
Net rent				£7,200	
Less Froth Ded.				-£600	
Valuation rent				£6,600	
YP perp			@ 8.68%	11.5262 yp	
					<u>£76,073</u>
01-Oct-2021					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£6,600	
YP 0 Yrs 3 Mths			@ 8.68%	0.2373 yp	
PV 2 Yrs 8 Mths @ 8.68%				x 0.8005	
				0.1899 yp	
					<u>-£1,254</u>
28-Jan-2019					
Gross rent			(Froth)	£600	
Valuation rent				£600	
YP 2 Yrs 8 Mths			@ 8.68%	2.2998 yp	
					<u>£1,380</u>
<b>Gross Value</b>					<b><u>£76,199</u></b>

**Hockley Hill (SC),155-156,Hockley Hill,Birmingham,B18 5AN**

**Report Date** 11 February 2019  
**Valuation Date** 28 January 2019

**Tenant - Russell Security**

Description Suite 5a  
 Status Occupied and Let  
 Lease 3 years from 01-May-2018  
 Expiring 30-Apr-2021  
 Rent Reviews every 5 years Upward only  
 Parent Tenure Freehold  
 Current Rent £6,000  
 Rental Value £4,400 from Areas (Rounded)  
 Valuation Method Hardcore (8.676 % )

**Notes**

**Areas**

Areas	per ft <sup>2</sup>	ft <sup>2</sup>	% of ERV	+/-% adjust	Rent pa
	£14.50	306	100.00 %	0.00	£4,437
		306			£4,437
*Rental Value using Rounded ERV					£4,400

**Lease History**

Date	Years	Months	Days	Event	Rent Paid
01-May-2018	3	0	0	Review	£6,000
01-May-2021	0	6	0	Post Void	£0
01-Nov-2021	0	0	0	Reversion	£4,400

**Component Valuation**

28-Jan-2019					
Gross rent (Current over-rented)			£6,000		
Rental Value			£4,400		
Net rent			£6,000		
Less Froth Ded.			-£1,600		
Valuation rent				£4,400	
YP perp			@ 8.68%	11.5262 yp	
					<u>£50,715</u>
01-May-2021					
Gross rent			(Re-letting Void)	£0	
Valuation rent				-£4,400	
YP 0 Yrs 6 Mths			@ 8.68%	0.4697 yp	
PV 2 Yrs 3 Mths @ 8.68%				x 0.8287	
				0.3892 yp	
					<u>-£1,713</u>
28-Jan-2019					
Gross rent			(Froth)	£1,600	
Valuation rent				£1,600	
YP 2 Yrs 3 Mths			@ 8.68%	1.9743 yp	
					<u>£3,159</u>
<b>Gross Value</b>					<b><u>£52,161</u></b>