

Valuation Report

131-133 Aldridge Road

Birmingham

B42 2ET

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Letter of Confirmation & Standard Terms and Conditions of Engagement

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Lease Details

1 Executive Summary

Property	131-133 Aldridge Road, Birmingham, B42 2ET
Classification and Use	Residential use
Location	The property is located in Great Barr, which is a suburb of Birmingham north of the city.
Description	A pair of detached buildings of traditional brick construction under tiled, pitched roofs. Both are HMOs.
Planning Use	Residential
Floor Area	131 Aldridge Road - NSA of 594.90 sq m (6,403 sq ft) 133 Aldridge Road - NSA of 196.34 sq m (2,112 sq ft)
Tenure	Freehold subject to an occupational tenancies
Condition	The property appeared to be in a reasonable condition commensurate with its age, use and construction. 133 Aldridge Road was nearing completion of its conversion to a HMO and thus considered new build internally.
Specialist Reports	We are not aware of any specialist reports that should be commissioned.
Environmental	No obvious sign of contamination upon inspection.
Valuation	See Schedule
Comment	The uncertainties surrounding the UK's departure from the European Union ("Brexit") could have significant effects on the subject property in the form of inflated development costs (in the case of the UK reverting to WTO trading rules with the European Union). The ongoing uncertainty could also cause the market for the completed apartments to fluctuate. The Market Value reported herein reflects the situation and the associated market sentiment as at the valuation date. As the subject property comprises a development opportunity for which planning consent is in place, and the anticipated development timescale to leave the European Union has already been extended and may be extended further. Any change in the UK's relationship with the European Union from the status quo has the potential to disrupt the development process. This risk goes two ways. Anecdotal evidence suggests that the uncertainty since the Brexit referendum in July 2016 has already impacted on

inflation and the wider economy. If Brexit were to be cancelled or significantly delayed, or if Brexit were to be very soft (with the trading relationship between the UK and European Union largely unaffected) then this could counteract these effects to some degree.

Note

The above is merely a summary of the valuation report and reference should be made to the remainder of the document for a more detailed report of the property.

Important Notice to Mortgage Applicants

This report has been prepared to allow the mortgage lender to assess the suitability of the property as security; it has not been prepared for the benefit of the Mortgage Applicant who is not entitled to rely on the report. The services have not been tested and a detailed survey has not been carried out and thus defects could exist which are not mentioned in the report. The Valuer is entitled to make certain assumptions which during subsequent legal or other investigations may prove to be inaccurate. Applicants acquiring property interests are strongly advised to obtain their own detailed advice from suitably qualified professionals before exchanging contracts.

Valuation Schedule

Basis of Valuation	131 Aldridge Road	133 Aldridge Road
In our opinion, the Market Value of the property, freehold subject to the existing tenancies 8 th July 2019 and subject to the assumptions and comments in this Report and the Appendices was	£2,710,000 (Two Million, Seven Hundred and Ten Thousand Pounds)	£1,550,000 (One Million, Five Hundred and Fifty Thousand Pounds)
In our opinion the Market Value of the subject property as at 8 th July 2019, freehold with the assumption the property is let on standard ASTs of no less than 12 months and subject to the assumptions and comments in this Report and Appendices was	£2,250,000 (Two Million, Two Hundred and Fifty Thousand Pounds)	£1,100,000 (One Million, One Hundred Thousand Pounds)
In our opinion the Market Value of the subject property as at 8 th July 2019, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was	£1,410,000 (One Million, Four Hundred and Ten Thousand Pounds)	£635,000 (Six Hundred and Thirty Five Thousand Pounds)
In our opinion the Market Rent of the subject property as at 8 th July 2019 on the assumption that leases would be granted for a term of not less than five years on full repairing and insuring terms and subject to the assumptions and comments in this Report and Appendices was	£151,200 (One Hundred and Fifty One Thousand, Two Hundred Pounds) per annum	£78,000 (Seventy Eight Thousand Pounds) per annum

2 Terms of Instruction

- 2.1 In accordance with your letter of instruction dated 28th June 2019 (copy at Appendix Three), the agreed scope and details of which are set out in our letter of confirmation dated 1st July 2019 (copy at Appendix Four), we have inspected the subject property in order to advise you of our opinion of the market value of the freehold interest in the property for secured lending purposes.
- 2.2 The subject property was inspected by and this report is prepared by **Adam Rock BSc (Hons) FRICS IRRV (Hons)** who has sufficient current local, regional and national knowledge of the particular market and the skills and understanding to undertake this valuation competently.
- 2.3 The Valuation Date is 8th July 2019, being the date of inspection. The extent of our inspection was limited to a number of rooms and communal areas.
- 2.4 We confirm that this valuation is prepared in accordance with the RICS Valuation – Global Standards 2017, which incorporates the International Valuation Standards, published by the Royal Institution of Chartered Surveyors and we are acting as external valuers as defined therein.
- 2.5 We confirm that, to the best of our knowledge and belief, we have had no material involvement with the subject property or the borrower. We therefore consider that we do not have any conflict of interest in providing this report.
- 2.6 You have also requested that we provide additional valuations on the following Special Assumptions:
- a) Vacant Possession
 - b) Let on standard ASTs
- 2.7 We have considered these special assumptions in accordance with Valuation Technical & Performance Standard 4 of the RICS Valuation – Global Standards 2017 and consider that they can reasonably be regarded as realistic, relevant and valid in connection with the particular circumstances of the valuation.

- 2.8 We have valued the property using information provided to us by the customer including tenancy schedules, copy leases and floor plans/areas. If any of the information upon which we have relied is subsequently found to be incorrect, this may affect the valuation figure, which would need to be reconsidered.
- 2.9 Our letter confirming instructions, including our Standard Terms and Conditions of Engagement, forms an integral part of this valuation report. They should be read in full as they contain important caveats and conditions relevant to this valuation including limits of liability, non-publication restrictions, condition and contamination. Full definitions of the basis of valuation are also included.
- 2.10 Where we are providing one or more valuations of a property or properties ("the Property"), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent.
- 2.11 This Report and Valuation has been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect the valuation. It is provided for the stated purposes and only for the use of the party whom it is addressed. It is confidential to Proplend and may not be disclosed to any other third party without our prior written consent. In breach of this condition, no responsibility can be accepted to third parties for the comments or advice contained in this report.
- 2.12 Any transferee, successor or assignee relying upon the Report shall be deemed to be bound by the terms of our engagement letter and our liability shall be no greater in either amount or duration as a result of extending reliance to those third parties. The number of assignments shall be no more than two.

3. Property Report

3.1 Location

- 3.1.1 The property is located in Perry Barr, an inner-city area 4 miles north of Birmingham City Centre. The property is approximately 5.5 miles south west of Sutton Coldfield, 6 miles south east of Walsall and 6 miles east of West Bromwich.
- 3.1.2 The property fronts Aldridge Road which links to the A34. The A34 provides direct access into Birmingham City Centre and Walsall Town Centre.
- 3.1.3 Motorway links are accessible via Junction 7 of the M6 motorway at Great Barr, approximately 2 miles north. Perry Barr Station is located less than a mile south of the subject property and there are bus routes in the vicinity.
- 3.1.4 To the north of the property is the Alexander Stadium, Perry Park and Perry Reservoir, whilst to the south (0.5 miles) there is One Stop Retail Park. Adjacent properties are commercial in nature and slightly further afield there are established residential properties.
- 3.1.5 A Location Plan and an Ordnance Survey extract are attached at Appendix One. Our understanding of the extent of the subject property is outlined in red on the extract which is provided for identification purposes only.

3.2 Description

- 3.2.1 The property is a pair of detached buildings of traditional brick construction under a tiled, pitched roofs.

131 Aldridge Road

- 3.2.2 This former Park Hotel has been converted to provide a HMO having 28 rooms, some of which are en-suite. The ground floor accommodates a manager's office, reception, communal lounge and kitchen, stores, bedrooms and shared facilities. The first and second floors accommodate letting rooms and toilet facilities.
- 3.2.3 Externally is a forecourt for parking and a rear garden with various timber out buildings for communal use.

133 Aldridge Road

- 3.2.4 This former office building is currently being converted to a HMO with the majority of the conversion works been undertaken. The property provides 10 bedrooms that are all en-suite and a communal area located in the basement providing a lounge and kitchen. The conversion will be to a high standard having carpet covered floors, painted plastered walls and ceilings. Each room is to have wardrobes provided.
- 3.2.5 Externally there is a small driveway for parking and a private rear garden.
- 3.2.6 Photographs of the main elevations of the subject property are attached at Appendix Two.

3.3 Accommodation

- 3.3.1 We have been provided with scale floor plans by the Borrower and have taken check measurements on site to confirm their accuracy etc – always refer to source of information relied on and can therefore report the following approximate net sales floor areas calculated in accordance with the RICS' Code of Measuring Practice (6th Edition):

131 Aldridge Road*

Floor	Use	Net Sales Area Sq M	Approx Sq ft
Ground	Residential	250.89	2,701
First	Residential	146.17	1,573
Second	Residential	79.28	853
Out Buildings	Excluded	0.00	0
Total		476.34	5,127

* Net Areas provided by the bank

133 Aldridge Road

Floor	Use	Net Sales Area Sq M	Approx Sq ft
Basement	Residential	23.34	251
Ground	Residential	71.30	767
First	Residential	59.20	637
Second	Residential	42.50	457
Total		196.34	2,112

- 3.3.2 Using Promap software we calculate that the site extends to approximately –
131 Aldridge Road 0.14 hectare (0.34 acre).
133 Aldridge Road 0.06 hectare (0.14 acre).

- 3.2.3 We have been requested to provide an apportionment between residential and commercial uses to assist your own review of whether the proposed loan is regulated for FCA purposes. For the avoidance of doubt, we make no judgement as to the potential status of occupants for regulatory purposes. Both buildings are wholly residential.

3.4 Services

- 3.4.1 We understand that the property is connected to all mains services – gas, electricity, drainage and water but have not carried out any tests in this regard.

3.5 Condition

- 3.5.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four. We confirm that we have not carried out a building condition survey.
- 3.5.2 During the course of our inspection we noted that the property generally appeared to have been satisfactorily maintained having regard to its age, use and construction.
- 3.5.3 We have not been provided with any structural or M & E surveys and we are not aware of any items of repair, structural defects, or symptoms of the same which are likely to impact on the value and reletability of the property.
- 3.5.4 We do not consider that there are any remedial works to be essential to maintain the value of the property. 133 Aldridge Road is nearing completion of its renovation works.
- 3.5.5 Access to all rooms was not permitted at the time of our inspection.
- 3.5.6 The age and style of construction of the subject property is such that materials such as high alumina cement concrete, woodwool shuttering, calcium chloride or asbestos are unlikely to have been used in its original construction or subsequent alteration. We are valuing on this basis.
- 3.5.7 Our valuation is based on the assumption that the building and its services are in a good working order and no allowance has been made for any outstanding wants of repair or defects.

3.6 Environmental Matters

- 3.6.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained in Appendix Four.

Contamination

- 3.6.2 We noted no obvious signs of contamination during our inspection but we are not qualified to give assurances on environmental issues. Our valuation has been undertaken on the basis that the property is not contaminated. Should it be established subsequently that contamination exists on the subject property or any neighbouring land, this might reduce the values now reported.
- 3.6.3 To the best of our knowledge, the previous use of the property was residential although 131 was a former Hotel known as Park Hotel and we understand that 133 Aldridge Road was previously offices.

Flooding

- 3.6.4 We have referred to the Environment Agency flood maps and note that the property does not appear to be within an area affected by flooding. If it is in an area prone to flooding and this has a detrimental impact on value you must add commentary to confirm you have considered the risk in arriving at opinion of value. There have been concerns in recent years about the insurance of properties in identified flood risk areas. Notwithstanding this, we assume for valuation purposes that buildings insurance is, and will continue to be, available on standard terms and at standard premium levels. We value on this basis.

Radon

- 3.6.5 The Ionising Radiation Regulations 1999, require employers to take action when radon is present above a defined level in the workplace. Advice may be obtained from your local Health and Safety Executive Area Office or The Environmental Health Department of your local Authority.
- 3.6.6 We did not notice any radon detectors at the property during our inspection for valuation purposes and therefore assume that the property is not affected. This should be confirmed by your solicitors.

Made up Ground

- 3.6.7 Our research suggest that the property is not within an area known to have been used for land fill and as such we assume that there is little risk of the property being over made up ground.

Coal Mining

- 3.6.8 Our research suggest that the property is not within an area known to have been used for mining and therefore we assume that there is little risk of the property being over or near to a mine whether active or inactive.

Invasive Species

- 3.6.9 Japanese Knotweed can block footpaths and damage concrete, tarmac, flood defences and the stability of river banks and Giant Hogweed can cause harm to human health. Injurious weeds are native species, which cause problems for farming as they are harmful to livestock and must not be allowed to spread to agricultural land.
- 3.6.10 During the course of our inspection in July 2019 we did not note the presence of any invasive vegetation, however we are not qualified to give such assurances and cannot guarantee that the land is entirely free from the same. For the purpose of this report, we are valuing on the basis that there is no invasive vegetation present including Japanese Knotweed.

Archaeological Remains

- 3.6.11 We are unaware of the presence, or likely presence, of any archaeological remains on or adjacent to the subject property and have assumed there are none in arriving at our opinion of value.

3.7 Local Authority & Statutory Enquiries

- 3.7.1 Your attention is directed to our Standard Terms and Conditions of Engagement contained at Appendix Four.
- 3.7.2 We have assumed 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, nor its intended use is or will be unlawful. It is recommended that verification is obtained from acting solicitors that
- ☐ The position is correctly stated in this Report;
 - ☐ The property is not adversely affected by any other decisions made or conditions prescribed by local authorities; and
 - ☐ That there are no outstanding statutory notices
- 3.7.3 The valuation is prepared on the basis that the premises comply with all statutory regulations.

Planning

3.7.4 We have reviewed the Local Planning Authority's website regarding town planning matters that may affect the valuation. The property lies within the planning jurisdiction of Birmingham City Council where planning decisions are

3.7.5 Obtained from the council's website we summarise the following pertinent planning decisions:

App. Ref	Details	Decision	Date
16406007 relating to 131 Aldridge Road	Lounge extension	Approve subject to Conditions	20-08-1980

3.7.6 We have not made specific enquiries to verify this information, which is assumed to be correct. We do not accept liability for either incorrect information or for material omissions in the information obtained, including statutory notices or contraventions of statutory requirements.

Highways

3.7.7 We have been unable to establish whether there are any highway or major development proposals in the immediate area that may impact upon the value of the subject property. We assume there are none but your solicitors should confirm as part of their normal Local Search enquiries. Given the nature and surfacing of Aldridge Road we have assumed that it is a highway adopted and maintainable at public expense. Your solicitors should confirm in the normal way".

Fire Safety Order and Fire Risk Assessment

3.7.8 The Fire Safety Order applies to owners, occupiers, landlords, employers and anyone else with control of the premises, e.g. a facilities manager, building manager and managing agent of a business or other non-domestic premises.

3.7.9 We have not made any enquiries in this regard and we have not been provided with a copy of the risk assessment, but in preparing our valuation have assumed that all necessary measures are in place and that no additional costs would be incurred in order to comply.

3.7.10 We recommend that your solicitor checks that the responsible party has fulfilled their obligations, including:

- carry out a fire risk assessment of the premises and review it regularly;
- tell staff or their representatives about the risks you've identified;

- put in place, and maintain, appropriate fire safety measures;
- plan for an emergency;
- provide staff information, fire safety instruction and training.

Smoke & Carbon Monoxide Alarm (England) Regulations 2015

3.7.11 These regulations came into effect on 1st October 2015. Premises occupied under an Assured Shorthold Tenancy (AST) must have:

- A smoke alarm on each storey of the premises on which there is a room used wholly or partly as living accommodation (including bathrooms and WCs).
- A carbon monoxide alarm in any room of the premises which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance.

3.7.12 These alarms must be checked by or on behalf of the landlord to ensure that each prescribed alarm is in property working order on the day the AST begins if it is a new tenancy (as opposed to a renewal). Landlord are recommended to instruct the tenants (to include a reference within the AST) to check the alarms on a regular basis during their tenancy.

3.7.13 At the time of our inspection, we noted alarms were fitted as prescribed under these regulations and assume that the Landlord checked they were in proper working order on the day the AST begun and that the tenant has been advised to check them regularly. This should be confirmed by your solicitors.

Equality Act 2010

3.7.14 The Equality Act encompasses the previous Disability Discrimination Act which deals with accessibility of premises and the workplace and seeks to limit discrimination in the terms of race, religion or physical ability. The Act seeks to ensure that disabled persons can access and acquire premises and that they are suitably adapted if for public workplace access. The Act places a Duty of Care on owners and physical changes to premises may be required for compliance purposes.

3.7.15 Whilst not experts in this field, the premises appear to comply with the above Act – we thus make no provision within our valuation calculation for non-compliance.

Energy Performance Certificates (EPC)

- 3.7.16 The Energy Act 2011 provides for EPC minimum standards such that from 1 April 2018 it is unlawful to let residential or business premises that do not meet minimum energy efficiency standards. It is expected that the minimum threshold will be an EPC rating in Band E (i.e. it will be unlawful to let premises with an F or G rating).
- 3.7.17 From April 2020 privately rented residential properties will be affected (including where a lease is already in place and the property is occupied by a tenant) and from April 2023 all commercial properties let on existing leases will be similarly affected, subject to a number of exemptions.
- 3.7.18 We have consulted the online Domestic Energy Performance Register and obtained copies of the EPCs

131 Aldridge Road - reference no. 0950-9999-0314-5241-8060 dated 15th May 2014. The certificate records an energy efficiency rating of 'C-72, which is satisfactory.

133 Aldridge Road - reference no. 8809-4261-4429-8927-3173 dated 26th September 2013. The certificate records an energy efficiency rating of 'F-24, which is unsatisfactory. We are advised that up to date EPCs are being produced.

Sustainability

- 3.7.19 As the property market adjusts to new legislative requirements and the drive for more sustainable property assets, it is possible, in the future, that there will be an increasing divergence of values between those buildings which are considered to be compliant or "sustainable" and those which are not. Property investors and occupiers are becoming increasingly sensitive to a building's environmental and sustainability performance (e.g. BREEAM rating) with consequent implications for both rental and capital values.
- 3.7.20 At present, however, there is little consensus in market evidence or meaningful analysis of investment performance to enable any firm conclusions on to be drawn from the impact on capital and rental values of the various legislative initiatives and "sustainability" generally, but this may change.

Housing Acts

- 3.7.21 If appropriate make comment about actual or possible requirements for licensing as an HMO. If HMO make licence enquiries.

- 3.7.22 For Houses in Multiple Occupation (HMOs) including Student Lets the following additional information should be included in the valuation report:
- Commentary on whether a local authority licence is required and if so held.
 - Commentary, where possible, that a fire risk assessment has been undertaken and all health and safety requirement are complied with.
 - Commentary on the market rate rent, sustainability of passing rent and where a property is an unconverted house commentary should be made of the market rent achievable as a single occupancy.
- 3.7.23 The Ministry of Housing, Community and Local Government has published the expected regulations confirming that from 1st October 2018 HMO Licences in England under Part 2 of the Housing Act 2004 will be required to have a floor area no smaller than 6.51 sq m.
- 3.7.24 Licences issued from 1st October 2018 will have to contain the following conditions.
1. To ensure that the floor area of any room in the HMO used as sleeping accommodation by one person aged over 10 years is not less than 6.51 sq m.
 2. To ensure that the floor area of any room in the HMO used as sleeping accommodation by two persons aged over 10 years is not less than 10.22 sq m.
 3. To ensure that any room in the HMO with a floor area less than 4.64 sq m is not used as a HMO.
 4. A House in Multiple Occupation is a property rented out by at least three people who are not from one 'household' but share facilities like kitchen and bathroom.
- 3.7.25 You must have a licence if you are renting out a large HMO in England or Wales. Your property is defined as a large HMO if the following apply:
1. It is rented to five or more people who are from more than one 'household'.
 2. It is at least three storeys high.
 3. Tenants share toilets, bathroom and kitchen facilities.
- 3.7.26 Each HMO Licence is valid for a maximum of five years.

Business Rates

- 3.7.27 Our enquiries with <https://www.tax.service.gov.uk/view-my-valuation/search> confirm that, as at the date of this report, the subject property has the following 2017 list entry(ies):-

Address	Description	Rateable Value
Park Hotel 131 Aldridge Road Birmingham, B42 2ET	Hotel and Premises	£13,500

- 3.7.28 In England the standard Uniform Business Rate (UBR) for the rating year 2019/2020 is 50.4 pence per £1.00 of rateable value and 49.1 pence per £1.00 for smaller businesses.
- 3.7.29 The actual rating liability may be subject to upwards/downwards transitional adjustment in accordance with regulations, which are made from time to time. We have not investigated the amount actually payable in respect of the subject property. In addition some properties may benefit from a lower rate in the Pound if they are in receipt or are eligible for additional rates relief.

Council Tax

- 3.7.30 We assume that both properties will be banded for council tax purposes in due course.

3.8 Tenure

- 3.8.1 We have not been provided with any Title documentation. We understand that the property is owned freehold and we have assumed that the Title is unencumbered and free from any unusual or especially onerous or restrictive covenants, easements, restrictions, encumbrances, outgoings or rights of way which could affect value. This should be verified by your solicitors.

3.9 Occupation

- 3.9.1 We have been provided with copy leases by the customer.
- 3.9.2 131 Aldridge Road has a lease dated 1st February 2019 commencing on 4th February 2019 ending on 22nd February 2022 at a passing rent of £21,000 per calendar month (£252,000 per annum).

- 3.9.3 133 Aldridge Road is currently vacant although a lease is in place dated 3rd July 2019 which is to commence on 15th July 2019 expiring on 14th July 2022 at a passing rent of £12,000 per annum (£144,000 per annum).

4. The Valuation

4.1 Factors Affecting Value

- 4.1.1 131 Aldridge Road is currently fully occupied albeit held on a lease commanding £252,000 per annum under the current tenancy agreement.
- 4.1.2 The property provides bedrooms and communal facilities such as showers, WCs, kitchen and lounge areas. There are no en-suite rooms.
- 4.1.3 133 Aldridge Road is currently undergoing some final works and the tenancy is to commence on 15th July 2019 commanding £144,000 per annum under the current tenancy agreement.
- 4.1.4 All the rooms are en-suite and there is a communal kitchen and lounge located within the basement level.

4.2 Market Conditions & Demand

- 4.2.1 At the end of 2017 Birmingham recorded the strongest house price growth in the UK outside of London. Annual growth stood at 5.8% in the region by the end of June 2018. Since then the residential property market shows no signs of slowing down. A strong Market Value increase has contributed to a 45% rise in average residential property prices since 2009.
- 4.2.2 Notwithstanding this, the average price in Greater Birmingham is £178,000, which is significantly lower than the UK average of £227,000. Despite the lower average price, research suggested a wide variation of rates per sq ft across Birmingham and its surrounding area, with towns and villages such as Solihull, Sutton Coldfield and Edgbaston achieving rates exceeding £300 per sq ft.
- 4.2.3 Nevertheless, the West Midlands is very affordable compared to other regions and affordability has led to an increase in people relocating to Birmingham and the surrounding areas, who are also attracted by the increasing availability of jobs and investment in infrastructure. A majority large percentage of the population are young professionals, we therefore may see an increase in build to rent or PRS schemes in Birmingham.

- 4.2.4 Households in the West Midlands expect that average house prices will continue to rise in 2018. A growing population and improving transport, career opportunities and lifestyle, indirectly effect the demand for homes in Birmingham and the surrounding commuting towns.
- 4.2.5 Is it predicted that the population will increase by 150,000 by 2031, this reflects a requirement for 100,000 additional households. The residential development market therefore needs to continue to meet demand going forward. In 2017 1,750 new homes were built but 4,057 are required to meet with housing targets for the area.
- 4.2.6 New developments in the area include Icknield Port Loop, Edgbaston, will provide 116 terraces & 90 apartments in phase one alone. The scheme is situated next to Edgbaston Reservoir & Birmingham Canal Old Line, which is being developed by Urban Splash, Birmingham City Council and The Canal & River Trust. Other development projects include Zone 2, Broad Street, which will provide 148 apartments and will stand as one of Birmingham's tallest towers.

4.3 Comparable Evidence

Capital Value Evidence and Analysis

- 4.3.1 **201 Church Hill Road, Birmingham, B20 3PH**
A three storey semi-detached property arranged as 7 self-contained flats that sold at auction on 12th April 2018 for £195,000 reflecting just over £27,850 per room.
- 4.3.2 **32 Broughton Road, Birmingham, B20 2PS**
A three storey terraced property arranged as 8 self-contained flats that sold at auction on 28th March 2018 for £310,000, reflecting £38,750 per room.
- 4.3.3 **14 Richmond Road, Hockley, Birmingham, B18 5NH**
A two storey semi-detached property arranged as 5 self-contained flats that sold at auction on 28th March 2018 for £216,000, reflecting £43,200 per room.
- 4.3.4 **301 - 309 Walsall Road, Birmingham, B42 1TY**
A four storey office premises, which is to be converted to provide 49 high end and fully furnished apartments. Gross Internal Area of 3,081.96 sq m (33,174 sq ft) and NSA 1,946.86 sqm (20,956 sq ft). The Gross development value of the property is £5,700,000 equating to £171.82 per sq ft Gross and £272.00 per sq ft Net.

4.3.5 **The Sutton, King Edward Square , Sutton Coldfield**

This is a new build development of 41 apartments located within ¼ of a mile of the subject property. We understand that build completion is due towards the end of August/early September and the sales agent informed us that circa 8 units are now remaining. We have obtained the following sales information from the sales agent:

- 1 bed apartments of between 515 and 520 sq ft are asking and selling for £170,000, which equates to around £330 per sq ft on average.
- 1 bed apartments of between 580 and 583 sq ft are asking and selling for between £186,000 and £191,000 which equates to just under £330 per sq ft on average.
- The largest 1 bed is 720 sq ft and this has an asking price of £211,000, which would equate to £293 per sq ft.
- 2 bed ground floor apartment of 794 sq ft has been sold for £247,000, which equates to circa £311 per sq ft.
- 2 bed top floor apartments of 783 and 784 sq ft have sold for £255,000 which equates to circa £325 per sq ft.

4.3.6 **Royal Sutton Place, King Edward's Square, Sutton Coldfield**

This is an exclusive conversion development located within ¼ of a mile of the subject property. The development has been completed to a high specification and design and we have obtained the following sales completions:

- 7 Royal Sutton Place – 1,151 sq ft apartment completed in October 2016 for £350,000 which equates to £304 per sq ft.
- 13 Royal Sutton Place – 958 sq ft apartment completed in August 2016 for £295,000 which equates to £308 per sq ft.

4.3.7 **Patrick House, 5 Maney Corner, Sutton Coldfield**

This is a conversion development located ¾ of a mile of the subject property. The property was previously offices but was converted under permitted development rights into 16 apartments in 2018. Based on the marketing particulars the apartments appear to be finished to a high standard.

- 102 Patrick House – 624 sq ft apartment sold in April 2018 for £148,000 which equates to £237.18 per sq ft.
- 103 Patrick House – 506 sq ft apartment sold in August 2018 for £122,000 which equates to £241.11 per sq ft.
- 104 Patrick House – 603 sq ft apartment sold in June 2018 for £132,500 which equates to £219.73 per sq ft.
- 202 Patrick House – 624 sq ft apartment sold in November 2018 for £172,500 which equates to £276.44 per sq ft.

- 203 Patrick House – 506 sq ft apartment sold in August 2018 for £138,000 which equates to £272.73 per sq ft.
- 204 Patrick House – 732 sq ft apartment sold in March 2018 for £175,000 which equates to £239.07 per sq ft.
- 301 Patrick House – 689 sq ft apartment sold in September 2018 for £175,000 which equates to £253.99 per sq ft.
- 304 Patrick House – 732 sq ft apartment sold in May 2018 for £175,000 which equates to £239.07 per sq ft.
- 401 Patrick House – 689 sq ft apartment sold in December 2018 for £182,500 which equates to £264.88 per sq ft.
- 404 Patrick House – 737 sq ft apartment sold in September 2018 for £185,000 which equates to £252.73 per sq ft.

4.3.8 **41 Newman Road, Erdington, Birmingham, B24 9AG**

The property is of a two storey mid-terrace brick construction, underneath a tiled pitched roof. The property contains three letting rooms and a communal kitchen to the ground floor and three letting rooms to the first floor. Each letting room is finished to a good specification and contains an en-suite. The rooms have carpeted floors, painted plastered walls and ceiling. The property has a small front courtyard and a narrow garden to the rear of the property. The Net Internal Area is 80.40 sq m (865 sq ft) overall. We understand that this transacted in October 2017 at £280,000 equating to £323.70 per sq ft.

4.3.9 **666 Chester Road, Birmingham, B23 5TE**

The property is a three storey mid-terrace building of brick construction, surmounted underneath a tiled pitch roof, with uPVC windows throughout. Internally, the subject property contains three reception rooms, a kitchen and bathroom to the ground floor, three double bedrooms and a bathroom to the first floor and a further two bedrooms to the second floor. The property is currently in a below average decorative condition with part carpeted/part linoleum covered timber floors, papered plastered walls and a painted plastered ceiling. We understand this was purchased and converted to a 9 bedroom HMO, each room with en-suite facilities. The Net Internal Area of 141.16 sq m (1,519 sq ft). The gross development value was £415,000 equating to £273.20 per sq ft.

Rental Value Evidence and Analysis**4.3.10 26 York Road, Edgbaston, Birmingham, B16 9JB**

A three storey semi-detached property arranged as 9 studio flats sold prior to auction on 27th March 2018 for an undisclosed price. We understand that 7 of the flats were let on Assured Shorthold Tenancy Agreements with 2 of the flats vacant. The property produced £29,120 per annum reflecting an average rent of £346.67 per calendar month.

4.3.11 With regard to rental levels within this area in respect of HMO properties, en-suite letting rooms are currently achieving between £100 and £120 per week (£433.33 - £520 per calendar month), inclusive of bills, dependent upon the quality of accommodation provided. We valued a property recently that had been let at rents between £476.66 per calendar month (no ensuite) and £498.33 per calendar month (ensuite).

4.3.12 41 Daisy Road, Edgbaston

A four bedroom student let building let for £1,820 per calendar month (£455 per calendar month, per person). We note that this property has one communal bathroom. This property appears to be of a similar standard to the subject, however noting it has few showering facilities and is in a slightly inferior location.

4.3.13 Reservoir Road, Birmingham

A five bedroom semi-detached multi-let property has currently let for £1,750 per calendar month (£350 per person per calendar month). This property only has one bathroom, located on the ground floor, along with a communal gallery kitchen and dining room. The facilities are inferior in this property compared to the subject.

4.3.14 Daisy Road, Edgbaston

A four bedroom student property currently available to let for £1,906 per calendar month (£476.50 per calendar month, per person). This property has one communal bathroom and appears to be slightly inferior internally.

4.3.15 65 Waterworks Road, Edgbaston

A four bedroom house share currently being let for £1,647 per calendar month (£411.75 per calendar month per person). This property has communal facilities including 1 bathroom and communal kitchen / dining area. This property is inferior in comparison to the subject.

4.3.16 Harold Road, Edgbaston, B16

A six bedroom house share currently available to rent for £520 per calendar month per person. Each bedroom has an ensuite shower room and the internal specification appears to be of a high standard.

Yield Evidence and Analysis

4.3.17 75 Stanmore Road, Edgbaston, Birmingham, B16 9SU

Sold in May 2018 for £331,000. The property, which is an end terrace house has been converted to provide eight studio apartments all with wash hand basins and WC facilities. The property has a shared lounge and kitchen. The property is let at a rent of £32,640 per annum. The sales price reflects a gross yield of 10.14%. Located within a similar location when compared with the subject property.

4.3.18 242 Rotton Park Road, Edgbaston, B16 0LT

Sold prior to auction for £300,000 in July 2018. The guide price was in excess of £275,000. The property is a semi-detached house converted into five self-contained units. Each property benefits from bedroom, lounge and en-suite. The property was let at a rent of £26,160 per annum. We are unaware of further details of this property. The sale reflects a gross yield of 8.70%. A much smaller property and rental income than the subject but a good comparison for the yield achieved.

4.3.19 7 Carlyle Road, Edgbaston, Birmingham, B16 9BH

Sold after auction in September 2018 for £286,000. The property has been divided to provide four self-contained flats and a shared bathroom and kitchen. The properties are let at a rent of £29,760 per annum, this reflects a gross yield of 10.4%. Located along the same road as the subject property.

4.3.20 15 Carlyle Road, Edgbaston, Birmingham, B16 9BH

A property comprising nine studio apartments was sold in February 2018 at auction for £350,000. This equated to a yield of 9% gross. Rental income was £31,800 and ranged from £300 to £350 pcm each. A very similar property to the subject property with rental income achieved of a smaller value than the subject.

4.4 Valuation Methodology

4.4.1 We have adopted the comparable method of valuation and had regard to the comparable transactions set out herein.

4.4.2 The property is currently let as a whole building as HMOs at passing rents of £252,000 and £144,000 per annum providing secured income during the term of the lease.

- 4.4.3 Adopting a term and reversion approach and adopting a yield of say 8.00% and 9.00% respectively reflecting a 6 month void at lease expiry and no rental growth at the lease review would suggest market values of say:
- 131 Aldridge Road £2,714,647 which we would round to say £2,710,000
133 Aldridge Road £1,554,490 which we would round to say £1,550,000
- 4.4.4 We are advised that refurbishment costs for 133 Aldridge totals £231,000. At the time of our inspection there were some outstanding costs however upon chasing for the final construction costs we are advised that all the works are now complete. We have not seen the fully completed conversion and assume this to be the case. We have not deducted costs in this regard.
- 4.4.5 We believe that the rooms if let independently on ASTs would achieve between £400 and £650 per calendar month. This would suggest market rents of say
131 Aldridge Road £151,200 per annum
133 Aldridge Road £78,000 per annum
- 4.4.6 Assuming the property is let on a room per room basis. Capitalising this assumed rental at a yield of 6.75%-7.00% gross would suggest
131 Aldridge Road £2,250,000
133 Aldridge Road £1,100,000
- 4.4.7 With regard to vacant possession we believe that 131 would achieve £275 per sq ft over all and 133 would achieve a higher rate of £300 noting the new condition and higher specification. This would suggest the following values –
131 Aldridge Road £1,410,000
133 Aldridge Road £635,000
- 4.4.8 No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax or Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

4.5 Suitability for Loan Security

- 4.5.1 In our opinion, the property represents suitable security for loan purposes on the assumption that it will be maintained in a reasonable state of repair. The amount of such loan is at your discretion.
- 4.5.2 It is our opinion that the estimated useful economic life of the property should be no less than the term of the loan again assuming that the property is maintained and kept in a reasonable state of repair.

4.6 Estimated Reinstatement Cost

- 4.6.1 Your attention is drawn to our letter containing our Standard Terms and Conditions of Engagement contained at Appendix Four in this regard.
- 4.6.2 Our informal estimate of the current reinstatement cost of the subject property is some
131 Aldridge Road £850,000
133 Aldridge Road £400,000
- 4.6.3 You should not rely on this figure for insurance purposes and we strongly recommend that the Bank obtains a formal assessment by a Building Surveyor. We can provide a formal assessment if required.

4.7 Verification

- 4.7.1 This report has been based, to some extent, on information provided verbally which should be checked by your solicitors. In particular, this applies to tenure and planning. Their searches may also reveal whether any historical use of the property is likely to have resulted in contamination or whether there are any encumbrances or other third party rights affecting the title or use of the property. If any assumption we have made proves incorrect the matter should be referred back to us as it may have an impact on the value of the property and its suitability as loan security.

4.8 Valuation Definitions

Market Value

- 4.8.1 “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

- 4.8.2 “The estimated amount for which an interest in real property should be leased on the date of valuation 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”

4.9 Valuation

4.9.1 Basis of Valuation	131 Aldridge Road	133 Aldridge Road
In our opinion, the Market Value of the property, freehold subject to the existing tenancies 8 th July 2019 and subject to the assumptions and comments in this Report and the Appendices was	£2,710,000 (Two Million, Seven Hundred and Ten Thousand Pounds)	£1,550,000 (One Million, Five Hundred and Fifty Thousand Pounds)
In our opinion the Market Value of the subject property as at 8 th July 2019, freehold with the assumption the property is let on standard ASTs of no less than 12 months and subject to the assumptions and comments in this Report and Appendices was	£2,250,000 (Two Million, Two Hundred and Fifty Thousand Pounds)	£1,100,000 (One Million, One Hundred Thousand Pounds)
In our opinion the Market Value of the subject property as at 8 th July 2019, freehold with vacant possession throughout and subject to the assumptions and comments in this Report and Appendices was	£1,410,000 (One Million, Four Hundred and Ten Thousand Pounds)	£635,000 (Six Hundred and Thirty Five Thousand Pounds)
In our opinion the Market Rent of the subject property as at 8 th July 2019 on the assumption that leases would be granted for a term of not less than five years on full repairing and insuring terms and subject to the assumptions and comments in this Report and Appendices was	£151,200 (One Hundred and Fifty One Thousand, Two Hundred Pounds) per annum	£78,000 (Seventy Eight Thousand Pounds) per annum

4.9.2 Values change over time, particularly when markets are unusually active or inactive. This should be borne in mind in relation to the date of valuation.

4.9.3 Our valuation is undertaken during a period of uncertainty regarding Brexit. Values are often susceptible to market forces and political unpredictability. Values may be adversely affected if the UK enters a period of further protracted Brexit negotiations and political turmoil.

We trust that this report is satisfactory for your immediate purposes but, should any matter require further clarification, we shall be pleased to hear from you. We would reiterate that neither the whole nor any part of this Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

Valuer:



Adam Rock BSc (Hons) FRICS IRRV (Hons)
RICS Registered Valuer
For and on behalf of Bruton Knowles LLP

Approving Officer:



Ian Pitt BSc (Hons) FRICS IRRV (Hons)
RICS Registered Valuer
For and on behalf of Bruton Knowles LLP

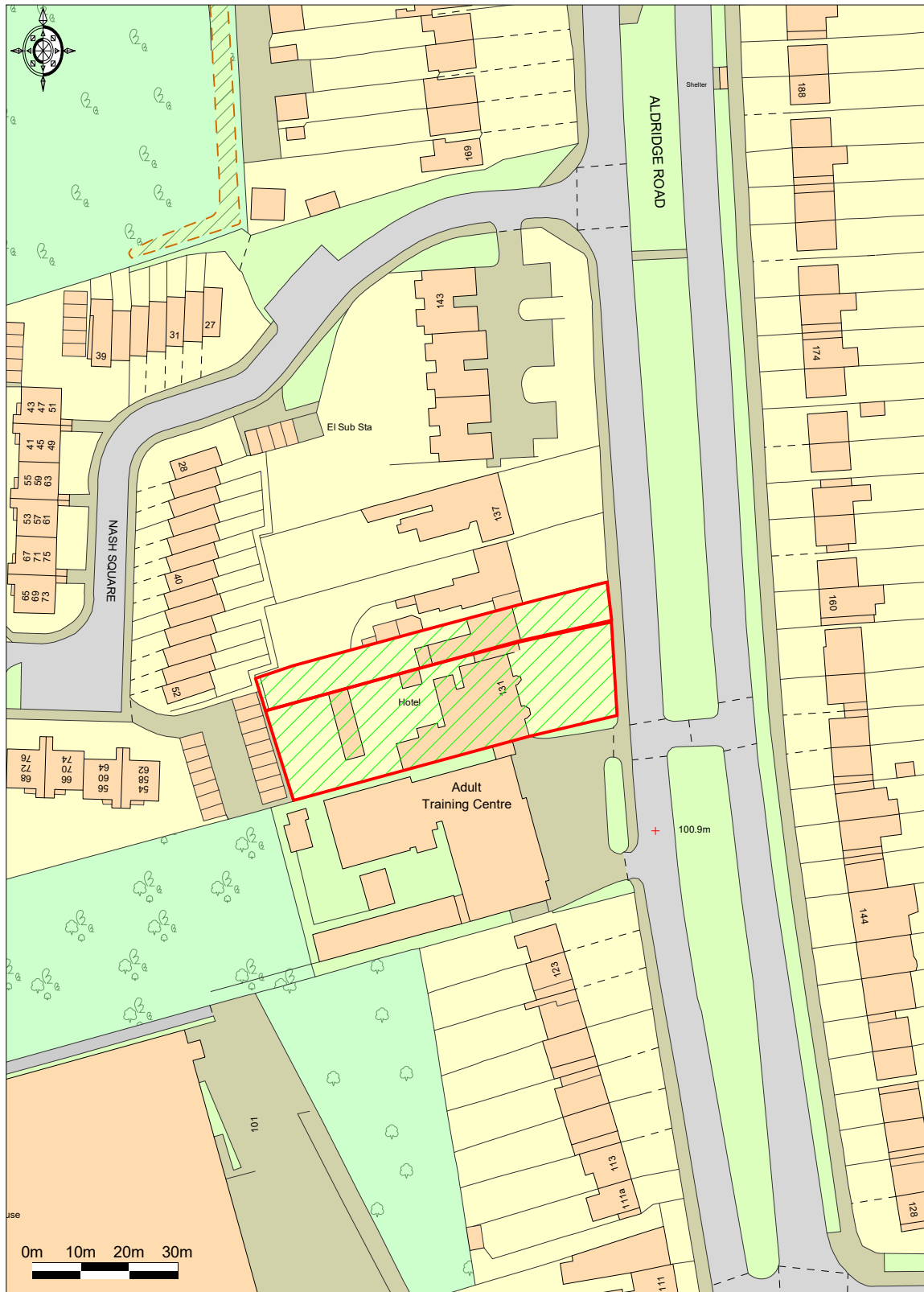
Bruton Knowles LLP

Proplend Security Limited

131 & 133 Aldridge Road, Birmingham, B42 2ET 19 July 2019

Appendix One

Location and Site Plans



Appendix Two

Photographs

PHOTOGRAPHS

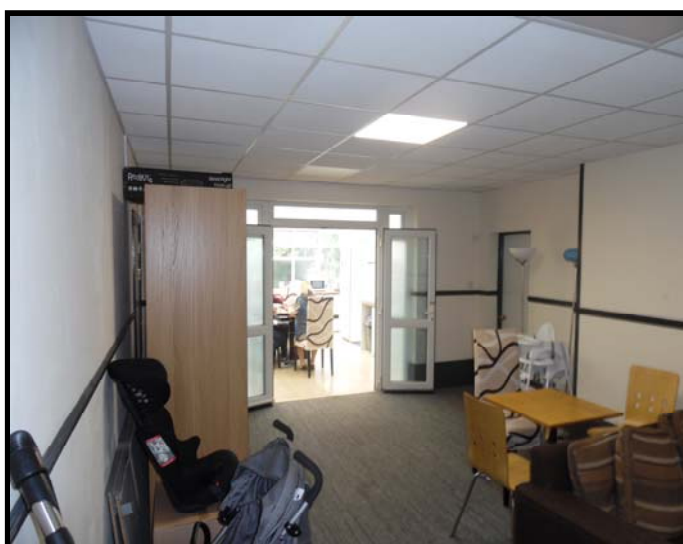
131 Aldridge Road



Frontage



Rear garden and out buildings



Communal areas



Example bedroom

PHOTOGRAPHS

133 Aldridge Road



Frontage



Rear garden



Communal lounge (basement)



Example en-suite

Appendix Three

Letter of Instruction

Attn: Adam Rock,
Bruton Knowles LLP,
60 Church Street,
Birmingham,
B3 2DJ

Ref: Churchgate Property Services 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:	Churchgate Property Services Limited
Contact Name:	Mr. Avtar Sandhu
Phone Number:	07793 888888
Email:	sandhu@greencyc.com
Properties:	131 & 133 Aldridge Road, Perry Barr, Birmingham B42 2ET
Tenure:	Freehold
Use:	HMO
Tenancies:	131 - Weir Lettings Ltd, paying £290k p.a. 133 - to be Weir Lettings Ltd, paying £144k p.a.
Access:	via Avtar Sandhu, as above.

Instruction

The report should be addressed to Proplend Security Limited which must clearly state that it can be relied upon for lending purposes by the parties named herein. Please ensure that the report accords with the current RICS Appraisal and Valuation Manual.

Please indicate in your report if the valuer or your firm have had any previous involvement with the property forming the subject of the valuation. If so, please indicate the nature and extent of that involvement and confirm specifically that you consider there is no conflict of interest on the part of the valuer or your firm.

The report must be signed by a partner or director of the firm who is a member of the Royal Institute of Chartered Surveyors.

Whilst your report will be addressed to Proplend Security Ltd, it will need to be uploaded to the Proplend website and viewed by its Lending members on the understanding that only Proplend Security Ltd may rely on the report for mortgage purposes. Can you please confirm within your report that this is understood and accepted?

Valuation and Report

The Market Valuation referred to below should be based on current values and should reflect market conditions prevailing at the date of the report, and changes in market conditions that you are able to predict, and should include:

1. The Market Valuation for loan security purposes of the Property in its current condition as a HMO 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. Please also provide an MV figure based on AST lettings.
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, both as an HMO and on ASTs.
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

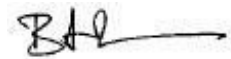
You have quoted and the Borrower has agreed to pay a fee of £tbc + VAT for this undertaking. Whilst a receipted invoice for this service should be supplied with your report, and addressed to this company, we ask that you seek settlement of your fee from the proposed Borrowers whose contact details are 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, 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 Four

Letter of Confirmation & Standard Terms and Conditions of Engagement

Date: 1st July 2019
Our ref: ADR/RH/JN523977
Your ref:

Stewart Bruce
Proplen Security Limited
20-22 Wenlock Road
London
N1 7GU

Property Consultants

60 Church Street
Birmingham, B3 2DJ
T 0121 212 7695
E adam.rock@brutonknowles.co.uk
W brutonknowles.co.uk
Offices across the UK

Dear Stewart

131 & 133 Aldridge Road, Perry Barr, Birmingham, B42 2ET
Confirmation of Instructions and Conditions of Engagement

We acknowledge your written instructions dated 28th June 2019 to carry out a valuation of the above-mentioned property. We write to confirm our acceptance of those instructions which will be undertaken in accordance with the RICS Valuation – Global Standards 2017 and subject to our standard Terms and Conditions of Engagement which confirm the scope and details of the service to be provided by us and which will form part of our valuation report.

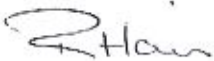
In addition, we confirm the following:


- ☐ The subject of the valuation is the freehold interest in the above-mentioned property assuming full vacant possession;
- ☐ The valuation is to be provided in connection with possible secured lending;
- ☐ The date of the valuation will be the date of inspection;
- ☐ In accordance with our normal practice, we confirm that, to the best of our knowledge and belief, we have had no prior dealings with the subject property or the borrower. We therefore consider that we do not have any conflict of interest in accepting these instructions;
- ☐ The report will be prepared in accordance with the RICS Valuation – Global Standards 2017 and we confirm we have sufficient knowledge of the particular market and the skills and understanding necessary to undertake the valuation competently.
- ☐ The basis of valuation will be Market Value and the attached sheets contain a full definition. From our existing knowledge of the property and your requirements, we can confirm that we consider this to be the most appropriate basis of valuation.
- ☐ Our fee will be £3,000 plus VAT as agreed. Payment is due prior to commencement of the valuation.



- Bruton Knowles follows documented procedures to deal with all complaints, as part of our Quality Assurance certification. A copy is available on request.
- This valuation may be subject to monitoring under the Royal Institution of Chartered Surveyors conduct and disciplinary regulations.

Yours sincerely,



 **Adam Rock BSc (Hons) FRICS, IRRV (Hons)**
Partner

Standard Terms & Conditions of Engagement

1 R.I.C.S. Valuation Standards

Our valuation has been made in accordance with the RICS Valuation – Global Standards 2017, this firm being independent Valuers as defined in the manual.

2 Basis/Bases of Valuation

In accordance with your instructions, our valuation has been prepared under one or more of the following bases of valuation.

Market Value (MV) 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 interpretative commentary contained within Valuation Technical and Performance Standard 4 (VPS4) of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Rent (MR) is :-

"The estimated amount for which an interest in real property should be leased on the date of valuation 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 acted knowledgeably, prudently and without compulsion."

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Existing Use Value (EUV) is :-

"The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost."

Fair Value (FV) is :-

The definition adopted by the International Accounting Standards Board (IASB) in IFRS 13:

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The interpretative commentary contained within VPS4 of the RICS Valuation – Global Standards 2017 forms an integral part of this definition.

Market Value having regard to Trading Potential is :-

Defined in VGPA4 of RICS Valuation – Global Standards 2017 and a trade related property is considered to be an individual trading entity and is typically valued on the assumption that there will be a continuation of trading.

3 Scope & Title

We have not carried out formal searches of Local Authority Registers or on Title and it has therefore been assumed that no onerous or restrictive covenants attach to Title. You should rely on your solicitor in these matters and we reserve the right to amend our valuation should any encumbrance be shown to materially affect the value of the property. For owner occupied properties, our valuation assumes vacant possession would be given by the vendor upon completion of a disposal. For tenanted premises, our valuation is subject to the information on tenancies contained within our Report unless otherwise stated. Our valuation is made on the assumption that information given to us, either verbally or in writing by the Bank, your representatives or from any official sources (including, where relevant, the Borrower, the vendor, the selling agents and the Local Authority), is capable of formal substantiation. Our valuation also assumes that the property is free from any borrowings or encumbrances, unless otherwise stated.

4 Condition

We have not carried out a building survey or tested services, nor have we inspected those parts of the property which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about, or advise upon, the condition of uninspected parts and our Report should not be taken as making any implied representation or statement about such parts. We have not arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect. For the purpose of our valuation we have assumed that such investigation would not disclose the presence of any such material to any significant extent.

With specific regard to the Control of Asbestos Regulations 2006, we will reflect the content of any written risk assessment provided, however where a risk assessment has not been carried out or is not available, we will assume that a risk assessment would not reveal any matters which could affect value.

We are under no duty to and have not a) moved anything; b) used a moisture detecting meter; c) arranged for the testing of electrical, heating or other service installations; or d) carried out an environmental audit. We have also assumed that no radon gas is present at the property. Unless stated to the contrary, no investigations have been carried out to determine whether the site has a history of instability and we are, therefore, unable to report that the property is free from risk in this respect. We have assumed, for the purpose of the valuation, that such investigation would not disclose the presence of any such problems

5 Contamination

We will not identify the existence of contamination unless either reports have been made available to us in this respect or, during the course of our inspection, we conclude that there may be material contamination at the property or on any neighbouring land. In the latter case we will report this possible contamination immediately with a view to a decision being taken as to whether the valuation instructions are to be amended. Otherwise, our valuation has been undertaken on the assumption that no contaminative or potentially contaminative uses have ever been carried out on the property. Should it be established subsequently that contamination does exist 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.

6 Local Authority Enquiries

Where appropriate, verbal enquiries have been made of the local authority and unless otherwise stated, we have assumed that there are no planning proposals, highway improvements or compulsory acquisition schemes likely to affect value. We have also assumed planning consent and all other statutory requirements have been obtained and complied with for the erection and occupation of the building. Formal searches have not been made and we reserve the right to amend our valuation should information at variance to these assumptions be forthcoming. No allowance has been made for rights, obligations or liabilities arising from the Defective Premises Act 1972 or the Disability Discrimination Act 1995.

7 Fixtures & Fittings and Plant and Machinery

Unless stated to the contrary, our valuation has excluded any element of goodwill, trade equipment and moveable fixtures and fittings attached to the property. We have also excluded any stock associated with the business. Our valuation includes only such items as form part of the normal building services installations and any items in the nature of specialist or the present occupiers process plant and machinery have been excluded. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation.

8 Sources, Extent and Non-Disclosure of Information

In preparing our valuation we have relied upon such information as has been provided by the client or building occupier in respect of tenure, tenancies, planning consent and any other relevant information. Where leases or other documents have been produced to us, our Report so states. Otherwise, such information should be verified and in the event of significant variation from the information initially given to us, our valuation could require adjustment.

9 VAT, Taxation and Costs of Acquisition or Realisation

No allowance has been made for costs of acquisition or realisation of the property, nor for any liability for taxation which may arise on disposal whether actual or notional, e.g. VAT, Inheritance Tax or Capital Gains Tax. Unless stated to the contrary it is assumed that where there is an imposition or otherwise of VAT on the rent that the lessee will be able to fully reclaim the VAT paid.

10. Reinstatement Cost

Where we have been requested to provide our opinion of the buildings' reinstatement cost, we confirm that we have not carried out a formal estimate of the reinstatement value of the premises. The figure provided is for guidance purposes only and we recommend that a formal assessment is obtained from a specialist insurance valuer if insurance cover is to be effected. However, our informal estimate is inclusive of site clearance, demolition, statutory and professional fees but excludes VAT, loss of rent, the cost of alternative accommodation for the reinstatement period and inflation during the policy year or the rebuilding period.

11. Future Prospects

Where our Report contains any statement as to the prospect of future growth in rental and/or capital values, it should be appreciated that such growth may not occur and that the values can fall as well as rise.

12. Disclaimer

Our valuation is provided only for the purpose agreed with the instructing client and will be for the sole use of the client. As such, it is confidential to the client and his professional advisers. We accept responsibility to the client alone that the report has been prepared with the skill, care and diligence which may reasonably be expected of a competent valuer but accept no responsibility whatsoever to any other person who relies upon the report at his own risk. Neither the whole nor any part of the Valuation Report may be included in any published document, circular or statement nor published in any way without our written approval of the form and context in which it may appear. We undertake all services only on the basis of these terms which shall apply to the exclusion of any other terms and conditions which the client may seek to impose. No variation of these terms shall be binding unless agreed in writing by an authorised representative of BK and the client.

Where we are providing one or more valuations of a property or properties ("the Property"), in circumstances where you have already made a loan secured (whether wholly or partially) against the Property, and you make further loan or loans secured on the Property in reliance of our valuation(s), our liability to you for any loss that you incur arising from our valuation(s) will be limited to the lesser of: (1) the further sum (if any) that you lend in reliance of our valuation(s); or (2) the difference between our valuation(s) and the true value of the Property at the date of our valuation(s). This limitation of liability applies irrespective of whether, in making a loan based on our valuation(s), you have released the original charge and executed a new charge, or lent additional sums against the original charge. We will not be liable for any loss arising from the original loan (including any extensions to that loan prior to our valuation(s)) that you made, secured by the Property, unless: (1) We carried out the original valuation(s) of the Property; (2) You made the original loan in reliance of our valuation(s); and (3) Our original valuation(s) was negligent.

Appendix Five

Lease Details

Summary of Occupational Lease(s)

Demise:	131 Aldridge Road, Birmingham, B42 2ET	133 Aldridge Road, Birmingham, B42 2ET
Lease Date:	1 st February 2019	3 rd July 2019
Lessor:	Churchgate property Services Limited	Churchgate property Services Limited
Lessee:	Weir Letting Ltd	Weir Letting Ltd
Term:	3 years	3 years
Current Passing Rent:	£21,000 per calendar month (£252,000 per annum)	£12,000 per calendar month (£144,000 per annum)
Rent Review Dates/Pattern:	Not applicable	Not applicable
Rent Review basis /regards /disregards	Not applicable	Not applicable
Repairing/Decorating Obligations:	Internal	Internal
Insurance Provisions:	Assumed to be full insuring basis	Assumed to be full insuring basis
User:	HMO	HMO
Alienation:	Silent	
Break Clause	Not applicable	Not applicable
Alterations:	Prohibited	Prohibited
Security of Tenure:	Assumed under 1954 Act	Assumed under 1954 Act