

REPORT AND VALUATION

FOR YOUR CUSTOMER:- SUTTON CARTER INVESTMENTS LTD

OF THE FREEHOLD INTEREST
OF THE PROPERTY

BEING

FORMER ASTON LIBRARY
58 ALBERT ROAD
BIRMINGHAM
B6 5NG

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

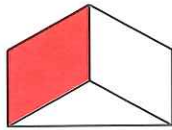


PHOTOGRAPHS



PHOTOGRAPHS





JOHN TRUSLOVE

Daralbee House, Archer Road, Redditch, Worcestershire, B98 8DJ

Telephone: (01527) 584242 Fax: (01527) 64345

Email: info@truslove.co.uk Website: www.johntruslove.com

CHARTERED SURVEYORS – RICS REGISTERED VALUERS

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

Date: 25 February 2019

Our ref: JTT/IP/LM.V1229

Your ref:

Proplend Security Limited
15 Little Green
Richmond
TW9 1QH

Dear Sirs

Customer:- Sutton Carter Investments Ltd

Property:- Former Aston Library, 58 Albert Road, Birmingham, B6 5NG

In accordance with your instructions, an inspection of the building has been carried out by Ian Parker MRICS Registered Valuer, 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 (subject to Lease)** - £1,250,000 (One Million, Two Hundred and Fifty Thousand Pounds).
2. **Market Value on the assumption of a restricted marketing period of six months** - £1,000,000 (One Million Pounds).
3. **Market Value subject to Vacant Possession** - £1,250,000 (One Million, Two Hundred and Fifty Thousand Pounds).

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 the borders of the suburbs of Newtown, Aston and Witton, which are situated approximately 1 mile to the north of Birmingham City Centre.

The area is mainly artisan residential and has a diverse community with approximately 70% of the area's population being from ethnic minorities, the largest group being south-east Asian.

The area benefits from good road and rail links and all major urban amenities are available within the suburbs or close by in Birmingham City Centre.

2.0 DESCRIPTION

The Property comprises a substantial red-brick 3-storey former Council Chamber, located at the junction of Albert Street and Witton Road. The Property was originally constructed as Council Chambers but was later used as a Public Library and subsequently converted to Boarding School. The Property has been partially converted within the last 3 years to residential accommodation.

The Property has a total Gross Internal Floor Area of approximately 13,250 sq ft (1,231 sq m), with approximately 20 Bedrooms having been converted on the Lower and Ground Floor. The remainder of the Ground Floor is currently occupied as Offices, with the remainder of the building currently vacant.

The Property occupies a total site area of 0.369 acres (0.149 ha), being built flush with pavements to Witton Road and Albert Road; to the rear is a good-sized car park.

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

3.0 ACCOMMODATION

The accommodation is arranged as follows:-

1. Lower Ground Floor – Basement, converted to 16-bedroom residential facility, incorporating numerous communal Kitchen, Bathroom and WC facilities together with communal Lounges.
2. Ground Floor – Currently occupied as a Suite of Offices, with WC facilities, together with Meeting Rooms, with the Eastern Wing having been converted to 4 further Bedrooms, with communal Kitchen and Bathroom facilities. We understand the whole of the Ground Floor will be converted to residential use.

Impressive Central Staircase provides access to:-

3. First Floor – Currently comprising Suite of vacant Offices, which we understand is intended to be converted to residential accommodation.

Second staircase continues to:-

4. Roof Space – Currently vacant but has previously been used as offices and stores.

Outside, to the rear of the Property is an enclosed Car Park and Garden.

4.0 CONSTRUCTION

The Property was designed by William Henman and was constructed in 1880, with red-brick walls laid in Flemish bond, with dressings of stone and moulded brick supporting a plain tiled roof.

The building is near symmetrical and revolves around the corner turret at the juncture of Witton Road and Albert Street. This is octagonal with a prominent attic storey which supports an octagonal roof with swept profile which has a louvered, timber-topped stage with lead cap and weather vane. At either side of this turret are facades, each of 15 bays, divided into clusters of 3 bays.

Internally, the Building is constructed to a high standard, with the entrance from Albert Road leading to a Staircase Hall with polychromatic mosaic flooring, which extends along the corridor in both wings. A staircase with large marble newel iron balustrade and wooden handrail climbs the wall of a large canted bay to the First Floor, where there is a generous Landing, paved with mosaic flooring, with columns and arches and sky-light of etched glass.

The Building is Grade II Listed, with many of the original features mentioned within the Listing. However, the building and the layout of the original design lends itself to easy conversion to residential accommodation. The Bank's Customers have converted the whole of the Lower Ground Floor/Basement to residential accommodation, with finishes to a high standard, incorporating painted plastered walls, suspended ceilings with inset LED lighting, heating by way of metal radiators connected to gas-fired boilers, quality Kitchen and Bathroom facilities throughout, all necessary Fire Alarm systems and close circuit television monitoring.

5.0 SERVICES

All mains services are available and connected.

6.0 STATE OF REPAIR

The Property is generally in good repair and order throughout, with the undeveloped portions being generally sound, although requiring modernisation.

7.0 TENURE

Freehold, subject to the tenancies below.

8.0 TENANCY

We have been provided with part copy of a Lease, and understand Rooms 1-20 are let on a 10-year Lease from 27 September 2018 to Second City Housing Ltd, subject to Tenant-only Break at the end of the 5th year, at an initial rent of £67,600 per annum, increasing at an agreed rate of £65 per room per week as the building is converted.

We understand that the Tenants currently occupy the premises under these terms, with the rent pro-rata to reflect the number of rooms available for occupation, with the current rent being £77,600 per annum, although we have not had evidence of this.

The Tenants occupy part of the building and are responsible for all outgoings. We have not been provided with the full tenancy schedule or up-to-date schedule of what is let to Second City Housing Ltd. We have relied upon information provided by the Applicant.

We understand the occupants of the Offices do so by way of Licence and pay no rent.

9.0 TOWN PLANNING AND OTHER STATUTORY MATTERS

9.1 Planning

We understand the property is in an area zoned for Residential Uses. We understand that the building has a C2 User Class, which is compliant with the current occupation.

We understand that part of the building is currently vacant Offices; however, this is ancillary to the main predominant C3 use.

9.2 Highways

The Property abuts both Witton Road and Albert Road, both Adopted Highways.

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

The Property appears to comply.

9.6 Offices, shops and Railways Premises Act

Not applicable.

9.7 Energy Performance Certificates

We have not been provided with an Energy Performance Certificate; however, for the purpose of our Valuation figures, we have assumed that the Property has a Rating of E or better.

In light of the current regulations that F and G EPC rated properties are no longer capable of being let, we recommend that you ensure the borrower puts in place a clear strategy to ensure that all relevant parts of the property comply with expected EPC requirements as this might involve upgrade and capital expenditure.

9.8 Housing Acts

We understand the Property complies with all aspects of the Housing Act.

9.9 Licences

We understand that the Property complies with all Licences. We suggest that your Solicitors confirm this together with any required Building Regulations.

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.

11.0 METHODOLOGY, COMPARABLE EVIDENCE AND GENERAL COMMENTS

11.1 The Residential Property Market has been buoyant over the last few years, with significant investment and redevelopment within Birmingham City Centre and surrounding suburbs. The subject Property lends itself to residential redevelopment.

11.2 Once completed, the subject Property will be desirable to Investors. In addition, given the agreed terms of the Lease to Second City Housing Ltd there would be no difficulty in achieving a sale in its current condition at our Valuation figures.

11.3 There is a constant healthy demand for residential accommodation of this nature from occupiers, either in its entirety or on a room-by-room basis if the premises should become vacant.

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

(a) Isaac Court, Lichfield Road, Birmingham – Substantial building converted into 24 bedroom HMO was sold in 2017 for £1.10 million. The property generated an income of £92,236 per annum, creating a gross yield of 8.4%. The property is smaller than the final finished scheme at the subject, but not dissimilar. The rooms are let at approximately £75 per room per week.

(b) 16-50 Park Avenue, Hockley – A substantial building arranged as 18 flats generating an income of £63,804 was sold recently for £825,000, creating a gross yield of 7.7%. The building is fully converted but does not have the character of the subject.

(c) Montague House, Montague Road, Birmingham – A block of 15 flats was recently sold for £1.87 million. The flats were all let and generated an income of £152,760 per annum, creating a gross yield of 8.17%. The premises are more modern than the subject.

(d) Summer Court, Newtown – 1-bedroom in a shared house was recently let at £115 per calendar week (pcw). The premises are larger than the rooms available within the subject property.

(e) Freer Road, Birmingham – A 1-bedroom studio has recently been let at £80 pcw.

(f) Wellhead Lane, Birmingham – A 1-bedroom studio with shared kitchen has recently been let at £75 pcw.

11.5 Having regard to the nature of the Property, we have adopted a rate of £65 pcw to calculate the Market Rent, which is in-line with the current and projected rents once the works have been completed.

- 11.6 Having regard to the nature of the letting to Second City Housing Ltd, but tempered by the unfinished works, we have adopted a yield of 8% plus made allowance for the undeveloped element of the building to calculate the Market Value.

Market Value (subject to Lease)

(a) Passing Rent	£67,600 per annum	
x YP Perp @ 8%	12.5	
	<hr/>	
		£845,000
(b) Plus potential to additional undeveloped rooms, say 30 rooms @ £65 pcw	£101,400 per annum	
x YP Perp @ 8%	12.5	
	<hr/>	
	<u>£1,267,500</u>	
Less conversion costs, say	(£800,000)	
	<hr/>	
		£461,500
		<hr/>
	Sub Total	£1,312,500
Less costs and nominal contingency, say		(£50,000)
		<hr/>
		£1,262,500
		<hr/>
	Say,	£1,250,000

n.b. for the sake of completeness standard purchasers costs are included in the gross yields of 8.0%

- 11.7 Given the demand for accommodation of this nature and the occupational lease term, the Market Value subject to the Lease is the same as the Vacant Possession Value.

12.0 MARKETABILITY

In its current condition, we would anticipate a reasonable marketing campaign to be 6-9 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)

£2,000,000

14.0 RATEABLE VALUE

We were not able to locate the Property on the Valuation Office website.

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

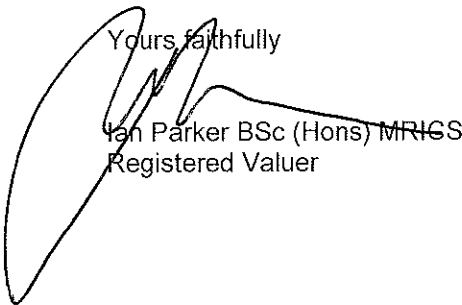
We confirm that there is no conflict of interest whatsoever, either in respect of this Practice or any individual employed there.

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

A large, stylized handwritten signature in black ink, appearing to read 'Ian Parker', is written over the typed name and title.
Ian Parker BSc (Hons) MRICS
Registered Valuer

Former Aston Library, 58 Albert Road, Birmingham, B6 5NG



Former Aston Library, 58 Albert Road, Birmingham, B6 5NG

