

REPORT AND VALUATION

FOR YOUR CUSTOMER:- SUTTON CARTER INVESTMENTS LTD

OF THE FREEHOLD INTEREST
OF THE PROPERTY

BEING

146-148 ROOKERY ROAD
HANDSWORTH
BIRMINGHAM
B21 9NN

DATE OF INSPECTION:- 10 OCTOBER 2018
DATE OF INSTRUCTION:- JANUARY 2019

On behalf of:-

Proplend Security Limited
15 Little Green
Richmond
TW9 1QH

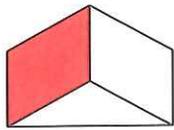
For the attention of B Bartaby Esq

PHOTOGRAPHS



PHOTOGRAPHS





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CHARTERED SURVEYORS – RICS REGISTERED VALUERS

Sales, Lettings, Acquisitions, Investments, Valuations, Building Surveying, Management, Rating, Rent Reviews, Lease Renewals

Date: 4 February 2019

Our ref: JTT/IP/LM.V1230

Your ref:

Proplend Security Limited
15 Little Green
Richmond
TW9 1QH

Dear Sirs

Customer:- Sutton Carter Investments Ltd

Property:- 146-148 Rookery Road, Handsworth, Birmingham, B21 9NN

In accordance with your instructions, an inspection of the building has been carried out by Ian Parker MRICS Registered Valuer on 10 October 2018, in accordance with the RICS Valuation – Professional Standards (The Red Book) and in accordance with International Valuation Standards 2017 (The 'IVS'), as follows:-

We confirm that there is no conflict of interest arising from our undertaking of this valuation. Our Valuer has appropriate knowledge and sufficient experience to undertake this Valuation and Report.

We confirm that the valuation has been carried out to assist in consideration for a loan facility.

OUR VALUATIONS

1. **Market Value** - £440,000 (Four Hundred and Forty Thousand Pounds).
2. **Market Value on the assumption of a restricted marketing period of six months** - £400,000 (Four Hundred Thousand Pounds).
3. **Market Value on the assumption of vacant possession** - £400,000 (Four Hundred Thousand Pounds).
4. **Market Rent** – £36,500 (Thirty-Six Thousand, Five Hundred Pounds) per annum.

The Valuations, unless otherwise stated, are provided subject to the Standard Limitations and Assumptions contained at the rear of this report.

Your attention is drawn to the fact that this report is not a Building Survey but a Valuation prepared in accordance with your requirements and appropriate RICS guidelines.

We confirm that we have Professional Indemnity Insurance cover in the sum of £2 million.

Our report is set out in numbered paragraph format as follows:

1.0 SITUATION AND LOCATION

The Property is located on Rookery Road, which forms part of the suburb of Handsworth, an inner-city area, just outside Birmingham City Centre. Handsworth was developed mainly with Victorian residential buildings and many of the inhabitants are low income households; however, as Birmingham City grows, improves and develops, this is now expanding into inner-city areas such as Handsworth.

All major urban amenities are available within Handsworth or close by in Birmingham City Centre. In addition, it is well located with good transport links, both by road and rail.

2.0 DESCRIPTION

The Property comprises originally pair of Retail Units that have been combined to create one large Shop, together with Residential accommodation at Ground, First and Second Floors.

The Shop has a Total Net Internal Area of 1,061 sq ft, with the Residential accommodation having a Gross Area of 1,999 sq ft.

The Property sits behind a small Forecourt and there is a fenced and gated Garden to the rear.

The total site area is 0.103 acres (0.042 ha).

Site and location plans are provided at the rear of this Report.

3.0 ACCOMMODATION

The accommodation is arranged as follows:-

Ground Floor – Retail Area of 1,061 sq ft with display frontage to Rookery Road. This continues to Residential accommodation at the rear, comprising Lounge, Kitchen and Bathroom.

Inner Lobby provides access to tunnel entrance and integral staircase leading to:-

First Floor – Landing, off which opens a Suite of 7 rooms, arranged as 3-4 Bedrooms, Lounge and additional room, thought to have been a bathroom.

Stairs continue to:-

Second Floor – Two further rooms within Attic space.

The accommodation would convert to a 4-5 bedroom self-contained Flat with Lounge and Kitchenette, or alternatively, two 3-bedroom Flats.

To the rear is a self-contained fenced and gated Garden and the Property sits behind a small Forecourt.

4.0 CONSTRUCTION

The Property was constructed at the turn of the 20th Century, with masonry walls beneath a ridged and pitched tiled roof. The Property has been extended to the rear, with single-storey masonry walls beneath a flat felted roof, which appears to have been converted to two-storey, but does not appear to comply with current Building Regulations.

Internally, the Shop is fitted to a reasonable standard, with suspended fissure tiled ceilings with inset LED lighting and tiled flooring. The Residential accommodation is in need of refurbishment and modernisation throughout.

5.0 SERVICES

All mains services are available and connected.

6.0 STATE OF REPAIR

The Property is in need of some internal modernisation, especially to the residential portions.

7.0 TENURE

Freehold.

8.0 TENANCY

We understand that the Ground Floor is let to Boylesports for 10 years from 2018 at £25,000 per annum. We understand that it is on Full Repairing terms.

9.0 TOWN PLANNING AND OTHER STATUTORY MATTERS

9.1 Planning

We understand the property is in an area zoned for Residential Uses, but we understand the subject premises has an A1 Retail Use. A local search has not been submitted nor any previous such document inspected.

9.2 Highways

The Property abuts Rookery Road, an Adopted Highway.

9.3 Fire Regulations

We have not yet ascertained whether a Fire Safety Assessment is in existence. For the purpose of our Valuation we have explicitly assumed that there is.

9.4 Control of Asbestos at Work Act

We have not had sight of an Asbestos Register with regard to the subject premises; however, we have assumed that there are no onerous or unusual requirements with regard to management of asbestos contained therein.

9.5 The Equality Act 2010

Not applicable.

9.6 Offices, shops and Railways Premises Act

There appeared to be no related matters which would materially impact upon our Valuations.

9.7 Energy Performance Certificates

We have not been provided with an up-to-date EPC rating for this Property and, as such, our Valuation is based on the assumption that the subject Property will meet the minimum requirements laid down by the legislation and that there will be no adverse impact on value and marketability. It is advisable to obtain an expert's opinion to advise whether an EPC should be commissioned and if the building is likely to meet with the legislative requirements.

9.8 Housing Acts

Not applicable.

9.9 Licences

Not applicable.

10.0 ENVIRONMENTAL CONSIDERATIONS

10.1 Contamination

From our visual inspection of the Property and knowledge of historical uses of the site and surrounding areas, we do not suspect or anticipate any environmental issues which may affect the land or buildings comprising the Property.

10.2 Flooding

We understand that the Property is not in an area affected by flooding, as identified on the gov.uk website.

10.3 Radon Gas

We understand that the Property is not in an area affected by elevated Radon levels, as identified on the Public Health England website.

10.4 Made up ground

The Property does not appear to have been constructed on made up ground.

10.5 Invasive Species

We did not observe any invasive species during the course of our Survey. In particular, no Japanese Knotweed was noted in the course of our Survey.

11.0 METHODOLOGY, COMPARABLE EVIDENCE AND GENERAL COMMENTS

11.1 The Commercial Property Market has experienced a period of sustained growth since the difficult economic climate following the banking crisis of 2007/8, with values having generally returned to pre-recession rates.

11.2 The subject premises is located in a neighbourhood shopping area, where there is a constant steady demand from Tenants and Investors; however, the premises require modernisation throughout.

11.3 The Market Approach/Comparable Method of Valuation has been adopted and we have had regard to the following transactional evidence:-

(a) 238 Grove Lane, Handsworth – A ground floor retail premises with 3 self-contained flats above was recently sold at £280,000. The premises were not dissimilar to the subject, but slightly smaller and in better condition.

(b) 82 Rookery Road – A ground floor shop has been let at a rent of £7,800 per annum, creating a Zone A figure of approximately £30 psf ITZA. The shop is smaller than the subject.

- (c) College Road, Handsworth – A shop of approximately 1,100 sq ft has recently been let at a rent of £14,000 per annum, creating a Zone A rent of approximately £28 psf ITZA. The premises are similar to the subject.
- (d) Soho Road, Handsworth – A 5-bedroom flat has recently been let at £1,000 pcm. The flat is in reasonable condition.
- (e) Bearwood Road, Smethwick – 3-bedroom flat has recently been let at £650 pcm. The flat was in good order.
- 11.4 After discussions with Local Agents, given the position of the premises, once converted and modernised it is felt the Flat would command a rent of £1,000 pcm or potentially £600 pcm per flat if two can be created.
- 11.5 There have been few Investment sales in the area; however, we have had regard to the high levels of demand and the wider West Midlands Market and have adopted a yield of 8% to calculate the Market Value.

11.6 Our Valuations

(i) Market Rent

Shop:	806 sq ft ITZA @ £28.00 psf	=	£22568
Rear Stores:	385 sq ft @ £5.00 psf	=	£1925
(currently residential)			
Upper Floors:	Say £1,000 pcm	=	£12000
			<hr/>
			£36,493
			<hr/>
	Market Rent, say	=	£36,500 per annum

(ii) Market Value

Market Rent	=	£36,500 per annum
X YP Perp @ 8%		12.5
		<hr/>
		£45616.2
Less cost of Works, say		£20,000
		<hr/>
		£436,163
		<hr/>
	Market Value, say	£440,000

12.0 MARKETABILITY

Under normal Market conditions, we would anticipate a reasonable marketing period for the disposal of the Property to be between 9-12 months.

Following the EU referendum held on 23 June 2016 concerning the UK's membership of the EU, a decision was taken to exit. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. Since the Referendum date it has not

been possible to gauge the effect of this decision by reference to transactions in the market place. The probability of our opinion of value exactly coinciding with the price achieved, were there to be a sale, has reduced. We would, therefore, recommend that the valuation is kept under regular review and that specific market advice is obtained should you wish to effect a disposal.

13.0 INSURANCE REINSTATEMENT VALUE (assumptions at end of Report)

£400,000

14.0 RATEABLE VALUE

The Shop has a Rateable Value of £12,500.

STIPULATIONS OF VALUATION AND REPORT

Market Value

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Market Rent

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

Jurisdiction

In the event of a dispute arising in connection with a Valuation, unless expressly agreed otherwise in writing, Benjamin Stanley Limited, the Client and any third party using this Valuation will submit to the jurisdiction of the British Courts only. This will apply wherever the property or the Client is located, or the advice is provided.

Reinstatement Value for Insurance Purposes

A Reinstatement Cost assessment is our opinion of the likely cost of reinstating all the buildings, normally for insurance purposes, on the date of this Valuation, based on current published cost information. A detailed assessment can only be provided by a Chartered Quantity Surveyor.

The brief description of the property is intended for guidance only and for no other purposes. We have not undertaken a Structural Survey and in the absence of detailed drawings, assumptions have also been made as to the construction of the buildings.

The Reinstatement Cost assessment is on the basis that:-

- a) That the accommodation provided will be similar in construction, design and area to the existing buildings.
- b) Will be in compliance with conditions imposed by Local Authorities in connection with the construction of the building.

- c) Unless reported separately, allowances are made to cover the cost of necessary demolition and site clearance prior to re-building, external work such as hard-standings, private roadways and fences and Professional Fees which would normally be incurred.

Unless otherwise stated, the Reinstatement Cost does not include any allowance for:-

- 1) Any loss of rent incurred during re-building.
- 2) Planning restrictions that a Planning Authority might impose.
- 3) Special foundations, drains and sewers, yard surfaces, private roadways, hard-standings, boundary walls and fences.
- 4) All plant, machinery, equipment, tanks, fixtures and fittings, loose tools, office furniture and equipment.
- 5) Any effect of inflation on building costs occurring after the date of this Valuation.
- 6) VAT, which will be payable in certain circumstances, both on building works and Professional Fees - you are advised to discuss this matter with your Insurance Broker.

Note - a Reinstatement Cost assessment is not a Valuation.

Date of Valuation

All figures in the Valuation are taken as at February 2019.

Information

All information supplied to us has been accepted as being current full and correct, unless otherwise stated, and that details of all matters relevant to value within your collective knowledge have been imparted to us.

Tenure and Title Deeds

We have not inspected any original deeds, documents, Leases or Land Registry Certificates, and it is consequently assumed that the property is unencumbered and free of any onerous covenants, easements or other undisclosed restrictions or liabilities including mortgages which may adversely affect the value.

Site Plan

This is attached, and is for identification purposes only. It is reproduced under Ordnance Survey Licence Number E100022432.

Floor areas and dimensions

All measurements are carried out in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors (RICS), unless otherwise stated in our Report.

All floor areas and dimensions have been taken from surveys but must nevertheless be regarded as approximate. The following 2 bases are normally used:-

- i) the Gross Internal Area is measured to the interior faces of the external walls and includes internal walls, toilets, corridors, stairwells, plant rooms etc.
- ii) the Net Internal Area is measured to the internal faces of exterior walls and excludes internal walls, toilets, corridors, stairwells, plant rooms etc.

We have not carried out a detailed Site Survey, and where a site area is quoted it has been calculated either from Plans supplied by you to us, or using Ordnance Survey Plans. The site area quoted therefore cannot be guaranteed and is to be treated as approximate.

Soil and Mining Report

We have not carried out, commissioned or inspected a Site Investigation Report or Geophysical survey and can therefore give no opinion, assurance or guarantee that the ground has sufficient load-bearing strength to support any development that may be erected upon it in the future. Additionally, we cannot give any opinion, assurance or guarantee that there are no underground mineral or other workings beneath the site or its vicinity, nor that there is any fault or disability underground including but not limited to any contamination which could or might affect the property or its construction thereon.

Environmental Protection Act

For the purpose of this Valuation, we have assumed zero contamination.

Condition of Buildings

Although we have inspected the property we have not been instructed to carry out a structural survey nor have we inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible. Also the various services and mechanical and electrical installations have not been tested. We are therefore unable to report that any such part of the property is free from defect.

We have not arranged for any investigation to be carried out to determine whether or not high alumina cement or concrete or calcium chloride additive or asbestos or any other deleterious material or permanent woodwool shuttering has been used in the construction of this property. We are therefore unable to report that the property is free from risk in this respect. For the purpose of this Valuation we have assumed such investigation would not disclose the presence of any such material in any adverse conditions, or any rot, infestation, structural and design defects.

We have reflected in our Valuation any obvious defects or items of disrepair which we noted from our inspection for this Report.

Town Planning, Highway & other statutory considerations

We understand that the property is in an area zoned for Residential Uses. A Local Search has not been submitted nor any previous such documents inspected.

It is assumed that the buildings have been constructed in accordance with valid Planning Consents and Building Regulation Approvals or with the benefit of permanent existing use rights to the full satisfaction of the Local Authority and that there are no outstanding statutory or other Notices in connection with the property or its present or intended use. We have further assumed that the Town Planning Consents do not contain restrictions which may adversely affect the value of the property.

Taxation and Value Added Tax

Unless advised to the contrary, our Valuation assumes the property is exempt from VAT.

Fixtures and Fittings

All items normally regarded as Tenant's or trade fixtures and fittings have been excluded from our Valuation.

Listed Building

No

Reproduction and Use

This Report is for the use only of the party to whom it is addressed and should only be used within the context of the instructions under which it is prepared. It may be disclosed to other Professional Advisors assisting in respect of that purpose. No responsibility is accepted to any third party for the whole or any part of its contents.

Neither the whole nor any part of this Valuation nor Report or any reference thereto may be included in any published document, circular or statement, nor published in any way without written approval from John Truslove of the form and context in which it may appear. For the avoidance of doubt, such approval is required whether or not this Practice is referred to by name or whether or not our Report is combined with others.

Conflict of Interest

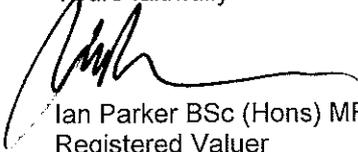
We confirm that there is no conflict of interest whatsoever, either in respect of this Practice or any individual employed there.

Our Qualifications

Our Valuers are Chartered Surveyors with appropriate knowledge and sufficient experience to undertake this Valuation and Report.

Trusting that the above is both self-explanatory and satisfactory for your purposes.

Yours faithfully



Ian Parker BSc (Hons) MRICS
Registered Valuer

Enc: Invoice

146-148 Rookery Road, Handsworth, Birmingham, B21 9NN



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